

WORKING TOWARD INDEPENDENCE ACT OF 2002

MAY 10, 2002.—Ordered to be printed

Mr. BOEHNER, from the Committee on Education and the
Workforce, submitted the following

R E P O R T

together with

MINORITY AND SUPPLEMENTAL VIEWS

[To accompany H.R. 4092]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 4092) to enhance the opportunities of needy families to achieve self-sufficiency and access quality child care, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Working Toward Independence Act of 2002”.

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

Sec. 1. Short title.

TITLE I—TANF PROGRAM

- Sec. 101. Work participation requirements.
- Sec. 102. Universal engagement policy.
- Sec. 103. Work-related performance objectives.
- Sec. 104. Bonus to reward employment achievement.
- Sec. 105. Report on integration.
- Sec. 106. GAO study.
- Sec. 107. Purpose of work participation requirements.
- Sec. 108. State TANF programs made mandatory partners with one-stop employment training centers.
- Sec. 109. Longitudinal study of TANF applicants and recipients to determine the factors that contribute to the ability of people to comply with TANF work requirements.

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

- Sec. 201. Short title.
- Sec. 202. Goals.
- Sec. 203. Authorization of appropriations.
- Sec. 204. Application and plan.

Sec. 205. Activities to improve the quality of child care.
 Sec. 206. Definitions.

TITLE III—BROADENED WAIVER AUTHORITY

Sec. 301. State program demonstration projects.

TITLE VII—EFFECTIVE DATE

Sec. 401. Effective date.

TITLE I—TANF PROGRAM

SEC. 101. WORK PARTICIPATION REQUIREMENTS.

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

“SEC. 407. WORK PARTICIPATION REQUIREMENTS.

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

- “(1) 50 percent for fiscal year 2003;
- “(2) 55 percent for fiscal year 2004;
- “(3) 60 percent for fiscal year 2005;
- “(4) 65 percent for fiscal year 2006; and
- “(5) 70 percent for fiscal year 2007 and each succeeding fiscal year.

“(b) CALCULATION OF PARTICIPATION RATES.—

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

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

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

- “(i) the total number of countable hours (as defined in subsection (c)) with respect to the counted families for the State for the month; divided by
- “(ii) 160 multiplied by the number of counted families for the State for the month.

“(B) COUNTED FAMILIES DEFINED.—

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

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

- “(I) a family in the first month for which the family is a recipient of assistance under the State program; or
- “(II) on a case-by-case basis, a family in which the youngest child has not attained 12 months of age.

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

“(C) WORK-ELIGIBLE INDIVIDUAL DEFINED.—In this section, the term ‘work-eligible individual’ means an individual—

- “(i) who is married, or is a single head of household; and
- “(ii) whose needs are (or, but for sanctions under this part that have been in effect for more than 3 months (whether or not consecutive) in the preceding 12 months or under part D, would be) included in determining the amount of cash assistance to be provided to the family under the State program funded under this part.”.

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

- “(ii) the average monthly number of families that received assistance under the State program funded under this part during—
 - “(I) if the fiscal year is fiscal year 2003, fiscal year 1996;
 - “(II) if the fiscal year is fiscal year 2004, fiscal year 1998;
 - “(III) if the fiscal year is fiscal year 2005, fiscal year 2001; or

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

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

“(c) COUNTABLE HOURS.—

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

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

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

“(B) MAXIMUM WEEKLY AVERAGE OF 16 HOURS OF OTHER ACTIVITIES.—An average of not more than 16 hours per week of activities specified by the State that are not direct work activities may be considered countable hours in a month with respect to a family.

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

“(A) PARTICIPATION IN QUALIFIED ACTIVITIES.—

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

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

“(I) substance abuse counseling or treatment;

“(II) rehabilitation treatment and services;

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

“(IV) job search or job readiness assistance.

“(iii) LIMITATION.—

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

“(II) SPECIAL RULE APPLICABLE TO EDUCATION AND TRAINING.—A State may, on a case-by-case basis, apply clause (i) to a work-eligible individual so that participation by the individual in education or training, if needed to permit the individual to complete a certificate program or other work-related education or training directed effectively at enabling the individual to fill a known job need in a local area, may be considered countable hours with respect to the family of the individual for not more than 4 months in any period of 24 consecutive months.

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

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

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

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

“(1) unsubsidized employment;

“(2) subsidized private sector employment;

“(3) subsidized public sector employment;

“(4) on-the-job training;

“(5) supervised work experience, including entrepreneurship or micro-enterprise activities; or

“(6) supervised community service.”

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

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

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

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

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

“(B) if the failure is total and persists for at least 2 consecutive months, terminate the payment to the family, under all State programs, of any cash benefit that is a qualified State expenditure (as defined in section 409(a)(7)(B)(i)) for at least 1 month and thereafter until the State determines that the individual is in full compliance with all requirements imposed under the State program funded under this part, subject to such good cause exceptions as the State may establish.”.

(e) CONFORMING AMENDMENTS.—

(1) Section 404(k)(1)(D) of such Act (42 U.S.C. 604(k)(1)(D)) is amended by striking “work activities” and inserting “direct work activities”.

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

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

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

(f) SENSE OF THE CONGRESS.—It is the sense of the Congress that a State welfare-to-work program should include a mentorship program.

SEC. 102. UNIVERSAL ENGAGEMENT POLICY.

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

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

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

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

“(b) FAMILY SELF-SUFFICIENCY PLANS.—

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

“(A) assess, in the manner deemed appropriate by the State, the employability, skills, job readiness, barriers to employment, and any additional factors hindering the achievement of self-sufficiency of each work-eligible individual (as defined in section 407(b)(2)(C)), including whether a member of a family receiving assistance under the State program funded under this part has been a victim of domestic or sexual violence, and may refer any such family member for services as deemed appropriate by the State;

“(B) establish for each family receiving assistance under the State program funded under this part, in consultation with each work-eligible individual (as so defined), a self-sufficiency plan that specifies appropriate activities described in the State plan submitted pursuant to section 402, including direct work activities as appropriate designed to assist the family in achieving their maximum degree of self-sufficiency;

“(C) require, at a minimum, each member of the family who is a work eligible individual (as so defined) to participate in activities in accordance with the employment or other goals established in the self-sufficiency plan;

“(D) provide a description of the services, programs, and supports that are determined appropriate by the State to meet employment or other goals;

“(E) set forth the obligations of the recipient;

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

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

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

Nothing in this part shall preclude a State from requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being.

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

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

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

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

“(4) CONDITION.—A State may use funds provided under this part to provide free or reduced price transportation on any bus or van which is used under the State program funded under this part.”.

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

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

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

SEC. 103. WORK-RELATED PERFORMANCE OBJECTIVES.

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

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

“(vii) The document shall—

“(I) describe how the State will pursue ending dependence of needy parents on government benefits by promoting job preparation and work;

“(II) include specific numerical and measurable performance objectives for accomplishing the purpose so described, which shall include objectives consistent with the criteria used by the Secretary in establishing performance targets under section 403(a)(4)(B) if available; and

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

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

“(I) employment retention and advancement for recipients of assistance under the State program funded under this part, including placement into high-demand jobs identified using labor market information available through the One-Stop delivery system created under the Workforce Investment Act of 1998;

“(II) services for struggling and noncompliant families and clients with special problems; and

“(III) program integration, including the extent to which TANF employment and training services are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through such Act.”; and

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

(b) REPORT ON ANNUAL ACHIEVEMENT OF PERFORMANCE GOALS.—Section 411 of such Act (42 U.S.C. 611) is amended by adding at the end the following:

“(c) ANNUAL REPORT ON ACHIEVEMENT OF PERFORMANCE GOALS.—Beginning with fiscal year 2004, not later than 3 months after the end of each fiscal year, each eligible State shall submit to the Secretary a report on achievement and improvement during the preceding fiscal year under the numerical objectives referred to in section 402(a)(1)(A)(vii), using the measurement methodology described in such section.”.

(c) ANNUAL RANKING OF STATES.—Section 413(d)(1) of such Act (42 U.S.C. 613(d)(1)) is amended by striking “long-term private sector jobs,” and inserting “pri-

vate sector jobs, the success of the recipients in retaining employment, the ability of the recipients to increase their wages.”

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

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

SEC. 104. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.

(a) IN GENERAL.—Section 403(a)(4) of the Social Security Act (42 U.S.C. 603(a)(4)) is amended to read as follows:

“(4) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—

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

“(B) AMOUNT OF GRANT.—

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

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

“(C) FORMULA FOR MEASURING STATE PERFORMANCE.—

“(i) IN GENERAL.—Subject to clause (ii), not later than October 1, 2003, the Secretary, in consultation with States and the Secretary of Labor, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals of employment entry, job retention, and increased earnings from employment for families receiving assistance under the program, as measured on an absolute basis and on the basis of improvement in State performance.

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

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

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

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

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

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

“(E) DEFINITIONS.—In this paragraph:

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

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

“(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 2004 through 2008 \$500,000,000 for grants under this paragraph.

“(G) SENSE OF THE CONGRESS.—It is the sense of the Congress that in developing the bonus to reward employment achievement under this paragraph, the Secretary and States should consult with the Secretary of Labor so that measures for employment achievement under State programs funded under this part are consistent with the core indicators of performance

which States report under subclauses (I) through (III) of section 136(b)(2)(A)(i) of the Workforce Investment Act of 1998.”.

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

SEC. 105. REPORT ON INTEGRATION.

Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services and the Secretary of Labor shall jointly submit a report to the Congress describing changes needed to the definitions, performance measures, and reporting requirements in the Workforce Investment Act of 1998 and part A of title IV of the Social Security Act, and, at the discretion of either Secretary, any other program administered by the respective Secretary, to allow greater integration between the welfare and workforce development systems.

SEC. 106. GAO STUDY.

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

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

SEC. 107. PURPOSE OF WORK PARTICIPATION REQUIREMENTS.

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

(1) by redesignating subsections (a) through (i) as subsections (b) through (j), respectively, and inserting before subsection (b) (as so redesignated) the following:

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

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

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

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

(3) in paragraph (1) of subsection (d) (as so redesignated), strike “(b)(2)” and insert “(c)(2)”.

(b) CONFORMING AMENDMENTS.—

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

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

(3) Section 408(b)(1)(A) of such Act (42 U.S.C. 608(b)(1)(A)), as amended by section 102(b) of this Act, is amended by striking “407(b)(2)(C)” and inserting “407(c)(2)(C)”.

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

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

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

(7) Section 411(a)(4) of such Act (42 U.S.C. 611(a)(4)) is amended by striking “407(d)” and inserting “407(e)”.

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

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

(10) Section 412(g)(2) of such Act (42 U.S.C. 612(g)(2)) is amended by striking “407(a)” and inserting “407(b)”.

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

SEC. 108. STATE TANF PROGRAMS MADE MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.

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

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

SEC. 109. LONGITUDINAL STUDY OF TANF APPLICANTS AND RECIPIENTS TO DETERMINE THE FACTORS THAT CONTRIBUTE TO THE ABILITY OF PEOPLE TO COMPLY WITH TANF WORK REQUIREMENTS.

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

“(l) LONGITUDINAL STUDY OF TANF APPLICANTS AND RECIPIENTS TO DETERMINE THE FACTORS THAT CONTRIBUTE TO THE ABILITY OF PEOPLE TO COMPLY WITH TANF WORK REQUIREMENTS.—

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

“(2) REQUIREMENTS.—The study conducted under this subsection shall follow families that leave such a program, those that receive assistance throughout the study period, and those diverted from such a program. The study shall gather information on—

“(A) family and adult demographics;

“(B) family income and child support; and

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

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

SEC. 201. SHORT TITLE.

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

SEC. 202. GOALS.

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

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

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

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

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

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

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

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

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

SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

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

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

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

SEC. 204. APPLICATION AND PLAN.

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

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

“(D) CONSUMER AND CHILD CARE PROVIDER EDUCATION INFORMATION.—Certify that the State will collect and disseminate, through resource and referral services and other means as determined by the State, to parents of eligible children, child care providers, and the general public, information regarding—

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

“(ii) research and best practices on children’s development, including early cognitive development;

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

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

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

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

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

“(K) CHILD CARE SERVICE QUALITY.—

“(i) CERTIFICATION.—For each fiscal year after fiscal year 2003, certify that during the then preceding fiscal year the State was in compliance with section 658G and describe how funds were used to comply with such section during such preceding fiscal year.

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

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

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

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

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

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

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

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

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

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

“A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 6 percent of the amount of such funds for activities provided through resource and referral services or other means, that are designed to improve

the quality of child care services for which financial assistance is made available under this subchapter. Such activities include—

- “(1) programs that provide training, education, and other professional development activities to enhance the skills of the child care workforce, including training opportunities for caregivers in informal care settings;
- “(2) activities within child care settings to enhance early learning for young children, to promote early literacy, and to foster school readiness;
- “(3) initiatives to increase the retention and compensation of child care providers, including tiered reimbursement rates for providers that meet quality standards as defined by the State; or
- “(4) other activities deemed by the State to improve the quality of child care services provided in such State.”.

SEC. 206. DEFINITIONS.

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

TITLE III—BROADENED WAIVER AUTHORITY

SEC. 301. PROGRAM INTEGRATION DEMONSTRATION PROJECTS.

(a) **PURPOSE.**—The purpose of this section is to establish a program of demonstration projects in a State or portion of a State to integrate multiple public assistance, workforce development, and other programs, for the purpose of supporting working individuals and families, helping families escape welfare dependency, promoting child well-being, or helping build stronger families, using innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.

(b) **DEFINITIONS.**—In this section:

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

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

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

(B) activities funded under the Wagner-Peyser Act;

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

or

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

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

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

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

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

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

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

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

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

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

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

(d) APPROVAL OF APPLICATIONS.—

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

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

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

(C) integrates 2 or more qualified programs.

(2) PROVISIONS EXCLUDED FROM WAIVER AUTHORITY.—A waiver shall not be granted under paragraph (1) of this subsection with respect to—

(A) any provision of law relating to—

(i) civil rights or prohibition of discrimination;

(ii) purposes or goals of any program;

(iii) maintenance of effort requirements;

(iv) health or safety;

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

(vi) environmental protection;

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

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

(3) AGREEMENT OF EACH ADMINISTERING SECRETARY REQUIRED.—

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

(B) AGREEMENT WITH RESPECT TO FUNDING AND IMPLEMENTATION.—Before approving an application to conduct a demonstration project under this section, an administering Secretary shall have in place an agreement with the applicant with respect to the payment of funds and responsibilities required of the administering Secretary with respect to the project.

(4) COST-NEUTRALITY REQUIREMENTS.—

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

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

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

(f) REPORTS TO CONGRESS.—Each administering Secretary shall provide annually to the Congress a report concerning demonstration projects approved under this section, including—

- (1) the projects approved for each applicant;
- (2) the number of waivers granted under this section, and the specific statutory provisions waived; and
- (3) how well each project for which a waiver is granted is improving or enhancing program achievement from the standpoint of quality, cost-effectiveness, or both;
- (4) how well each project for which a waiver is granted is meeting the performance objectives specified in subsection (c)(3)(B);
- (5) how each project for which a waiver is granted is conforming with the cost-neutrality requirements of subsection (d)(4); and
- (6) to the extent the administering Secretary deems appropriate, recommendations for modification of programs based on outcomes of the projects.

TITLE IV—EFFECTIVE DATE

SEC. 401. EFFECTIVE DATE.

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

(b) EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT.—In the case of a State plan under part A of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.

PURPOSE

H.R. 4092, the Working Toward Independence Act of 2002, amends and improves the mandatory work requirements and other work-related provisions of the Temporary Assistance for Needy Families (TANF) block grant and reauthorizes the Child Care and Development Block Grant through 2007. This legislation enhances the opportunities of needy families to achieve self-sufficiency and access quality child care. In addition, the legislation creates new authority for States and localities to conduct demonstration projects integrating multiple public assistance and workforce development programs to improve services to needy families and working individuals.

COMMITTEE ACTION

SUBCOMMITTEE HEARINGS

On Thursday, September 20, 2001, the Subcommittee on 21st Century Competitiveness held a hearing on *Welfare Reform: an Examination of Effects*. The hearing addressed the general effects of reform to date, with emphasis on efforts to assist families, reduce welfare dependence, and increase job preparation and work. Subcommittee Members heard views from leading experts and practitioners on the successes of the welfare reform law. The testifying witnesses were Dr. Ron Haskins, Senior Fellow, The Brookings Institute, Washington, DC; Mr. Joel Potts, Ohio Department of Job and Family Services, Columbus, Ohio; Dr. Sanford Schram, Professor of Social Work, Bryn Mawr College, Bryn Mawr, Pennsylvania; Mr. Robert Rector, Senior Research Fellow, The Heritage Foundation, Washington, DC; and Dr. Heather Boushey, Economist, Economic Policy Institute, Washington, DC.

On Tuesday, October 16, 2001, the Subcommittee on 21st Century Competitiveness held a second hearing, *Welfare Reform: Success in Moving Toward Work*. The hearing was held to explore the degree to which welfare reform's success has been the result of the reform's emphasis on work. A panel of researchers, business owners who have hired participants, and local welfare reform implementers offered perspectives on the effects that the reform law's work requirements have had in moving welfare recipients into employment. The testifying witnesses were Dr. Lynn Karoly, Director of Labor and Population Program & Populations Research Center, RAND Institute, Santa Monica, California; Ms. Lashunda Hall, former Wisconsin Works Participant, Milwaukee, Wisconsin; Ms. Martha Davis, Legal Director of NOW-LDEF, New York, New York; Ms. Mona Garland, Director of Opportunities Industrialization Center of Greater Milwaukee, Wisconsin Works (W-2), Milwaukee, Wisconsin; Mr. Rodney Carroll, President and CEO, The Welfare to Work Partnership, Washington, DC; and Ms. Jennifer Brooks, Director, Self-Sufficiency Programs and Policy, Wider Opportunities for Women, Washington, DC.

On Wednesday, February 27, 2002, the Subcommittee on 21st Century Competitiveness held a hearing on *Assessing the Child Care and Development Block Grant*. The purpose of this hearing was to provide information on the general operation of the Child Care and Development Block Grant (CCDBG) in preparation for its reauthorization as part of the Committee's welfare package. Subcommittee Members heard from leading experts and practitioners about the importance of child care as a support allowing families to obtain and retain employment and the vital role that the block grant plays in meeting that need. The panel highlighted the importance of quality child care in promoting healthy childhood development and school readiness, and offered recommendations for improving access to child care for eligible families. The testifying witnesses were Ms. Janet K. Schalansky, Secretary, Kansas Department of Social and Rehabilitation Services, on behalf of the American Public Human Services Association, Topeka, Kansas; Ms. Helen C. Riley, Executive Director of St. Michael's School and Nursery, Wilmington, Delaware; Ms. Helen Blank, Director of Child Care and Development, Children's Defense Fund, Washington, DC; Mr. Douglas J. Besharov, Resident Scholar, American Enterprise Institute, Washington, DC; and Ms. Karen Ponder, Executive Director of the North Carolina Partnership for Children and Smart Start, Raleigh, North Carolina.

