

111TH CONGRESS
1ST SESSION

H. R. 2979

To amend title IV of the Social Security Act to ensure funding for grants to promote responsible fatherhood and strengthen low-income families, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 2009

Mr. DAVIS of Illinois (for himself, Mr. MEEKS of New York, Mr. WATT, Mr. FATTAH, Mr. CLEAVER, Mrs. CHRISTENSEN, Mr. DAVIS of Alabama, Ms. LEE of California, Ms. JACKSON-LEE of Texas, Ms. CORRINE BROWN of Florida, Ms. RICHARDSON, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. KILPATRICK of Michigan, Mr. CUMMINGS, Ms. WATERS, Mr. RANGEL, Mr. PAYNE, Mr. JOHNSON of Georgia, Mr. CLAY, Mr. AL GREEN of Texas, Mr. TOWNS, Mr. SCOTT of Virginia, Mr. RUSH, Mr. BUTTERFIELD, Mr. BISHOP of Georgia, Ms. MOORE of Wisconsin, Mr. CARSON of Indiana, and Mr. THOMPSON of Mississippi) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and Labor, Energy and Commerce, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title IV of the Social Security Act to ensure funding for grants to promote responsible fatherhood and strengthen low-income families, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Julia Carson Responsible Fatherhood and Healthy Fami-
 4 lies Act of 2009”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

**TITLE I—PROMOTING RESPONSIBLE FATHERHOOD AND
 STRENGTHENING LOW-INCOME FAMILIES**

Sec. 101. State assessments of barriers to employment and financial support of
 children.

Sec. 102. Grants to States to conduct demonstration projects to promote eco-
 nomic opportunity for low-income parents.

Sec. 103. Healthy marriage promotion and responsible fatherhood programs.

Sec. 104. Elimination of separate TANF work participation rate for 2-parent
 families.

Sec. 105. Ban on recovery of Medicaid costs for births.

Sec. 106. Improved collection and distribution of child support.

Sec. 107. Collection of child support under the supplemental nutrition assist-
 ance program.

Sec. 108. Grants supporting healthy family partnerships for domestic violence
 intervention and preventions.

Sec. 109. Procedures to address domestic violence.

TITLE II—REVENUE PROVISIONS

Sec. 201. Increase in credit percentage under earned income tax credit for eligi-
 ble individuals with no qualifying children.

Sec. 202. Broker reporting of customer’s basis in securities transactions.

Sec. 203. Modification of effective date of leasing provisions of the American
 Jobs Creation Act of 2004.

Sec. 204. Clarification of economic substance doctrine.

7 **SEC. 2. FINDINGS.**

8 Congress makes the following findings:

9 (1) The most important factor in a child’s up-
 10 bringing is whether the child is brought up in a lov-
 11 ing, healthy, supportive environment.

1 (2) Children who grow up with two parents are,
2 on average, more likely than their peers in single-
3 parent homes to finish high school and be economi-
4 cally self-sufficient.

5 (3) Father-child interaction, like mother-child
6 interaction, has been shown to promote the positive
7 physical, social, emotional, and mental development
8 of children.

9 (4) Children typically live without both parents
10 when their parents are divorced or did not marry.
11 More than $\frac{1}{3}$ of all first marriages end in divorce,
12 and 60 percent of divorcing couples have children.
13 More than $\frac{1}{3}$ of all births are to unmarried women.

14 (5) More than 1 in 4 families with children
15 have only 1 parent present, and more than 1 in 3
16 children live absent their biological father.

17 (6) Recent studies demonstrate that most
18 unwed fathers in urban areas are highly involved
19 with the mother of their child before and after the
20 child's birth, with 80 percent involved during the
21 mother's pregnancy, and 50 percent living with the
22 child's mother at the time of the child's birth. How-
23 ever, the relationship between the parents often does
24 not last, and many fathers do not maintain contact
25 with their children as the children grow up.

1 (7) An estimated 25 percent of the children
2 who live in households without their father have not
3 seen their fathers in at least 1 year.

4 (8) The inability of parents to sustain a healthy
5 relationship with their child's other parent and re-
6 main involved in their child's life can have severe
7 negative consequences for the parents, the child,
8 their community, and taxpayers.

9 (9) Single-parent families are 5 times as likely
10 to be poor as married-couple families.

11 (10) Children raised in single-parent families
12 are more likely than children raised in 2-parent fam-
13 ilies to do poorly in school, have emotional and be-
14 havioral problems, become teenage parents, commit
15 crimes, smoke cigarettes, abuse drugs and alcohol,
16 and have poverty-level incomes as adults.

17 (11) High rates of unemployment and low
18 wages are primary reasons why parents do not
19 marry and why 2-parent families break up.

20 (12) Domestic violence is also a significant
21 problem leading to the nonformation or breakup of
22 2-parent families.

23 (13) A history of incarceration is a major bar-
24 rier to employment. Sixty percent of young African-
25 American men who dropped out of high school have

1 served time. When these men leave prison, they
2 often have difficulty finding a job and supporting
3 their children.

4 (14) Over 1/2 of State prison inmates are par-
5 ents. When noncustodial parents go to prison, most
6 of them are required to pay their child support obli-
7 gation, even though they have little ability to pay the
8 support. When these parents leave prison, they typi-
9 cally owe more than \$20,000 in child support debt.
10 Noncustodial parents leaving prison often re-enter
11 the underground economy because of financial pres-
12 sures or to avoid the child support system, making
13 it less likely that they will successfully rejoin society
14 and reunite with their families.

