

107TH CONGRESS
2D SESSION

S. 2648

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

IN THE SENATE OF THE UNITED STATES

JUNE 19, 2002

Mr. HUTCHINSON (for himself, Mr. SESSIONS, Mr. INHOFE, Mr. FRIST, Mr. LOTT, Mr. KYL, Mr. GRAMM, and Mr. THOMAS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Working Toward Inde-
5 pendence Act of 2002”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents of this Act is as follows:

Sec. 1. Short title.

- Sec. 2. Table of contents.
- Sec. 3. References.
- Sec. 4. Findings.

TITLE I—TANF

- Sec. 101. Purposes.
- Sec. 102. Family assistance grants.
- Sec. 103. Promotion of family formation and healthy marriage.
- Sec. 104. Supplemental grant for population increases in certain States.
- Sec. 105. Bonus to reward employment achievement.
- Sec. 106. Contingency fund.
- Sec. 107. Use of funds.
- Sec. 108. Repeal of Federal loan for State welfare programs.
- Sec. 109. Universal engagement and family self-sufficiency plan requirements.
- Sec. 110. Work participation requirements.
- Sec. 111. Maintenance of effort.
- Sec. 112. Performance improvement.
- Sec. 113. Data collection and reporting.
- Sec. 114. Direct funding and administration by Indian tribes.
- Sec. 115. Research, evaluations, and national studies.
- Sec. 116. Studies by the Census Bureau and the General Accounting Office.
- Sec. 117. Definition of assistance.
- Sec. 118. Technical corrections.
- Sec. 119. Fatherhood program.
- Sec. 120. State option to make TANF programs mandatory partners with one-stop employment training centers.
- Sec. 121. Sense of the Congress.

TITLE II—CHILD CARE

- Sec. 201. Entitlement funding.

TITLE III—CHILD SUPPORT

- Sec. 301. Federal matching funds for limited pass through of child support payments to families receiving TANF.
- Sec. 302. State option to pass through all child support payments to families that formerly received TANF.
- Sec. 303. Mandatory review and adjustment of child support orders for families receiving TANF.
- Sec. 304. Mandatory fee for successful child support collection for family that has never received TANF.
- Sec. 305. Report on undistributed child support payments.
- Sec. 306. Use of new hire information to assist in administration of unemployment compensation programs.
- Sec. 307. Decrease in amount of child support arrearage triggering passport denial.
- Sec. 308. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.
- Sec. 309. Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations.
- Sec. 310. Improving Federal debt collection practices.
- Sec. 311. Maintenance of technical assistance funding.
- Sec. 312. Maintenance of Federal Parent Locator Service funding.

TITLE IV—CHILD WELFARE

- Sec. 401. Extension of authority to approve demonstration projects.
 Sec. 402. Elimination of limitation on number of waivers.
 Sec. 403. Elimination of limitation on number of States that may be granted
 waivers to conduct demonstration projects on same topic.
 Sec. 404. Elimination of limitation on number of waivers that may be granted
 to a single State for demonstration projects.
 Sec. 405. Streamlined process for consideration of amendments to and exten-
 sions of demonstration projects requiring waivers.
 Sec. 406. Availability of reports.
 Sec. 407. Technical correction.

TITLE V—SUPPLEMENTAL SECURITY INCOME

- Sec. 501. Review of State agency blindness and disability determinations.

TITLE VI—STATE AND LOCAL FLEXIBILITY

- Sec. 601. Program coordination demonstration projects.
 Sec. 602. State food assistance block grant demonstration project.

TITLE VII—ABSTINENCE EDUCATION

- Sec. 701. Extension of abstinence education funding under maternal and child
 health program.

TITLE VIII—TRANSITIONAL MEDICAL ASSISTANCE

- Sec. 801. One-year reauthorization of transitional medical assistance.

TITLE IX—EFFECTIVE DATE

- Sec. 901. Effective date.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, wherever in
 3 this Act an amendment or repeal is expressed in terms
 4 of an amendment to, or repeal of, a section or other provi-
 5 sion, the amendment or repeal shall be considered to be
 6 made to a section or other provision of the Social Security
 7 Act.

8 **SEC. 4. FINDINGS.**

9 The Congress makes the following findings:

- 10 (1) The Temporary Assistance for Needy Fami-
 11 lies (TANF) Program established by the Personal

1 Responsibility and Work Opportunity Reconciliation
2 Act of 1996 (Public Law 104–193) has succeeded
3 in moving families from welfare to work and reduc-
4 ing child poverty.

5 (A) There has been a dramatic increase in
6 the employment of current and former welfare
7 recipients. The percentage of working recipients
8 reached an all-time high in fiscal years 1999
9 and 2000. In fiscal year 1999, 33 percent of
10 adult recipients were working, compared to less
11 than 7 percent in fiscal year 1992, and 11 per-
12 cent in fiscal year 1996. All States met the
13 overall participation rate standard in fiscal year
14 2000, as did the District of Columbia and
15 Puerto Rico.

16 (B) Earnings for welfare recipients re-
17 maining on the rolls have also increased signifi-
18 cantly, as have earnings for female-headed
19 households. The increases have been particu-
20 larly large for the bottom 2 income quintiles,
21 that is, those women who are most likely to be
22 former or present welfare recipients.

23 (C) Welfare dependency has plummeted.
24 As of September 2001, 2,103,000 families and
25 5,333,000 individuals were receiving assistance.

1 Accordingly, the number of families in the wel-
2 fare caseload and the number of individuals re-
3 ceiving cash assistance declined 52 percent and
4 56 percent, respectively, since the enactment of
5 TANF. These declines have persisted even as
6 unemployment rates have increased: unemploy-
7 ment rates nationwide rose 25 percent, from
8 3.9 percent in September 2000 to 4.9 percent
9 in September 2001, while welfare caseloads con-
10 tinued to drop by 7 percent.

11 (D) The child poverty rate continued to de-
12 cline between 1996 and 2000, falling 21 percent
13 from 20.5 to 16.2 percent. The 2000 child pov-
14 erty rate is the lowest since 1979. Child poverty
15 rates for African-American and Hispanic chil-
16 dren have also fallen dramatically during the
17 past 6 years. African-American child poverty is
18 at the lowest rate on record and Hispanic child
19 poverty has had the largest 4-year decrease on
20 record.

21 (E) Despite these gains, States have had
22 mixed success in fully engaging welfare recipi-
23 ents in work activities. While all States have
24 met the overall work participation rates re-
25 quired by law, in 2000, in an average month,

1 only about $\frac{1}{3}$ of all families with an adult par-
2 ticipated in work activities that were countable
3 toward the State's participation rate. Eight ju-
4 risdictions failed to meet the more rigorous 2-
5 parent work requirements, and about 20 States
6 are not subject to the 2-parent requirements,
7 most because they moved their 2-parent cases
8 to separate State programs where they are not
9 subject to a penalty for failing the 2-parent
10 rates.

11 (2) As a Nation, we have made substantial
12 progress in reducing teen pregnancies and births,
13 slowing increases in nonmarital childbearing, and
14 improving child support collections and paternity es-
15 tablishment.

16 (A) The teen birth rate has fallen continu-
17 ously since 1991, down a dramatic 22 percent
18 by 2000. During the period of 1991–2000,
19 teenage birth rates fell in all States and the
20 District of Columbia, Puerto Rico, and the Vir-
21 gin Islands. Declines also have spanned age, ra-
22 cial, and ethnic groups. There has been success
23 in lowering the birth rate for both younger and
24 older teens. The birth rate for those 15–17
25 years of age is down 29 percent since 1991, and

1 the rate for those 18 and 19 is down 16 per-
2 cent. Between 1991 and 2000, teen birth rates
3 declined for all women ages 15–19—white, Afri-
4 can American, American Indian, Asian or Pa-
5 cific Islander, and Hispanic women ages 15–19.
6 The rate for African American teens—until re-
7 cently the highest—experienced the largest de-
8 cline, down 31 percent from 1991 to 2000, to
9 reach the lowest rate ever reported for this
10 group. Most births to teens are nonmarital; in
11 2000, about 73 percent of the births to teens
12 aged 15–19 occurred outside of marriage.

13 (B) Nonmarital childbearing continued to
14 increase slightly in 2000, however not at the
15 sharp rates of increase seen in recent decades.
16 The birth rate among unmarried women in
17 2000 was 3.5 percent lower than its peak
18 reached in 1994, while the proportion of births
19 occurring outside of marriage has remained at
20 approximately 33 percent since 1998.

21 (C) The negative consequences of out-of-
22 wedlock birth on the mother, the child, the fam-
23 ily, and society are well documented. These in-
24 clude increased likelihood of welfare depend-
25 ency, increased risks of low birth weight, poor

1 cognitive development, child abuse and neglect,
2 and teen parenthood, and decreased likelihood
3 of having an intact marriage during adulthood.

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

11 (E) There has been a dramatic rise in co-
12 habitation as marriages have declined. Only 40
13 percent of children of cohabiting couples will
14 see their parents marry. Those who do marry
15 experience a 50 percent higher divorce rate.
16 Children in single-parent households and cohab-
17 iting households are at much higher risk of
18 child abuse than children in intact married and
19 stepparent families.

20 (F) Children who live apart from their bio-
21 logical fathers, on average, are more likely to be
22 poor, experience educational, health, emotional,
23 and psychological problems, be victims of child
24 abuse, engage in criminal behavior, and become
25 involved with the juvenile justice system than

1 their peers who live with their married, biological
2 mother and father. A child living in a single-
3 parent family is nearly 5 times as likely to be
4 poor as a child living in a married-couple fam-
5 ily. In married-couple families, the child poverty
6 rate is 8.1 percent, in households headed by a
7 single mother, the poverty rate is 39.7 percent.

8 (G) Since the enactment of the Personal
9 Responsibility and Work Opportunity Reconcili-
10 ation Act of 1996, child support collections
11 within the child support enforcement system
12 have grown every year, increasing from
13 \$12,000,000,000 in fiscal year 1996 to nearly
14 \$19,000,000,000 in fiscal year 2001. The num-
15 ber of paternities established or acknowledged
16 in fiscal year 2002 reached an historic high of
17 over 1,500,000—which includes a nearly 100
18 percent increase through in-hospital acknowl-
19 edgement programs to 688,510 in 2000 from
20 349,356 in 1996. Child support collections were
21 made in over 7,000,000 cases in fiscal year
22 2000, significantly more than the almost
23 4,000,000 cases having a collection in 1996.

24 (3) The Personal Responsibility and Work Op-
25 portunity Reconciliation Act of 1996 gave States

1 great flexibility in the use of Federal funds to de-
2 velop innovative programs to help families leave wel-
3 fare and begin employment and to encourage the
4 formation of 2-parent families.

5 (A) Total Federal and State TANF ex-
6 penditures in fiscal year 2000 were
7 \$24,000,000,000, up from \$22,600,000,000 for
8 the previous year. This increased spending is
9 attributable to significant new investments in
10 supportive services in the TANF program, such
11 as child care and activities to support work.

12 (B) Since the welfare reform effort began
13 there has been a dramatic increase in work par-
14 ticipation (including employment, community
15 service, and work experience) among welfare re-
16 cipients, as well as an unprecedented reduction
17 in the caseload because recipients have left wel-
18 fare for work.

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

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

1 (ii) Most States increased the limits
2 on countable assets above the former Aid
3 to Families with Dependent Children
4 (AFDC) program. Every State has in-
5 creased the vehicle asset level above the
6 prior AFDC limit for a family's primary
7 automobile.

8 (iii) States are experimenting with
9 programs to promote marriage and father
10 involvement. Over half the States have
11 eliminated restrictions on 2-parent fami-
12 lies. Many States use TANF, child sup-
13 port, or State funds to support community-
14 based activities to help fathers become
15 more involved in their children's lives or
16 strengthen relationships between mothers
17 and fathers.

18 (4) Therefore, it is the sense of the Congress
19 that increasing success in moving families from wel-
20 fare to work, as well as in promoting healthy mar-
21 riage and other means of improving child well-being,
22 are very important Government interests and the
23 policy contained in part A of title IV of the Social
24 Security Act (as amended by this Act) is intended
25 to serve these ends.

TITLE I—TANF

1

2 SEC. 101. PURPOSES.

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

4 (1) in the matter preceding paragraph (1), by
5 striking “increase” and inserting “improve child
6 well-being by increasing”;

7 (2) in paragraph (1), by inserting “and serv-
8 ices” after “assistance”;

9 (3) in paragraph (2), by striking “parents on
10 government benefits” and inserting “families on gov-
11 ernment benefits and reduce poverty”; and

12 (4) in paragraph (4), by striking “two-parent
13 families” and inserting “healthy, 2-parent married
14 families, and encourage responsible fatherhood”.

15 SEC. 102. FAMILY ASSISTANCE GRANTS.

16 (a) EXTENSION OF AUTHORITY.—Section
17 403(a)(1)(A) (42 U.S.C. 603(a)(1)(A)) is amended—

18 (1) by striking “1996, 1997, 1998, 1999, 2000,
19 2001, and 2002” and inserting “2003 through
20 2007”; and

21 (2) by inserting “payable to the State for the
22 fiscal year” before the period.

23 (b) STATE FAMILY ASSISTANCE GRANT.—Section
24 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking

1 subparagraphs (B) through (E) and inserting the fol-
2 lowing:

3 “(B) STATE FAMILY ASSISTANCE
4 GRANT.—The State family assistance grant
5 payable to a State for a fiscal year shall be the
6 amount that bears the same ratio to the
7 amount specified in subparagraph (C) of this
8 paragraph as the amount required to be paid to
9 the State under this paragraph for fiscal year
10 2002 (determined without regard to any reduc-
11 tion pursuant to section 412(a)(1)) bears to the
12 total amount required to be paid under this
13 paragraph for fiscal year 2002.

14 “(C) APPROPRIATION.—Out of any money
15 in the Treasury of the United States not other-
16 wise appropriated, there are appropriated for
17 each of fiscal years 2003 through 2007
18 \$16,566,542,000 for grants under this para-
19 graph.”.

20 (c) MATCHING GRANTS FOR THE TERRITORIES.—
21 Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by
22 striking “1997 through 2002” and inserting “2003
23 through 2007”.

1 **SEC. 103. PROMOTION OF FAMILY FORMATION AND**
 2 **HEALTHY MARRIAGE.**

3 (a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C.
 4 602(a)(1)(A)) is amended by adding at the end the fol-
 5 lowing:

6 “(vii) Encourage equitable treatment
 7 of married, 2-parent families under the
 8 program referred to in clause (i).”.