On Tuesday, March 12, 2002, the Subcommittee on 21st Century Competitiveness held a third hearing, *Welfare to Work: Ties Between TANF and Workforce Development*. The hearing focused upon the extent to which TANF work services are provided through the One-Stop delivery system for workforce development established through the Workforce Investment Act of 1998 (WIA) and how such linkages affect participants. The General Accounting Office testified on the results to date of a study the agency is conducting on this topic. In addition, the Subcommittee members heard from a State and a local area that successfully have integrated TANF work services into the One-Stop delivery system. The testifying witnesses were Dr. Sigurd Nilsen, Director, Health, Education and Human Services Division, General Accounting Office, Washington,

DC; John B. O'Reilly, Jr., Executive Director, Southeast Michigan Community Alliance, Taylor, Michigan; and, Greg Gardner, Acting Director, Utah Department of Workforce Services, Salt Lake City, Utah.

FULL COMMITTEE HEARING

On Tuesday, April 9, 2002, the Committee on Education and the Workforce held a hearing on *Working Toward Independence: the Administration's Plan to Build upon the Successes of Welfare Reform*. The Honorable Tommy Thompson, Secretary of the Department of Health and Human Services, testified on the Administration's proposal to promote work and strengthen families. This was the Committee's fifth and final hearing held in preparation for reauthorization of the Temporary Assistance for Needy Families (TANF) block grant and the Child Care and Development Block Grant (CCDBG).

LEGISLATIVE ACTION

On Tuesday, April 9, 2002, Representative Howard "Buck" McKeon (R-CA), along with Representatives Boehner (R-OH), Petri (R-WI), Hoekstra (R-MI), Greenwood (R-PA), Upton (R-MI), Tancredo (R-CO), DeMint (R-SC), Isakson (R-GA), Keller (R-FL), and Culberson (R-TX), introduced H.R. 4092, the *Working Toward Independence Act of 2002*, a bill to reauthorize the Temporary Assistance for Needy Families Block Grant (TANF) and the Child Care and Development Block Grant (CCDBG) through 2007.

On Thursday, April 18, 2002, the Subcommittee on 21st Century Competitiveness considered H.R. 4092 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce. The roll call vote was 9-7. The Subcommittee adopted the following amendments:

1. The Subcommittee adopted, by voice vote, a substitute amendment offered by Representative McKeon (R-CA). The substitute amendment makes technical improvements to the bill; clarifies the formula for the Bonus to Reward Employment Achievement; requires the Secretaries of Health and Human Services and Labor to submit a report to Congress within six months regarding integration of TANF and the Workforce Investment Act; and clarifies Title III, the Broadened Waiver Authority, in several ways. The amendment provides authority for States to conduct demonstration projects integrating two or more listed programs, instead of allowing States to request changes only within one program. The amendment lists the programs for which States may seek waivers, which are the Job Opportunities for Low-Income Individuals grants, the activities funded under the Wagner-Peyser Act, activities funded under the Adult Education and Family Literacy Act, or activities funded under the Child Care and Development Block Grant. The amendment excludes certain provisions from being waived, including civil rights, purposes or goals of any program, maintenance of effort requirements, health or safety, labor standards under the Fair Labor Standards Act, or environmental protections.

2. The Subcommittee adopted, by roll call vote (8-7), an amendment offered by Representative Sam Johnson (R-TX) to require recipients to engage in work activities at least once during a two-

month consecutive period to remain eligible for TANF assistance, subject to exceptions established by a State.

On Wednesday, May 1, 2002 and Thursday, May 2, 2002 the Committee on Education and the Workforce considered H.R. 4092 in legislative session and reported it favorably, as amended, to the House of Representatives. The roll call vote was 25–20. The Committee adopted the following amendments:

1. The Committee adopted, by voice vote, an amendment in the nature of a substitute offered by Representative Boehner (R–OH). The amendment makes technical improvements to the bill, clarifies the goals of the Child Care and Development Block Grant to maintain the program’s focus on assisting all low-income families and not solely those transitioning off TANF, requires the General Accounting Office to study and report on the effect of the phase-out rates for certain federal programs and policies that provide support to low-income families and individuals as they move from welfare to work, encourages placement into high demand jobs identified through currently available labor market information, and amends the Broadened Waiver Authority. The amendment requires the administering entity, whether state or local, to apply to conduct the demonstration project. The administering entities must apply jointly if the demonstration project involves programs administered by one or more State or local entity. In addition, requirements that States pass through part or all of the funds it receives for a program may not be waived.

2. The Committee adopted, by a roll call vote (25–21), an amendment offered by Representative Michael Castle (R–DE) to increase the authorized funding for the CCDBG by \$200 million to \$2.3 billion and increase the percentage of funds spent on activities to improve the quality of child care from four to six percent.

3. The Committee adopted, by voice vote, an amendment offered by Representative Marge Roukema (R–NJ) to improve the content and implementation of the Family Self-Sufficiency Plans.

4. The Committee adopted, by voice vote, an amendment offered by Representative Lynn Woolsey (D–CA), to establish that the purpose of work participation requirements is to end dependence of needy families on government benefits, reduce poverty, and help achieve long-term income security by promoting job preparation and work.

5. The Committee adopted, by unanimous consent, an amendment offered by Representative Robert Andrews (D–NJ) making TANF programs mandatory partners in the One-Stop delivery system created by the Workforce Investment Act of 1998.

6. The Committee adopted, by voice vote, an amendment offered by Representative Howard “Buck” McKeon (R–CA) to increase to four months in 24 consecutive months the allowable months of education and training that could count as a direct work activity.

SUMMARY

H.R. 4092 makes substantial changes to the work requirements of the Temporary Assistance for Needy Families (TANF) block grant, increases the emphasis within the block grant on moving participants into employment, provides new flexibility to states, and encourages States to improve the quality of child care available to low-income families. The changes are consistent with the rec-

ommendations of President Bush and the Department of Health and Human Services.

TITLE I—TANF PROGRAM

Purpose

H.R. 4092 establishes that the purpose of the work requirements is to end dependence of needy parents on government benefits, reduce poverty and help achieve long-term income security by promoting job preparation and work.

Universal engagement

The legislation creates a policy of universal engagement so that all families must be in work or other activities leading to self-sufficiency. Each family will have a self-sufficiency plan, and each family's participation in activities will be monitored. States will be penalized for failure to establish self-sufficiency plans for families.

Work requirements

Work participation requirements will be increased from the current requirement of 50 percent to 70 percent by 2007. The current, higher participation requirement for two-parent families will be eliminated so as not to discriminate against marriage.

A modified caseload reduction credit continues so that States' work participation requirements are reduced as their caseloads decline, which encourages and reward States for diverting individuals from enrolling in cash assistance and for moving families off the rolls into work. The current credit rewards States for reductions below their 1995 caseload levels. The updated credit phases-in a four-year look-back, so that by 2005 States get credit for reducing their caseload below 2001 levels.

All families will be required to be involved in activities averaging 40 hours per week in order to be counted toward the required participation rate, so that families are engaged in a full work week of activities. Currently, single and two-parent families must be engaged in work-related activities for 30 and 35 hours a week, respectively.

H.R. 4092 increases the number of hours that must be spent in actual work, including unsubsidized employment, subsidized private or public sector employment, on-the-job training, supervised work experience, and community service, from 20 hours per week to 24 hours per week. States will obtain pro-rata credit for families engaged in activities less than full time as long as they meet the 24-hour direct work requirement.

States' work participation rates will be based on the total number of countable hours worked per month, rather than the number of families meeting the participation standard. Therefore, 160 hours of work per month will count as one family fulfilling the full 40-hour work requirement. This allows for easier calculation of the pro-rata credit for States.

States will define approved activities that will count toward the remaining 16 hours of the work requirement, as long as such activities help achieve a purpose of TANF. Such activities could include education and training, activities that promote child well-being, or activities that promote healthy marriages. The bill elimi-

nates the current restrictions on the percent of the caseload that can participate in vocational education; however, individuals will be required to work part-time (averaging 24 hours per week) while obtaining education.

In addition, H.R. 4092 allows three months within any 24 consecutive months in full-time substance abuse treatment, rehabilitative services, work-related education or training, and job search to count toward the work requirement. States may permit individuals to participate in four months of full-time education or training in order to complete a certificate program or obtain education necessary to fill a local job need.

H.R. 4092 maintains current law that gives states flexibility in determining sanctioning policies, except that States must continue assistance for single parents who have a child under age six but who cannot obtain child care. In addition, the bill requires recipients to engage in work activities at least once during a two-month consecutive period to remain eligible for TANF assistance, unless good cause is shown.

Teen parents will either attend school or participate in the full 40 hours of work and other activities, similar to current law. States may continue to exempt parents with a child under age one from the work requirements, but States still must engage such families in constructive activities.

Employment achievement bonus

H.R. 4092 creates a Bonus to Reward Employment Achievement of \$100 million annually, which will be developed in consultation with the States and the Secretary of Labor. Each State will have annual numerical targets, and will compete against its performance in the previous year. All States could be eligible for a bonus in a given year if their performance meets established targets.

State plan requirements

States will describe in their State plan how they will increase work and reduce dependence. In addition, each State will establish specific work-related performance objectives and measures. States will have complete flexibility to define their measurement methodology, as long as they describe it in their State plans.

States will describe in their State plan particular strategies and programs they may be employing to address important TANF challenges. Such challenges are employment retention and advancement, including placement into high demand jobs identified using labor market information; services for clients with special needs; and program integration with the Workforce Investment Act of 1998 (WIA).

Report on integration

The bill requires the Secretary of Health and Human Services and the Secretary of Labor to submit jointly a report to Congress, within six months of enactment, describing changes needed to the definitions, reporting requirements, and performance measures in WIA and TANF to allow greater integration between welfare and workforce development.

General Accounting Office study

H.R. 4092 requires the Comptroller General to conduct a study to determine the combined effect of the phase-out rates for Federal programs and policies that provide support to low-income families and individuals as they move from welfare to work.

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

Overview

H.R. 4092 reauthorizes the Child Care and Development Block Grant (CCDBG) through 2007 and creates a short title, the Caring for Children Act of 2002. The bill increases the amount of discretionary funding authorized from \$1 billion to \$2.3 billion for fiscal year 2003 and authorizes such sums as necessary for fiscal years 2004 through 2007. The current authorization is \$1 billion, but the FY 2002 appropriation is \$2.1 billion.

Program goals

H.R. 4092 amends the existing goals to emphasize that the block grant is intended to serve both low-income working families who receive cash assistance and also those who do not. This legislation also creates two new goals to encourage States to improve the quality of child care and to promote cognitive development and school readiness.

State plan requirements

H.R. 4092 modifies the State plan in several ways. The legislation asks States to collect and disseminate information to both parents of eligible children and child care providers about: the quality and availability of child care services; resources to assist families in obtaining child care; research and best practices on children's development; and, other programs and services for which families may be eligible, including the food stamp, WIC, Medicaid and SCHIP programs.

This legislation requires States to describe partnerships created with public and private entities to increase the supply and quality of child care services, and coordination of child care services provided by this Act with other child care and early childhood education programs, such as Head Start, Early Reading First, Even Start, and state-sponsored pre-kindergarten.

Beginning in 2004, State plans will contain the outline of the State's strategy to address the quality of child care available to children in that State. States will report on the use of quantifiable, objective measures for evaluating the quality of child care services and progress in improving child care quality.

Finally, States are asked to address factors that can make finding care difficult for some parents. States will report in their State plan how the State is working to meet the child care needs of parents eligible for assistance who have children with special needs, work non-traditional hours, or require infant and toddler care.

Quality set-aside

H.R. 4092 increases from four to six percent the amount of the total block grant that a State must spend on activities to improve

the quality of child care provided to eligible families in that State, and establishes permissible uses for those funds. The quality set-aside may be used to support: programs that provide training, education, and other professional development activities to enhance the skills of the child care workforce, including informal caregivers; activities to enhance early learning and foster school readiness; initiatives to increase the retention and compensation of child care providers; and, other activities deemed by the States to improve the quality of child care services provided in the State.

Federal eligibility guidelines

H.R. 4092 eliminates the Federal income limit for eligibility, previously set at 85 percent of the State median income. States must continue to prioritize families based on need and serve both TANF and non-TANF families.

TITLE III—BROADENED WAIVER AUTHORITY

H.R. 4092 provides new authority for States to conduct demonstration projects integrating two or more public assistance, workforce development, and other programs to support working individuals and families, help families escape welfare dependency, promote child well-being, or help build stronger families.

The administering entity must seek the waiver. If the programs are administered by two different entities, such as one State entity and one local entity, each must join in the application to conduct the demonstration project. States and localities will be able to seek waivers for activities funded under the Wagner-Peyser Act (employment services), activities funded under the Adult Education and Family Literacy Act, the Job Opportunities for Low-Income Individuals grant program, and activities funded under the Child Care and Development Block Grant.

Each Federal Secretary who administers a program that is to be included in a demonstration project must approve the request. Secretaries cannot waive certain provisions, including civil rights, purposes or goals of any program, maintenance of effort requirements, health or safety provisions, labor standards under the Fair Labor Standards Act, or environmental protections. In addition, a Secretary may not waive any requirement that a State pass through to a sub-State entity all or part of the funds it receives.

The demonstration projects will be limited to five years, and the State or local entities conducting the demonstration project must evaluate the results. Waivers must be cost neutral to the federal government. In addition, Federal Secretaries will report to Congress on the success of any demonstration projects awarded.

TITLE IV—EFFECTIVE DATE

H.R. 4092 makes changes effective October 1, 2002, unless the Secretary of Health and Human Services determines that State legislation is needed to change a State plan under Part A of the Social Security Act. In such a case, the effective dates shall be after the close of the first regular session of the State legislature that begins after enactment.

COMMITTEE VIEWS

H.R. 4092 reauthorizes and enhances the work-related provisions of the Temporary Assistance for Needy Families (TANF) block grant through 2007. Enacted in 1996, TANF revolutionized how States assist needy families by requiring, for the first time, that welfare participants work for benefits. The welfare reform law made the crucial difference in maximizing opportunities for welfare recipients to participate in the workforce.

Welfare reform has delivered unprecedented results and has brought a whole new culture to the federal aid program. Welfare caseloads reached their all-time high in March 1994 at 5.1 million families. Since then, caseloads have declined 57 percent to 2.1 million families in September 2001. Employment by never-married mothers, who comprise the population most likely to go on welfare, rose by 40 percent since 1996. In addition, according to U.S. Census figures, nearly three million children have been lifted from poverty and 5.4 million fewer people live in poverty. Decreases in poverty have been greatest among African-American children. There are 1.1 million fewer African-American children in poverty today than there were in the mid-1990s.

Many have argued that the economy should be credited with the caseload reduction and increase in work. However, that claim easily is disputed by examining welfare caseloads in previous times of economic growth. Not only did previous periods of economic growth not result in lower caseloads, but during two previous economic expansions (in the late 1960s and the early 1970s) caseloads actually increased.

In addition, a recent report by June O'Neill of the Manhattan Institute disputes that idea and examines the dramatic effect welfare has had on caseload reduction and work. Dr. O'Neill isolated the impact of reform to determine its effect, regardless of the good economy. She concluded that welfare reform is responsible for over half of the decline in welfare participation since 1996 and over 60 percent of the rise in work participation.

In addition, the study finds that the contribution of the economy was relatively minor compared to the contribution of TANF, accounting for less than 20 percent of the decline in welfare or rise in work participation among single mothers. TANF's beneficial effects also extend even to the most disadvantaged portions of the welfare population. TANF accounts for 40 percent of the increase in work participation among single mothers who are high school dropouts, 71 percent of the increase among 18–29 year old single mothers, and 83 percent of the increase in work participation among African-American single mothers.

The Committee believes that the challenge for Congress this year is to build on the unprecedented success of the 1996 welfare reform law—by putting even more Americans on the path to self-reliance.

The Committee has modeled H.R. 4092 after President George W. Bush's welfare reauthorization and improvement plan, Working Toward Independence, unveiled February 26, 2002. In addition, the bill incorporates into the reauthorization of the CCDBG key elements of President Bush's recently-unveiled Good Start, Grow Smart plan to improve early childhood education.

The Committee notes that Republican Governors support the President's welfare reform reauthorization plan, which is largely incorporated in H.R. 4092. In a letter to Congress on behalf of the Republican Governors Association, Governors John G. Rowland (R-CT) and Bill Owens (R-CO) state:

Under the President's proposal, States are empowered to seek innovative solutions to help welfare recipients by focusing on work. The President's universal engagement concept recognizes that moving every welfare family forward means everyone must be engaged in the direction of self-sufficiency . . . the President's proposal includes high levels of support to the States for childcare through the Child Care and Development Block Grant.

TITLE I—TANF PROGRAM

Given the great success of the 1996 welfare reform law, the Committee believes that the basic structure of TANF should remain intact, but the work rules should be strengthened to increase opportunities for families to move to self-sufficiency and make the program more responsive to disadvantaged families.

As Connecticut Governor John Rowland said, echoing the sentiments of many other state leaders, "From our experience, the most compassionate way to break the cycle of poverty, dependency and hopelessness is through work."

Work requirements

The Committee has adopted an overall purpose for the TANF work requirements, which is to end dependence of needy families on government benefits, reduce poverty, and help achieve long-term income security by promoting job preparation and work.

The Committee wants to ensure that all families are on the path to their greatest level of independence. Currently, 50 percent of all families receiving benefits are required to participate in federally-recognized work activities. However, the national aggregate participation rate for FY 2000 was only 34 percent, according to the U.S. Department of Health and Human Services (HHS). In addition, States are required to have a much higher percentage of two-parent families participating in work—90 percent. Yet, for FY 2000, the national aggregate participation rate was only 48.9 percent for two-parent families.

The Committee prioritizes increasing rates of work participation, since obtaining work experience has been shown to be the most critical factor in helping families break the cycle of dependence. Therefore, the Committee raises the rate of work participation five percent annually so that 70 percent of a State's caseload must be meeting the federal work standard by 2007.

As noted, current law has higher participation rates for two-parent families. The Committee eliminates all separate, higher requirements for two-parent families so as not to discriminate against or discourage marriage. States will only need to meet one work standard.

The Committee recognizes that some families may not be able to meet the expected work standard. As noted, with this bill States will be required to have 70 percent of their caseload working by

2007. As a result, 30 percent of the caseloads will not have to be meeting the federal work participation standard (although States still must engage such families in activities leading toward self-sufficiency). People who care for disabled children or have other barriers to work are exactly the kinds of people we expect to fall into this 30 percent category. Therefore, the Committee does not carve-out from the work requirement any one group of individuals that may have barriers to work.

H.R. 4092 maintains a caseload reduction credit, but revises the methodology for its calculation. Under current law, annual work participation rates for each State are cut by one percentage point for each percent decrease in the State's caseload since fiscal year 1995. This credit was given to encourage States to move families off assistance and into work and to give States credit for diverting cases from the rolls. States have an incentive not to enroll families that may need only one-time or short-term assistance to get back on their feet. However, policymakers did not anticipate in 1996 the success that States would have in reducing their caseloads. As a result of this success, the existing caseload reduction credit reduced States' annual work rates substantially. Nationally, the effective work participation rate for all families currently is five percent. Thirty-one States and territories reduced their caseloads so much that their participation rate standard for 2000 was reduced to zero.

While reductions in caseloads were one of the intended effects of the law, the current caseload reduction leaves little incentive for States to continue to move individuals into work and off the welfare rolls. Therefore, the Committee has updated the credit to reward States for further reductions. In FY 2003, States will receive credit for caseload reductions between 2002 and 1996. Updates will continue to be phased-in so that in 2005, States will receive credit for reducing their caseloads between 2001 and 2004. A three-year look-back will then continue into the future years of the program.

Members have stressed the importance of emphasizing the need not to simply cut people off the welfare rolls but to move TANF participants into work. Such case closures will be rewarded in this credit as long as they contribute to an overall net caseload reduction.

The Committee has changed the methodology for calculating the work rates. Currently, to calculate monthly participation rates, the number of families receiving assistance who are meeting the work standard is divided by the number of families receiving assistance. Under H.R. 4092, the calculation of the monthly participation rates changes to the total number of hours worked during the month by work eligible individuals in allowable activities divided by 160 times the number of families receiving assistance. In both circumstances, child-only cases are excluded. Work-eligible individuals are individuals who are married or are single heads of household and whose needs are included when determining the amount of assistance to be provided to the family. States also continue to have the option, on a case-by-case basis, to exclude work-eligible individuals who have children under one year old.

Under the 1996 reform, families were required to work only 30 hours a week in order to receive TANF benefits. In today's American workforce, employers almost always require at least 40 hours of work per week. In order to help individuals become prepared for

the standard workweek, H.R. 4092 increases the average weekly work requirement to 40 hours.

Basing the calculation on 160 hours of countable work activities assumes that the work-eligible individual will participate in an average of 40 hours of activities for four weeks per month. However, since most months are longer than four weeks, the calculation actually equates to an average of 37 hours per week. Therefore, the calculation includes some flexibility for States to ensure the families' work weeks match those of individuals not receiving assistance. This flexibility allows States to accommodate an individual that works in unsubsidized employment and whose business closes for national holidays or other occasions. The Committee does not expect States to find alternative placements for individuals if their place of work is closed for a day.

In order for a work-eligible individual's hours of work to be able to count toward the participation rate calculation, the individual must participate in at least an average of 24 hours of direct work activities per week in a month. Direct work activities include unsubsidized employment, subsidized private sector employment, subsidized public sector employment, on-the-job training, supervised work experience including entrepreneurship or micro-enterprise activities, or supervised community experience. A State may enroll individuals in entrepreneurship or micro-enterprise programs, as long as the individuals spend at least 24 hours per week operating their business initiative created through the program. Such activities are considered work-experience programs. Participants now generally are required to work 20 hours in these direct work activities, so this is an increase of four hours of direct work per week.

Teen parents still will be able to comply with the work requirement by attending school.

The remaining 16 hours of the 40-hour workweek of activities can be in any constructive activity a State determines to be appropriate for the family. The Committee expects such activities to be consistent with the purposes of TANF. Such activities could include education and training, structured activities with a family's children that will promote child well-being, parenting education classes, basic adult education, classes to learn English as a second language, substance abuse treatment, and more.

The new methodology for calculation of the work participation rates increases States' flexibility in how they can meet the participation rate. Under current law, in order to be counted toward the work rate, families must be participating at least 30 hours in federally countable activities. Now, States will receive credit for hours work-eligible individuals spend in work activities, as long as at least a minimum of 24 hours are spent in direct work activities.

For example, without considering the impact of the caseload reduction credit, a State could reach a 60 percent participation rate in a multitude of ways. Assuming a hypothetical caseload of 100 families, a State could reach a 60 percent participation rate if 60 families have a parent who works 40 hours per week, including 24 hours of direct work activities. Or, 80 families could have a work-eligible parent who works 30 hours per week, including 24 hours of direct work. A variety of combinations could be developed, as long as the work-eligible individuals participate in at least 24 hours of direct work. A State may count more than 40 hours

worked by one family, as long as the additional hours are done by work-eligible individuals in direct work activities. For example, both parents may be working in a married family. Unlike the flexibility in the new formula for calculation of work rates, under current law there is only one way to achieve a hypothetical 60 percent participation rate in a 100 family caseload (without counting the caseload reduction credit), which is for 60 families to have a parent who works at least 30 hours per week in allowable activities.

The appropriateness of emphasizing work first in the revised TANF program is supported by research of what has worked since TANF was enacted. Evaluations of welfare programs on work show that direct work activities are more successful and cost-effective in improving participants' financial well-being and child well-being. Dr. Lynn Karoly, of RAND, synthesized national literature on the effect of work requirements on welfare recipients. During testimony before the 21st Century Competitiveness Subcommittee on October 16, 2001, Dr. Karoly informed the Subcommittee that:

The LFA (labor force attachment) programs, which emphasize job search, result in larger average employment gains than the HCD (human capital development) programs, which emphasize skill-building and generally require the participant to participate in classroom activities. The average employment increase among the search-oriented programs was 9.2 percentage points, compared to 3 percentage points among the skills-oriented programs . . . Among the four work-first programs (included in the synthesis), earnings impacts averaged about \$1,200. Among the human-capital programs, earnings impacts were smaller, averaging just under \$400 . . . (T)here is evidence that the jobs-first model generated somewhat greater reductions in welfare use than the skills-oriented programs.

However, the Committee believes that to become truly independent of government assistance, families must have the opportunity to obtain education or training that will help them obtain higher paying jobs that are in demand in the local economy. The Committee believes that H.R. 4092 offers more flexibility for individuals to obtain education than the current law does. Under current law, participants may spend no more than twelve months in vocational education. In addition, no more than 30 percent of a State's caseload may be either teens attending high school or participants in vocational education. Other educational opportunities are strictly limited and can account for no more than ten hours per week. Under H.R. 4092, all work-eligible individuals may spend up to 16 hours per week in any kind of education deemed appropriate by the State, as long as the participant also works part time for an average of 24 hours per week.

The Committee strongly supports blended activities that combine work and education and training. For instance, it is the Committee's intent that vocational education and training programs could combine classroom training with direct work. An individual could spend as much as 16 hours per week in a classroom learning a trade, and could apply newly acquired skills in an actual workplace setting for an average of 24 hours per week. For instance, a nursing student may spend part of her week in a classroom, but also

spend part of the week working in a hospital or nursing home to further her skills. These real work experiences should count as direct work.

In addition, the Committee believes that short-term, intensive services may be necessary to help some participants become work-ready. As a result, H.R. 4092 allows substance abuse counseling or treatment, rehabilitation treatment and services, work-related education or training directed effectively at enabling the family member to work, or job search or job readiness assistance to count as direct work activities, as long as the participant engages in the activity at least 24 hour per week, for three months in any 24 consecutive months.

E. Mona Garland, Wisconsin Works Director with the Opportunities Industrialization Center of Greater Milwaukee, who testified before the 21st Century Competitiveness Subcommittee in October 2001, showed the value of short-term training when she said, "We have assigned staff to develop short-term customized training opportunities driven by employment opportunities with higher earning potential in areas such as office skills, medical careers, light industrial, the food service industry and non traditional employment opportunities."

In addition, under certain circumstances, full-time education longer than three months may be necessary. Therefore, H.R. 4092 allows States, on a case-by-case basis, to allow full time education or training for four months in any 24 consecutive months if four months are needed to permit an individual to complete a certificate program or other education that will allow the person to fill a known job need in a local area. For purposes of obtaining financial aid, the Higher Education Act of 1965 generally defines an academic term as 15 weeks. Therefore, four months will allow individuals to complete a semester-long course.

The Committee heard some concerns that the legislation does not allow sufficient time for job search. However, in addition to allowing job search for three months in any 24 consecutive months, a State may choose to exclude a work-eligible individual from the work participation rate calculation for the first month the family is on the roll. Therefore, the work-eligible individual has another month during which she can search for a job, before being subject to other work activities.

The Committee believes that non-custodial parents can provide critical financial support for families so that the custodial parent may be able to stay at home and care for a child. The Committee encourages the Secretary of HHS to work with States and Congress to determine if there is a way to consider the hours worked by a non-custodial parent when calculating the countable direct work hours for a work-eligible individual who is a custodial parent.

H.R. 4092 maintains current law that allows a State discretion to determine the level of sanction a family will face for failure to participate in program requirements. As under current law, a State may not sanction a family with a child under age six but who cannot obtain child care. However, a State must terminate a family's assistance for at least one month or until the family is compliant with all requirements, whichever is longer, if the work-eligible individual's failure to engage in work is total and persists for at least two consecutive months. The Committee intends total failure to

mean that the individual has not participated in direct work or other activities as determined appropriate by the State for even one hour during the two month period. States still are able to determine good cause exemptions for failure to comply. Currently, 15 States never reach a full-family sanction.

Although the evidence is not clear, studies suggest that a stricter sanction policy is effective in obtaining compliance with program requirements. A study by Robert Rector at the Heritage Foundation found that States with strong work requirements and full-family sanctions have experienced larger welfare caseload reductions than other States. One example is Wisconsin, which has seen its caseload decline 76 percent since enactment of welfare reform.

Universal engagement and family self-sufficiency plans

While TANF reforms significantly reduced welfare caseloads, we still have work to do. According to the Department of Health and Human Services' Third Annual Report to Congress (August 2000), 58 percent of TANF adult recipients are not participating in work activities as defined by federal law. Therefore, the bill creates a policy of universal engagement to ensure that all families are participating in work and other activities that will lead to self-sufficiency. States no longer will be permitted to wait 24 months before requiring individuals to engage in work, as they can under current law. Given the five year lifetime limit on assistance that exists in the broader TANF law, the Committee believes that it would be a disservice to families not to engage them immediately in activities that could assist them in achieving independence.

States must also create a self-sufficiency plan for each family. H.R. 4092 requires the State to assess, in the manner deemed appropriate by the State, each work-eligible individual before preparing the plan. The State should try to determine whether a member of a family receiving assistance has been a victim of domestic or sexual violence and may refer any such family member for services as deemed appropriate by the State. However, the Committee does not intend for a family member to have to prove that she or he was a victim of such violence. States should implement this provision so that the burden of proof is not placed on the victim.

The self-sufficiency plan must be established in consultation with the work-eligible individual and specify appropriate direct work activities to assist the family in achieving their maximum degree of self-sufficiency. The plan will set forth the obligations of the recipient, and States would regularly review the effectiveness of the plan and the activities in which individuals are engaged. Nothing in the plan shall preclude a State from requiring participation in work and other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being. The Committee intends that States will have sole discretion to implement the self-sufficiency plans, as long as they are consistent with this section and the work requirements.

Work-related performance objectives

H.R. 4092 adds provisions to TANF to increase accountability and emphasize program outcomes.

Each State will submit, as part of their State plans, a description of how the State will pursue ending dependence of needy parents

on government benefits by promoting job preparation and work, including specific numerical and measurable performance objectives, and describe the methodology the State will use to measure its performance. Then, beginning in 2004, each State shall submit to the Secretary of HHS a report on achievement of and improvement during the preceding fiscal year regarding the performance measures set forth by the State. The Committee intends for States to have full flexibility to define their performance goals; they simply must describe the goals and the State's ability to obtain them.

In addition, the State shall describe, in its plan, any strategies and programs the State may be undertaking to address employment retention and advancement, including placement into high-demand jobs identified using labor market information available through the One-Stop delivery system created under the Workforce Investment Act of 1998. The Committee encourages States to help recipients obtain employment that can lead to a career. Using labor market information is one way to identify such available jobs. Operated through the nation's employment service system, which is part of the One-Stop delivery system, labor market information assesses the local or regional economy, identifies labor shortages, and contains information on the type of preparation needed to obtain these jobs. Many labor market information resources are available through the internet, as well, as part of America's Labor Market Information System (ALMIS) operated by the U.S. Department of Labor. States are encouraged to avail these resources when preparing recipients for employment.

States also are asked to describe program integration, including the extent to which TANF employment and training services are provided through the One-Stop delivery system and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through WIA.

Mandatory partners with one-stop employment training centers

H.R. 4092 also requires TANF to be a mandatory partner in the One-Stop delivery system for workforce development created in the Workforce Investment Act of 1998 (WIA). Under this Committee's leadership, Congress passed WIA to integrate the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. The system operates through One-Stop centers, at which numerous programs must make their services available. These programs include vocational education, veterans' employment and training, employment services, vocational rehabilitation and adult education, just to name a few. In addition, direct WIA services also are provided to dislocated workers, adults seeking better employment, and youth.

Currently, employment and training programs funded through the TANF block grant are optional partners in the One-Stop centers. In many States, the TANF system and the workforce development systems are overseen by different entities at the State and local levels. Yet, both operate work programs. Requiring TANF to operate in the One-Stop system could reduce the stigma associated with accessing welfare services. In addition, it will encourage a continuum of services for low-income families that may become unemployed after leaving welfare, or may need additional training to

move up the career ladder. Creating a formal connection to the WIA system will ensure TANF clients have access to labor market information and job listings maintained at the One-Stops and should enhance connections to the business community. It also could eliminate some duplication at the State level.

The 21st Century Competitiveness Subcommittee examined the extent to which TANF employment and training services currently are provided through the One-Stop delivery system during a hearing on March 12, 2002. The General Accounting Office (GAO) is conducting a study on the issue for the Committee. Dr. Sigurd Nilsen, Director of Education, Workforce and Income Security issues for GAO, testified that State and local efforts to coordinate their TANF and WIA programs increased in 2001. According to a survey conducted by the GAO, 44 States have informal linkages between the two systems, and 28 have formal linkages such as memoranda of understanding. Coordination occurred most often on the operation of work programs, and less frequently on support programs.

John B. O'Reilly Jr., Executive Director of the Southeast Michigan Community Alliance (SEMCA), which is one of 25 Michigan Works agencies, testified before the 21st Century Competitiveness Subcommittee at the hearing with Dr. Nilsen. During the hearing, Mr. O'Reilly provided first-hand evidence of what makes an integrated delivery system successful:

All of the workforce services are coordinated at the regional level by the Workforce Development Board. All customers are served in a collaborative system that best utilizes resources and existing community support. Employers have a single point of access to services that are specific to their needs. Employers don't know which government program brought our customers into the system, only that they are referred persons who are prescreened to suit the job order placed with the One-Stop.

However, real integration may not be possible as long as the programs have different performance standards, reporting requirements, and definitions. The GAO also identified such barriers during their study. Therefore, the Committee has included a requirement that the Secretary of HHS and the Secretary of Labor jointly submit a report to Congress no later than six months after enactment of this legislation to describe changes needed to the two systems to allow greater integration between the welfare and workforce development systems. Such changes, if needed, could be made during the reauthorization of the Workforce Investment Act, which is scheduled to occur in the 108th Congress.

Bonus to reward employment achievement

H.R. 4092 includes a new Bonus to Reward Employment Achievement. The Committee believes that this bonus, combined with the requirement that States' specify work-related performance measures, is clear evidence that the Committee prioritizes employment placement, retention and advancement. The formula for the bonus will be developed in consultation with the States and the Secretary of Labor. Each State may be eligible for a bonus grant if the State meets its State-specific target. Knowing in advance the

target that the State needs to meet to qualify for the bonus should provide more predictability for States and will make the bonus a more meaningful goal for State. States will be judged based on absolute performance and improvement in performance. The average total amount of the grants awarded as bonuses shall be \$100 million.

The Committee has expressed a Sense of Congress that the performance measures for this bonus should be similar to the performance measures for the Workforce Investment Act of 1998 (WIA).

GAO study

H.R. 4092 includes a study to be conducted by the Comptroller General of the United States. It shall determine the combined effect of the phase-out rates for Federal programs and policies that provide support to low-income families and individuals as they move from welfare to work. These programs include those funded under the Workforce Investment Act, the Child Care and Development Block Grant, WIC, the Richard B. Russell National School Lunch Act, the Head Start Act, and the Low-Income Home Energy Assistance Act of 1981 at all earning levels up to \$35,000 per year. The study will include at least five States, including Wisconsin and California, and will focus on any potential disincentives the combined phase-out rates create for families to achieve independence. This study will be submitted to Congress no later than one year after the enactment of this section.

The Committee believes that through the creation of its many support programs and policies for low-income families, the Federal government has inadvertently created disincentives for low-income working families to achieve independence. The combined rate at which benefits phase-out may result in a family being worse off than it was beforehand, despite rising earnings. This study will provide a comprehensive examination of the cumulative effect of these phase-out rates on families.

Longitudinal study

The Committee also has included a longitudinal study of TANF applicants and recipients to determine the factors that contribute to the ability of people to comply with TANF work requirements. The study shall gather information on family and adult demographics, family income and child support, and factors that contribute to the ability of people to comply with work requirements and achieve long-term self sufficiency. The Committee intends the family and adult demographics to be gathered include race, gender, ethnicity, primary language, barriers to employment, educational status of adults, prior work history, and prior history of welfare receipt as they relate to work requirements.

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

Child care is an issue of significant public interest. The dramatic increase in the number of women participating in the labor force, and the number of these women who are the sole or primary financial supporters of their children are the most important factors affecting the demand for child care.

Increasingly, the affect of child care on children also has become a significant public issue. Research in the field of child development demonstrates that low-income children can benefit from child care with an early childhood development focus. Therefore, the quality of child care available is important so that all young children are developmentally prepared to enter and succeed in school.

Concerns about the supply, quality and affordability of child care for many low-income families led to a national debate over the nature and extent of the Nation's child care problems and what, if any, Federal intervention would be appropriate. Federal lawmakers recognized the need to address the accessibility and affordability of child care so that parents could participate in the workforce—a necessary precursor to achieve self-sufficiency, reduce poverty, and improve child well-being. A stable supply of affordable child care is essential so that parents can work.

In response, Congress created the Child Care and Development Block Grant (CCDBG) in 1990. The CCDBG assists States in their efforts to subsidize the cost of child care for low-income families. In 1996, as part of the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), the CCDBG was consolidated with other Federal child care programs and expanded to provide increased Federal funding to serve both low-income working families and families attempting to transition off welfare through work.

H.R. 4092, the Working Towards Independence Act of 2002, continues the main objectives of the Child Care and Development Block Grant Act of 1990 and the PRWORA of 1996, and makes improvements to the current law. The legislation maintains its primary focus to facilitate access to child care services for low-income families and strengthens the Federal commitment to foster quality environments and early learning experiences for young children.

Witnesses before the Subcommittee on 21st Century Competitiveness and the Committee on Education and the Workforce, testified on the growing importance of child care for success of welfare reform. Helen C. Riley, Executive Director of St. Michaels School and Nursery in St. Michael's, Delaware told the Subcommittee:

With 65 percent of mothers with infants in the workforce, more than half of our nation's youngest children spend 40 or more hours a week in child care . . . children who participate in high standard early education programs have fewer behavioral problems and score higher on school readiness and language tests. The cost to our nation in remedial programs is staggering. That is why early intervention with high quality child care programs is crucial.