9 (b) HEALTHY MARRIAGE PROMOTION GRANTS; RE-
 10 PEAL OF BONUS FOR REDUCTION OF ILLEGITIMACY
 11 RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is
 12 amended to read as follows:

13 “(2) HEALTHY MARRIAGE PROMOTION
 14 GRANTS.—

15 “(A) AUTHORITY.—The Secretary shall
 16 award competitive grants to States, territories,
 17 and tribal organizations for not more than 50
 18 percent of the cost of developing and imple-
 19 menting innovative programs to promote and
 20 support healthy, married, 2-parent families.

21 “(B) HEALTHY MARRIAGE PROMOTION AC-
 22 TIVITIES.—Subject to subparagraph (C), funds
 23 provided under subparagraph (A) shall be used
 24 to support any of the following programs or ac-
 25 tivities:

1 “(i) Public advertising campaigns on
2 the value of marriage and the skills needed
3 to increase marital stability and health.

4 “(ii) Education in high schools on the
5 value of marriage, relationship skills, and
6 budgeting.

7 “(iii) Marriage education, marriage
8 skills, and relationship skills programs,
9 that may include parenting skills, financial
10 management, conflict resolution, and job
11 and career advancement, for non-married
12 pregnant women and non-married expect-
13 ant fathers.

14 “(iv) Pre-marital education and mar-
15 riage skills training for engaged couples
16 and for couples interested in marriage.

17 “(v) Marriage enhancement and mar-
18 riage skills training programs for married
19 couples.

20 “(vi) Divorce reduction programs that
21 teach relationship skills.

22 “(vii) Marriage mentoring programs
23 which use married couples as role models
24 and mentors in at-risk communities.

1 “(viii) Programs to reduce the dis-
 2 incentives to marriage in means-tested aid
 3 programs, if offered in conjunction with
 4 any activity described in this subpara-
 5 graph.

6 “(C) REQUIREMENTS.—Any program or
 7 activity conducted with funds made available
 8 under a grant made under this paragraph
 9 shall—

10 “(i) be voluntary in the case of an in-
 11 dividual receiving assistance under the
 12 State program funded under this part; and

13 “(ii) include an element designed to
 14 reduce and prevent domestic violence.

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

21 (c) COUNTING OF SPENDING ON NON-ELIGIBLE
 22 FAMILIES TO PREVENT AND REDUCE INCIDENCE OF
 23 OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION
 24 AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED
 25 FAMILIES, OR ENCOURAGE RESPONSIBLE FATHER-

1 HOOD.—Section 409(a)(7)(B)(i) (42 U.S.C.
 2 609(a)(7)(B)(i)) is amended by adding at the end the fol-
 3 lowing:

4 “(V) COUNTING OF SPENDING
 5 ON NON-ELIGIBLE FAMILIES TO PRE-
 6 VENT AND REDUCE INCIDENCE OF
 7 OUT-OF-WEDLOCK BIRTHS, ENCOUR-
 8 AGE FORMATION AND MAINTENANCE
 9 OF HEALTHY, 2-PARENT MARRIED
 10 FAMILIES, OR ENCOURAGE RESPON-
 11 SIBLE FATHERHOOD.—The term
 12 ‘qualified State expenditures’ includes
 13 the total expenditures by the State
 14 during the fiscal year under all State
 15 programs for a purpose described in
 16 paragraph (3) or (4) of section
 17 401(a).”.

18 **SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION IN-**
 19 **CREASES IN CERTAIN STATES.**

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

22 (1) in the subparagraph heading, by striking
 23 “OF GRANTS FOR FISCAL YEAR 2002”;

1 (2) in clause (i), by striking “fiscal year 2002”
2 and inserting “each of fiscal years 2002 through
3 2007”;

4 (3) in clause (ii), by striking “2002” and in-
5 serting “2007”; and

6 (4) in clause (iii), by striking “fiscal year
7 2002” and inserting “each of fiscal years 2002
8 through 2007”.

9 **SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVE-**
10 **MENT.**

11 (a) REALLOCATION OF FUNDING.—Section 403(a)(4)
12 (42 U.S.C. 603(a)(4)) is amended—

13 (1) in the paragraph heading, by striking
14 “HIGH PERFORMANCE STATES” and inserting “EM-
15 PLOYMENT ACHIEVEMENT”;

16 (2) in subparagraph (D)(ii)—

17 (A) in subclause (I), by striking “equals
18 \$200,000,000” and inserting “(other than
19 2003) equals \$200,000,000, and for bonus year
20 2003 equals \$100,000,000”; and

21 (B) in subclause (II), by striking
22 “\$1,000,000,000” and inserting
23 “\$900,000,000”; and

24 (3) in subparagraph (F), by striking
25 “\$1,000,000,000” and inserting “\$900,000,000”.

1 (b) BONUS TO REWARD EMPLOYMENT ACHIEVE-
2 MENT.—

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

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

10 “(B) AMOUNT OF GRANT.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii) of this subparagraph, the Secretary
13 shall determine the amount of the grant
14 payable under this paragraph to an em-
15 ployment achievement State for a bonus
16 year, which shall be based on the perform-
17 ance of the State as determined under sub-
18 paragraph (D)(i) for the fiscal year that
19 immediately precedes the bonus year.

20 “(ii) LIMITATION.—The amount pay-
21 able to a State under this paragraph for a
22 bonus year shall not exceed 5 percent of
23 the State family assistance grant.

24 “(C) FORMULA FOR MEASURING STATE
25 PERFORMANCE.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii), not later than October 1, 2003, the
3 Secretary, in consultation with the States,
4 shall develop a formula for measuring
5 State performance in operating the State
6 program funded under this part so as to
7 achieve the goals of employment entry, job
8 retention, and increased earnings from em-
9 ployment for families receiving assistance
10 under the program, as measured on an ab-
11 solute basis and on the basis of improve-
12 ment in State performance.

13 “(ii) SPECIAL RULE FOR BONUS YEAR
14 2004.—For the purposes of awarding a
15 bonus under this paragraph for bonus year
16 2004, the Secretary may measure the per-
17 formance of a State in fiscal year 2003
18 using the job entry rate, job retention rate,
19 and earnings gain rate components of the
20 formula developed under section
21 403(a)(4)(C) as in effect immediately be-
22 fore the effective date of this paragraph.

23 “(D) DETERMINATION OF STATE PER-
24 FORMANCE.—For each bonus year, the Sec-
25 retary shall—

1 “(i) use the formula developed under
2 subparagraph (C) to determine the per-
3 formance of each eligible State for the fis-
4 cal year that precedes the bonus year; and

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

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

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

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

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

18 “(ii) EMPLOYMENT ACHIEVEMENT
19 STATE.—The term ‘employment achieve-
20 ment State’ means, with respect to a bonus
21 year, an eligible State whose performance
22 determined pursuant to subparagraph
23 (D)(i) for the fiscal year preceding the
24 bonus year equals or exceeds the perform-
25 ance standards prescribed under subpara-

1 graph (D)(ii) for such preceding fiscal
2 year.

3 “(F) APPROPRIATION.—Out of any money
4 in the Treasury of the United States not other-
5 wise appropriated, there are appropriated for
6 fiscal years 2004 through 2008 \$500,000,000
7 for grants under this paragraph.

8 “(G) GRANTS FOR TRIBAL ORGANIZA-
9 TIONS.—This paragraph shall apply with re-
10 spect to tribal organizations in the same man-
11 ner in which this paragraph applies with re-
12 spect to States. In determining the criteria
13 under which to make grants to tribal organiza-
14 tions under this paragraph, the Secretary shall
15 consult with tribal organizations.”.

16 (2) EFFECTIVE DATE.—The amendment made
17 by paragraph (1) shall take effect on October 1,
18 2003.

19 **SEC. 106. CONTINGENCY FUND.**

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

22 (1) by striking “1997, 1998, 1999, 2000, 2001,
23 and 2002” and inserting “2003 through 2007”; and

24 (2) by striking all that follows
25 “\$2,000,000,000” and inserting a period.

1 (b) GRANTS.—Section 403(b)(3)(C)(ii) (42 U.S.C.
2 603(b)(3)(C)(ii)) is amended by striking “fiscal years
3 1997 through 2002” and inserting “fiscal years 2003
4 through 2007”.

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

11 (d) ANNUAL RECONCILIATION: FEDERAL MATCHING
12 OF STATE EXPENDITURES ABOVE “MAINTENANCE OF
13 EFFORT” LEVEL.—Section 403(b)(6) (42 U.S.C.
14 603(b)(6)) is amended—

15 (1) in subparagraph (A)(ii)—

16 (A) by adding “and” at the end of sub-
17 clause (I);

18 (B) by striking “; and” at the end of sub-
19 clause (II) and inserting a period; and

20 (C) by striking subclause (III);

21 (2) in subparagraph (B)(i)(II), by striking all
22 that follows “section 409(a)(7)(B)(iii)” and insert-
23 ing a period;

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

1 “(I) the qualified State expendi-
 2 tures (as defined in section
 3 409(a)(7)(B)(i)) for the fiscal year;
 4 plus”; and

5 (4) by striking subparagraph (C).

6 (e) CONSIDERATION OF CERTAIN CHILD CARE EX-
 7 PENDITURES IN DETERMINING STATE COMPLIANCE
 8 WITH CONTINGENCY FUND MAINTENANCE OF EFFORT
 9 REQUIREMENT.—Section 409(a)(10) (42 U.S.C.
 10 609(a)(10)) is amended—

11 (1) by striking “(other than the expenditures
 12 described in subclause (I)(bb) of that paragraph))
 13 under the State program funded under this part”
 14 and inserting a close parenthesis; and

15 (2) by striking “excluding any amount ex-
 16 pended by the State for child care under subsection
 17 (g) or (i) of section 402 (as in effect during fiscal
 18 year 1994) for fiscal year 1994,”.

19 **SEC. 107. USE OF FUNDS.**

20 (a) GENERAL RULES.—Section 404(a)(2) (42 U.S.C.
 21 604(a)(2)) is amended by striking “in any manner that”
 22 and inserting “for any purposes or activities for which”.

23 (b) TREATMENT OF INTERSTATE IMMIGRANTS.—

24 (1) STATE PLAN PROVISION.—Section
 25 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended

1 by striking clause (i) and redesignating clauses (ii)
2 through (iv) as clauses (i) through (iii), respectively.

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

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

8 (d) INCREASE IN AMOUNT TRANSFERABLE TO TITLE
9 XX PROGRAMS.—Section 404(d)(2)(B) (42 U.S.C.
10 604(d)(2)(B)) is amended to read as follows:

11 “(B) APPLICABLE PERCENT.—For pur-
12 poses of subparagraph (A), the applicable per-
13 cent is 10 percent for fiscal year 2003 and each
14 succeeding fiscal year.”.

15 (e) CLARIFICATION OF AUTHORITY OF STATES TO
16 USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS
17 TO PROVIDE TANF BENEFITS AND SERVICES.—Section
18 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

19 “(e) AUTHORITY TO CARRYOVER OR RESERVE CER-
20 TAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FU-
21 TURE CONTINGENCIES.—

22 “(1) CARRYOVER.—A State or tribe may use a
23 grant made to the State or tribe under this part for
24 any fiscal year to provide, without fiscal year limita-
25 tion, any benefit or service that may be provided

1 under the State or tribal program funded under this
2 part.

3 “(2) CONTINGENCY RESERVE.—A State or tribe
4 may designate any portion of a grant made to the
5 State or tribe under this part as a contingency re-
6 serve for future needs, and may use any amount so
7 designated to provide, without fiscal year limitation,
8 any benefit or service that may be provided under
9 the State or tribal program funded under this part.
10 If a State or tribe so designates a portion of such
11 a grant, the State shall, on an annual basis, include
12 in its report under section 411(a) the amount so
13 designated.”.

14 **SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE**
15 **PROGRAMS.**

16 (a) REPEAL.—Section 406 (42 U.S.C. 606) is re-
17 pealed.

18 (b) CONFORMING AMENDMENTS.—

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

21 (2) Section 412 (42 U.S.C. 612) is amended by
22 striking subsection (f) and redesignating subsections
23 (g) through (i) as subsections (f) through (h), re-
24 spectively.

1 (3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2))
 2 is amended by striking “406,”.

3 **SEC. 109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-**
 4 **SUFFICIENCY PLAN REQUIREMENTS.**

5 (a) MODIFICATION OF STATE PLAN REQUIRE-
 6 MENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A))
 7 is amended by striking clauses (ii) and (iii) and inserting
 8 the following:

9 “(ii) Require a parent or caretaker re-
 10 ceiving assistance under the program to
 11 engage in work or alternative self-suffi-
 12 ciency activities (as defined by the State),
 13 consistent with section 407(e)(2).

14 “(iii) Require families receiving assist-
 15 ance under the program to engage in ac-
 16 tivities in accordance with family self-suffi-
 17 ciency plans developed pursuant to section
 18 408(b).”.

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

21 (1) IN GENERAL.—Section 408(b) (42 U.S.C.
 22 608(b)) is amended to read as follows:

23 “(b) FAMILY SELF-SUFFICIENCY PLANS.—

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

1 “(A) assess, in the manner deemed appro-
2 priate by the State, the skills, prior work expe-
3 rience, and employability of each work-eligible
4 individual (as defined in section 407(b)(2)(C))
5 receiving assistance under the State program
6 funded under this part;

7 “(B) establish for each family that in-
8 cludes such an individual, in consultation as the
9 State deems appropriate with the individual, a
10 self-sufficiency plan that specifies appropriate
11 activities described in the State plan submitted
12 pursuant to section 402, including direct work
13 activities as appropriate designed to assist the
14 family in achieving their maximum degree of
15 self-sufficiency, and that provides for the ongo-
16 ing participation of the individual in the activi-
17 ties;

18 “(C) require, at a minimum, each such in-
19 dividual to participate in activities in accord-
20 ance with the self-sufficiency plan;

21 “(D) monitor the participation of each
22 such individual in the activities specified in the
23 self-sufficiency plan, and regularly review the
24 progress of the family toward self-sufficiency;

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

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

6 “(A) in the case of a family that, as of Oc-
7 tober 1, 2002, is not receiving assistance from
8 the State program funded under this part, not
9 later than 60 days after the family first receives
10 assistance on the basis of the most recent appli-
11 cation for the assistance; or

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

16 “(3) STATE DISCRETION.—A State shall have
17 sole discretion, consistent with section 407, to define
18 and design activities for families for purposes of this
19 subsection, to develop methods for monitoring and
20 reviewing progress pursuant to this subsection, and
21 to make modifications to the plan as the State
22 deems appropriate to assist the individual in increas-
23 ing their degree of self-sufficiency.

24 “(4) RULE OF INTERPRETATION.—Nothing in
25 this part shall preclude a State from requiring par-

1 participation in work and any other activities the State
 2 deems appropriate for helping families achieve self-
 3 sufficiency and improving child well-being.”.

4 (2) PENALTY FOR FAILURE TO ESTABLISH
 5 FAMILY SELF-SUFFICIENCY PLAN.—Section
 6 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

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

10 (B) in subparagraph (A), by inserting “or
 11 408(b)” after “407(a)”.

12 **SEC. 110. WORK PARTICIPATION REQUIREMENTS.**

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

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

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

21 “(1) 50 percent for fiscal year 2003;

22 “(2) 55 percent for fiscal year 2004;

23 “(3) 60 percent for fiscal year 2005;

24 “(4) 65 percent for fiscal year 2006; and

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

3 “(b) CALCULATION OF PARTICIPATION RATES.—

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

8 “(2) MONTHLY PARTICIPATION RATES; INCOR-
9 PORATION OF 40-HOUR WORK WEEK STANDARD.—

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

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

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

20 “(B) COUNTED FAMILIES DEFINED.—

21 “(i) IN GENERAL.—In subparagraph
22 (A), the term ‘counted family’ means, with
23 respect to a State and a month—

24 “(I) a family that includes a
25 work-eligible individual and that re-

1 ceives assistance in the month under
2 the State program funded under this
3 part, subject to clause (ii); or

4 “(II) an individual not currently
5 receiving assistance under the State
6 program as described in paragraph
7 (4).

8 “(ii) STATE OPTION TO EXCLUDE
9 CERTAIN FAMILIES.—At the option of a
10 State, the term ‘counted family’ shall not
11 include on a case-by-case basis, a family in
12 which the youngest child has not attained
13 12 months of age.

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

1 “(C) WORK-ELIGIBLE INDIVIDUAL DE-
 2 FINED.—In this section, the term ‘work-eligible
 3 individual’ means—

4 “(i) an individual—

5 “(I) who is married or a single
 6 head of household; and

7 “(II) whose needs are (or, but for
 8 sanctions under this part that have
 9 been in effect for more than 3 months
 10 (whether or not consecutive) in the
 11 preceding 12 months or under part D,
 12 would be) included in determining the
 13 amount of cash assistance to be pro-
 14 vided to the family under the State
 15 program funded under this part; or

16 “(ii) an individual—

17 “(I) who is married or a single
 18 head of household; and

19 “(II) is not currently receiving
 20 assistance as described in paragraph
 21 (4).”.

22 (b) PHASE-OUT OF PRO RATA REDUCTION OF PAR-
 23 TICIPATION RATE DUE TO CASELOAD REDUCTIONS.—

1 (1) PROVISIONS FOR FISCAL YEARS 2003 AND
2 2004.—Section 407(b)(3) (42 U.S.C. 607(b)(3)) is
3 amended by adding at the end the following:

4 “(C) PROVISIONS FOR FISCAL YEARS 2003
5 AND 2004.—Notwithstanding the preceding pro-
6 visions of this paragraph, and subject to para-
7 graph (5), with respect to a State, in deter-
8 mining the percentage reduction in the min-
9 imum participation rate otherwise required by
10 this section—

11 “(i) for fiscal years 2003 and 2004,
12 subparagraph (B) and the second sentence
13 of subparagraph (A) shall not apply; and

14 “(ii) for fiscal year 2004, the applica-
15 ble percentage point reduction shall be re-
16 duced by 1/2.”.

17 (2) REPEAL.—Effective October 1, 2004, sec-
18 tion 407(b)(3) (42 U.S.C. 607(b)(3)) is repealed.

19 (c) EMPLOYMENT CREDIT FOR FAMILIES THAT
20 HAVE CEASED RECEIVING ASSISTANCE FOR EMPLOY-
21 MENT-RELATED REASONS.—

22 (1) IN GENERAL.—Section 407(b) (42 U.S.C.
23 607(b)), as amended by subsections (a) and (b), is
24 amended—

1 (A) by striking paragraphs (4) and (5);
2 and

3 (B) by inserting after paragraph (3), the
4 following:

5 “(4) EMPLOYMENT CREDIT FOR FAMILIES
6 THAT HAVE CEASED RECEIVING ASSISTANCE FOR
7 EMPLOYMENT-RELATED REASONS.—Subject to para-
8 graph (5), for purposes of calculation of the min-
9 imum participation rate otherwise required by this
10 section, a work-eligible individual not currently re-
11 ceiving assistance under the State program funded
12 under this part, that ceased receiving such assist-
13 ance at a time within the previous 3 months when
14 a family member was employed, shall be deemed to
15 be engaged in a direct work activity for an average
16 of 40 hours per week.”.

17 (2) TECHNICAL AMENDMENTS.—Effective Octo-
18 ber 1, 2004, section 407(b) (42 U.S.C. 607(b)) is
19 amended—

20 (A) by redesignating paragraph (4), as
21 added by paragraph (1) of this subsection, as
22 paragraph (3); and

23 (B) in subparagraphs (B)(i)(II) and
24 (C)(ii)(II) of paragraph (2), by striking “para-

1 graph (4)” each place it appears and inserting
2 “paragraph (3)”.

3 (d) LIMITATION ON REDUCTION OF WORK PARTICI-
4 PATION RATE.—

5 (1) IN GENERAL.—Section 407(b) (42 U.S.C.
6 607(b)), as amended by subsections (a), (b), and (c),
7 is amended by inserting after paragraph (4), the fol-
8 lowing:

9 “(5) LIMITATION ON REDUCTION OF WORK
10 PARTICIPATION RATE.—Notwithstanding paragraph
11 (3) or (4), a State may not credit an individual with
12 being engaged in countable hours for purposes of
13 calculation of the minimum participation rate other-
14 wise required by this section if the minimum partici-
15 pation rate determined for families described in
16 paragraph (2)(B)(i)(I) for a State would be reduced
17 below—

18 “(A) 15 percent, in the case of fiscal year
19 2003;

20 “(B) 25 percent, in the case of fiscal year
21 2004;

22 “(C) 35 percent, in the case of fiscal year
23 2005;

24 “(D) 45 percent, in the case of fiscal year
25 2006; or

1 “(E) 55 percent, in the case of fiscal year
2 2007.”.

3 (2) TECHNICAL AMENDMENTS.—Effective Octo-
4 ber 1, 2004, section 407(b) (42 U.S.C. 607(b)) is
5 amended—

6 (A) by redesignating paragraph (5), as
7 added by paragraph (1) of this subsection, as
8 paragraph (4);

9 (B) in such paragraph (4) (as so redesi-
10 gnated), by striking “(3), (4),” and inserting
11 “(3)”; and

12 (C) in paragraph (3) (as redesignated by
13 subsection (c)(2)(A)), by striking “paragraph
14 (5)” and inserting “paragraph (4)”.

15 (e) COUNTABLE HOURS.—Section 407 of such Act
16 (42 U.S.C. 607) is amended by striking subsections (c)
17 and (d) and inserting the following:

18 “(c) COUNTABLE HOURS.—

19 “(1) DEFINITION.—In subsection (b)(2), the
20 term ‘countable hours’ means, with respect to a fam-
21 ily for a month, the total number of hours in the
22 month in which any member of the family who is a
23 work-eligible individual is engaged in a direct work
24 activity or other organized activities (excluding an
25 activity that does not address a purpose specified in

1 section 401(a)), subject to the other provisions of
2 this subsection.

3 “(2) LIMITATIONS.—Subject to such regula-
4 tions as the Secretary may prescribe:

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

13 “(B) MAXIMUM WEEKLY AVERAGE OF 16
14 HOURS OF OTHER ORGANIZED ACTIVITIES.—An
15 average of not more than 16 hours per week of
16 organized activities (subject to the exclusion de-
17 scribed in paragraph (1)) may be considered
18 countable hours in a month with respect to a
19 family. Such activities may include the fol-
20 lowing:

21 “(i) Substance abuse counseling or
22 treatment.

23 “(ii) Rehabilitation treatment and
24 services.

1 “(iii) Work-related education or train-
2 ing directed at enabling the family member
3 to work.

4 “(iv) Job search or job readiness as-
5 sistance.

6 “(v) Parenting education.

7 “(vi) Marriage and relationship skills
8 training.

9 “(vii) Domestic violence counseling.

10 “(viii) Any other activity that address-
11 es a purpose specified in section 401(a).

12 “(3) SPECIAL RULES.—For purposes of para-
13 graph (1):

14 “(A) PARTICIPATION IN QUALIFIED AC-
15 TIVITIES.—

16 “(i) IN GENERAL.—If, with the ap-
17 proval of the State, the work-eligible indi-
18 viduals in a family are engaged in 1 or
19 more qualified activities for an average
20 total of at least 24 hours per week in a
21 month, then all such engagement in the
22 month shall be considered engagement in a
23 direct work activity, subject to clause (iii).

24 “(ii) QUALIFIED ACTIVITY DE-
25 FINED.—The term ‘qualified activity’

1 means an activity specified by the State
2 (subject to the exclusion described in para-
3 graph (1)) that meets such standards and
4 criteria as the State may specify, including
5 an activity described in any of clauses (i)
6 through (viii) of paragraph (2)(B).

7 “(iii) LIMITATION.—

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

13 “(II) SPECIAL RULE APPLICABLE
14 TO EDUCATION AND TRAINING.—

15 “(aa) IN GENERAL.—Sub-
16 ject to item (bb), a State may, on
17 a case-by-case basis, apply clause
18 (i) to a work-eligible individual so
19 that participation by the indi-
20 vidual in education or training, if
21 needed to permit the individual
22 to complete a certificate program
23 or other work-related education
24 or training directed at enabling
25 the individual to fill a known job

1 need in a local area, may be con-
2 sidered countable hours with re-
3 spect to the family of the indi-
4 vidual for not more than 12
5 months in any period of 24 con-
6 secutive months

7 “(bb) LIMITATION.—With
8 respect to a month, a State may
9 not apply item (aa) to more than
10 30 percent of counted families
11 for the month.

12 “(B) SCHOOL ATTENDANCE BY TEEN
13 HEAD OF HOUSEHOLD.—The work-eligible
14 members of a family shall be considered to be
15 engaged in a direct work activity for an average
16 of 40 hours per week in a month if the family
17 includes an individual who is married, or is a
18 single head of household, who has not attained
19 20 years of age, and the individual—

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

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

1 “(d) DIRECT WORK ACTIVITY.—In this section, the
2 term ‘direct work activity’ means—

3 “(1) unsubsidized employment;

4 “(2) subsidized private sector employment;

5 “(3) subsidized public sector employment;

6 “(4) on-the-job training;

7 “(5) supervised work experience; or

8 “(6) supervised community service.”.

9 (f) PENALTIES AGAINST INDIVIDUALS.—Section
10 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as
11 follows:

12 “(1) REDUCTION OR TERMINATION OF ASSIST-
13 ANCE.—Except as provided in paragraph (2), if an
14 individual in a family receiving assistance under a
15 State program funded under this part fails to en-
16 gage in activities required in accordance with this
17 section, or other activities required by the State
18 under the program, and the family does not other-
19 wise engage in activities in accordance with the self-
20 sufficiency plan established for the family pursuant
21 to section 408(b), the State shall—

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

24 “(i) reduce the amount of assistance
25 otherwise payable to the family pro rata

1 (or more, at the option of the State) with
2 respect to any period during a month in
3 which the failure occurs; or

4 “(ii) terminate all assistance to the
5 family, subject to such good cause excep-
6 tions as the State may establish; or

7 “(B) if the failure is total and persists for
8 at least 2 consecutive months, terminate all
9 cash payments to the family including qualified
10 State expenditures (as defined in section
11 409(a)(7)(B)(i)) for at least 1 month and there-
12 after until the State determines that the indi-
13 vidual has resumed full participation in the ac-
14 tivities, subject to such good cause exceptions
15 as the State may establish.”.

16 (g) CONFORMING AMENDMENTS.—

17 (1) Section 407(f) (42 U.S.C. 607(f)) is amend-
18 ed in each of paragraphs (1) and (2) by striking
19 “work activity described in subsection (d)” and in-
20 serting “direct work activity”.

21 (2) The heading of section 409(a)(14) (42
22 U.S.C. 609(a)(14)) is amended by inserting “OR RE-
23 FUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY
24 SELF-SUFFICIENCY PLAN” after “WORK”.

1 **SEC. 111. MAINTENANCE OF EFFORT.**

2 (a) IN GENERAL.—Section 409(a)(7) (42 U.S.C.
3 609(a)(7)) is amended—

4 (1) in subparagraph (A) by striking “fiscal year
5 1998, 1999, 2000, 2001, 2002, or 2003” and insert-
6 ing “fiscal year 2003, 2004, 2005, 2006, 2007 or
7 2008”; and

8 (2) in subparagraph (B)(ii)—

9 (A) by inserting “preceding” before “fiscal
10 year”; and

11 (B) by striking “for fiscal years 1997
12 through 2002.”.

13 (b) STATE SPENDING ON PROMOTING HEALTHY
14 MARRIAGE.—

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

17 “(1) MARRIAGE PROMOTION.—A State, territory, or
18 tribal organization to which a grant is made under section
19 403(a)(2) may use a grant made to the State, territory,
20 or tribal organization under any other provision of section
21 403 for marriage promotion activities, and the amount of
22 any such grant so used shall be considered State funds
23 for purposes of section 403(a)(2).”.

24 (2) FEDERAL TANF FUNDS USED FOR MAR-
25 RIAGE PROMOTION DISREGARDED FOR PURPOSES OF
26 MAINTENANCE OF EFFORT REQUIREMENT.—Section

1 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as
 2 amended by section 103(c) of this Act, is amended
 3 by adding at the end the following:

4 “(VI) EXCLUSION OF FEDERAL
 5 TANF FUNDS USED FOR MARRIAGE
 6 PROMOTION ACTIVITIES.—Such term
 7 does not include the amount of any
 8 grant made to the State under section
 9 403 that is expended for a marriage
 10 promotion activity.”.

11 **SEC. 112. PERFORMANCE IMPROVEMENT.**

12 (a) STATE PLANS.—Section 402(a) (42 U.S.C.
 13 602(a)) is amended—

14 (1) in paragraph (1)—

15 (A) in subparagraph (A)—

16 (i) by redesignating clause (vi) and
 17 clause (vii) (as added by section 103(a) of
 18 this Act) as clauses (vii) and (viii), respec-
 19 tively; and

20 (ii) by striking clause (v) and insert-
 21 ing the following:

22 “(v) The document shall—

23 “(I) describe how the State will
 24 pursue ending dependence of needy
 25 families on government benefits and

1 reducing poverty by promoting job
2 preparation and work;

3 “(II) describe how the State will
4 encourage the formation and mainte-
5 nance of healthy 2-parent married
6 families, encourage responsible father-
7 hood, and prevent and reduce the inci-
8 dence of out-of-wedlock pregnancies;

9 “(III) include specific, numerical,
10 and measurable performance objec-
11 tives for accomplishing subclauses (I)
12 and (II), and with respect to sub-
13 clause (I), include objectives con-
14 sistent with the criteria used by the
15 Secretary in establishing performance
16 targets under section 403(a)(4)(B) if
17 available; and

18 “(IV) describe the methodology
19 that the State will use to measure
20 State performance in relation to each
21 such objective.