Program goals

H.R. 4092 continues to provide States maximum flexibility in developing child care programs and policies and promotes parental choice so that parents can select the type of child care and setting that they prefer. This legislation amends the existing goals to emphasize that the block grant is intended to serve both low-income working families who receive cash assistance and those who are struggling to maintain independence from the welfare system.

Two new goals also are added to encourage States to improve the quality of child care and to promote cognitive development and school readiness. These goals are consistent with the President's

new early childhood education initiative, Good Start, Grow Smart, designed to address the cognitive and other developmental needs of young children so that they are prepared to enter and succeed in school.

Funding

H.R. 4092 provides funding for the discretionary portion of the CCDBG. This legislation authorizes \$2.3 billion for fiscal year 2003 and such sums as necessary for fiscal years 2004 through 2007. Block grant funds authorized by this legislation are just one part of the total block grant funding picture. The discretionary authorization is combined with mandatory funds authorized by the Committee on Ways and Means and State matching funds required to receive a portion of the Federal mandatory money. Together these funding sources are commonly referred to as the Child Care and Development Fund (CCDF).

The Federal Government has made a significant financial commitment to providing access to affordable child care and early education opportunities for low-income families, and assistance to improve the quality of child care and early education. Current funding for child care has reached historic new levels.

Federal child care spending through the CCDF and Temporary Assistance to Needy Families (TANF) has increased 160 percent from \$2.6 billion in 1997 to \$6.7 billion in 2000. The current authorization is \$1 billion, but the FY 2002 appropriation is \$2.1 billion. Discretionary funding for the Child Care and Development Block Grant has more than doubled in the last five years to \$2.1 billion dollars in fiscal year 2002. Mandatory funding currently is set at \$2.7 billion, for a total of \$4.8 billion.

In addition to Federal dollars provided through mandatory and discretionary funding, States currently may transfer up to 30 percent of their TANF block grant to the Child Care and Development Block Grant. In fiscal year 2000, States transferred \$2.4 billion to the block grant—more than the discretionary funds appropriated for any single year. H.R. 4090, reported by the Committee on Ways and Means, would allow States to transfer up to 50% of their TANF block grant into the Child Care and Development Fund. As more people transition from welfare into employment, States will have an increasing amount of TANF resources available to help low-income families pay for child care.

States also may spend additional TANF money directly on child care services outside of the CCDBG. In fiscal year 1999, States reported spending 5% (\$1.1 billion) of their TANF grants for child care. In fiscal year 2000, TANF direct expenditures on child care doubled to 10% (\$2.2 billion).

Expenditure data show that in fiscal year 2000, States spent more than \$7 billion in Federal and State money from the Child Care and Development Block Grant (this amount includes spending from the TANF transfers to the CCDBG). In addition, States spent over \$2 billion on child care within the TANF system. Therefore, in total, over \$9 billion was spent on child care through the CCDBG and TANF in fiscal year 2000 (of which \$6.7 billion were Federal funds).

In addition to the CCDBG, TANF and Social Services Block Grants, which States may use to support child care for low-income

families, other Federal programs provide funds for child care and early childhood development. These include Head Start (funded at \$6.5 billion in fiscal year 2002), the Child and Adult Care Food Program (\$1.9 billion), the Individuals with Disabilities Education Act preschool and infant/toddler grants (\$807 million), and, for after-school and weekend activities for school age children, the 21st Century Community Learning Centers (\$1 billion). In total, combined annual funding for child care and early education programs is estimated by the Department of Health and Human Services to exceed \$17 billion.

Application and State plan requirements

Under current law, each State that applies for a Federal block grant is required to submit a State plan to the Secretary of the Department of Health and Human Services. The State plan is designed to ensure that States are complying with minimal Federal guidelines before receiving their grant. States are asked to certify that parents have unlimited access to their children while in care and the ability to choose their child's care provider and setting. States also must assure compliance with State licensing, health and safety requirements, address the child care needs of certain population groups, and substantiate that payment rates for child care services are sufficient to ensure equal access to services available to children not eligible for subsidized care.

H.R. 4092 modifies the State plan in several ways to improve the quality of child care services provided to eligible families. The legislation asks States to collect and disseminate information to both parents of eligible children and child care providers about: the quality and availability of child care services; resources to assist families in obtaining child care; research and best practices on children's development; and, other programs and services for which families may be eligible, including the food stamp, WIC, Medicaid and SCHIP programs.

H.R. 4092 suggests that States utilize State and local child care resource and referral organizations to collect and disseminate information to families eligible to receive child care assistance and to providers of child care to eligible families, however, States retain the flexibility to use other resources for this purpose. State and local child care resource and referral agencies (CCR&R) often are a community's vital link between parents and child care providers. Most States have in place a comprehensive child care resource and referral network that supports families in finding child care; compiles, analyzes and shares information with parents, providers and communities on the supply, cost, and quality of child care and the availability of child care subsidies; and, supports individuals and programs providing care for children. Child care resource and referral organizations most often are a cost-effective resource because they successfully leverage public dollars with contributions from private sources.

This legislation encourages States to create partnerships with public and private entities to increase the supply and quality of child care services, and to coordinate child care services provided by this Act with other child care and early childhood education programs, such as Head Start, Early Reading First, Even Start, and state-sponsored pre-kindergarten.

Beginning in 2004, State plans will contain the outline of the State's strategy to address the quality of child care available to children in that State. States will report on the use of quantifiable, objective measures for evaluating the quality of child care services and its progress in improving child care quality. The Committee does not intend or desire to create any federal standards for quality of child care and intends for States to have complete discretion in fulfilling these provisions.

Finally, States are asked to address factors that can make finding care difficult for some parents. The Committee requests that States report in their State plan how the State is working to meet the child care needs of parents eligible for assistance who have children with special needs, work non-traditional hours, or require infant and toddler care.

Child care quality

H.R. 4092 places a greater emphasis than ever before on the importance of early childhood development and encourages States to improve the quality of child care. The quality of child care is important because research has demonstrated that the experiences of a young child greatly affect all aspects of his or her development, including cognitive development.

Knowledge about children's learning has expanded greatly during the past two decades. Research in the neurobiological and behavioral sciences related to young children suggest the importance of the first years of life for healthy brain development. From birth through age five, children rapidly develop the capabilities on which subsequent development builds. In addition to linguistic and cognitive gains, children exhibit dramatic progress in their emotional and social capacities. According to child development expert Dr. T. Berry Brazleton:

A child's experiences in the first months and years of life determine whether he or she will enter school eager to learn or not. By school age, family and caregivers have already prepared the child for success or failure. The community has already helped or hindered the family's capacity to nurture the child's development.

Under current law, States are required to spend a minimum of four percent of all mandatory, matching and discretionary block grant funds on activities to improve the quality and supply of child care. This bill maintains the requirement that States spend a portion of their block grant on activities expected to improve the quality of child care. This is commonly referred to as the "quality set-aside." The quality set-aside provides States important financial assistance to improve the quality of child care provided to families eligible for assistance under this Act.

H.R. 4092 increases the minimum quality set-aside from four to six percent. On average, States currently spend 6 to 7 percent of CCDBG dollars (mandatory and discretionary) on activities to improve the quality of child care. Overall, States reported spending \$275 million on improving the quality of child care in fiscal year 2000.

Some advocacy groups and legislators assert that the quality set-aside should be significantly higher. It is the Committee's view that

H.R. 4092 appropriately balances funding for both quality and access to child care services. A Federal mandate to increase further the percentage of CCDBG dollars a State must spend on quality activities would significantly reduce the amount of money available to States to provide vouchers to low-income families in need of child care. This legislation does not create any Federal standards for child care, rather it provides guidance to States on how child care quality might be improved.

Permissible uses for the quality set-aside

Current law provides States broad authority to decide how to spend their quality dollars. The Committee received comments that some States could use these dollars more effectively to enhance child care quality. Research has identified indicators for child care quality. Low child to caregiver ratios, small class sizes, higher levels of caregiver education, low caregiver turnover rates, and adequate compensation each have been linked to better quality early learning environments. Based on this research, H.R. 4092 stipulates permissible uses for the quality set-aside to help ensure that States spend their quality allocation on activities that have been proven to improve the quality of child care. Beginning in 2004, States are asked to report how these funds are used.

The permissible uses include:

- *Programs that provide training, education, and other professional development activities to enhance the skills of the child care workforce, including informal caregivers.* According to the National Academy of Sciences report, *Neurons to Neighborhoods*, the ways that parents, families and other caregivers relate and respond to a young child directly affect cognitive development. Research suggests that the quality of child care and early education is ultimately dependent on the quality of the relationship between the caregiver and child. Studies indicate that children are more advanced in all realms of development when their parents, teachers or caregivers provide regular verbal and cognitive stimulation, are sensitive and responsive, and give generous amounts of attention and support.

- *Activities to enhance early learning and foster school readiness.* The brain is affected by numerous environmental conditions, including the kind of nourishment, care, surroundings and stimulation an individual receives. The Committee included this permissible use to encourage States to invest in initiatives that will help foster children's literacy, numeracy, and language skills. These skills provide the foundation for school readiness and are easily attainable when young children are exposed to language-rich environments with caregivers who engage them in interactive activities, promote curiosity and challenge children to develop self-confidence and problem-solving skills.

Children also have needs that must be met before learning can occur, for example the need for ongoing, stable, nurturing relationships, physical protection and safety. The research about children's learning and development provide a context for identifying basic characteristics of a quality child care environment.

- *Initiatives to increase the retention and compensation of child care providers.* High staff turnover rate and low wages are barriers to maintaining or expanding the supply of high quality child care.

Many caregivers earn low wages making it difficult to hire and retain well-qualified staff. States are encouraged to use a portion of their block grant quality funds to invest in the quality of the early childhood workforce. States might develop compensation and benefit initiatives that provide salary bonuses or other incentives to remain at a job for a certain length of time, or obtain education or training in early childhood development or related field. Early evidence suggests that these initiatives may slow turnover rates among caregivers.

- *Other activities deemed by the States to improve the quality of child care services.* Any State may spend a portion of their quality set-aside on other activities if the State can demonstrate that the activity contributes to improvement of child care quality. It is the view of this Committee that the quality set-aside should not be used by States to enforce compliance with State licensing requirements and State and local health and safety regulations.

The Committee received recommendations to add other permissible uses to the list established in H.R. 4092, but decided to limit the permissible uses to those included in the introduced bill. States maintain the flexibility to decide how to spend their quality dollars, provided that those dollars are spent to improve the quality of child care.

Finally, establishing requirements for quality, such as minimum Federal standards for caregiver credentials or mandated provider accreditation would reduce State flexibility and could jeopardize the integrity of the voucher program by restricting parental choice in selecting child care. For this reason, H.R. 4092 does not create any Federal standards for child care quality.

Access to services

The CCDBG assists States in securing affordable care for the greatest number of eligible families who need child care services. According to the U.S. Census bureau, about one million more single mothers are in the workforce than in 1996. The number of children receiving block grant subsidies has sharply increased at the same time as this historic increase in the number of low-income and single parents working. Between 1996 and 1999, there was an 80 percent increase in the number of children receiving a monthly child care subsidy.

Some advocates and lawmakers contend that many potentially eligible children do not receive subsidies due to limited resources. However, the demand for child care services and the number of eligible families in need of subsidies may be overestimated because not all low-income parents need subsidized child care. In fact, not all parents who receive welfare or are transitioning off welfare are working, and many parents make in-home or other informal care arrangements with friends or relatives instead of applying for child care assistance through the block grant.

Estimates of subsidies needed by children through the Child Care and Development Block Grant and TANF might be reduced further by taking into account the availability of other programs and funding sources serving children, including State-funded pre-kindergarten programs and Head Start. Sixty-five percent of all 3 and 4 year olds eligible for Head Start are enrolled, and it is esti-

mated that 62,000 toddlers are served under the Early Head Start program.

H.R. 4092 eliminates the Federal income limit for eligibility, previously set at 85 percent of the State median income. States must continue to prioritize families based on need and serve both TANF and non-TANF families. Eight-five percent of the State median income may be too high for some States, yet not high enough for others. For example, 85 percent of the State median income for a family of three in Connecticut is \$53,940 a year, yet in Mississippi it is \$30,156 for a family of the same size.

The Committee received comments that States might interpret the elimination of a Federal eligibility limit as a suggestion that assistance provided through the block grant should be targeted to TANF families only. This is not the intent of the Committee. H.R. 4092 states clearly that States must use block grant funds to provide child care assistance to both TANF *and* non-TANF families. The legislation amends the CCDBG goals to clarify the Congressional intent to provide assistance to low-income families, not exclusively those on or transitioning off TANF. States and territories must spend 70 percent of their mandatory child care money to subsidize child care for TANF families, families transitioning off TANF, and families at risk of becoming dependent on public assistance. States also must ensure that “a substantial portion” of the State grant that is not reserved for TANF families and families transitioning off TANF is used to provide assistance to low-income working families not receiving cash assistance.

Finally, HR. 4092 requests that States address factors that can make finding child care difficult for some parents. As part of the State plan, States must describe actions within the State, planned or in progress, to meet the child care needs of parents eligible for assistance, particularly those who have children with special needs, work non-traditional hours, or require infant and toddler care.

TITLE III—BROADENED WAIVER AUTHORITY

States have used the flexibility of TANF to transform their public assistance programs into innovative and comprehensive systems. However, welfare reform really began at the State level as States obtained waivers from the Federal government. In addition, the nation’s comprehensive workforce development system created through WIA was preceded by waivers that permitted every State to establish One-Stop centers.

Building upon this history of successful implementation of waivers, H.R. 4092 permits States or local entities to integrate certain public assistance and workforce development programs. Offering States and localities the opportunity to innovate and experiment will strengthen social services and make them more efficient.

Programs to aid low-income and working families are not as effective as they could be because of the differences in administrative practices and program rules that govern them. H.R. 4092 will allow the next generation of innovation at the State and local level, permitting what Secretary Tommy Thompson did as Governor of Wisconsin, and other Governors have done, but for a broader array of programs.

The authority granted under this Title will allow States and local entities to seek waivers to develop comprehensive strategies to sup-

port working individuals and families, help families escape welfare dependency, promote child well-being, or help build stronger families. The heads of the entities that administer the qualified programs to be included in a demonstration project will submit an application to the Secretaries that administer the programs at the federal level. A State cannot seek to waive activities administered locally unless the local administering entities join in the applications. The Committee intends that this provision gives local administering entities a veto over State initiatives that would impact their programs.

Programs for which waivers may be sought include the Job Opportunities for Low-Income Individuals grants, activities funded under the Wagner-Peyser Act, activities funded under the Adult Education and Family Literacy Act, and activities funded under the Child Care and Development Block Grant. The entities applying to conduct the demonstration project will need to describe the integrated performance objectives and outcomes for the proposed demonstration project, and will be required to evaluate the project.

A demonstration project must receive approval of each relevant Secretary in order to move forward, and the Secretaries only may approve a project if the proposed project is likely to improve the quality or effectiveness of the programs involved. The waiver terms and conditions are subject to cost neutrality requirements.

Secretaries will not be permitted to waive certain critical protections, including the purposes and goals of the underlying programs, civil rights and prohibitions of discrimination, labor market standards under the Fair Labor Standards Act, environmental protections, health and safety provisions, and matters of maintenance of effort. In addition, the Secretaries cannot waive any requirement that a State pass through to a local entity all or part of an amount paid to the State.

Each federal department that has approved waivers will be required to report annually on the number and scope of waivers, the success of each project in achieving the goals of the demonstration project, and any recommendations to Congress for the modification of current programs based on findings from the States' evaluations.

The nations' Governors have expressed support for additional flexibility through new waiver authority. On May 1, 2002, Governors John Engler (R-MI), Paul E. Patton (D-KY), Don Sundquist (R-TN) and Frank O'Bannon (D-IN), in a letter to Congress, wrote on behalf of the National Governors Association that, "Governors . . . agree that the federal government should explore ways to simplify and align rules for related programs in order to enhance states' abilities to create a cohesive system of support for low-income families. Superwaivers, as originally proposed by the Administration, offer one promising approach for achieving program alignment."

SECTION-BY-SECTION ANALYSIS

Section 1. Establishes the short title of the act to be the "Working Toward Independence Act of 2002" and includes a table of contents.

TITLE I—TANF PROGRAM

Section 101. Amends Section 407 of the Social Security Act to increase States' rates of required work participation from 50 percent in 2003 to 70 percent by 2007, revise the caseload reduction credit, establish minimum hours of countable work and other activities, define work activities, clarify penalties against individuals for failure to engage in work activities, and make conforming amendments.

Section 102. Amends Section 402(a)(1)(A) of the Act to modify State plan requirements to ensure States require parents or caretakers to engage in work and self-sufficiency activities, in accordance with family self-sufficiency plans; amends Section 408(b) of the Act to require States to establish family self-sufficiency plans and require States to monitor and review the participation of work eligible members of the family; amends Section 409(a)(3) of the Act to create a penalty against States for failure to establish such plans.

Section 103. Amends Section 402(a)(1) of the Act to modify State plan requirements to address work-related performance objectives and strategies to address certain issues; amends Section 411 of the Act to require a report on performance goals; amends Section 413 of the Act to require the development of performance measures.

Section 104. Amends Section 403(a)(4) of the Act to create a Bonus to Reward Employment Achievement to give States grants for each year that the State achieves or exceeds employment targets that will be established.

Section 105. Requires the Secretary of Health and Human Services and the Secretary of Labor to jointly submit a report to Congress on program simplifications needed to allow greater integration between the welfare and workforce development systems.

Section 106. Requires the Comptroller General of the United States to study the effects of the phase-out rates for Federal programs and the policies that help individuals and families as they move from welfare to work and report back to the Congress one year after the enactment of this section.

Section 107. Specifies the purpose of the work requirements required in Section 407 of Part A of Title IV of the Social Security Act.

Section 108. Requires TANF programs to be mandatory partners with the One-Stop Employment Training Centers created under the Workforce Investment Act of 1998.

Section 109. Requires the Secretary of Health and Human Services to conduct a longitudinal study of TANF applicants and recipients to determine the factors that contribute to the ability of families to comply with TANF work requirements.

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

Section 201. Specifies this title may be cited as the "Caring for Children Act of 2002."

Section 202. Amends Section 658A(b) of the Act to ensure this remains a program for all low-income families and adds two new goals to emphasize quality of care and the promotion of school readiness.

Section 203. Amends Section 658B of the Act to extend the authorization of appropriations through 2007.

Section 204. Amends Section 658E(c)(2) of the Act to modify and add State plan requirements in the areas of consumer and provider education information, coordination, public-private partnerships, child care service quality, and access for certain populations; requires States to develop a strategy to address the quality of child care services and report on that strategy.

Section 205. Amends Section 658G of the Act to establish permissible uses of funds set-aside for quality activities by specifying that no less than 6 percent of funds a State receives shall be used for activities that provide training and professional development of the child care workforce, enhance early learning for young children, increase the retention and compensation of child care providers, or are deemed by the State to improve the quality of child care services.

Section 206. Amends Section 658P(4)(B) of the Act to provide States more flexibility in establishing who is an eligible child.