22 “(vi) Describe any strategies and pro-
23 grams the State may be undertaking to
24 address—

1 “(I) employment retention and
2 advancement for recipients of assist-
3 ance under the program, including
4 placement into high-demand jobs, and
5 whether the jobs are identified using
6 labor market information;

7 “(II) efforts to reduce teen preg-
8 nancy;

9 “(III) services for struggling and
10 noncompliant families, and for clients
11 with special problems; and

12 “(IV) program integration, in-
13 cluding the extent to which employ-
14 ment and training services under the
15 program are provided through the
16 One-Stop delivery system created
17 under the Workforce Investment Act
18 of 1998, and the extent to which
19 former recipients of such assistance
20 have access to additional core, inten-
21 sive, or training services funded
22 through such Act.”; and

23 (B) in subparagraph (B), by striking
24 clause (iii) (as so redesignated by section

1 107(b)(1) of this Act) and inserting the fol-
2 lowing:

3 “(iii) The document shall describe
4 strategies and programs the State is un-
5 dertaking to engage religious organizations
6 in the provision of services funded under
7 this part and efforts related to section 104
8 of the Personal Responsibility and Work
9 Opportunity Reconciliation Act of 1996.

10 “(iv) The document shall describe
11 strategies to improve program manage-
12 ment and performance.”; and

13 (2) in paragraph (4), by inserting “and tribal”
14 after “that local”.

15 (b) CONSULTATION WITH STATE REGARDING PLAN
16 AND DESIGN OF TRIBAL PROGRAMS.—Section 412(b)(1)
17 (42 U.S.C. 612(b)(1)) is amended—

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

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

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

23 “(G) provides an assurance that the State
24 in which the tribe is located has been consulted
25 regarding the plan and its design.”.

1 (c) PERFORMANCE MEASURES.—Section 413 (42
 2 U.S.C. 613) is amended by adding at the end the fol-
 3 lowing:

4 “(k) PERFORMANCE IMPROVEMENT.—The Secretary,
 5 in consultation with the States, shall develop uniform per-
 6 formance measures designed to assess the degree of effec-
 7 tiveness, and the degree of improvement, of State pro-
 8 grams funded under this part in accomplishing the pur-
 9 poses of this part.”.

10 (d) ANNUAL RANKING OF STATES.—Section
 11 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking
 12 “long-term private sector jobs” and inserting “private sec-
 13 tor jobs, the success of the recipients in retaining employ-
 14 ment, the ability of the recipients to increase their wages”.

15 **SEC. 113. DATA COLLECTION AND REPORTING.**

16 (a) CONTENTS OF REPORT.— Section 411(a)(1)(A)
 17 (42 U.S.C. 611(a)(1)(A)) is amended—

18 (1) in clause (vii), by inserting “and minor par-
 19 ent” after “of each adult”;

20 (2) in clause (viii), by striking “and educational
 21 level”;

22 (3) in clause (ix), by striking “, and if the lat-
 23 ter 2, the amount received”;

24 (4) in clause (x)—

25 (A) by striking “each type of”; and

1 (B) by inserting before the period “and, if
2 applicable, the reason for receipt of the assist-
3 ance for a total of more than 60 months”;

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

6 “(I) Subsidized private sector
7 employment.

8 “(II) Unsubsidized employment.

9 “(III) Public sector employment,
10 supervised work experience, or super-
11 vised community service.

12 “(IV) On-the-job training.

13 “(V) Job search and placement.

14 “(VI) Training.

15 “(VII) Education.

16 “(VIII) Other activities directed
17 at the purposes of this part, as speci-
18 fied in the State plan submitted pur-
19 suant to section 402.”;

20 (6) in clause (xii), by inserting “and progress
21 toward universal engagement” after “participation
22 rates”;

23 (7) in clause (xiii), by striking “type and” be-
24 fore “amount of assistance”;

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

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

5 “(xviii) The date the family first re-
6 ceived assistance from the State program
7 on the basis of the most recent application
8 for such assistance.

9 “(xix) Whether a self-sufficiency plan
10 is established for the family in accordance
11 with section 408(b).

12 “(xx) With respect to any child in the
13 family, the marital status of the parents at
14 the birth of the child, and if the parents
15 were not then married, whether the pater-
16 nity of the child has been established.”

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

19 (1) in clause (i)—

20 (A) by striking “a sample” and inserting
21 “samples”; and

22 (B) by inserting before the period “, except
23 that the Secretary may designate core data ele-
24 ments that must be reported on all families”;

25 and

1 (2) in clause (ii), by striking “funded under this
2 part” and inserting “described in subparagraph
3 (A)”.

4 (c) REPORT ON FAMILIES THAT BECOME INELI-
5 GIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42
6 U.S.C. 611(a)) is amended—

7 (1) by striking paragraph (5);

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

10 (3) by inserting after paragraph (5) (as so re-
11 designated) the following:

12 “(6) REPORT ON FAMILIES THAT BECOME IN-
13 ELIGIBLE TO RECEIVE ASSISTANCE.—The report re-
14 quired by paragraph (1) for a fiscal quarter shall in-
15 clude for each month in the quarter the number of
16 families and total number of individuals that, during
17 the month, became ineligible to receive assistance
18 under the State program funded under this part
19 (broken down by the number of families that become
20 so ineligible due to earnings, changes in family com-
21 position that result in increased earnings, sanctions,
22 time limits, or other specified reasons).”.

23 (d) REGULATIONS.—Section 411(a)(7) (42 U.S.C.
24 611(a)(7)) is amended—

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

3 (2) by striking “subsection” and inserting “sec-
4 tion”; and

5 (3) by striking “in defining the data elements”
6 and all that follows and inserting “, the National
7 Governors’ Association, the American Public Human
8 Services Association, the National Conference of
9 State Legislatures, and others in defining the data
10 elements.”.

11 (e) ADDITIONAL REPORTS BY STATES.—Section 411
12 (42 U.S.C. 611) is amended—

13 (1) by redesignating subsection (b) as sub-
14 section (e); and

15 (2) by inserting after subsection (a) the fol-
16 lowing:

17 “(b) ANNUAL REPORTS ON PROGRAM CHARACTERIS-
18 TICS.—Not later than 90 days after the end of fiscal year
19 2004 and each succeeding fiscal year, each eligible State
20 shall submit to the Secretary a report on the characteris-
21 ties of the State program funded under this part and other
22 State programs funded with qualified State expenditures
23 (as defined in section 409(a)(7)(B)(i)). The report shall
24 include, with respect to each such program, the program
25 name, a description of program activities, the program

1 purpose, the program eligibility criteria, the sources of
2 program funding, the number of program beneficiaries,
3 sanction policies, and any program work requirements.

4 “(c) MONTHLY REPORTS ON CASELOAD.—Not later
5 than 3 months after the end of a calendar month that
6 begins 1 year or more after the enactment of this sub-
7 section, each eligible State shall submit to the Secretary
8 report on the number of families and total number of indi-
9 viduals receiving assistance in the calendar month under
10 the State program funded under this part.

11 “(d) ANNUAL REPORT ON PERFORMANCE IMPROVE-
12 MENT.—Beginning with fiscal year 2004, not later than
13 January 1 of each fiscal year, each eligible State shall sub-
14 mit to the Secretary a report on achievement and improve-
15 ment during the preceding fiscal year under the numerical
16 performance goals and measures under the State program
17 funded under this part with respect to each of the matters
18 described in section 402(a)(1)(A)(v).”.

19 (f) ANNUAL REPORTS TO CONGRESS BY THE SEC-
20 RETARY.—Section 411(e), as so redesignated by sub-
21 section (e) of this section, is amended—

22 (1) in the matter preceding paragraph (1), by
23 striking “and each fiscal year thereafter” and insert-
24 ing “and by July 1 of each fiscal year thereafter”;

1 (2) in paragraph (2), by striking “families ap-
2 plying for assistance,” and by striking the last
3 comma; and

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

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

11 “(f) INCREASED ANALYSIS OF STATE SINGLE AUDIT
12 REPORTS.—

13 “(1) IN GENERAL.—Within 3 months after a
14 State submits to the Secretary a report pursuant to
15 section 7502(a)(1)(A) of title 31, United States
16 Code, the Secretary shall analyze the report for the
17 purpose of identifying the extent and nature of prob-
18 lems related to the oversight by the State of non-
19 governmental entities with respect to contracts en-
20 tered into by such entities with the State program
21 funded under this part, and determining what addi-
22 tional actions may be appropriate to help prevent
23 and correct the problems.

24 “(2) INCLUSION OF PROGRAM OVERSIGHT SEC-
25 TION IN ANNUAL REPORT TO THE CONGRESS.—The

1 Secretary shall include in each report under sub-
2 section (a) a section on oversight of State programs
3 funded under this part, including findings on the ex-
4 tent and nature of the problems referred to in para-
5 graph (1), actions taken to resolve the problems, and
6 to the extent the Secretary deems appropriate make
7 recommendations on changes needed to resolve the
8 problems.”.

9 **SEC. 114. DIRECT FUNDING AND ADMINISTRATION BY IN-**
10 **DIAN TRIBES.**

11 (a) TRIBAL FAMILY ASSISTANCE GRANT.—Section
12 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by
13 striking “1997, 1998, 1999, 2000, 2001, and 2002” and
14 inserting “2003 through 2007”.

15 (b) GRANTS FOR INDIAN TRIBES THAT RECEIVED
16 JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C.
17 612(a)(2)(A)) is amended by striking “1997, 1998, 1999,
18 2000, 2001, and 2002” and inserting “2003 through
19 2007”.

20 **SEC. 115. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
21 **IES.**

22 (a) SECRETARY’S FUND FOR RESEARCH, DEM-
23 ONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section
24 413 (42 U.S.C. 613), as amended by section 112(c) of

1 this Act, is further amended by adding at the end the fol-
2 lowing:

3 “(1) FUNDING FOR RESEARCH, DEMONSTRATIONS,
4 AND TECHNICAL ASSISTANCE.—

5 “(1) IN GENERAL.—Out of any money in the
6 Treasury of the United States not otherwise appro-
7 priated, there are appropriated \$102,000,000 for
8 each of fiscal years 2003 through 2007, which shall
9 be available to the Secretary for the purpose of con-
10 ducting and supporting research and demonstration
11 projects by public or private entities, and providing
12 technical assistance to States, Indian tribal organi-
13 zations, and such other entities as the Secretary
14 may specify that are receiving a grant under this
15 part, which shall be expended primarily on activities
16 described in section 403(a)(2)(B), and which shall
17 be in addition to any other funds made available
18 under this part.

19 “(2) SET ASIDE FOR DEMONSTRATION
20 PROJECTS FOR COORDINATION OF PROVISION OF
21 CHILD WELFARE AND TANF SERVICES TO TRIBAL
22 FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—

23 “(A) IN GENERAL.—Of the amounts made
24 available under paragraph (1) for a fiscal year,
25 \$2,000,000 shall be awarded on a competitive

1 basis to fund demonstration projects designed
2 to test the effectiveness of tribal governments
3 or tribal consortia in coordinating the provision
4 to tribal families at risk of child abuse or ne-
5 glect of child welfare services and services
6 under tribal programs funded under this part.

7 “(B) USE OF FUNDS.—A grant made to
8 such a project shall be used—

9 “(i) to improve case management for
10 families eligible for assistance from such a
11 tribal program;

12 “(ii) for supportive services and as-
13 sistance to tribal children in out-of-home
14 placements and the tribal families caring
15 for such children, including families who
16 adopt such children; and

17 “(iii) for prevention services and as-
18 sistance to tribal families at risk of child
19 abuse and neglect.

20 “(C) REPORTS.—The Secretary may re-
21 quire a recipient of funds awarded under this
22 paragraph to provide the Secretary with such
23 information as the Secretary deems relevant to
24 enable the Secretary to facilitate and oversee

1 the administration of any project for which
2 funds are provided under this paragraph.”.

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

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

15 (d) REPORT ON COORDINATION.—Not later than 6
16 months after the date of the enactment of this Act, the
17 Secretary of Health and Human Services and the Sec-
18 retary of Labor shall jointly submit a report to the Con-
19 gress describing common or conflicting data elements,
20 definitions, performance measures, and reporting require-
21 ments in the Workforce Investment Act of 1998 and part
22 A of title IV of the Social Security Act, and, to the degree
23 each Secretary deems appropriate, at the discretion of ei-
24 ther Secretary, any other program administered by the re-

1 spective Secretary, to allow greater coordination between
2 the welfare and workforce development systems.

3 **SEC. 116. STUDIES BY THE CENSUS BUREAU AND THE GEN-**
4 **ERAL ACCOUNTING OFFICE.**

5 (a) CENSUS BUREAU STUDY.—

6 (1) IN GENERAL.—Section 414(a) (42 U.S.C.
7 614(a)) is amended to read as follows:

8 “(a) IN GENERAL.—The Bureau of the Census shall
9 implement a new longitudinal survey of program dynam-
10 ics, developed in consultation with the Secretary and made
11 available to interested parties, to allow for the assessment
12 of the outcomes of continued welfare reform on the eco-
13 nomic and child well-being of low-income families with
14 children, including those who received assistance or serv-
15 ices from a State program funded under this part, and,
16 to the extent possible, shall provide State representative
17 samples. The content of the survey should include such
18 information as may be necessary to examine the issues of
19 out-of-wedlock childbearing, marriage, welfare dependency
20 and compliance with work requirements, the beginning
21 and ending of spells of assistance, work, earnings and em-
22 ployment stability, and the well-being of children.”.

23 (2) APPROPRIATION.—Section 414(b) (42
24 U.S.C. 614(b)) is amended by striking “1996,” and

1 all that follows through “2002” and inserting “2003
2 through 2007”.

3 (b) GAO STUDIES.—

4 (1) STUDY REGARDING EFFECT OF PHASE-OUT
5 RATES.—

6 (A) IN GENERAL.—The Comptroller Gen-
7 eral of the United States shall conduct a study
8 to determine the combined effect of the phase-
9 out rates for Federal programs and policies
10 which provide support to low-income families
11 and individuals as they move from welfare to
12 work, at all earning levels up to \$35,000 per
13 year, for at least 5 States including Wisconsin
14 and California, and any potential disincentives
15 the combined phase-out rates create for families
16 to achieve independence or to marry.