TITLE III—BROADENED WAIVER AUTHORITY

Section 301. Authorizes State demonstration projects to integrate two or more specified programs in order to support working individuals and families, help families escape welfare dependency, promote child well-being, or help build stronger families, subject to specified conditions and protections.

TITLE IV—EFFECTIVE DATE

Section 401. Establishes the effective date of the amendments made by this Act.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. H.R. 4092 amends and improves the mandatory work requirements and other work-related provisions of the Temporary Assistance for Needy Families (TANF) block grant and reauthorizes the Child Care and Development Block Grant through 2007. The bill does not prevent legislative branch employees from receiving services provided under this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. H.R. 4092 spending programs under amends the Temporary Assistance for Needy Families (TANF) block grant and the Child Care and Development Block Grant. As such, the bill does not contain any unfunded mandates.

ROLLCALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 BILL H.R. 4092 DATE May 1, 2002

AMENDMENT NUMBER 2 Adopted 25 - 21

SPONSOR/AMENDMENT Mr. Castle / amendment to increase the authorization and quality set-aside for the Child Care Development Block Grant (CCDBG)

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mrs. ROUKEMA	X			
Mr. BALLENGER	X			
Mr. HOEKSTRA	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. GREENWOOD				X
Mr. GRAHAM				X
Mr. SOUDER	X			
Mr. NORWOOD	X			
Mr. SCHAFFER	X			
Mr. UPTON	X			
Mr. HILLEARY	X			
Mr. EHLERS	X			
Mr. TANCREDO	X			
Mr. DEMINT	X			
Mr. ISAKSON	X			
Mr. GOODLATTE	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. CULBERSON	X			
Mr. WILSON	X			
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mrs. MINK		X		
Mr. ANDREWS		X		
Mr. ROEMER		X		
Mr. SCOTT		X		
Ms. WOOLSEY		X		
Ms. RIVERS		X		
Mr. HINOJOSA		X		
Mrs. McCARATHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Ms. SANCHEZ		X		
Mr. FORD		X		
Mr. KUCINICH				X
Mr. WU		X		
Mr. HOLT		X		
Ms. SOLIS		X		
Ms. DAVIS		X		
Ms. McCOLLUM		X		
TOTALS	25	21		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 BILL H.R. 4092 DATE May 1, 2002

AMENDMENT NUMBER 3 Defeated 22 - 25

SPONSOR/AMENDMENT Mr. Miller – amendment to strike and replace the Child Care Title

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman				X
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	22	25		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 3 BILL H.R. 4092 DATE May 1, 2002

AMENDMENT NUMBER 6 Defeated 22 - 25

SPONSOR/AMENDMENT Mr. Kind / amendment regarding employment credit

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM				X
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAEFFER				X
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA	X			
Mrs. McCARATHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	22	25		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 4 BILL H.R. 4092 DATE May 1, 2002

AMENDMENT NUMBER 7 Defeated 20 - 26

SPONSOR/AMENDMENT Mr. Tierney / amendment to require two years of vocational education and training as a work activity

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM				X
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER				X
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER		X		
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY				X
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 5 BILL H.R. 4092 DATE May 1, 2002

AMENDMENT NUMBER 10 Defeated 22 - 26

SPONSOR/AMENDMENT Mr. Kildee / amendment to strike superwaiver authority in the base bill

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM				X
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	22	26		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 6 BILL H.R. 4092 DATE May 1, 2002

AMENDMENT NUMBER 17 Defeated 15 - 33

SPONSOR/AMENDMENT Mrs. Mink / amendment prohibiting termination of TANF assistance where the State is unable to demonstrate that child care is available

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM				X
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER		X		
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY		X		
Mr. TIERNEY	X			
Mr. KIND		X		
Ms. SANCHEZ		X		
Mr. FORD		X		
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT		X		
Ms. SOLIS	X			
Ms. DAVIS		X		
Ms. McCOLLUM	X			
TOTALS	15	33		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 BILL H.R. 4092 DATE May 1, 2002

AMENDMENT NUMBER 20 Defeated 22 - 26

SPONSOR/AMENDMENT Ms. Woolsey / amendment requiring job training for non-traditional employment

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM				X
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	22	26		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 8 (en bloc vote) BILL H.R. 4092 DATE May 2, 2002

Amendments Numbered 25 and 27 were Defeated by a vote of 17 - 25

SPONSOR/AMENDMENT Amendment Number 25 – regarding non-displacement of workers, offered by Mr. Miller; Amendment Number 27 – regarding striking the individual penalties for failure to engage in work and inserting a pro rata reduction, offered by Mr. Kucinich

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO				X
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI				X
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER		X		
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA				X
Mrs. Mc CARTHY				X
Mr. TIERNEY				X
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	17	25		7

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 9 BILL H.R. 4092 DATE May 2, 2002

AMENDMENT NUMBER 22 Defeated 18 - 26

SPONSOR/AMENDMENT Mr. Scott / amendment regarding religious discrimination

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA				X
Mrs. McCARATHY				X
Mr. TIERNEY				X
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	18	26		5

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 10 BILL H.R. 4092 DATE May 2, 2002

AMENDMENT NUMBER 33 Defeated 9 - 36

SPONSOR/AMENDMENT Mrs. Mink / amendment to include participation in services for certain activities as a direct work activity

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER		X		
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER		X		
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS		X		
Mr. HINOJOSA				X
Mrs. McCARATHY				X
Mr. TIERNEY				X
Mr. KIND		X		
Ms. SANCHEZ		X		
Mr. FORD		X		
Mr. KUCINICH	X			
Mr. WU		X		
Mr. HOLT		X		
Ms. SOLIS	X			
Ms. DAVIS		X		
Ms. McCOLLUM		X		
TOTALS	9	36		4

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 11 BILL H.R. 4092 DATE May 2, 2002

AMENDMENT NUMBER 34 Defeated 20 - 26

SPONSOR/AMENDMENT Mrs. Mink / amendment to require the self-sufficiency plans to include services for victims of sexual violence and domestic abuse

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. SCHAFFER		X		
Mr. UPTON		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. TANCREDO		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. GOODLATTE		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. CULBERSON		X		
Mr. WILSON		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Ms. RIVERS	X			
Mr. HINOJOSA				X
Mrs. McCARTHY				X
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Ms. SOLIS	X			
Ms. DAVIS	X			
Ms. McCOLLUM	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 12 BILL H.R. 4092 DATE May 2, 2002

H.R. 4092 was ordered favorably reported as amended by a vote of 25 – 20

SPONSOR/AMENDMENT Mr. Petri / motion to report the bill to the House with an amendment in the nature of a substitute and with the recommendation that the bill as amended do pass

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mrs. ROUKEMA	X			
Mr. BALLENGER	X			
Mr. HOEKSTRA	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. GREENWOOD	X			
Mr. GRAHAM	X			
Mr. SOUDER				X
Mr. NORWOOD	X			
Mr. SCHAFFER	X			
Mr. UPTON	X			
Mr. HILLEARY	X			
Mr. EHLERS	X			
Mr. TANCREDO	X			
Mr. DEMINT	X			
Mr. ISAKSON	X			
Mr. GOODLATTE	X			
Mrs. BIGGERT	X			
Mr. PLATTS				X
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. CULBERSON	X			
Mr. WILSON	X			
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mrs. MINK		X		
Mr. ANDREWS		X		
Mr. ROEMER		X		
Mr. SCOTT		X		
Ms. WOOLSEY		X		
Ms. RIVERS		X		
Mr. HINOJOSA				X
Mrs. McCARATHY				X
Mr. TIERNEY		X		
Mr. KIND		X		
Ms. SANCHEZ		X		
Mr. FORD		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Ms. SOLIS		X		
Ms. DAVIS		X		
Ms. McCOLLUM		X		
TOTALS	25	20		4

CORRESPONDENCE

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, May 2, 2002.

HON. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of House of Representatives Bill 4092 (H.R. 4092), the "Working Toward Independence Act of 2002." Consequently, I missed roll call number 9, the "Charitable choice protections" amendment offered by Representative Scott. I missed roll call number 8, the "Expand displacement and grievance protections" amendment offered by Representative Miller and Representative Kucinich. I missed roll call number 33, the "Allow activities to address physical disability, mental health problems, learning disabilities, or substance abuse to count as an allowable work activity" amendment offered by Representative Mink. I missed roll call number 34, the "Require states to refer individuals who have been victims of domestic or sexual violence for appropriate services" amendment offered by Representative Mink. I missed roll call number 12 for final passage. Had I been present, I would have voted against the amendments, and in favor of final passage of the bill.

I would appreciate your including this letter in the Committee Report to accompany H.R. 4092. Thank you for your attention to this matter.

Sincerely,

TODD R. PLATTS,
*Member of Congress,
19th District, Pennsylvania.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, May 7, 2002.

HON. JOHN BOEHNER,
*Chairman, Committee on Education and the Workforce,
Rayburn House Office Building, Washington, DC.*

DEAR CHAIRMAN: Due to other legislative duties, I was unavoidably detained during Committee consideration of H.R. 4092, "The Working Toward Independence Act of 2002." Consequently, I missed roll call number 1 on the amendment offered by Representative Castle. Had I been present, I would have voted against the amendment.

I would appreciate your including this letter in the Committee Report to accompany H.R. 4092. Thank you for your attention to this matter.

Sincerely,

DENNIS J. KUCINICH,
Member of Congress.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF
THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 4092 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 9, 2002.

Hon. JOHN A. BOEHNER,
*Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4092, the Working Toward Independence Act of 2002.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Sheila Dacey and Donna Wong (for federal costs) and Leo Lex (for the state and local impact).

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

H.R. 4092—Working Toward Independence Act of 2002

Summary: H.R. 4092 would make changes to the Temporary Assistance for Needy Families (TANF) program including establishing tougher work participation requirements and reducing and refocusing a bonus grant. It would reauthorize—through 2007—the Child Care and Development Block Grant (CCDBG) Act of 1990, which currently expires at the end of 2002. Finally, it provides states with new authority to run demonstration projects, provided that the projects would not increase federal spending.

The bill would lower funding levels for bonus grants to high-performance states under TANF, and CBO estimates the reduction would lower direct spending by \$47 million in 2005 and \$209 million over the 2003–2007 period. Because H.R. 4092 would affect direct spending, pay-as-you-go procedures would apply.

CBO estimates that authorizations under the bill would total \$2.3 billion in 2003 and about \$12 billion over the 2003–2007 period, assuming that annual levels are adjusted to keep pace with inflation. (Without such inflation adjustments, the authorizations would total about \$11.5 billion over the 2003–2007 period.) CBO es-

timates that appropriations of the authorized levels would result in additional outlays of \$10.5 billion over the 2003–2007 period, if inflation adjustments are included (and about \$10.1 billion without inflation adjustments).

The TANF grant program affords states broad flexibility to determine eligibility for benefits and to structure the programs offered as part of a state's family assistance program. Consequently, any new requirements to the program as proposed by H.R. 4092 would not be intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill could significantly affect the way states administer the program and provide benefits to beneficiaries, and thus could increase costs in some areas relative to what states would have spent if current law were to be continued unchanged. However, CBO anticipates that states will undertake strategies that will mitigate most, if not all, of these costs. H.R. 4092 contains no private-sector mandates as defined in UMRA.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 4092 is shown in the following table. The costs of this legislation fall within budget function 600 (income security). The table shows two alternative funding paths for the CCDBG program: one showing the authorized amount for 2003 with that amount inflated in later years, and one without inflation adjustments. The estimated outlays reflect CBO's current assumptions about spending patterns in the authorized program.

TITLE I—TANK PROGRAM

Title I would require states to establish self-sufficiency plans for all families receiving assistance and to have more TANF recipients participate in work activities. Further, it would increase some administrative and reporting requirements. Finally, it would reduce by \$100 million annually a bonus to reward high-performing states and would refocus the bonus on employment achievement.

Work Participation Requirements. Section 101 would require states to have an increasing percentage of TANF recipients participate in work activities while receiving cash assistance. The bill would maintain current penalties for the failure to meet those requirements. These penalties can total up to 5 percent of the TANF block grant amount for the first failure to meet work requirements and increase for each subsequent failure. CBO assumes that no state would be subject to financial penalty for failing to meet the new requirements.

The bill would require states to engage an increasing share of families receiving TANF in activities for 40 hours a week with at least 24 of those hours in a work activity. These activities would be limited to employment (subsidized or unsubsidized), on-the-job training, supervised work experience (including entrepreneurship or microenterprise activities), or supervised community service. The require participation rate would rise by 5 percentage points a year from 50 percent in 2003 to 70 percent in 2007. Certain families would not be included in the calculation: families without an adult or teen head of household, under sanction for three months or less, with a child under age one (at state option), or in the first month of assistance (at state option). The bill would eliminate a requirement in current law that sets even higher participation rates for

two-parent families and would allow a broader range of activities to count as work for up to three or four months. Finally, the bill would alter a provision that reduces the participation rates of states that have experienced caseload reductions since 1995.

ESTIMATED BUDGETARY EFFECTS OF H.R. 4092, THE WORKING TOWARD INDEPENDENCE ACT OF 2002

	By fiscal year, in millions of dollars—					
	2002	2003	2004	2005	2006	2007
CHANGES IN DIRECT SPENDING						
Reduce TANF Bonus for High-Performing States:						
Budget Authority	0	0	300	-200	-200	-200
Estimated Outlays	0	0	0	-47	-73	-92
Effects on Food Stamp Program:						
Estimated Budget Authority	0	0	0	1	1	1
Estimated Outlays	0	0	0	1	1	1
Net Effect:						
Estimated Budget Authority	0	0	300	-199	-199	-199
Estimated Outlays	0	0	0	-46	-72	-91
SPENDING SUBJECT TO APPROPRIATION						
With Adjustments for Inflation						
Spending Under Current Law:						
Budget Authority ¹	2,100	0	0	0	0	0
Estimated Outlays	1,197	483	231	189	0	0
Proposed Changes—Child Care and Development Block Grant:						
Estimated Authorization Level	0	2,300	2,347	2,395	2,442	2,492
Estimated Outlays	0	1,403	1,961	2,231	2,413	2,462
Total Spending Under H.R. 4092:						
Estimated Authorization Level ¹	2,100	2,300	2,347	2,395	2,442	2,492
Estimated Outlays	1,197	1,886	2,192	2,420	2,413	2,462
Without Adjustments for Inflation						
Spending Under Current Law:						
Budget Authority	2,100	0	0	0	0	0
Estimated Outlays	1,197	483	231	189	0	0
Proposed Changes—Child Care and Development Block Grant:						
Estimated Authorization Level	0	2,300	2,300	2,300	2,300	2,300
Estimated Outlays	0	1,403	1,932	2,162	2,300	2,300
Total Spending Under H.R. 4092:						
Estimated Authorization Level ¹	2,100	2,300	2,300	2,300	2,300	2,300
Estimated Outlays	1,197	1,886	2,163	2,351	2,300	2,300

¹ The 2002 level is the amount appropriated for that year for the Child Care and Development Block Grant program.

Because the new requirements would be difficult for states to meet, CBO expects states would need to employ strategies such as moving nonworking families into separate state programs to effectively reduce the new requirements. For example, under current law, states that fail to meet work requirements, particularly higher requirements applying to two-parent families, set up separate state programs to serve those families. States can count funds they spend in a separate state program toward their maintenance of effort requirement in TANF, but families served under those programs do not count in the work participation rate.

Bonus for High-Performing States. Section 104 would reduce funding for a bonus to high-performing states and refocus the bonus toward rewarding performance in employment outcomes. The bonus in current law rewards states for moving TANF recipients into jobs, providing support for low-income working families, and increasing the percentage of children who reside in married couple families. Current law provides \$1 billion for bonuses, averaging \$200 million annually, over the 1999–2003 period. CBO as-

sumes that funding will continue at \$200 million annually in accordance with rules for constructing baseline projections, as set forth in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.

The revised bonus—the Bonus to Reward Employment Achievement—would be focused on rewarding success in employment entry, job retention, and increased earnings for families receiving assistance. Section 101 would make \$500 million authorize for bonuses averaging \$100 million annually over the 2004–2008 period.

Section 101 would lower projected budget authority by \$200 million each year from 2004 to 2007, but provide \$500 million in new budget authority in 2004, for a net reduction of \$300 million over the five-year period. Because the bonuses are usually granted in the following fiscal year and many states have prior-year balances of TANF funds that they can use to replace any grant reductions, TANF spending would fall by only \$212 million over the 2005–2007 period. That reduction in spending would result in small increases in spending in the Food Stamp program, because TANF cash benefits count as income in determining a family’s Food Stamp benefits. Those increased costs would total \$3 million over the 2005–2007 period.

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

H.R. 4092 would authorize \$2.3 billion in 2003 for the Child Care and Development Block Grant program and such sums as may be necessary for 2004 through 2007. Total funding for the 2003–2007 period would be \$12 billion, assuming adjustments for inflation, with resulting outlays of \$10.5 billion over those five years. Funding in 2002 was \$2.1 billion.

The CCDBG program provides funding to states for child care subsidies to low-income families and other activities. This is one of the two federal funding programs for child care subsidies within a program grouping often referred to as the Child Care and Development Fund. Spending for CCDBG is classified as discretionary (i.e., spending subject to annual appropriations). The other program is entitled the Child Care Entitlements to States, which is categorized as mandatory spending, but that program is not affected by H.R. 4092.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects through fiscal year 2006 are counted.

	By fiscal year, in millions of dollars—										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Changes in outlays	0	0	0	-46	-72	-91	-156	-128	-99	-99	-99
Changes in receipts ...	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

¹ Not applicable.

Estimated impact on State, local, and tribal governments: Generally, conditions of federal assistance are not considered intergovernmental mandates as defined in the Unfunded Mandates Reform

Act. However, UMRA makes special provisions for identifying intergovernmental mandates in large entitlement grant programs (those that provide more than \$500 million annually to state, local, or tribal governments), including TANF. Specifically, if a legislative proposal would increase the stringency of conditions of assistance, or cap or decrease the amount of federal funding for the program, such a change would be considered an intergovernmental mandate only if the state, local, or tribal government lacks authority to amend its financial or programmatic responsibilities to continue providing required services.

The TANF program affords states broad flexibility to determine eligibility for benefits and to structure the programs offered as part of the state's family assistance program. Changes to the program as embodied in H.R. 4092 could alter the way in which states administer the program and provide benefits. However, states would continue to be able to make changes, for example adjusting eligibility criteria or the structure of programs, to avoid or offset any additional costs. Because the TANF program affords states such broad flexibility, new requirements would not be considered intergovernmental mandates as defined by UMRA.

The bill would authorize additional funding for the Child Care and Development Block Grant program, but it also would impose stricter requirements and decrease grants in some other areas. Specifically, the bill would increase worker participation requirements, change the basis for caseload reduction credits, and reduce bonus grants.

Child care and development block grant

The bill would reauthorize CCDBG through 2007 and increase the authorized amount from \$2.1 billion in 2002 to \$2.3 billion in 2003. (After 2003, the bill would authorize "such sums as may be necessary.") At the same time, the bill would add some new requirements that would increase costs and offset a portion of this additional funding; the bill also would require states to provide additional information on quality child care and increase the proportion of spending for improving the quality of child care services. The bill also would allow states to determine income eligibility requirements for CCDBG.

Work participation

The bill would increase the minimum work participation rate from 50 percent to 70 percent over a five-year period. To meet those requirements, 70 percent of families would have to be engaged in work activities for at least 24 hours a week by 2007. Current law requires a recipient to be engaged in work activities for at least 20 hours per week, and there is a 50 percent participation requirement. This increase of 4 hours per week could require a modest increase in spending by states and tribes for administration, worker support activities, and child care. As the participation rates increase, states and tribes would have to direct more resources toward programs such as administrative support, transportation assistance, child care, and worker supervision to comply with the 70 percent requirement. CBO estimates that the costs of the work participation requirements would total \$3 billion in 2007

(and about \$8 billion over the 2003–2007 period), assuming that caseloads remain at the current level.

While the bill would require a participant to engage in work activities for an average of 24 hours per week, it also would require 16 additional hours of participation in other qualified activities. The bill does not specify the activities that could count for the final 16 hours, but the Secretary could limit these allowed activities in future regulation. If states were required to support activities in the 16 hours that are comparable in intensity to those in the first 24 hours, the estimated cost would rise to nearly \$4 billion in 2007 (and \$11 billion over the 2003–2007 period), assuming that caseloads remain at the current level.

Costs of this magnitude would result if states do not act to avoid the tougher requirements by moving families to separate state programs or averting the requirements by some other means. In fact, CBO expects that states will move many nonworking families into separate state programs to reduce the work requirements and avoid financial penalties.

The bill also would change the calculation of worker participation credits for states whose caseload levels have declined significantly, assuming the reduction is not the result of changing eligibility requirements. The base year for comparison of caseloads would shift forward over time, rather than remaining static at the 1995 level.

Bonus performance grants

The bill would reduce by half (from \$200 million to \$100 million annually) bonus performance grants and refocus the basis of their award after 2003 to employment entry, retention, and increased earnings.

Estimated impact on the private sector: H.R. 4092 contains no private-sector mandates as defined in UMRA.

Estimate prepared by: Federal Costs: TANF—Sheila Dacey. Child Care—Donna Wong. Impact on State, Local, and Tribal Governments: Leo Lex. Impact on the Private, Sector: Kate Bloniarz.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of House Rule XIII, the goal of H.R. 4092 is to improve the mandatory work requirements and other work-related provisions of the Temporary Assistance for Needy Families (TANF) block grant, improve the Child Care and Development Block Grant, and increase flexibility for certain federal welfare programs. The Committee expects the Departments of Health and Human Services, Education, and Labor to comply with H.R. 4092 and implement the changes to the law in accordance with these stated goals.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by H.R. 4092. The Committee believes that the amendments, made by this bill to the Higher Education Act,

are within Congress' authority under Article I, section 8, clause 1 of the Constitution.

COMMITTEE ESTIMATE

Clauses 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 4092. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * *

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES

* * * * *

PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

* * * * *

SEC. 402. ELIGIBLE STATES; STATE PLAN.

(a) IN GENERAL.—As used in this part, the term “eligible State” means, with respect to a fiscal year, a State that, during the 27-month period ending with the close of the 1st quarter of the fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

(A) GENERAL PROVISIONS.—A written document that outlines how the State intends to do the following:

(i) * * *

[(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier, consistent with section 407(e)(2).

[(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.]

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

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

* * * * *

(vii) *The document shall—*

(I) describe how the State will pursue ending dependence of needy parents on government benefits by promoting job preparation and work;

(II) include specific numerical and measurable performance objectives for accomplishing the purpose so described, which shall include objectives consistent with the criteria used by the Secretary in establishing performance targets under section 403(a)(4)(B) if available; and

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

(viii) *The document shall describe any strategies and programs the State may be undertaking to address—*

(I) employment retention and advancement for recipients of assistance under the State program funded under this part, including placement into high-demand jobs identified using labor market information available through the One-Stop delivery system created under the Workforce Investment Act of 1998;

(II) services for struggling and noncompliant families and clients with special problems; and

(III) program integration, including the extent to which TANF employment and training services are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through such Act.

(B) SPECIAL PROVISIONS.—

(i) * * *

* * * * *

[(iv) Not later than 1 year after the date of enactment of this section, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with min-

imum hours per week and tasks to be determined by the State.】

* * * * *

SEC. 403. GRANTS TO STATES.

(a) GRANTS.—

(1) * * *

* * * * *

【(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

【(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

【(B) AMOUNT OF GRANT.—

【(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

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

【(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Secretary, in consultation with the National Governors’ Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).

【(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

【(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

【(ii) prescribe a performance threshold in such a manner so as to ensure that—

【(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals \$200,000,000; and

【(II) the total amount of grants to be made under this paragraph for all bonus years equals \$1,000,000,000.

【(E) DEFINITIONS.—As used in this paragraph:

【(i) BONUS YEAR.—The term “bonus year” means fiscal years 1999, 2000, 2001, 2002, and 2003.

【(ii) HIGH PERFORMING STATE.—The term “high performing State” means, with respect to a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the per-

formance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

[(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 \$1,000,000,000 for grants under this paragraph.]

(4) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—

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

(B) AMOUNT OF GRANT.—

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

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

(C) FORMULA FOR MEASURING STATE PERFORMANCE.—

(i) IN GENERAL.—*Subject to clause (ii), not later than October 1, 2003, the Secretary, in consultation with States and the Secretary of Labor, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals of employment entry, job retention, and increased earnings from employment for families receiving assistance under the program, as measured on an absolute basis and on the basis of improvement in State performance.*

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

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

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

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

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

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

(E) DEFINITIONS.—*In this paragraph:*

(i) *BONUS YEAR.*—The term “bonus year” means each of fiscal years 2004 through 2008.

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

(F) *APPROPRIATION.*—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 2004 through 2008 \$500,000,000 for grants under this paragraph.

(G) *SENSE OF THE CONGRESS.*—It is the sense of the Congress that in developing the bonus to reward employment achievement under this paragraph, the Secretary and States should consult with the Secretary of Labor so that measures for employment achievement under State programs funded under this part are consistent with the core indicators of performance which States report under subclauses (I) through (III) of section 136(b)(2)(A)(i) of the Workforce Investment Act of 1998.

* * * * *

SEC. 404. USE OF GRANTS.

(a) * * *

* * * * *

(k) **LIMITATIONS ON USE OF GRANT FOR MATCHING UNDER CERTAIN FEDERAL TRANSPORTATION PROGRAM.**—

(1) **USE LIMITATIONS.**—A State to which a grant is made under section 403 may not use any part of the grant to match funds made available under section 3037 of the Transportation Equity Act for the 21st Century, unless—

(A) * * *

* * * * *

(D) the services provided through such use of the grant promote the ability of such recipients to engage in **[work activities]** *direct work activities* (as defined in section **[407(d)]** 407(e)).

* * * * *

[SEC. 407. MANDATORY WORK REQUIREMENTS.

[(a) PARTICIPATION RATE REQUIREMENTS.—

[(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

[If the fiscal year is:	The minimum participation rate is:
1997	25
1998	30
1999	35
2000	40

2001	45
2002 or thereafter	50.

[(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

	The minimum participation rate is:
If the fiscal year is:	
1997	75
1998	75
1999 or thereafter	90.

[(b) CALCULATION OF PARTICIPATION RATES.—

[(1) ALL FAMILIES.—

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

[(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

[(i) the number of families receiving assistance under the State program funded under this part that include an adult or a minor child head of household who is engaged in work for the month; divided by

[(ii) the amount by which—

[(I) the number of families receiving such assistance during the month that include an adult or a minor child head of household receiving such assistance; exceeds

[(II) the number of families receiving such assistance that are subject in such month to a penalty described in subsection (e)(1) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive).

[(2) 2-PARENT FAMILIES.—

[(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

[(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month shall be calculated by use of the formula set forth in paragraph (1)(B), except that in the formula the term “number of 2-parent families” shall be substituted for the term “number of families” each place such latter term appears.

[(C) FAMILY WITH A DISABLED PARENT NOT TREATED AS A 2-PARENT FAMILY.—A family that includes a disabled parent shall not be considered a 2-parent family for purposes of subsections (a) and (b) of this section.]

SEC. 407. WORK PARTICIPATION REQUIREMENTS.

(a) *PURPOSE.*—The purpose of this section is to end dependence of needy families on government benefits, reduce poverty, and help achieve long-term income security by promoting job preparation and work.

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

- (1) 50 percent for fiscal year 2003;
- (2) 55 percent for fiscal year 2004;
- (3) 60 percent for fiscal year 2005;
- (4) 65 percent for fiscal year 2006; and
- (5) 70 percent for fiscal year 2007 and each succeeding fiscal year.

(c) *CALCULATION OF PARTICIPATION RATES.*—

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

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

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

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

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

(B) *COUNTED FAMILIES DEFINED.*—

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

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

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

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

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

(C) *WORK-ELIGIBLE INDIVIDUAL DEFINED.*—In this section, the term “work-eligible individual” means an individual—

- (i) who is married, or is a single head of household; and*
- (ii) whose needs are (or, but for sanctions under this part that have been in effect for more than 3 months (whether or not consecutive) in the preceding 12 months or under part D, would be) included in determining the amount of cash assistance to be provided to the family under the State program funded under this part.*

(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW AND NOT RESULTING FROM CHANGES IN STATE ELIGIBILITY CRITERIA.—

(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

(i) * * *

[(ii) the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.]

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

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

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

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

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

* * * * *

[(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN OR TRIBAL WORK PROGRAM.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families in the State that are receiving assistance under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.

[(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is a single custodial parent caring for a child who has not attained 12 months of age to engage in work, and may disregard such an individual in determining the participation rates under subsection (a) for not more than 12 months.

[(c) ENGAGED IN WORK.—

[(1) GENERAL RULES.—

[(A) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i), a recipient is engaged in work for a month in a fiscal year if the recipient is participating in work activi-

ties for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d), subject to this subsection:

¶If the month is in fiscal year:	The minimum average number of hours per week is:
1997	20
1998	20
1999	25
2000 or thereafter	30.

¶(B) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B), an individual is engaged in work for a month in a fiscal year if—

¶(i) the individual and the other parent in the family are participating in work activities for a total of at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d), subject to this subsection; and

¶(ii) if the family of the individual receives federally-funded child care assistance and an adult in the family is not disabled or caring for a severely disabled child, the individual and the other parent in the family are participating in work activities for a total of at least 55 hours per week during the month, not fewer than 50 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d).

¶(2) LIMITATIONS AND SPECIAL RULES.—

¶(A) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—

¶(i) LIMITATION.—Notwithstanding paragraph (1) of this subsection, an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part, after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States or the State is a needy State (within the meaning of section 403(b)(6)), 12 weeks), or if the participation is for a week that immediately follows 4 consecutive weeks of such participation.

¶(ii) LIMITED AUTHORITY TO COUNT LESS THAN FULL WEEK OF PARTICIPATION.—For purposes of clause (i) of this subparagraph, on not more than 1 occasion per individual, the State shall consider participation of the individual in an activity described in subsection (d)(6) for 3 or 4 days during a week as a week of participation in the activity by the individual.

¶(B) SINGLE PARENT OR RELATIVE WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT OR RELATIVE IS ENGAGED IN WORK FOR 20

HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is the only parent or caretaker relative in the family of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

[(C) SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED TEEN WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under sub-section (b)(1)(B)(i), a recipient who is married or a head of household and has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

[(i) maintains satisfactory attendance at secondary school or the equivalent during the month; or

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

[(D) LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B) of subsection (b), not more than 30 percent of the number of individuals in all families and in 2-parent families, respectively, in a State who are treated as engaged in work for a month may consist of individuals who are determined to be engaged in work for the month by reason of participation in vocational educational training, or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph.

[(d) WORK ACTIVITIES DEFINED.—As used in this section, the term “work activities” means—

[(1) unsubsidized employment;

[(2) subsidized private sector employment;

[(3) subsidized public sector employment;

[(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

[(5) on-the-job training;

[(6) job search and job readiness assistance;

[(7) community service programs;

[(8) vocational educational training (not to exceed 12 months with respect to any individual);

[(9) job skills training directly related to employment;

[(10) education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency;

[(11) satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalency, in the case of a recipient who has not completed secondary school or received such a certificate; and

[(12) the provision of child care services to an individual who is participating in a community service program.]

(d) **COUNTABLE HOURS.**—

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

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

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

(B) **MAXIMUM WEEKLY AVERAGE OF 16 HOURS OF OTHER ACTIVITIES.**—*An average of not more than 16 hours per week of activities specified by the State that are not direct work activities may be considered countable hours in a month with respect to a family.*

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

(A) **PARTICIPATION IN QUALIFIED ACTIVITIES.**—

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

(ii) **QUALIFIED ACTIVITY DEFINED.**—*The term “qualified activity” means—*

(I) *substance abuse counseling or treatment;*

(II) *rehabilitation treatment and services;*

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

(IV) *job search or job readiness assistance.*

(iii) **LIMITATION.**—

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

(II) **SPECIAL RULE APPLICABLE TO EDUCATION AND TRAINING.**—*A State may, on a case-by-case basis, apply clause (i) to a work-eligible individual so that participation by the individual in education or training, if needed to permit the individual to complete a certificate program or other work-related education or training directed effectively at enabling the individual to fill a known job need in a local area, may be considered countable hours with respect to the family of the individual for not more than 4 months in any period of 24 consecutive months.*

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

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

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

(e) *DIRECT WORK ACTIVITIES.*—In this section, the term “direct work activities” means—

(1) *unsubsidized employment;*

(2) *subsidized private sector employment;*

(3) *subsidized public sector employment;*

(4) *on-the-job training;*

(5) *supervised work experience, including entrepreneurship or micro-enterprise activities; or*

(6) *supervised community service.*

[(e)] (f) *PENALTIES AGAINST INDIVIDUALS.*—

[(1) *IN GENERAL.*—Except as provided in paragraph (2), if an individual in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

[(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the individual so refuses; or

[(B) terminate such assistance, subject to such good cause and other exceptions as the State may establish.]

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

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

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

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

(B) if the failure is total and persists for at least 2 consecutive months, terminate the payment to the family, under all State programs, of any cash benefit that is a qualified State expenditure (as defined in section 409(a)(7)(B)(i)) for at least 1 month and thereafter until the State determines that the individual is in full compliance

with all requirements imposed under the State program funded under this part, subject to such good cause exceptions as the State may establish.

* * * * *

[(f)] (g) NONDISPLACEMENT IN WORK ACTIVITIES.—

(1) **IN GENERAL.**—Subject to paragraph (2), an adult in a family receiving assistance under a State program funded under this part attributable to funds provided by the Federal Government may fill a vacant employment position in order to engage in a **[work activity described in subsection (d)]** *direct work activity*.

(2) **NO FILLING OF CERTAIN VACANCIES.**—No adult in a **[work activity described in subsection (d)]** *direct work activity* which is funded, in whole or in part, by funds provided by the Federal Government shall be employed or assigned—

(A) * * *

* * * * *

[(g)] (h) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.

[(h)] (i) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, nonsupporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

[(i)] (j) REVIEW OF IMPLEMENTATION OF STATE WORK PROGRAMS.—During fiscal year 1999, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall hold hearings and engage in other appropriate activities to review the implementation of this section by the States, and shall invite the Governors of the States to testify before them regarding such implementation. Based on such hearings, such Committees may introduce such legislation as may be appropriate to remedy any problems with the State programs operated pursuant to this section.

SEC. 408. PROHIBITIONS; REQUIREMENTS.

(a) * * *

[(b)] INDIVIDUAL RESPONSIBILITY PLANS.—

[(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the skills, prior work experience, and employability of each recipient of assistance under the program who—

[(A)] has attained 18 years of age; or

[(B)] has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

[(2) CONTENTS OF PLANS.—

[(A) IN GENERAL.—On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, may develop an individual responsibility plan for the individual, which—

[(i) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

[(ii) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

[(iii) to the greatest extent possible is designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

[(iv) describes the services the State will provide the individual so that the individual will be able to obtain and keep employment in the private sector, and describe the job counseling and other services that will be provided by the State; and

[(v) may require the individual to undergo appropriate substance abuse treatment.

[(B) TIMING.—The State agency may comply with paragraph (1) with respect to an individual—

[(i) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under part A (as in effect immediately before such effective date); or

[(ii) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such assistance, in the case of any other individual.

[(3) PENALTY FOR NONCOMPLIANCE BY INDIVIDUAL.—In addition to any other penalties required under the State program funded under this part, the State may reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State program to a family that includes an individual who fails without good cause to comply with an individual responsibility plan signed by the individual.

[(4) STATE DISCRETION.—The exercise of the authority of this subsection shall be within the sole discretion of the State.]

(b) FAMILY SELF-SUFFICIENCY PLANS.—

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

(A) assess, in the manner deemed appropriate by the State, the employability, skills, job readiness, barriers to

employment, and any additional factors hindering the achievement of self-sufficiency of each work-eligible individual (as defined in section 407(c)(2)(C)), including whether a member of a family receiving assistance under the State program funded under this part has been a victim of domestic or sexual violence, and may refer any such family member for services as deemed appropriate by the State;

(B) establish for each family receiving assistance under the State program funded under this part, in consultation with each work-eligible individual (as so defined), a self-sufficiency plan that specifies appropriate activities described in the State plan submitted pursuant to section 402, including direct work activities as appropriate designed to assist the family in achieving their maximum degree of self-sufficiency;

(C) require, at a minimum, each member of the family who is a work eligible individual (as so defined) to participate in activities in accordance with the employment or other goals established in the self-sufficiency plan;

(D) provide a description of the services, programs, and supports that are determined appropriate by the State to meet employment or other goals;

(E) set forth the obligations of the recipient;

(F) monitor the participation of such family members in the planned activities and the progress of the family toward self-sufficiency;

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

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

Nothing in this part shall preclude a State from requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being.

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

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

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

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

(4) *CONDITION.*—A State may use funds provided under this part to provide free or reduced price transportation on any bus or van which is used under the State program funded under this part.

* * * * *

(h) *STATE TANF PROGRAMS MADE MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.*—For purposes of section 121(b) of the Workforce Investment Act of 1998, a State program funded under part A of title IV of the Social Security Act shall be considered a program referred to in paragraph (1)(B) of such section.

SEC. 409. PENALTIES.

(a) **IN GENERAL.**—Subject to this section:

(1) * * *

* * * * *

(3) **FAILURE TO SATISFY MINIMUM PARTICIPATION RATES OR ESTABLISH FAMILY SELF-SUFFICIENCY PLAN.**—

(A) **IN GENERAL.**—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has failed to comply with section [407(a)] 407(b) or 408(b) for the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to the applicable percentage of the State family assistance grant.

* * * * *

(7) **FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.**—

(A) * * *

(B) **DEFINITIONS.**—As used in this paragraph:

(i) * * *

(ii) **APPLICABLE PERCENTAGE.**—The term “applicable percentage” means for fiscal years 1997 through 2002, 80 percent (or, if the State meets the requirements of section [407(a)] 407(b) for the fiscal year, 75 percent).