17 (B) REPORT.—Not later than 1 year after
18 the date of the enactment of this subsection,
19 the Comptroller General shall submit a report
20 to Congress containing the results of the study
21 conducted under this paragraph and, as appro-
22 priate, any recommendations consistent with
23 the results.

24 (2) STUDY REGARDING ACCURACY OF WORK
25 PARTICIPATION RATES.—

1 (A) IN GENERAL.—The Comptroller Gen-
2 eral of the United States shall conduct a study
3 to determine the accuracy of the monthly work
4 participation rates reported by States under
5 section 407 of the Social Security Act (42
6 U.S.C. 607). The study shall include an exam-
7 ination of —

8 (i) whether States are accurately de-
9 termining that recipients of assistance
10 under the temporary assistance to needy
11 families program established under part A
12 of title IV of such Act (42 U.S.C. 601 et
13 seq.) are engaged in countable hours (as
14 defined in section 407(c) of such Act (42
15 U.S.C. 607(c)) (as amended by section
16 110(e)); and

17 (ii) the extent to which the minimum
18 participation rate required under that sec-
19 tion is reduced due to the caseload reduc-
20 tion credit provided under section
21 407(b)(3) of the Social Security Act (42
22 U.S.C. 607(b)(3) (as amended by section
23 110(e)), the employment credit provided
24 under section 407(b)(4) of such Act (42
25 U.S.C. 607(b)(4)) (as added by section

1 110(c)), or under other provisions of part
2 A of title IV of such Act (42 U.S.C. 601
3 et seq.) that allow recipients of assistance
4 under the temporary assistance to needy
5 families program to be deemed to be en-
6 gaged in a direct work activity for pur-
7 poses of determining such rate.

8 (B) REPORT.—Not later than 2 years after
9 the date of the enactment of this subsection,
10 the Comptroller General shall submit a report
11 to Congress containing the results of the study
12 conducted under this paragraph and, as appro-
13 priate, any recommendations consistent with
14 the results.

15 **SEC. 117. DEFINITION OF ASSISTANCE.**

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

18 “(6) ASSISTANCE.—

19 “(A) IN GENERAL.—The term ‘assistance’
20 means payment, by cash, voucher, or other
21 means, to or for an individual or family for the
22 purpose of meeting a subsistence need of the in-
23 dividual or family (including food, clothing,
24 shelter, and related items, but not including
25 costs of transportation or child care).

1 “(B) EXCEPTION.—The term ‘assistance’
2 does not include a payment described in sub-
3 paragraph (A) to or for an individual or family
4 on a short-term, nonrecurring basis (as defined
5 by the State in accordance with regulations pre-
6 scribed by the Secretary).”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is
9 amended by striking “assistance” and inserting
10 “aid”.

11 (2) Section 404(f) (42 U.S.C. 604(f)) is amend-
12 ed by striking “assistance” and inserting “benefits
13 or services”.

14 (3) Section 408(a)(5)(B)(i) (42 U.S.C.
15 608(a)(5)(B)(i)) is amended in the heading by strik-
16 ing “ASSISTANCE” and inserting “AID”.

17 (4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is
18 amended by striking “assistance” and inserting
19 “aid”.

20 **SEC. 118. TECHNICAL CORRECTIONS.**

21 (a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is
22 amended by inserting a comma after “appropriate”.

23 (b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C.
24 611(a)(1)(A)(ii)(III)) is amended by striking the last close
25 parenthesis.

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

3 (d)(1) Section 413 (42 U.S.C. 613) is amended by
4 striking subsection (g) and redesignating subsections (h)
5 through (j) and subsections (k) and (l) (as added by sec-
6 tions 112(c) and 115(a) of this Act, respectively) as sub-
7 sections (g) through (k), respectively.

8 (2) Each of the following provisions is amended by
9 striking “413(j)” and inserting “413(i)”:

10 (A) Section 403(a)(5)(A)(ii)(III) (42 U.S.C.
11 603(a)(5)(A)(ii)(III)).

12 (B) Section 403(a)(5)(F) (42 U.S.C.
13 603(a)(5)(F)).

14 (C) Section 403(a)(5)(G)(ii) (42 U.S.C.
15 603(a)(5)(G)(ii)).

16 (D) Section 412(a)(3)(B)(iv) (42 U.S.C.
17 612(a)(3)(B)(iv)).

18 **SEC. 119. FATHERHOOD PROGRAM.**

19 (a) **SHORT TITLE.**—This section may be cited as the
20 “Promotion and Support of Responsible Fatherhood and
21 Healthy Marriage Act of 2002”.

22 (b) **FATHERHOOD PROGRAM.**—

23 (1) **IN GENERAL.**—Title I of the Personal Re-
24 sponsibility and Work Opportunity Reconciliation

1 Act of 1996 (Public Law 104–193) is amended by
2 adding at the end the following:

3 **“SEC. 117. FATHERHOOD PROGRAM.**

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

6 **‘PART C—FATHERHOOD PROGRAM**

7 **‘SEC. 441. PURPOSES.**

8 ‘(a) PURPOSES.—The purposes of this part are:

9 ‘(1) To provide for projects and activities by
10 public entities and by nonprofit community entities,
11 including religious organizations, designed to test
12 promising approaches to accomplishing the following
13 objectives:

14 ‘(A) Promoting responsible, caring, and ef-
15 fective parenting through counseling, men-
16 toring, and parenting education, dissemination
17 of educational materials and information on
18 parenting skills, encouragement of positive fa-
19 ther involvement, including the positive involve-
20 ment of nonresident fathers, and other meth-
21 ods.

22 ‘(B) Enhancing the abilities and commit-
23 ment of unemployed or low-income fathers to
24 provide material support for their families and
25 to avoid or leave welfare programs by assisting

1 them to take full advantage of education, job
2 training, and job search programs, to improve
3 work habits and work skills, to secure career
4 advancement by activities such as outreach and
5 information dissemination, coordination, as ap-
6 propriate, with employment services and job
7 training programs, including the One-Stop de-
8 livery system established under title I of the
9 Workforce Investment Act of 1998, encourage-
10 ment and support of timely payment of current
11 child support and regular payment toward past
12 due child support obligations in appropriate
13 cases, and other methods.

14 ‘(C) Improving fathers’ ability to effec-
15 tively manage family business affairs by means
16 such as education, counseling, and mentoring in
17 matters including household management,
18 budgeting, banking, and handling of financial
19 transactions, time management, and home
20 maintenance.

21 ‘(D) Encouraging and supporting healthy
22 marriages and married fatherhood through such
23 activities as premarital education, including the
24 use of premarital inventories, marriage prepara-
25 tion programs, skills-based marriage education

1 programs, marital therapy, couples counseling,
2 divorce education and reduction programs, di-
3 vorce mediation and counseling, relationship
4 skills enhancement programs, including those
5 designed to reduce child abuse and domestic vi-
6 olence, and dissemination of information about
7 the benefits of marriage for both parents and
8 children.

9 ‘(2) Through the projects and activities de-
10 scribed in paragraph (1), to improve outcomes for
11 children with respect to measures such as increased
12 family income and economic security, improved
13 school performance, better health, improved emo-
14 tional and behavioral stability and social adjustment,
15 and reduced risk of delinquency, crime, substance
16 abuse, child abuse and neglect, teen sexual activity,
17 and teen suicide.

18 ‘(3) To evaluate the effectiveness of various ap-
19 proaches and to disseminate findings concerning out-
20 comes and other information in order to encourage
21 and facilitate the replication of effective approaches
22 to accomplishing these objectives.

23 **‘SEC. 442. DEFINITIONS.**

24 ‘In this part, the terms “Indian tribe” and “tribal
25 organization” have the meanings given them in sub-

1 sections (e) and (l), respectively, of section 4 of the Indian
2 Self-Determination and Education Assistance Act.

3 **‘SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.**

4 ‘(a) IN GENERAL.—The Secretary may make grants
5 for fiscal years 2003 through 2007 to public and nonprofit
6 community entities, including religious organizations, and
7 to Indian tribes and tribal organizations, for demonstra-
8 tion service projects and activities designed to test the ef-
9 fectiveness of various approaches to accomplish the objec-
10 tives specified in section 441(a)(1).

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

16 ‘(1) PROJECT DESCRIPTION.—A statement
17 including—

18 ‘(A) a description of the project and how
19 it will be carried out, including the geographical
20 area to be covered and the number and charac-
21 teristics of clients to be served, and how it will
22 address each of the 4 objectives specified in sec-
23 tion 441(a)(1); and

24 ‘(B) a description of the methods to be
25 used by the entity or its contractor to assess

1 the extent to which the project was successful
2 in accomplishing its specific objectives and the
3 general objectives specified in section 441(a)(1).

4 ‘(2) EXPERIENCE AND QUALIFICATIONS.—A
5 demonstration of ability to carry out the project, by
6 means such as demonstration of experience in suc-
7 cessfully carrying out projects of similar design and
8 scope, and such other information as the Secretary
9 may find necessary to demonstrate the entity’s ca-
10 pacity to carry out the project, including the entity’s
11 ability to provide the non-Federal share of project
12 resources.

13 ‘(3) ADDRESSING CHILD ABUSE AND NEGLECT
14 AND DOMESTIC VIOLENCE.—A description of how
15 the entity will assess for the presence of, and inter-
16 vene to resolve, domestic violence and child abuse
17 and neglect, including how the entity will coordinate
18 with State and local child protective service and do-
19 mestic violence programs.

20 ‘(4) ADDRESSING CONCERNS RELATING TO
21 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
22 mitment to make available to each individual partici-
23 pating in the project education about alcohol, to-
24 bacco, and other drugs, and about the health risks
25 associated with abusing such substances, and infor-

1 mation about diseases and conditions transmitted
2 through substance abuse and sexual contact, includ-
3 ing HIV/AIDS, and to coordinate with providers of
4 services addressing such problems, as appropriate.

5 ‘(5) COORDINATION WITH SPECIFIED PRO-
6 GRAMS.—An undertaking to coordinate, as appro-
7 priate, with State and local entities responsible for
8 the programs under parts A, B, and D of this title,
9 including programs under title I of the Workforce
10 Investment Act of 1998 (including the One-Stop de-
11 livery system), and such other programs as the Sec-
12 retary may require.

13 ‘(6) RECORDS, REPORTS, AND AUDITS.—An
14 agreement to maintain such records, make such re-
15 ports, and cooperate with such reviews or audits as
16 the Secretary may find necessary for purposes of
17 oversight of project activities and expenditures.

18 ‘(7) SELF-INITIATED EVALUATION.—If the enti-
19 ty elects to contract for independent evaluation of
20 the project (part or all of the cost of which may be
21 paid for using grant funds), a commitment to sub-
22 mit to the Secretary a copy of the evaluation report
23 within 30 days after completion of the report and
24 not more than 1 year after completion of the project.

1 ‘(8) COOPERATION WITH SECRETARY’S OVER-
2 SIGHT AND EVALUATION.—An agreement to cooper-
3 ate with the Secretary’s evaluation of projects as-
4 sisted under this section, by means including ran-
5 dom assignment of clients to service recipient and
6 control groups, if determined by the Secretary to be
7 appropriate, and affording the Secretary access to
8 the project and to project-related records and docu-
9 ments, staff, and clients.

10 ‘(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE
11 GRANTS.—In order to be eligible for a grant under this
12 section in an amount under \$25,000 per fiscal year, an
13 entity shall submit an application to the Secretary con-
14 taining the following:

15 ‘(1) PROJECT DESCRIPTION.—A description of
16 the project and how it will be carried out, including
17 the number and characteristics of clients to be
18 served, the proposed duration of the project, and
19 how it will address at least 1 of the 4 objectives
20 specified in section 441(a)(1).

21 ‘(2) QUALIFICATIONS.—Such information as
22 the Secretary may require as to the capacity of the
23 entity to carry out the project, including any pre-
24 vious experience with similar activities.

1 ‘(3) COORDINATION WITH RELATED PRO-
2 GRAMS.—As required by the Secretary in appro-
3 priate cases, an undertaking to coordinate and co-
4 operate with State and local entities responsible for
5 specific programs relating to the objectives of the
6 project including, as appropriate, jobs programs and
7 programs serving children and families.

8 ‘(4) RECORDS, REPORTS, AND AUDITS.—An
9 agreement to maintain such records, make such re-
10 ports, and cooperate with such reviews or audits as
11 the Secretary may find necessary for purposes of
12 oversight of project activities and expenditures.

13 ‘(5) COOPERATION WITH SECRETARY’S OVER-
14 SIGHT AND EVALUATION.—An agreement to cooper-
15 ate with the Secretary’s evaluation of projects as-
16 sisted under this section, by means including afford-
17 ing the Secretary access to the project and to
18 project-related records and documents, staff, and cli-
19 ents.

20 ‘(d) CONSIDERATIONS IN AWARDING GRANTS.—

21 ‘(1) DIVERSITY OF PROJECTS.—In awarding
22 grants under this section, the Secretary shall seek to
23 achieve a balance among entities of differing sizes,
24 entities in differing geographic areas, entities in
25 urban and in rural areas, and entities employing dif-

1 fering methods of achieving the purposes of this sec-
2 tion, including working with the State agency re-
3 sponsible for the administration of part D to help fa-
4 thers satisfy child support arrearage obligations.

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

10 ‘(e) FEDERAL SHARE.—

11 ‘(1) IN GENERAL.—Grants for a project under
12 this section for a fiscal year shall be available for a
13 share of the cost of such project in such fiscal year
14 equal to—

15 ‘(A) up to 80 percent (or up to 90 percent,
16 if the entity demonstrates to the Secretary’s
17 satisfaction circumstances limiting the entity’s
18 ability to secure non-Federal resources) in the
19 case of a project under subsection (b); and

20 ‘(B) up to 100 percent, in the case of a
21 project under subsection (c).

22 ‘(2) NON-FEDERAL SHARE.—The non-Federal
23 share may be in cash or in kind. In determining the
24 amount of the non-Federal share, the Secretary may

1 attribute fair market value to goods, services, and
2 facilities contributed from non-Federal sources.

3 **‘SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION**
4 **PROJECTS.**

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

12 ‘(b) ELIGIBLE ENTITIES.—An entity eligible for a
13 grant under this section must be a national nonprofit fa-
14 therhood promotion organization that meets the following
15 requirements:

16 ‘(1) EXPERIENCE WITH FATHERHOOD PRO-
17 GRAMS.—The organization must have substantial ex-
18 perience in designing and successfully conducting
19 programs that meet the purposes described in sec-
20 tion 441.