* * * * *

(11) **FAILURE TO MAINTAIN ASSISTANCE TO ADULT SINGLE CUSTODIAL PARENT WHO CANNOT OBTAIN CHILD CARE FOR CHILD UNDER AGE 6.**—

(A) **IN GENERAL.**—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section [407(e)(2)] 407(f)(2) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

* * * * *

(14) **PENALTY FOR FAILURE TO REDUCE ASSISTANCE FOR RECIPIENTS REFUSING WITHOUT GOOD CAUSE TO WORK OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY SELF-SUFFICIENCY PLAN.**—

(A) **IN GENERAL.**—If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section [407(e)] 407(f) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not less than 1

percent and not more than 5 percent of the State family assistance grant.

* * * * *

SEC. 411. DATA COLLECTION AND REPORTING.

(a) QUARTERLY REPORTS BY STATES.—

(1) * * *

* * * * *

(4) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by paragraph (1) for a fiscal quarter shall include the number of noncustodial parents in the State who participated in work activities (as defined in section **[407(d)] 407(e)**) during the quarter, with a separate statement of the number of such parents who participated in programs operated with funds provided under section 403(a)(5).

* * * * *

(b) ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

(1) whether the States are meeting—

(A) the participation rates described in section **[407(a)] 407(b)**; and

* * * * *

(c) ANNUAL REPORT ON ACHIEVEMENT OF PERFORMANCE GOALS.—Beginning with fiscal year 2004, not later than 3 months after the end of each fiscal year, each eligible State shall submit to the Secretary a report on achievement and improvement during the preceding fiscal year under the numerical objectives referred to in section 402(a)(1)(A)(vii), using the measurement methodology described in such section.

SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

(a) * * *

* * * * *

(c) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under the grant, and penalties against individuals—

(1) * * *

* * * * *

(3) similar to comparable provisions in section **[407(e)] 407(f)**.

* * * * *

(g) PENALTIES.—

(1) * * *

(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting “meet min-

imum work participation requirements established under section 412(c) for “comply with section [407(a)] 407(b)”.

* * * * *

SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

(a) * * *

* * * * *

(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into [long-term private sector jobs,] *private sector jobs, the success of the recipients in retaining employment, the ability of the recipients to increase their wages,* reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance. In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

* * * * *

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

(l) LONGITUDINAL STUDY OF TANF APPLICANTS AND RECIPIENTS TO DETERMINE THE FACTORS THAT CONTRIBUTE TO THE ABILITY OF PEOPLE TO COMPLY WITH TANF WORK REQUIREMENTS.—

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

(2) *REQUIREMENTS.—The study conducted under this subsection shall follow families that leave such a program, those that receive assistance throughout the study period, and those diverted from such a program. The study shall gather information on—*

- (A) family and adult demographics;*
- (B) family income and child support; and*
- (C) factors that contribute to the ability of people to comply with work requirements and achieve long-term self-sufficiency.*

* * * * *

PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

* * * * *

REQUIREMENT OF STATUTORILY PRESCRIBED PROCEDURES TO
IMPROVE EFFECTIVENESS OF CHILD SUPPORT ENFORCEMENT

SEC. 466. (a) In order to satisfy section 454(20)(A), each State must have in effect laws requiring the use of the following procedures, consistent with this section and with regulations of the Secretary, to increase the effectiveness of the program which the State administers under this part:

(1) * * *

* * * * *

(15) PROCEDURES TO ENSURE THAT PERSONS OWING OVERDUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—Procedures under which the State has the authority, in any case in which an individual owes overdue support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that a court or an administrative process established pursuant to State law issue an order that requires the individual to—

(A) * * *

(B) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section ~~407(d)~~ 407(e)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

* * * * *

**CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT
OF 1990**

* * * * *

SEC. 658A. SHORT TITLE AND GOALS.

(a) SHORT TITLE.—This subchapter may be cited as the “Child Care and Development Block Grant Act of 1990”.

(b) GOALS.—The goals of this subchapter are—

(1) * * *

* * * * *

(3) to **encourage** *assist* States to provide consumer education information to help parents make informed choices about child care;

[(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and]

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

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

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

[(5)] (7) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.

SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

There **[is]** *are* authorized to be appropriated to carry out this subchapter **[\$1,000,000,000 for each of the fiscal years 1996 through 2002]** *\$2,300,000,000 for fiscal year 2003 and such sums as may be necessary for fiscal years 2004, 2005, 2006, and 2007.*

* * * * *

SEC. 658E. APPLICATION AND PLAN.

(a) * * *

* * * * *

(c) **REQUIREMENTS OF A PLAN.—**

(1) * * *

(2) **POLICIES AND PROCEDURES.—**The State plan shall:

(A) * * *

* * * * *

[(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices.]

*(D) CONSUMER AND CHILD CARE PROVIDER EDUCATION INFORMATION.—*Certify that the State will collect and disseminate, through resource and referral services and other means as determined by the State, to parents of eligible children, child care providers, and the general public, information regarding—

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

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

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

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

* * * * *

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

(J) PUBLIC-PRIVATE PARTNERSHIPS.—*Demonstrate how the State encourages partnerships with private and other public entities to leverage existing service delivery systems*

of early childhood education and increase the supply and quality of child care services.

(K) CHILD CARE SERVICE QUALITY.—

(i) **CERTIFICATION.**—For each fiscal year after fiscal year 2003, certify that during the then preceding fiscal year the State was in compliance with section 658G and describe how funds were used to comply with such section during such preceding fiscal year.

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

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

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

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

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

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

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

(3) USE OF BLOCK GRANT FUNDS.—

(A) * * *

(B) CHILD CARE SERVICES AND RELATED ACTIVITIES.—The State shall use amounts provided to the State for each fiscal year under this subchapter for child care services on a sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through ~~[(5)]~~ (7) of section 658A(b), with priority being given for services provided to children of families with very low family incomes (taking into consideration family size) and to children with special needs.

* * * * *

[SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

[A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 4 percent of the amount of such funds for activities that are designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).]

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

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

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

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

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

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

* * * * *

SEC. 658P. DEFINITIONS.

As used in this subchapter:

(1) * * *

* * * * *

(4) **ELIGIBLE CHILD.**—The term “eligible child” means an individual—

(A) who is less than 13 years of age;

(B) whose family income does not exceed **[85 percent of the State median income]** *income levels as established by the State, prioritized by need,* for a family of the same size; and

* * * * *

MINORITY VIEWS

INTRODUCTION

Democrats and Republicans alike have agreed that the welfare system of the prior half-century was a failure and needed to be replaced with a program that stressed moving able-bodied adult welfare recipients towards employment and self-support.

Six years later, results of that experiment are in, and they are mixed. The evidence gathered in study after study documents that while we have moved many off welfare, the current program enacted in 1996 has not achieved the goals of promoting long-term economic independence, jobs that lift and keep families out of poverty, or improved living standards for millions of children.

Achieving the goal of permanent economic independence for former welfare recipients free from continued support on government assistance should be the goal of the legislation. We should finish the job begun in 1996. Instead, the Committee bill imposes massive new mandates on states and requirements on impoverished mothers without also the assistance necessary to make those reforms work. We need to make welfare reform work, not punish the governors and the recipients alike because it hasn't moved fast enough yet.

A recently op-ed by Minnesota's Governor, Jesse Ventura articulated the concerns of many of the Nation's governors have with the inflexible, "one size fits all" federal mandates imposed by this legislation.

"We know what we are doing in Minnesota works. We have evidence. Why should we be forced by the federal government to put our system at risk . . . The [Republican] proposal would have Minnesota set all this aside and focus instead on make-work activities. In Minnesota we believe that success in welfare reform is about helping families progress to a self-sufficiency that will last. While it may be politically appealing to demand that all welfare recipients have shovels in their hands, it makes sense to me that the states, and not the feds are in the best position to make those decisions. . . ." ¹

While caseloads since 1996 have fallen over 50% nationally, the poverty rate has decreased only 13% over the same period. This means that even during a time of historical economic expansion, many of those who have left welfare remain dependent on food stamps, WIC and other public assistance, and are raising children in deep poverty with all of its harmful impacts, without the education, training or child care that is necessary to move to real independence. The incomes of the poorest one-fifth of single-parent families have continued to fall, with 700,000 families falling into deeper poverty since 1995.²

Two major studies have recently looked at the record since 1996. In one review of 900 former welfare families, researchers concluded that most still live below the poverty line and have been forced to cut back on food to save money. Another major review of seven Midwestern³ states also concluded that many of the former recipients remained in poverty while Indiana and Wisconsin's rolls grew by 13% last year. In Michigan, 71% of those who combined welfare and work, and nearly 50% of those former recipients who worked full time, remained poor with many unable to buy food, pay utilities or rent. Those findings demonstrate clearly that more must be done to move people off welfare and into employment.

Making welfare work is the approach of the Committee's Democratic members—and that was the goal of amendments offered by Democrats in the Committee. Unfortunately, the Majority repeatedly and unanimously rejected amendments to assure recipients have the education and training, the job skills and the child care they need—but do not have today—to leave welfare, to find good jobs and keep them. We will request a rule that permits full consideration of these amendments when the House takes up H.R. 4092.

Few welfare leavers have exited poverty and approximately one-quarter return to welfare within a year of exiting.⁴ This reauthorization must take the next step in welfare reform by focusing on employment, job retention, and increasing incomes. Research on the effects of welfare reform on children finds that increasing single parents' employment through welfare mandates has a negligible effect on elementary school-aged children, but welfare policies aimed both at increasing employment and supplementing income lead to positive cognitive and behavioral changes in elementary school-aged children.⁵ Welfare-to-work programs need to be able to assess a recipient's individual needs and assist recipients in doing what is needed to become employed and remain employed. The Democratic approach would give states the ability to help recipients address employment barriers, assess and permit training or education that can lead to better paying and more sustained employment, and it would provide the child care needed to keep families employed and prepare children for academic success.

By contrast, the Committee bill takes a very different approach. Instead of building on what we have learned over the past decade of welfare reform, or listening to Governors, welfare administrators and welfare recipients, the Majority is forcing a single, restrictive welfare model on the entire country with no evidence that this is a more effective approach. The Committee bill adds massive new work requirements without allowing states reasonable flexibility to provide adequate training, as well as other mandates and punishing requirements for state administrators and for welfare recipients alike—with little financial assistance for either. This model will undermine current efforts to move welfare families off welfare and into sustainable jobs that can lift families out of poverty.

ACCESS TO QUALITY CHILD CARE—THE KEY TO HELPING MOVE
FAMILIES FROM WELFARE TO WORK

Access to quality child care is an essential part of helping low-income workers get off welfare and improving the chances that children arrive at kindergarten ready to learn. Unfortunately, Re-

publican members of the committee unanimously defeated the Democratic child care amendment offered by Representative George Miller, that sought to increase investment in child care by \$8 billion and the quality set-aside from 4% to 12%, allowing state to make substantial changes in the supply and delivery of high quality child care. The amendment would have also created an incentive grant program for states to increase their provider payment rates to target high quality care and care in short supply, such as infant and toddler care, care during nontraditional hours, and care for children with disabilities and other special needs.

The Center for Law and Social Policy estimates the new work requirement will cost the states almost \$8 billion dollars in new child care costs.⁶ CBO estimates the additional child care cost of meeting the new work requirements could be as much as \$5 billion, and that assumes no increase in case loads. By either estimate, the funding for child care in the Committee bill is woefully inadequate and constitutes a substantial new unfunded mandate on already cash strapped states.⁷ It fails to expand the ability of low income working families to secure quality child care and does not even keep up with inflation. The right child care assistance program can make the difference in a child reaching school age ready to succeed, and it can make the difference in a family remaining employed and off welfare.

Research on early brain development finds that children's experiences in their first 5 years of life have major, lasting effects on learning and academic success. Failure to assure access to quality pre-school programs is a missed opportunity to help develop a child's school-readiness. Kindergarten teachers report many of their students begin kindergarten cognitively and behaviorally unprepared to learn.

In addition to having lasting impact on a child's growth, child care is also a critically important work support. Reliable, accessible and affordable child care is needed for families to continue their employment and get and remain off welfare. The average cost of center-based care for preschool age children costs between \$4,000 and \$10,000 annually, which is more than the average public college tuition in 48 states. Poor families who are unable to secure child care assistance often pay up to one-third of their income for child care,⁸ creating a severe financial burden for families struggling to make ends meet and marginalizing the value of going to work or remaining employed. Indeed, families often cite problems with child care as a major reason for leaving employment.⁹ Lack of child care is consistently identified as a reason for non-employment among welfare leavers, and child care arrangements affect not only whether an individual is employed, but also the frequency of absences, the shift the individual works, and the jobs the individual accepts.¹⁰ Helping families afford reliable and healthy child care is important to moving and keeping people off welfare and the economic strength of this country.

Although CCDBG now serves over 2 million children, the child care needs of low-income working families are vastly under-funded, and the Majority does little to address this critical shortcoming. The Department of Health and Human Services (HHS) estimates that only 1 in 7 federally eligible children are receiving child care

assistance through CCDBG. The Majority has stated that this is largely due to an unnecessarily high federal eligibility, but the data does not support this claim. A study of working welfare leavers found less than 50% received child care assistance.¹¹ The state of California, which sets its eligibility cap at 73% of state median income, is reported to have 200,000 families on the child care assistance waiting list.¹² According to a 2000 CalWorks report, only 19% of California children on welfare receive some form of child care assistance.¹³ In Florida (which sets its eligibility at 50% of state median income), families working their way off TANF cash assistance have only 2 years of transitional child care and after that, they must join the waiting list of 48,000 families. Nearly 20 states have waiting lists for child care assistance and many more have frozen intake because they cannot serve more families.

During a Committee hearing on April 9, 2002, Secretary Thompson testified that additional funding is not needed because the welfare caseload reduction over the past 6 years leaves many fewer families to serve, but this reasoning is flawed on two levels. First, in the 1996 reauthorization of CCDBG and TANF, four child care programs were streamlined into one CCDBG program designed to provide assistance to low-income working families, regardless of welfare status. It is clear from the statute that CCDBG was not meant to only be a child care assistance program for welfare families. The law rightly recognized that child care assistance is a critical work support for all low-income families so a caseload reduction does not translate into a reduced need for child care assistance. Second, poverty figures, population demographics and welfare laws all clearly demonstrate a high and unmet need for child care assistance for low-income families. Most welfare leavers have remained poor or near poor since leaving welfare so their need for child care assistance did not diminish. Families on the welfare caseload are in greater need of child care than ever. Prior to welfare reform, approximately 8% of AFDC recipients were working, but since 1996, the share of TANF families working or participating in work-related activities while receiving TANF has greatly increased.¹⁴ Furthermore, whereas in 1996, 54.5% of single women with children under 3 were working this had grown to 67.3% by 2000.¹⁵ In addition, 20 states have chosen not to exempt from work requirements mothers on welfare with children under 6 months of age, necessitating greater need for infant care, which is more costly than preschooler care. For these reasons, there remains a high need for child care assistance despite caseload reduction.

In addition to increasing the number of families served by CCDBG, policy reforms are imperative so that families may access high quality care. CCDBG only requires states set-aside 4% of the funds for activities related to improving the quality in child care in the state. By comparison 35% of all new Head Start funds are reserved for improving quality. This amount is clearly insufficient since evaluations indicate the quality of most care is mediocre to poor and children from low-income families often arrive at kindergarten already academically behind their more affluent peers.

Nor does the Republican legislation make any meaningful policy changes to help parents access high quality child care. Secretary Thompson testified that states spend approximately between 6–7%

on quality related activities on average, which is more than the level set on the Committee bill.

Finally, the Majority eliminates the federal eligibility income cap of 85% of state median income, removing the direction of targeting low-income working families rather than just families on welfare. The primary reason for this change is so the high demand for child care cannot be enumerated. It is essential that states continue to have the flexibility to set their maximum income eligibility limits for child care assistance up to 85% of SMI so they can reach the many working families still not earning enough to afford good quality child care.

EDUCATION AND TRAINING: TOOLS FOR PERMANENT SELF
SUFFICIENCY

We strongly support state efforts to provide needed education and training to welfare recipients because we believe this is often a fundamental component to moving families into jobs that keep people off welfare and out of poverty. To the extent that policy makers and taxpayers have an interest in encouraging families to be able to adequately support themselves, education and training is critical. Of adults on welfare, 2 million do not have a high school diploma or GED and 12% are foreign born. We cannot expect the majority of these families to be able to find and hold jobs without basic language and training skills. And we cannot expect them to adequately support their families without giving them the opportunity to receive additional training and education.

The Committee bill takes the states and families backwards on education and training. Under current TANF law, states may place families in training of unlimited duration and in vocational education for up to one year. The Committee bill would permit states to count on-the-job training as a work activity and permit education and training for up to 16 hours a week. However, the latter is of limited usefulness as less than 10% of training activities are on-the-job training according to the Department of Labor. Further, many training programs exceed 16 hours a week; requiring that they be taken on a less than part-time basis would force recipients to take twice as long to be job-ready. Employers have repeatedly told Congress that they need a skilled force and as soon as possible.

The Committee bill would reduce state flexibility to provide education and training to their residents. The bill would require many states, including California, Delaware, Kentucky, New York, New Jersey and Ohio, to amend their state laws to reduce the level of education and training permitted. The National Governors Association policy on welfare reform explicitly states that:

As states work with families on a more individualized basis, many states are finding that a combination of activities on a limited basis, such as work, job training, education, and substance abuse treatment, leads to the greatest success for some individuals. Governors believe the federal government should recognize the success of these tailored approaches to addressing an individual's needs by

providing states greater discretion in defining appropriate work activities.

The Democratic amendment offered by Rep. Tierney of Massachusetts would have retained and improved current law to permit states to provide expanded educational and training opportunities to count for the full work requirement for 24 months. Education and training could continue part-time thereafter when combined with work. The Democratic proposal made clear that educational opportunities include vocational training, post secondary education, work study, internships, job training, English as a Second Language (ESL), attainment of a General Equivalency Diploma (GED) and basic adult literacy study.