21 ‘(2) EXPERIENCE WITH MULTICITY,
22 MULTISTATE PROGRAMS AND GOVERNMENT COORDI-
23 NATION.—The organization must have experience in
24 simultaneously conducting such programs in more
25 than 1 major metropolitan area in more than 1

1 State and in coordinating such programs, where ap-
2 propriate, with State and local government agencies
3 and private, nonprofit agencies (including commu-
4 nity-based and religious organizations), including
5 State or local agencies responsible for child support
6 enforcement and workforce development.

7 ‘(c) APPLICATION REQUIREMENTS.—In order to be
8 eligible for a grant under this section, an entity must sub-
9 mit to the Secretary an application that includes the fol-
10 lowing:

11 ‘(1) QUALIFICATIONS.—

12 ‘(A) ELIGIBLE ENTITY.—A demonstration
13 that the entity meets the requirements of sub-
14 section (b).

15 ‘(B) OTHER.—Such other information as
16 the Secretary may find necessary to dem-
17 onstrate the entity’s capacity to carry out the
18 project, including the entity’s ability to provide
19 the non-Federal share of project resources.

20 ‘(2) PROJECT DESCRIPTION.—A description of
21 and commitments concerning the project design, in-
22 cluding the following:

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

1 ‘(i) provide for the project to be con-
2 ducted in at least 3 major metropolitan
3 areas;

4 ‘(ii) state how it will address each of
5 the 4 objectives specified in section
6 441(a)(1);

7 ‘(iii) demonstrate that there is a suffi-
8 cient number of potential clients to allow
9 for the random selection of individuals to
10 participate in the project and for compari-
11 sons with appropriate control groups com-
12 posed of individuals who have not partici-
13 pated in such projects; and

14 ‘(iv) demonstrate that the project is
15 designed to direct a majority of project re-
16 sources to activities serving low-income fa-
17 thers (but the project need not make serv-
18 ices available on a means-tested basis).

19 ‘(B) OVERSIGHT, EVALUATION, AND AD-
20 JUSTMENT COMPONENT.—An agreement that
21 the entity—

22 ‘(i) in consultation with the evaluator
23 selected pursuant to section 445, and as
24 required by the Secretary, will modify the
25 project design, initially and (if necessary)

1 subsequently throughout the duration of
2 the project, in order to facilitate ongoing
3 and final oversight and evaluation of
4 project operation and outcomes (by means
5 including, to the maximum extent feasible,
6 random assignment of clients to service re-
7 cipient and control groups), and to provide
8 for mid-course adjustments in project de-
9 sign indicated by interim evaluations;

10 ‘(ii) will submit to the Secretary re-
11 vised descriptions of the project design as
12 modified in accordance with clause (i); and

13 ‘(iii) will cooperate fully with the Sec-
14 retary’s ongoing oversight and ongoing and
15 final evaluation of the project, by means
16 including affording the Secretary access to
17 the project and to project-related records
18 and documents, staff, and clients.

19 ‘(3) ADDRESSING CHILD ABUSE AND NEGLECT
20 AND DOMESTIC VIOLENCE.—A description of how
21 the entity will assess for the presence of, and inter-
22 vene to resolve, domestic violence and child abuse
23 and neglect, including how the entity will coordinate
24 with State and local child protective service and do-
25 mestic violence programs.

1 ‘(4) ADDRESSING CONCERNS RELATING TO
2 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
3 mitment to make available to each individual partici-
4 pating in the project education about alcohol, to-
5 bacco, and other drugs, and about the health risks
6 associated with abusing such substances, and infor-
7 mation about diseases and conditions transmitted
8 through substance abuse and sexual contact, includ-
9 ing HIV/AIDS, and to coordinate with providers of
10 services addressing such problems, as appropriate.

11 ‘(5) COORDINATION WITH SPECIFIED PRO-
12 GRAMS.—An undertaking to coordinate, as appro-
13 priate, with State and local entities responsible for
14 the programs funded under parts A, B, and D of
15 this title, programs under title I of the Workforce
16 Investment Act of 1998 (including the One-Stop de-
17 livery system), and such other programs as the Sec-
18 retary may require.

19 ‘(6) RECORDS, REPORTS, AND AUDITS.—An
20 agreement to maintain such records, make such re-
21 ports, and cooperate with such reviews or audits (in
22 addition to those required under the preceding provi-
23 sions of paragraph (2)) as the Secretary may find
24 necessary for purposes of oversight of project activi-
25 ties and expenditures.

1 ‘(d) FEDERAL SHARE.—

2 ‘(1) IN GENERAL.—Grants for a project under
3 this section for a fiscal year shall be available for up
4 to 80 percent of the cost of such project in such fis-
5 cal year.

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

11 **‘SEC. 445. EVALUATION.**

12 ‘(a) IN GENERAL.—The Secretary, directly or by con-
13 tract or cooperative agreement, shall evaluate the effec-
14 tiveness of service projects funded under sections 443 and
15 444 from the standpoint of the purposes specified in sec-
16 tion 441(a)(1).

17 ‘(b) EVALUATION METHODOLOGY.—Evaluations
18 under this section shall—

19 ‘(1) include, to the maximum extent feasible,
20 random assignment of clients to service delivery and
21 control groups and other appropriate comparisons of
22 groups of individuals receiving and not receiving
23 services;

1 ‘(2) describe and measure the effectiveness of
2 the projects in achieving their specific project goals;
3 and

4 ‘(3) describe and assess, as appropriate, the im-
5 pact of such projects on marriage, parenting, domes-
6 tic violence, child abuse and neglect, money manage-
7 ment, employment and earnings, payment of child
8 support, and child well-being, health, and education.

9 ‘(c) EVALUATION REPORTS.—The Secretary shall
10 publish the following reports on the results of the evalua-
11 tion:

12 ‘(1) An implementation evaluation report cov-
13 ering the first 24 months of the activities under this
14 part to be completed by 36 months after initiation
15 of such activities.

16 ‘(2) A final report on the evaluation to be com-
17 pleted by September 30, 2010.

18 **‘SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.**

19 ‘The Secretary is authorized, by grant, contract, or
20 cooperative agreement, to carry out projects and activities
21 of national significance relating to fatherhood promotion,
22 including—

23 ‘(1) COLLECTION AND DISSEMINATION OF IN-
24 FORMATION.—Assisting States, communities, and
25 private entities, including religious organizations, in

1 efforts to promote and support marriage and respon-
2 sible fatherhood by collecting, evaluating, developing,
3 and making available (through the Internet and by
4 other means) to all interested parties information re-
5 garding approaches to accomplishing the objectives
6 specified in section 441(a)(1).

7 ‘(2) MEDIA CAMPAIGN.—Developing, promoting,
8 and distributing to interested States, local govern-
9 ments, public agencies, and private nonprofit organi-
10 zations, including charitable and religious organiza-
11 tions, a media campaign that promotes and encour-
12 ages involved, committed, and responsible fatherhood
13 and married fatherhood.

14 ‘(3) TECHNICAL ASSISTANCE.—Providing tech-
15 nical assistance, including consultation and training,
16 to public and private entities, including community
17 organizations and faith-based organizations, in the
18 implementation of local fatherhood promotion pro-
19 grams.

20 ‘(4) RESEARCH.—Conducting research related
21 to the purposes of this part.

22 **‘SEC. 447. NONDISCRIMINATION.**

23 ‘The projects and activities assisted under this part
24 shall be available on the same basis to all fathers and ex-
25 pectant fathers able to benefit from such projects and ac-

1 tivities, including married and unmarried fathers and cus-
 2 todial and noncustodial fathers, with particular attention
 3 to low-income fathers, and to mothers and expectant
 4 mothers on the same basis as to fathers.

5 **‘SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RES-**
 6 **ERVATION FOR CERTAIN PURPOSE.**

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

10 ‘(b) RESERVATION.—Of the amount appropriated
 11 under this section for each fiscal year, not more than 15
 12 percent shall be available for the costs of the multicounty,
 13 multicounty, multistate demonstration projects under sec-
 14 tion 444, evaluations under section 445, and projects of
 15 national significance under section 446.’.

16 “(b) INAPPLICABILITY OF EFFECTIVE DATE PROVI-
 17 SIONS.—Section 116 shall not apply to the amendment
 18 made by subsection (a) of this section.”.

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

“Sec. 117. Fatherhood program.”.

1 **SEC. 120. STATE OPTION TO MAKE TANF PROGRAMS MAN-**
 2 **DATORY PARTNERS WITH ONE-STOP EMPLOY-**
 3 **MENT TRAINING CENTERS.**

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

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

17 **SEC. 121. SENSE OF THE CONGRESS.**

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

20 **TITLE II—CHILD CARE**

21 **SEC. 201. ENTITLEMENT FUNDING.**

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

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

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

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

4 “(G) \$2,917,000,000 for each of fiscal
5 years 2003 through 2007.”.

6 **TITLE III—CHILD SUPPORT**

7 **SEC. 301. FEDERAL MATCHING FUNDS FOR LIMITED PASS** 8 **THROUGH OF CHILD SUPPORT PAYMENTS TO** 9 **FAMILIES RECEIVING TANF.**

10 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
11 657(a)) is amended—

12 (1) in paragraph (1)(A), by inserting “subject
13 to paragraph (7)” before the semicolon; and

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

15 “(7) FEDERAL MATCHING FUNDS FOR LIMITED
16 PASS THROUGH OF CHILD SUPPORT PAYMENTS TO
17 FAMILIES RECEIVING TANF.—Notwithstanding para-
18 graph (1), a State shall not be required to pay to
19 the Federal Government the Federal share of an
20 amount collected during a month on behalf of a fam-
21 ily that is a recipient of assistance under the State
22 program funded under part A, to the extent that—

23 “(A) the State distributes the amount to
24 the family;

1 “(B) the total of the amounts so distrib-
2 uted to the family during the month—

3 “(i) exceeds the amount (if any) that,
4 as of December 31, 2001, was required
5 under State law to be distributed to a fam-
6 ily under paragraph (1)(B); and

7 “(ii) does not exceed the greater of—

8 “(I) \$100; or

9 “(II) \$50 plus the amount de-
10 scribed in clause (i); and

11 “(C) the amount is disregarded in deter-
12 mining the amount and type of assistance pro-
13 vided to the family under the State program
14 funded under part A.”.

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

18 **SEC. 302. STATE OPTION TO PASS THROUGH ALL CHILD**
19 **SUPPORT PAYMENTS TO FAMILIES THAT**
20 **FORMERLY RECEIVED TANF.**

21 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
22 657(a)), as amended by section 401(a) of this Act, is
23 amended—

1 **SEC. 304. MANDATORY FEE FOR SUCCESSFUL CHILD SUP-**
2 **PORT COLLECTION FOR FAMILY THAT HAS**
3 **NEVER RECEIVED TANF.**

4 (a) IN GENERAL.—Section 454(6)(B) (42 U.S.C.
5 654(6)(B)) is amended—

6 (1) by inserting “(i)” after “(B)”;

7 (2) by redesignating clauses (i) and (ii) as sub-
8 clauses (I) and (II), respectively;

9 (3) by adding “and” after the semicolon; and

10 (4) by adding after and below the end the fol-
11 lowing new clause:

12 “(ii) in the case of an individual who has
13 never received assistance under a State pro-
14 gram funded under part A and for whom the
15 State has collected at least \$500 of support, the
16 State shall impose an annual fee of \$25 for
17 each case in which services are furnished, which
18 shall be retained by the State from support col-
19 lected on behalf of the individual (but not from
20 the 1st \$500 so collected), paid by the indi-
21 vidual applying for the services, recovered from
22 the absent parent, or paid by the State out of
23 its own funds (the payment of which from State
24 funds shall not be considered as an administra-
25 tive cost of the State for the operation of the

1 plan, and shall be considered income to the pro-
2 gram);”.

3 (b) CONFORMING AMENDMENT.—Section 457(a)(3)
4 (42 U.S.C. 657(a)(3)) is amended to read as follows:

5 “(3) FAMILIES THAT NEVER RECEIVED ASSIST-
6 ANCE.—In the case of any other family, the State
7 shall distribute to the family the portion of the
8 amount so collected that remains after withholding
9 any fee pursuant to section 454(6)(B)(ii).”.

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

12 **SEC. 305. REPORT ON UNDISTRIBUTED CHILD SUPPORT**
13 **PAYMENTS.**

14 Not later than 6 months after the date of the enact-
15 ment of this Act, the Secretary of Health and Human
16 Services shall submit to the Committee on Ways and
17 Means of the House of Representatives and the Committee
18 on Finance of the Senate a report on the procedures that
19 the States use generally to locate custodial parents for
20 whom child support has been collected but not yet distrib-
21 uted. The report shall include an estimate of the total
22 amount of such undistributed child support and the aver-
23 age length of time it takes for such child support to be
24 distributed. To the extent the Secretary deems appro-
25 priate, the Secretary shall include in the report rec-

1 ommendations as to whether additional procedures should
 2 be established at the State or Federal level to expedite
 3 the payment of undistributed child support.

4 **SEC. 306. USE OF NEW HIRE INFORMATION TO ASSIST IN**
 5 **ADMINISTRATION OF UNEMPLOYMENT COM-**
 6 **PENSATION PROGRAMS.**

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

9 “(7) INFORMATION COMPARISONS AND DISCLO-
 10 SURE TO ASSIST IN ADMINISTRATION OF UNEMPLOY-
 11 MENT COMPENSATION PROGRAMS.—

12 “(A) IN GENERAL.—If a State agency re-
 13 sponsible for the administration of an unem-
 14 ployment compensation program under Federal
 15 or State law transmits to the Secretary the
 16 name and social security account number of an
 17 individual, the Secretary shall, if the informa-
 18 tion in the National Directory of New Hires in-
 19 dicates that the individual may be employed,
 20 disclose to the State agency the name, address,
 21 and employer identification number of any pu-
 22 tative employer of the individual, subject to this
 23 paragraph.

24 “(B) CONDITION ON DISCLOSURE.—The
 25 Secretary shall make a disclosure under sub-

1 paragraph (A) only to the extent that the Sec-
2 retary determines that the disclosure would not
3 interfere with the effective operation of the pro-
4 gram under this part.

5 “(C) USE OF INFORMATION.—A State
6 agency may use information provided under this
7 paragraph only for purposes of administering a
8 program referred to in subparagraph (A).”.

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

11 **SEC. 307. DECREASE IN AMOUNT OF CHILD SUPPORT AR-**
12 **REARAGE TRIGGERING PASSPORT DENIAL.**

13 (a) IN GENERAL.—Section 452(k)(1) (42 U.S.C.
14 652(k)(1)) is amended by striking “\$5,000” and inserting
15 “\$2,500”.

16 (b) CONFORMING AMENDMENT.—Section 454(31)
17 (42 U.S.C. 654(31)) is amended by striking “\$5,000” and
18 inserting “\$2,500”.

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

21 **SEC. 308. USE OF TAX REFUND INTERCEPT PROGRAM TO**
22 **COLLECT PAST-DUE CHILD SUPPORT ON BE-**
23 **HALF OF CHILDREN WHO ARE NOT MINORS.**

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

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

4 (2) in subsection (c)—

5 (A) in paragraph (1)—

6 (i) by striking “(1) Except as pro-
7 vided in paragraph (2), as used in” and in-
8 serting “In”; and

9 (ii) by inserting “(whether or not a
10 minor)” after “a child” each place it ap-
11 pears; and

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

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

15 **SEC. 309. GARNISHMENT OF COMPENSATION PAID TO VET-**
16 **ERANS FOR SERVICE-CONNECTED DISABIL-**
17 **ITIES IN ORDER TO ENFORCE CHILD SUP-**
18 **PORT OBLIGATIONS.**

19 (a) IN GENERAL.—Section 459(h) (42 U.S.C.
20 659(h)) is amended—

21 (1) in paragraph (1)(A)(ii)(V), by striking all
22 that follows “Armed Forces” and inserting a semi-
23 colon; and

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

1 “(3) LIMITATIONS WITH RESPECT TO COM-
 2 PENSATION PAID TO VETERANS FOR SERVICE-CON-
 3 NECTED DISABILITIES.—Notwithstanding any other
 4 provision of this section:

5 “(A) Compensation described in paragraph
 6 (1)(A)(ii)(V) shall not be subject to withholding
 7 pursuant to this section—

8 “(i) for payment of alimony; or

9 “(ii) for payment of child support if
 10 the individual is fewer than 60 days in ar-
 11 rears in payment of the support.

12 “(B) Not more than 50 percent of any
 13 payment of compensation described in para-
 14 graph (1)(A)(ii)(V) may be withheld pursuant
 15 to this section.”.

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

18 **SEC. 310. IMPROVING FEDERAL DEBT COLLECTION PRAC-**
 19 **TICES.**

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

22 “(3) In applying this subsection with respect to any
 23 debt owed to a State, other than past due support being
 24 enforced by the State, subsection (c)(3)(A) shall not apply.
 25 Subsection (c)(3)(A) shall apply with respect to past due

1 support being enforced by the State notwithstanding any
2 other provision of law, including sections 207 and
3 1631(d)(1) of the Social Security Act (42 U.S.C. 407 and
4 1383(d)(1)), section 413(b) of Public Law 91–173 (30
5 U.S.C. 923(b)), and section 14 of the Act of August 29,
6 1935 (45 U.S.C. 231m).”.

7 **SEC. 311. MAINTENANCE OF TECHNICAL ASSISTANCE**
8 **FUNDING.**

9 Section 452(j) (42 U.S.C. 652(j)) is amended by in-
10 sserting “or the amount appropriated under this paragraph
11 for fiscal year 2002, whichever is greater,” before “which
12 shall be available”.

13 **SEC. 312. MAINTENANCE OF FEDERAL PARENT LOCATOR**
14 **SERVICE FUNDING.**

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

16 (1) in the 1st sentence, by inserting “or the
17 amount appropriated under this paragraph for fiscal
18 year 2002, whichever is greater,” before “which
19 shall be available”; and

20 (2) in the 2nd sentence, by striking “for each
21 of fiscal years 1997 through 2001”.

1 **TITLE IV—CHILD WELFARE**

2 **SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEM-**
3 **ONSTRATION PROJECTS.**

4 Section 1130(a)(2) (42 U.S.C. 1320a-9(a)(2)) is
5 amended by striking “2002” and inserting “2007”.

6 **SEC. 402. ELIMINATION OF LIMITATION ON NUMBER OF**
7 **WAIVERS.**

8 Section 1130(a)(2) (42 U.S.C. 1320a-9(a)(2)) is
9 amended by striking “not more than 10”.

10 **SEC. 403. ELIMINATION OF LIMITATION ON NUMBER OF**
11 **STATES THAT MAY BE GRANTED WAIVERS TO**
12 **CONDUCT DEMONSTRATION PROJECTS ON**
13 **SAME TOPIC.**

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

16 “(h) NO LIMIT ON NUMBER OF STATES THAT MAY
17 BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR
18 DEMONSTRATION PROJECTS.—The Secretary shall not
19 refuse to grant a waiver to a State under this section on
20 the grounds that a purpose of the waiver or of the dem-
21 onstration project for which the waiver is necessary would
22 be the same as or similar to a purpose of another waiver
23 or project that is or may be conducted under this sec-
24 tion.”.

1 **SEC. 404. ELIMINATION OF LIMITATION ON NUMBER OF**
2 **WAIVERS THAT MAY BE GRANTED TO A SIN-**
3 **GLE STATE FOR DEMONSTRATION PROJECTS.**

4 Section 1130 (42 U.S.C. 1320a–9) is further amend-
5 ed by adding at the end the following:

6 “(i) NO LIMIT ON NUMBER OF WAIVERS GRANTED
7 TO, OR DEMONSTRATION PROJECTS THAT MAY BE CON-
8 DUCTED BY, A SINGLE STATE.—The Secretary shall not
9 impose any limit on the number of waivers that may be
10 granted to a State, or the number of demonstration
11 projects that a State may be authorized to conduct, under
12 this section.”.

13 **SEC. 405. STREAMLINED PROCESS FOR CONSIDERATION OF**
14 **AMENDMENTS TO AND EXTENSIONS OF DEM-**
15 **ONSTRATION PROJECTS REQUIRING WAIV-**
16 **ERS.**

17 Section 1130 (42 U.S.C. 1320a–9) is further amend-
18 ed by adding at the end the following:

19 “(j) STREAMLINED PROCESS FOR CONSIDERATION
20 OF AMENDMENTS AND EXTENSIONS.—The Secretary
21 shall develop a streamlined process for consideration of
22 amendments and extensions proposed by States to dem-
23 onstration projects conducted under this section.”.

24 **SEC. 406. AVAILABILITY OF REPORTS.**

25 Section 1130 (42 U.S.C. 1320a–9) is further amend-
26 ed by adding at the end the following:

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

8 **SEC. 407. TECHNICAL CORRECTION.**

9 Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is
 10 amended by striking “422(b)(9)” and inserting
 11 “422(b)(10)”.

12 **TITLE V—SUPPLEMENTAL**
 13 **SECURITY INCOME**

14 **SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DIS-**
 15 **ABILITY DETERMINATIONS.**

16 Section 1633 (42 U.S.C. 1383b) is amended by add-
 17 ing at the end the following:

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

1 “(2)(A) In carrying out paragraph (1), the Commis-
2 sioner of Social Security shall review—

3 “(i) at least 20 percent of all determinations re-
4 ferred to in paragraph (1) that are made in fiscal
5 year 2003;

6 “(ii) at least 40 percent of all such determina-
7 tions that are made in fiscal year 2004; and

8 “(iii) at least 50 percent of all such determina-
9 tions that are made in fiscal year 2005 or thereafter.

10 “(B) In carrying out subparagraph (A), the Commis-
11 sioner of Social Security shall, to the extent feasible, select
12 for review the determinations which the Commissioner of
13 Social Security identifies as being the most likely to be
14 incorrect.”.

15 **TITLE VI—STATE AND LOCAL**
16 **FLEXIBILITY**

17 **SEC. 601. PROGRAM COORDINATION DEMONSTRATION**
18 **PROJECTS.**

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

1 vative approaches to strengthen service systems and pro-
2 vide more coordinated and effective service delivery.

3 (b) DEFINITIONS.—In this section:

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

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

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

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

14 (C) activities funded under title I of the
15 Workforce Investment Act of 1998, except sub-
16 title C of such title;

17 (D) a demonstration project authorized
18 under section 505 of the Family Support Act of
19 1988;

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

22 (F) activities funded under the Adult Edu-
23 cation and Family Literacy Act;

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

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

4 (i) any program for rental assistance
5 under section 8 of such Act (42 U.S.C.
6 1437f); and

7 (ii) the program under section 7 of
8 such Act (42 U.S.C. 1437e) for desig-
9 nating public housing for occupancy by
10 certain populations;

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

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

17 (c) APPLICATION REQUIREMENTS.—The head of a
18 State entity or of a sub-State entity administering 2 or
19 more qualified programs proposed to be included in a dem-
20 onstration project under this section shall (or, if the
21 project is proposed to include qualified programs adminis-
22 tered by 2 or more such entities, the heads of the admin-
23 istering entities (each of whom shall be considered an ap-
24 plicant for purposes of this section) shall jointly) submit

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

3 (1) PROGRAMS INCLUDED.—A statement identi-
4 fying each qualified program to be included in the
5 project, and describing how the purposes of each
6 such program will be achieved by the project.

7 (2) POPULATION SERVED.—A statement identi-
8 fying the population to be served by the project and
9 specifying the eligibility criteria to be used.

10 (3) DESCRIPTION AND JUSTIFICATION.—A de-
11 tailed description of the project, including—

12 (A) a description of how the project is ex-
13 pected to improve or enhance achievement of
14 the purposes of the programs to be included in
15 the project, from the standpoint of quality, of
16 cost-effectiveness, or of both; and

17 (B) a description of the performance objec-
18 tives for the project, including any proposed
19 modifications to the performance measures and
20 reporting requirements used in the programs.

21 (4) WAIVERS REQUESTED.—A description of
22 the statutory and regulatory requirements with re-
23 spect to which a waiver is requested in order to
24 carry out the project, and a justification of the need
25 for each such waiver.

1 (5) COST NEUTRALITY.—Such information and
2 assurances as necessary to establish to the satisfac-
3 tion of the administering Secretary, in consultation
4 with the Director of the Office of Management and
5 Budget, that the proposed project is reasonably ex-
6 pected to meet the applicable cost neutrality require-
7 ments of subsection (d)(5).

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

14 (7) PUBLIC HOUSING AGENCY PLAN.—In the
15 case of an application proposing a demonstration
16 project that includes activities referred to in sub-
17 section (b)(2)(H) of this section—

18 (A) a certification that the applicable an-
19 nual public housing agency plan of any agency
20 affected by the project that is approved under
21 section 5A of the United States Housing Act of
22 1937 (42 U.S.C. 1437e–1) by the Secretary in-
23 cludes the information specified in paragraphs
24 (1) through (4) of this subsection; and

1 (B) any resident advisory board rec-
2 ommendations, and other information, relating
3 to the project that, pursuant to section
4 5A(e)(2) of the United States Housing Act of
5 1937 (42 U.S.C. 1437c-1(e)(2)), is required to
6 be included in the public housing agency plan of
7 any public housing agency affected by the
8 project.

9 (8) OTHER INFORMATION AND ASSURANCES.—

10 Such other information and assurances as the ad-
11 ministering Secretary may require.

12 (d) APPROVAL OF APPLICATIONS.—

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

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

1 (B) may reasonably be expected to meet
 2 the applicable cost neutrality requirements of
 3 paragraph (5), as determined by the Director of
 4 the Office of Management and Budget; and

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

7 (2) PROVISIONS EXCLUDED FROM WAIVER AU-
 8 THORITY.—Except as provided in paragraph (3), a
 9 waiver shall not be granted under paragraph (1)—

10 (A) with respect to any provision of law re-
 11 lating to—

12 (i) civil rights or prohibition of dis-
 13 crimination;

14 (ii) purposes or goals of any program;

15 (iii) maintenance of effort require-
 16 ments;

17 (iv) health or safety;

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

20 (vi) environmental protection;

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

23 (C) in the case of a program under the
 24 United States Housing Act of 1937 (42 U.S.C.
 25 1437 et seq.), with respect to any requirement

1 under section 5A of such Act (42 U.S.C.
2 1437e-1; relating to public housing agency
3 plans and resident advisory boards);

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

8 (i) section 6 (if waiving a requirement
9 under such section would have the effect of
10 expanding eligibility for the program), 7(b)
11 or 16(e) of the Food Stamp Act of 1977
12 (7 U.S.C. 2011 et seq.); or

13 (ii) title IV of the Personal Responsi-
14 bility and Work Opportunity Reconciliation
15 Act of 1996 (8 U.S.C. 1601 et seq.); or

16 (E) with respect to any requirement that a
17 State pass through to a sub-State entity part or
18 all of an amount paid to the State.

19 (3) GRIEVANCES AND COMPLAINTS PROCE-
20 DURES.—Provisions related to required State and
21 local procedures for addressing complaints or griev-
22 ances regarding the matters identified in paragraph
23 (2)(A) may be waived to the extent necessary to pro-
24 vide for the consolidation and uniformity of such

1 procedures in a State across programs or Acts de-
2 scribed in subsection (b)(2).

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

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

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

20 (5) COST-NEUTRALITY REQUIREMENT.—

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

1 which an entity conducting a demonstration
2 project under this section is located that are af-
3 fected by the project shall not exceed the esti-
4 mated total amount that the Federal Govern-
5 ment would have paid for the fiscal year with
6 respect to the programs if the project had not
7 been conducted, as determined by the Director
8 of the Office of Management and Budget.

9 (B) SPECIAL RULE.—If an applicant sub-
10 mits to the Director of the Office of Manage-
11 ment and Budget a request to apply the rules
12 of this subparagraph to the programs in the
13 State in which the applicant is located that are
14 affected by a demonstration project proposed in
15 an application submitted by the applicant pur-
16 suant to this section, during such period of not
17 more than 5 consecutive fiscal years in which
18 the project is in effect, and the Director deter-
19 mines, on the basis of supporting information
20 provided by the applicant, to grant the request,
21 then, notwithstanding any other provision of
22 law, the total of the amounts that may be paid
23 by the Federal Government for the period with
24 respect to the programs shall not exceed the es-
25 timated total amount that the Federal Govern-

1 ment would have paid for the period with re-
2 spect to the programs if the project had not
3 been conducted.

4 (6) 90-DAY APPROVAL DEADLINE.—

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

10 (i) the administering Secretary is
11 deemed to have approved the application
12 for such period as is requested in the ap-
13 plication, except to the extent inconsistent
14 with subsection (e); and

15 (ii) any waiver requested in the appli-
16 cation which applies to a qualified program
17 that is identified in the application and is
18 administered by the administering Sec-
19 retary is deemed to be granted, except to
20 the extent inconsistent with paragraph (2)
21 or (5) of this subsection.

22 (B) DEADLINE EXTENDED IF ADDITIONAL
23 INFORMATION IS SOUGHT.—The 90-day period
24 referred to in subparagraph (A) shall not in-
25 clude any period that begins with the date the

1 Secretary requests the applicant to provide ad-
2 ditional information with respect to the applica-
3 tion and ends with the date the additional in-
4 formation is provided.