It is unclear to us why the Administration and Majority not only do not support education and training for needy families, but also want to restrict the ability of the states to use these supports to advance the long-term prospects of their residents. The data could not be clearer—Education Pays! According to 2000 data from the Census Bureau, 39% of women without a high school education live in poverty, while only 17.6% of women with a high school diploma live in poverty. Only 8.5% of women with some college education live below the poverty line, and only 4.3% of women with a 4-year college degree live in poverty. According to Census data, the 1999 median income of women who have an associate's degree is \$23,760 and \$30,730 for women who have a bachelor's degree. This represents two to three times as much as a woman earns working full-time at a minimum wage job. (Using the National Longitudinal Survey, researchers have estimated that hourly earnings increase by between 19 to 23 percent for women earning an Associate's degree. The number of studies documenting the importance of education is overwhelming:

- Single female heads of households who have a high school diploma are 60% more likely to have jobs than those without a high school diploma or GED, and those with an associate's degree are 95% more likely to be employed. (E Buck, *The Impact of Postsecondary Education on Poverty, Employment and Labor Force Participation Among Single Female Heads of Household with Children* (San Diego State University 2001))

- For a TANF recipient with basic skills equal to a high school diploma, an additional 200 hours of education and training (the equivalent of a semester's worth of courses) could lead to jobs that pay \$5,000 to \$10,000 more per year. (Anthony P. Carnevale and Donna M. Desrochers, *Getting Down to Business: Matching Welfare Recipients' Skills to Jobs that train* (Educational Testing Service 1999))

- With at least one year of postsecondary education, poverty declines from 51 percent to 21 percent of families headed by African-American Women; from 41 percent to 18.5 percent for families headed by Latina Women; and from 22 percent to 12 percent for families headed by white women. (Center for Women Policy Studies, *Getting Smart About Welfare: Postsecondary Education is the Most Effective Strategy for Self-Sufficiency for Low Income Women* (Washington, DC 1998))

- Graduating from high school increases working mothers' earning by \$1.60 per hour (1997 dollars). A college degree is

worth an additional \$3.65 per hour (1997 dollars). In contrast, each year of work experience adds only 7 cents per hour to a recipient's hourly wage. (Roberta Spalter-Roth and Heidi Hartmann, *Increasing Working Mothers' Earnings* (Institute for Women's Policy Research, 1991))

- Higher education correlates with higher income, and has become worth more over time. Statistics from the College Board Review show the following with regard to women's earnings in 1979 and 1998:

	No Diploma	High School Diploma	Some College or Associate's Degree	Bachelor's Degree
1979	\$12,531	\$16,422	\$18,685	\$22,070
1988	12,952	19,217	24,331	32,721

- A survey of 5,200 families who had left the welfare rolls after 1996 and found that, "the only group likely to escape poverty by their earnings alone was those workers with at least a two year post-secondary or vocational degree." Only 29% of welfare recipients who left welfare lacked a high school degree, compared to 41% of those still receiving welfare (Children's Defense Fund 2000).

According to a December 2000 study by the U.S. Department of Health and Human Services and the U.S. Department of Education, TANF leavers who were most successful in sustaining employment were also twice as likely to have a technical or two-year degree. The Department's NEWWS study of state welfare reform programs found that the most successful programs used a mix of education and training and work, not just encouraging recipients to take the first job located. The three sites in the research study that most increased hourly pay for TANF recipients who lacked a high school diploma or GED—Columbus, Ohio; Detroit, Michigan; and Portland, Oregon—also boosted participation in postsecondary education or occupational training.

The business community needs well-trained people to fill vacant positions now. A recent report issued jointly from the Massachusetts Taxpayers Foundation and the United Way of Massachusetts Bay concluded that at no other time in history has the business community needed skilled workers to fill vacant position. They recommend that in reforming welfare policy, education and job training must count as work for recipients so they can get the skills needed to fill these jobs. Part time skills training is not good enough, as they need the workers now, not in four or five years. The Educational Testing Service reports that nearly 60% of the jobs created through 2006 will require workers with education skills that are higher than the levels of most current welfare recipients. Denying individuals the opportunity to gain needed job skills, as the Committee bill would do, forces them into low wage jobs with no potential for advancement.

The American people understand and support the needs for meaningful education and training for welfare recipients. According to a 2002 poll conducted by Peter D. Hart Research Associates:

- 62% of the participants polled said that the highest priority for Congress in changing the welfare system should be

expanding training and supporting an effort to help people move to good paying jobs;

- 88% of participants either strongly favor or somewhat favor allowing job training to fulfill work requirements;
- 84% of participants either strongly favor or somewhat favor allowing completing education to fulfill the work requirement.

The Majority has not looked at the types of jobs and job skills that are needed throughout the states or the length of training required for these skills. For example, at Fox Valley Technical College in Wisconsin, Associate degree programs requirements range from 64 to 72 semester hours for degree completion. An associate degree at Fox in automotive technology takes 2 and one-half years to complete and a dental hygienist takes three years to complete on a part-time basis.

North Central Technical College (NTC) provides an American Dental Association accredited full-time, two-year dental hygiene program. In California, Bakersfield College provides an Associate Degree in Radiologic Technology over 4 semesters + 2 summers and a Certificate of Achievement in Dietetic Services over 18–24 months. In Ohio, Edison College provides Associate Degrees that require 60–68 semester hours for completion in Paralegal Studies, Logistics, Computer Electronics, and Human Services. Washington State Community College requires programs that require 18–24 months for completion including Computer Support Technician, Respiratory Therapy, Medical Laboratory Technician and Electronics.

STATE EMPLOYMENT CREDIT: REWARDING STATES FOR PUTTING PEOPLE TO WORK

Welfare success should be gauged by employment rates: moving people off and staying off welfare, and mobility out of poverty. In order to provide incentives for states to help welfare recipients to find stable, long-term jobs, an employment credit amendment was offered by Representative Ron Kind. This amendment would eliminate the current caseload reduction credit which rewards states for just removing people from the welfare caseload and phases in an employment credit that rewards states for helping families get jobs by providing a bonus to states for families who obtain higher paying jobs. An employment credit is an important method for creating an incentive for states to move people from welfare to work.

Under the Republican plan, states are rewarded for caseload declines regardless of the reason for exit from the caseload. This approach does nothing to help welfare-to-work programs focus on helping recipients get meaningful jobs that lead to long-term self-sufficiency. Currently, about 30–40% of welfare leavers are not employed when they exit welfare and many remain on some type of public assistance because of their unemployment and lack of cash assistance.¹⁶ National data suggest that over 20% of those who left welfare between 1997 and 1999 returned within that same time period.¹⁷ This too is an undesirable outcome that would be addressed by the Democratic amendment but not the Republicans. The Minority believes the Majority is inconsistent at best when they tout the

goal of self-sufficiency but reject state incentives that would accomplish this goal.

FULL FAMILY SANCTIONS: REPEALING STATE FLEXIBILITY

As a method of enforcing recipients' compliance with welfare requirements, the 1996 welfare reform law required states to impose partial or full family sanctions to recipients failing to comply with work or other welfare requirements. Twenty-four states chose to use only partial sanctions and of the 26 states using full-family sanctions, only half imposed full-family sanctions after the first noncompliance. Other states impose partial sanctions that can escalate with repeated or continual noncompliance.

The Committee bill eliminates state flexibility on sanctions policy by requiring all states to impose *full*-family sanctions after two months of noncompliance. The Minority believes this approach is unnecessarily harsh given that there is no evidence that stricter sanction policies lead to better participation or compliance and that research demonstrates that sanctioned families are some of the most vulnerable families.¹⁸

Studies find that sanctioned families are more likely to have one or more barriers to employment, such as mental or physical health problems, inadequate education or domestic violence crisis. For instance, one study found recipients with more health problems were more likely to be sanctioned than healthier recipients.¹⁹ The health barriers most strongly related to being sanctioned were physical abuse, risk for depression, and having a child with a health problem. A study of recipients in Minnesota found sanctioned families were four times more likely to have a substance abuse problem, three times more likely to have a family health problem, twice as likely to have a mental health problem, and twice as likely to have recently been a victim of domestic violence.²⁰ Yet another study in South Carolina found sanctioned families were substantially more likely to have lower education levels than families who left welfare due to earnings.²¹

The Committee bill's family-sanction provisions are punitive and harmful to children and families, and will be ineffective. The Majority's decision to eliminate state flexibility and impose full family sanctions for noncompliance punishes children for their parents' behavior and is inconsistent with the Majority's decision to make "child well-being" an inherent goal of welfare reform. Full-family sanctions disengage the state offering needed services to families who are in the most need of help to address barriers to employment and to become more self-sufficient. The Majority's bill provides no room for states to individually assess and assist a family's problems or needs. Instead of requiring states impose these sanctions, the Minority believes states should be making greater efforts to assess recipient barriers to employment so that more families can receive the help they need and child and family well-being can improve.

SUPERWAIVER: UNDERMINING ACCOUNTABILITY

We also have significant concerns over Title III of the bill—the so called "Superwaiver" provision. The Superwaiver provision would provide unprecedented block grant and waiver authority—

with no assistance or direction to state and local officials on how it would make programs more effective or accountable. The waiver provisions would create havoc with well-regarded existing education and labor programs that are in disfavor with the Majority. Despite this provision's meager protections for maintenance of effort and local funding distribution requirements, funding under the Adult Education, Wagner-Peyser, Child Care and Development Block Grant (CCDBG), and Section 505 of the Family Support Act of 1988 programs would be vulnerable to this block grant procedure.

Under this authority, the Governor of a State can apply to the relevant Secretary to operate a five-year demonstration program in which two or more of these programs would be consolidated. As part of this block grant, the Secretary can also approve waivers of nearly any program requirement, including those related to accountability, program quality and serving disadvantaged populations. State and local stakeholders who have hands-on knowledge of the utility and importance of these programs can be overruled by the waiver process.

These so-called "demonstration" programs may be "demonstration" in name only. All state funding under the Adult Education, Wagner-Peyser, Child Care and Development Block Grant (CCDBG), and Section 505 of the Family Support Act of 1988 may be subsumed into the demonstration program for a five-year period. The Superwaiver provision also provides no statutory requirement for a Secretary to consider the effectiveness of the demonstration project and its waivers before renewing a demonstration project at the end of its five-year period. If the demonstration project is a failure, the Secretary is not required to use this information in determining whether to extend the project. Very simply, there is no accountability for performance of a State or sub-State entity which participates in this Superwaiver authority.

This risky Superwaiver provision would also have specific program impacts:

Elimination of focused funding for One Stop Centers—Wagner-Peyser provides funding for the One Stop Centers that are an intricate part of our job training programs at the Federal Level. One stop centers provide crucial services to dislocated workers and new entrants to the job market as well as TANF recipients. In addition, these centers serve vital functions both in administering unemployment law and in the collection and reporting of employment market information. By allowing all requirements of the Wagner-Peyser act to be waived, our Republican colleagues are pitting TANF recipients against dislocated workers and new entrants to jobs and are jeopardizing the implementation of the Workforce Investment Act (WIA) and other vital assistance programs for unemployed and underemployed workers.

Eliminates Accountability for Adult Ed—Adult Ed presently requires the States and the Secretary to agree on acceptable levels of performance for Adult Ed programs in the State—this entire accountability system could be terminated through a waiver.

Elimination of Important Quality Focus on Child Care—CCDBG requires States to invest in the quality of child care, in addition to

providing resources for children to receive child care—Governors could waive the requirement to focus on quality.

PROTECTIONS FOR WELFARE-TO-WORK PARTICIPANTS/NON-DISPLACEMENT OF WORKERS

We want to ensure that current worker protections and discrimination provisions continue to apply to all individuals who participate in work activities. We support legislative language that would confirm Congress' intent to provide such protections. All work participants should have a safe workplace, fair wages, and protections against discrimination.

The Committee bill will force hundreds of thousands of recipients into forced subsidized work assignments in order for the states to meet unrealistic mandate work requirements. The problem will be further compounded by the failure of the bill to provide adequate educational opportunities necessary to find and maintain private sector work.

As states and local governments scramble to meet these new unfunded mandates, they will face enormous financial pressure that makes displacement of existing state and municipal workers by welfare to work participants a real and serious threat.

Current law protections are inadequate to ensure welfare recipients do not displace other workers. During the Committee's markup, the Majority defeated an amendment offered by Miller to strengthen non-displacement protections by ensuring that employee hours are not reduced, and advancement rights are not undermined as a result of subsidized welfare to work programs. The amendment would have ensured that welfare to work programs do not negate agreements or rights related to recall or promotion, and the amendment would have provided a fair and expeditious resolution to displacement allegations, and provide for a remedy if displacement does occur.

FOOTNOTES

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³ IL, IN, IO, MI, MN, OH, WI.

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⁵ Morris, P.A. & Duncan, G.J. 2001. *Which Welfare Reforms are Best for Children?* Brookings Welfare Reform & Beyond Policy Brief No. 6.

⁶ Greenberg, M., Richer, E., Mezey, J., Savner, S. & Schumacher, R. 2002. At What Price? A Cost Analysis of the Administration's Temporary Assistance for Needy Families (TANF) Work Participation Proposal. Center for Law and Social Policy.

⁷ The California Legislative Analyst's Office estimates that the Republican welfare proposal will require \$1.67 billion dollars more in child care costs—more than the total increase in the Republican proposal.

⁸ Giannarelli, L. & Barsimantov, J. 2000. *Child Care Expenses of America's Families*, Assessing the New Federalism, The Urban Institute.

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¹⁰ Schumacher, R. & Greenberg, M. 1999. *Child Care After Leaving Welfare: Early Evidence from State Studies*. Center for Law and Social Policy.

¹¹ Schumacher, R. & Greenberg, M. 1999.

¹² Peterson, J. *Child-Care Issue Dominates Debate Over Welfare Bill*, Los Angeles Times, May 2, 2002.

¹³ Child Care Monthly Report for Jan. 2001—CalWORKKs Families, 5/01 and CalWORKS Caseload Report for Alternative Payment Programs, CA Dept. of Education, 1/01.

¹⁴ U.S. Department of Health and Human Services. 2000. "Temporary Assistance for Needy Families (TANF) Program" Third Annual Report to Congress.

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- ¹⁸ Bloom, D. & Winstead, D. 2002. *Sanctions and Welfare Reform*. Brookings Welfare Reform & Beyond, Policy Brief No. 12.
- ¹⁹ Polit, D., London, A., & Martinez, J. 2001. *The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change*, Manpower Demonstration Research Corporation.
- ²⁰ Goldberg, H. 2002. *Improving TANF Program Outcomes for Families with Barriers to Employment*, Center on Budget and Policy Priorities.
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SUPPLEMENTAL VIEWS

Currently, legal immigrants who arrived in the United States after 1996 are barred from receiving TANF benefits for at least five years. Although 23 states do provide such benefits out of their own funds, some may be forced to eliminate the funding because of state budget crises throughout the country. Legal permanent residents work hard, play by the rules, and pay taxes—it is only fair that they have access to a safety net for their families. That's why the National Governors Association, the National League of Cities, and the National Conference of State Legislators have asked Congress to allow states to serve their residents with federal TANF funds.

Welfare's goal of lifting families out of poverty should apply equally to legal immigrant families. As we work to reauthorize TANF, we cannot afford to ignore legal permanent residents.

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SUPPLEMENTAL VIEWS

Nearly six years ago, Congress enacted Temporary Assistance for Needy Families (TANF) which replaced Aid to Families with Dependent Children. With the help of a booming economy, the 1996 TANF program was hailed by many as a sweeping success. However, despite the fact that welfare caseloads have declined by more than half and many single mothers have returned to the workforce, there are still vast inequities within the welfare system. Unfortunately, too many have focused on the number of people leaving the welfare rolls and the number of women returning to work rather than emphasize the reduction of poverty and the establishment of self-sufficiency. Parents who receive cash assistance have the same hopes and dreams for their families as other parents do. They want to be able to put food on the table, own a home, properly clothe their children, and they want to work. Women want to know that when they leave their children to go to work, the most qualified person will care for them. While there has been a steep decline in the number of families on welfare, most individuals move into low-wage jobs that pay barely enough for them to provide their families with the bare necessities. If one of the goals of welfare reform was to make individuals self-sufficient, then we need to create every possible opportunity for recipients to receive adequate training and education so that they can earn a living wage. If a mother struggles with mental illness, drug dependency, or a physical disability, we need to ensure that she is given a helping hand up rather than a shove down. The only way to assist individuals in becoming self-sufficient is to provide real opportunities to succeed through services such as education, training, rehabilitation, and quality childcare.

For most families who receive welfare or who have left welfare, life is a struggle. The majority of former recipients are still living in poverty and thirty percent are unable to find jobs. Roughly fifty percent of the current caseload, most of whom are adult women, do not even have a high school diploma. Without a high school diploma a mother can expect to earn only about \$9,996 per year. Is there really an expectation that this mother will be able to lift her family out of poverty while she is earning minimum wage or less? In contrast, if you look at the starting salary for someone with a bachelor's degree, about \$33,000 per year, the opportunity is certainly there to provide a better quality of life for their family as well as making the family look unto themselves to remain strong. When TANF was originally passed, Congress only recognized vocational education as an allowable educational activity. This was a good first step, but not a big enough step to really make a lasting difference in the lives of welfare beneficiaries. During both the subcommittee and full committee markup of this bill we attempted to improve the educational opportunities for individuals on welfare,

but were defeated. Is it not our responsibility to ensure educational opportunities for all Americans, rich or poor, black or white, immigrant or citizen? We cannot fathom the mindset of the individual who would not support giving someone the chance to lift themselves out of poverty or out of a low-wage job by receiving advanced education.

We also attempted to give welfare beneficiaries who suffer from barriers to employment, such as a physical or mental impairment, substance abuse, or lack of safe and appropriate childcare, an increased opportunity to address these barriers without being punished and without a time limit. According to the Government Accounting Office (GAO), forty-four percent of TANF adults between the ages of eighteen and sixty-four reported one or more physical or mental impairments, and thirty-eight percent reported a severe impairment. Twenty percent of welfare families have a child with a disability. These numbers are staggering.

We think that it is unconscionable that individuals who suffer from severe depression, or who are in a situation where they must care for a family member with a severe disability, must be required to adhere to the strict forty-hour work requirement as outlined in the Chairman's mark. Other sources indicate that about twenty percent of welfare beneficiaries suffer from some alcohol or drug dependence. Certainly before they can make the successful transition into work, they must be allowed the time and flexibility to receive the appropriate services to seek help and to address their dependency. The Chairman's mark would allow only three months (in a twenty-four consecutive month period) for beneficiaries to receive treatment. According to several studies that were conducted by leaders in the substance abuse field, a three month limitation on substance abuse treatment participation would be too restrictive and for the most difficult to employ would be unlikely to yield positive results. Are we setting up our most at-risk beneficiaries to fail with this restrictive and inflexible policy? Consider the example of the alcohol or drug dependent single mother. Often, she needs these first three months for detoxification as well as time to cope with her addiction. As soon as she has completed the initial process of getting herself off of drugs or alcohol, we mandate that she work a forty-hour workweek rather than continue to recover and heal.

The single mother is also often faced with the struggle between leaving her young child alone or in an unsafe situation, so she can go to her low-wage job, or risk losing benefits for her family. The balance between work and family is a painful one and we should not sanction a mother who decides to take on the full time role as the primary caretaker of her children, especially when she cannot find reliable and safe childcare. So often the middle or upper class woman who stays home to care for her children is hailed for her "sacrifice," but the poor woman is given the old-faithful stigma as "lazy" for wanting the same care for her children. Much ado has been made about leaving no child behind, but when a woman has to abandon her children to work in a low paying job while her children receive substandard or no care at all, it is these children who are truly being left behind.

We are disappointed that the main goals for welfare reform, as outlined by the President, were not met. You do not protect chil-

dren by failing to provide adequate funding for childcare and by forcing single mothers into work without safe and quality childcare available. You do not strengthen families by offering no sanction protection when the parent cannot work due to substance abuse, mental illness, or disability. And you do not promote independence by limiting the educational options that beneficiaries have to move out of low-wage jobs and into living wage jobs. As members of the House Education and the Workforce Committee, we strongly believe that this bill falls short and we cannot in good conscience support it.

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