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

8 (f) REPORTS TO CONGRESS.—

9 (1) REPORT ON DISPOSITION OF APPLICA-
10 TIONS.—Within 90 days after an administering Sec-
11 retary receives an application submitted pursuant to
12 this section, the administering Secretary shall sub-
13 mit to each Committee of the Congress which has
14 jurisdiction over a qualified program identified in
15 the application notice of the receipt, a description of
16 the decision of the administering Secretary with re-
17 spect to the application, and the reasons for approv-
18 ing or disapproving the application.

19 (2) REPORTS ON PROJECTS.—Each admin-
20 istering Secretary shall provide annually to the Con-
21 gress a report concerning demonstration projects ap-
22 proved under this section, including—

23 (A) the projects approved for each appli-
24 cant;

1 (B) the number of waivers granted under
2 this section, and the specific statutory provi-
3 sions waived;

4 (C) how well each project for which a waiv-
5 er is granted is improving or enhancing pro-
6 gram achievement from the standpoint of qual-
7 ity, cost-effectiveness, or both;

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

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

14 (F) to the extent the administering Sec-
15 retary deems appropriate, recommendations for
16 modification of programs based on outcomes of
17 the projects.

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

21 (1) by redesignating paragraph (18) as para-
22 graph (19); and

23 (2) by inserting after paragraph (17) the fol-
24 lowing new paragraph:

1 “(18) PROGRAM COORDINATION DEMONSTRATION PROJECTS.—In the case of an agency that administers an activity referred to in section 2
3 601(b)(2)(H) of the Working Toward Independence Act of 2002 that, during such fiscal year, will be included in a demonstration project under section 601
4 of such Act, the information that is required to be included in the application for the project pursuant
5 to paragraphs (1) through (4) of section 601(b) of such Act.”.

11 **SEC. 602. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.**

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

14 **“SEC. 28. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.**

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

17 “(1) food assistance to needy individuals and
18 families residing in the State;

19 “(2) funds to operate an employment and training program under subsection (g) for needy individuals under the program; and
20
21
22
23
24

1 “(3) funds for administrative costs incurred in
2 providing the assistance.

3 “(b) ELECTION.—

4 “(1) IN GENERAL.—A State may elect to par-
5 ticipate in the program established under subsection
6 (a).

7 “(2) ELECTION REVOCABLE.—A State that
8 elects to participate in the program established
9 under subsection (a) may subsequently reverse the
10 election of the State only once thereafter. Following
11 the reversal, the State shall only be eligible to par-
12 ticipate in the food stamp program in accordance
13 with the other sections of this Act and shall not re-
14 ceive a block grant under this section.

15 “(3) PROGRAM EXCLUSIVE.—A State that is
16 participating in the program established under sub-
17 section (a) shall not be subject to, or receive any
18 benefit under, this Act except as provided in this
19 section.

20 “(c) LEAD AGENCY.—

21 “(1) DESIGNATION.—A State desiring to par-
22 ticipate in the program established under subsection
23 (a) shall designate, in an application submitted to
24 the Secretary under subsection (d)(1), an appro-

1 piate State agency that complies with paragraph
2 (2) to act as the lead agency for the State.

3 “(2) DUTIES.—The lead agency shall—

4 “(A) administer, either directly, through
5 other State agencies, or through local agencies,
6 the assistance received under this section by the
7 State;

8 “(B) develop the State plan to be sub-
9 mitted to the Secretary under subsection (d)(1);
10 and

11 “(C) coordinate the provision of food as-
12 sistance under this section with other Federal,
13 State, and local programs.

14 “(d) APPLICATION AND PLAN.—

15 “(1) APPLICATION.—To be eligible to receive
16 assistance under this section, a State shall prepare
17 and submit to the Secretary an application at such
18 time, in such manner, and containing such informa-
19 tion as the Secretary shall by regulation require,
20 including—

21 “(A) an assurance that the State will com-
22 ply with the requirements of this section;

23 “(B) a State plan that meets the require-
24 ments of paragraph (2); and

1 “(C) an assurance that the State will com-
2 ply with the requirements of the State plan
3 under paragraph (2).

4 “(2) REQUIREMENTS OF PLAN.—

5 “(A) LEAD AGENCY.—The State plan shall
6 identify the lead agency.

7 “(B) USE OF BLOCK GRANT FUNDS.—The
8 State plan shall provide that the State shall use
9 the amounts provided to the State for each fis-
10 cal year under this section—

11 “(i) to provide food assistance to
12 needy individuals and families residing in
13 the State, other than residents of institu-
14 tions who are ineligible for food stamps
15 under section 3(i);

16 “(ii) to administer an employment
17 and training program under subsection (g)
18 for needy individuals under the program
19 and to provide reimbursements to needy
20 individuals and families as would be al-
21 lowed under section 16(h)(3); and

22 “(iii) to pay administrative costs in-
23 curred in providing the assistance.

24 “(C) ASSISTANCE FOR ENTIRE STATE.—

25 The State plan shall provide that benefits under

1 this section shall be available throughout the
2 entire State.

3 “(D) NOTICE AND HEARINGS.—The State
4 plan shall provide that an individual or family
5 who applies for, or receives, assistance under
6 this section shall be provided with notice of, and
7 an opportunity for a hearing on, any action
8 under this section that adversely affects the in-
9 dividual or family.

10 “(E) OTHER ASSISTANCE.—

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

17 “(ii) PENALTIES.—If an individual or
18 family is penalized for violating part A of
19 title IV of the Act, the State plan may re-
20 duce the amount of assistance provided
21 under this section or otherwise penalize the
22 individual or family.

23 “(F) ELIGIBILITY LIMITATIONS.—The
24 State plan shall describe the income and re-

1 source eligibility limitations that are established
2 for the receipt of assistance under this section.

3 “(G) RECEIVING BENEFITS IN MORE THAN
4 1 JURISDICTION.—The State plan shall estab-
5 lish a system to verify and otherwise ensure
6 that no individual or family shall receive bene-
7 fits under this section in more than 1 jurisdic-
8 tion within the State.

9 “(H) PRIVACY.—The State plan shall pro-
10 vide for safeguarding and restricting the use
11 and disclosure of information about any indi-
12 vidual or family receiving assistance under this
13 section.

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

17 “(3) APPROVAL OF APPLICATION AND PLAN.—
18 During fiscal years 2003 through 2007, the Sec-
19 retary may approve the applications and State plans
20 that satisfy the requirements of this section of not
21 more than 5 States for a term of not more than 5
22 years.

23 “(e) CONSTRUCTION OF FACILITIES.—No funds
24 made available under this section shall be expended for
25 the purchase or improvement of land, or for the purchase,

1 construction, or permanent improvement of any building
2 or facility.

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

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

12 “(h) ENFORCEMENT.—

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

17 “(2) NONCOMPLIANCE.—

18 “(A) IN GENERAL.—If the Secretary, after
19 reasonable notice to a State and opportunity for
20 a hearing, finds that—

21 “(i) there has been a failure by the
22 State to comply substantially with any pro-
23 vision or requirement set forth in the State
24 plan approved under subsection (d)(3); or

1 “(ii) in the operation of any program
2 or activity for which assistance is provided
3 under this section, there is a failure by the
4 State to comply substantially with any pro-
5 vision of this section, the Secretary shall
6 notify the State of the finding and that no
7 further payments will be made to the State
8 under this section (or, in the case of non-
9 compliance in the operation of a program
10 or activity, that no further payments to the
11 State will be made with respect to the pro-
12 gram or activity) until the Secretary is sat-
13 isfied that there is no longer any failure to
14 comply or that the noncompliance will be
15 promptly corrected.

16 “(B) OTHER SANCTIONS.—In the case of a
17 finding of noncompliance made pursuant to
18 subparagraph (A), the Secretary may, in addi-
19 tion to, or in lieu of, imposing the sanctions de-
20 scribed in subparagraph (A), impose other ap-
21 propriate sanctions, including recoupment of
22 money improperly expended for purposes pro-
23 hibited or not authorized by this section and
24 disqualification from the receipt of financial as-
25 sistance under this section.

1 “(C) NOTICE.—The notice required under
2 subparagraph (A) shall include a specific identi-
3 fication of any additional sanction being im-
4 posed under subparagraph (B).

5 “(3) ISSUANCE OF REGULATIONS .—The Sec-
6 retary shall establish by regulation procedures for—

7 “(A) receiving, processing, and deter-
8 mining the validity of complaints concerning
9 any failure of a State to comply with the State
10 plan or any requirement of this section; and

11 “(B) imposing sanctions under this sec-
12 tion.

13 “(i) PAYMENTS.—

14 “(1) IN GENERAL.—For each fiscal year, the
15 Secretary shall pay to a State that has an applica-
16 tion approved by the Secretary under subsection
17 (d)(3) an amount that is equal to the allotment of
18 the State under subsection (l)(2) for the fiscal year.

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

25 “(3) SPENDING OF FUNDS BY STATE.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), payments to a State from an
3 allotment under subsection (1)(2) for a fiscal
4 year may be expended by the State only in the
5 fiscal year.

6 “(B) CARRYOVER.—The State may reserve
7 up to 10 percent of an allotment under sub-
8 section (1)(2) for a fiscal year to provide assist-
9 ance under this section in subsequent fiscal
10 years, except that the reserved funds may not
11 exceed 30 percent of the total allotment re-
12 ceived under this section for a fiscal year.

13 “(4) PROVISION OF FOOD ASSISTANCE.—A
14 State may provide food assistance under this section
15 in any manner determined appropriate by the State
16 to provide food assistance to needy individuals and
17 families in the State, such as electronic benefits
18 transfer limited to food purchases, coupons limited
19 to food purchases, or direct provision of commod-
20 ities.

21 “(5) DEFINITION OF FOOD ASSISTANCE.—In
22 this section, the term ‘food assistance’ means assist-
23 ance that may be used only to obtain food, as de-
24 fined in section 3(g).

25 “(j) AUDITS.—

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

5 “(2) INDEPENDENT AUDITOR.—An audit under
6 this section shall be conducted by an entity that is
7 independent of any agency administering activities
8 that receive assistance under this section and be in
9 accordance with generally accepted auditing prin-
10 ciples.

11 “(3) PAYMENT ACCURACY.—Each annual audit
12 under this section shall include an audit of payment
13 accuracy under this section that shall be based on a
14 statistically valid sample of the caseload in the
15 State.

16 “(4) SUBMISSION.—Not later than 30 days
17 after the completion of an audit under this section,
18 the State shall submit a copy of the audit to the leg-
19 islature of the State and to the Secretary.

20 “(5) REPAYMENT OF AMOUNTS.—Each State
21 shall repay to the United States any amounts deter-
22 mined through an audit under this section to have
23 not been expended in accordance with this section or
24 to have not been expended in accordance with the
25 State plan, or the Secretary may offset the amounts

1 against any other amount paid to the State under
2 this section.

3 “(k) NONDISCRIMINATION.—

4 “(1) IN GENERAL.—The Secretary shall not
5 provide financial assistance for any program,
6 project, or activity under this section if any person
7 with responsibilities for the operation of the pro-
8 gram, project, or activity discriminates with respect
9 to the program, project, or activity because of race,
10 religion, color, national origin, sex, or disability.

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

15 “(l) ALLOTMENTS.—

16 “(1) DEFINITION OF STATE.—In this section,
17 the term ‘State’ means each of the 50 States, the
18 District of Columbia, Guam, and the Virgin Islands
19 of the United States.

20 “(2) STATE ALLOTMENT.—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraph (B), from the amounts made
23 available under section 18 of this Act for each
24 fiscal year, the Secretary shall allot to each
25 State participating in the program established

1 under subsection (a) an amount that is equal to
2 the sum of—

3 “(i) the greater of, as determined by
4 the Secretary—

5 “(I) the total dollar value of all
6 benefits issued under the food stamp
7 program established under this Act by
8 the State during fiscal year 2002; or

9 “(II) the average per fiscal year
10 of the total dollar value of all benefits
11 issued under the food stamp program
12 by the State during each of fiscal
13 years 2000 through 2002; and

14 “(ii) the greater of, as determined by
15 the Secretary—

16 “(I) the total amount received by
17 the State for administrative costs and
18 the employment and training program
19 under subsections (a) and (h), respec-
20 tively, of section 16 of this Act for fis-
21 cal year 2002; or

22 “(II) the average per fiscal year
23 of the total amount received by the
24 State for administrative costs and the
25 employment and training program

1 under subsections (a) and (h), respec-
2 tively, of section 16 of this Act for
3 each of fiscal years 2000 through
4 2002.

5 “(B) INSUFFICIENT FUNDS.—If the Sec-
6 retary finds that the total amount of allotments
7 to which States would otherwise be entitled for
8 a fiscal year under subparagraph (A) will ex-
9 ceed the amount of funds that will be made
10 available to provide the allotments for the fiscal
11 year, the Secretary shall reduce the allotments
12 made to States under this subsection, on a pro
13 rata basis, to the extent necessary to allot
14 under this subsection a total amount that is
15 equal to the funds that will be made available.”.

16 **TITLE VI—ABSTINENCE**
17 **EDUCATION**

18 **SEC. 701. EXTENSION OF ABSTINENCE EDUCATION FUND-**
19 **ING UNDER MATERNAL AND CHILD HEALTH**
20 **PROGRAM.**

21 Section 510(d) (42 U.S.C. 710(d)) is amended by
22 striking “2002” and inserting “2007”.

1 **TITLE VIII—TRANSITIONAL**
2 **MEDICAL ASSISTANCE**

3 **SEC. 801. ONE-YEAR REAUTHORIZATION OF TRANSITIONAL**
4 **MEDICAL ASSISTANCE.**

5 (a) IN GENERAL.—Section 1925(f) (42 U.S.C.
6 1396r–6(f)) is amended by striking “2002” and inserting
7 “2003”.

8 (b) CONFORMING AMENDMENT.—Section
9 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by
10 striking “2002” and inserting “2003”.

11 **TITLE IX—EFFECTIVE DATE**

12 **SEC. 901. EFFECTIVE DATE.**

13 (a) IN GENERAL.—Except as otherwise provided, the
14 amendments made by this Act shall take effect on October
15 1, 2002.

16 (b) EXCEPTION.—In the case of a State plan under
17 part A or D of title IV of the Social Security Act which
18 the Secretary determines requires State legislation in
19 order for the plan to meet the additional requirements im-
20 posed by the amendments made by this Act, the effective
21 date of the amendments imposing the additional require-
22 ments shall be 3 months after the first day of the first
23 calendar quarter beginning after the close of the first reg-
24 ular session of the State legislature that begins after the
25 date of the enactment of this Act. For purposes of the

1 preceding sentence, in the case of a State that has a 2-
2 year legislative session, each year of the session shall be
3 considered to be a separate regular session of the State
4 legislature.

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