15 (15) Children should receive the child support
16 paid by their parents, and the government should
17 not keep the money to recover welfare costs. Regular
18 child support income appears to have a greater posi-
19 tive impact on children dollar for dollar than other
20 types of income. Researchers in Wisconsin found
21 that when monthly child support was passed through
22 to families receiving assistance under the Temporary
23 Assistance for Needy Families program established
24 under part A of title IV of the Social Security Act
25 (TANF) and disregarded 100 percent in determining

1 assistance for the families, fathers paid more child
2 support, established their legal relationship with
3 their children more quickly, and worked less in the
4 underground economy. Moreover, the State costs of
5 a full pass-through and disregard of child support
6 were fully offset by increased payments by fathers
7 and decreased public assistance use by families.

8 (16) The Department of Health and Human
9 Services National Child Support Enforcement Stra-
10 tegic Plan for fiscal years 2005 through 2009 states
11 that “child support is no longer a welfare reimburse-
12 ment, revenue-producing device for the Federal and
13 State governments; it is a family-first program, in-
14 tended to ensure families’ self-sufficiency by making
15 child support a more reliable source of income”.

16 (17) Current law permits States to apply the
17 cost of passing through child support to families re-
18 ceiving assistance under the TANF program toward
19 their maintenance of effort (MOE) requirements,
20 but only to the extent that the State disregards the
21 child support payments in determining the amount
22 and type of TANF assistance.

23 (18) Programs that increase employment oppor-
24 tunity and reduce barriers by increasing employment

1 opportunity and reducing recidivism will benefit chil-
2 dren and families.

3 (19) Transitional jobs programs have shown
4 promise in reducing unemployment among chron-
5 ically unemployed or underemployed population
6 groups, including formerly incarcerated individuals,
7 the homeless, and young African-American men.

8 (20) To strengthen families it is important to
9 improve the upward economic mobility of the custo-
10 dial and noncustodial parent wage-earners, as well
11 as youth at risk of early parenthood or incarcer-
12 ation, by providing the skills and experience nec-
13 essary to access jobs with family sustaining wages
14 and benefits. In families in which all the members
15 do not live together, this is important to enable the
16 prompt and consistent payment of adequate child
17 support.

18 (21) It is important and useful to foster local
19 and regional economic development and job advance-
20 ment for workers, especially young custodial and
21 noncustodial parents, by funding local collaborations
22 among business, education, and the community in
23 the development of pathways for preparing disadvan-
24 taged citizens to meet the workforce needs of the
25 local and regional economy.

1 (22) Employers benefit from working with and
2 being supported by the local education, postsec-
3 ondary, and workforce systems in identifying the
4 academic and occupational skill sets needed to fill
5 the skilled jobs in the changing economy. Local eco-
6 nomic and community development is enhanced
7 when residents have access to higher wage employ-
8 ment, thus increasing the tax base, fueling the econ-
9 omy, and contributing to greater family economic se-
10 curity.

11 (23) Public-private career pathways partner-
12 ships are an important tool for linking employers
13 and workers with the workforce education services
14 they need and for integrating community economic
15 development and workforce education services. Tran-
16 sitional jobs programs can serve as the first step in
17 a career pathway by giving unemployed individuals
18 with multiple barriers to employment, valuable work
19 experience and related services.

20 (24) The purpose of child support is to provide
21 necessary income support for and increase the well-
22 being of children living apart from a parent. To im-
23 prove the ability of low-income noncustodial parents
24 to provide long-term support and care for their chil-
25 dren throughout their entire childhood, it is impor-

1 tant that child support polices support parental ef-
2 forts to pursue education and employment and to
3 stay involved with their children.

4 (25) Responsible parenthood includes active
5 participation in financial support and child-rearing,
6 as well as the formation and maintenance of a posi-
7 tive, healthy, and nonviolent relationship between
8 parent and child and a cooperative, healthy, and
9 nonviolent relationship between parents.

10 (26) States should be encouraged to implement
11 voluntary programs that provide support for respon-
12 sible parenting, including by increasing the employ-
13 ment and financial security of parents, and the pa-
14 rental involvement of noncustodial parents.

15 (27) Promoting responsible parenthood saves
16 the government money by reducing the need for pub-
17 lic assistance, increasing the educational attainment
18 of children, reducing juvenile delinquency and crime,
19 reducing substance abuse, and lowering rates of un-
20 employment.

21 (28) Programs to encourage responsible father-
22 hood or responsible motherhood should promote and
23 provide support services for—

24 (A) fostering loving and healthy relation-
25 ships between parents and children;

1 (B) increasing responsibility of noncusto-
2 dial parents for the long-term care and finan-
3 cial well-being of their children;

4 (C) increasing employment of low-income,
5 noncustodial parents and improving compliance
6 with child support obligations; and

7 (D) reducing barriers to active 2-parent in-
8 volvement and cooperative parenting.

9 (29) The promotion of marriage and responsible
10 parenthood should not denigrate the standing or
11 parenting efforts of single parents or other care-
12 givers, lessen the protection of children from abusive
13 parents, or compromise the safety or health of the
14 custodial or noncustodial parent, but should increase
15 the chance that children will have 2 caring parents
16 to help them grow up healthy and secure.

17 **TITLE I—PROMOTING RESPON-**
18 **SIBLE FATHERHOOD AND**
19 **STRENGTHENING LOW-IN-**
20 **COME FAMILIES**

21 **SEC. 101. STATE ASSESSMENTS OF BARRIERS TO EMPLOY-**
22 **MENT AND FINANCIAL SUPPORT OF CHIL-**
23 **DREN.**

24 (a) STATE ASSESSMENTS AND REPORTS.—As a con-
25 dition of the continued approval of a State plan under part

1 D of title IV of the Social Security Act (42 U.S.C. 651
2 et seq.), each State with an approved such plan, acting
3 through the appropriate State agencies, shall assess the
4 State policies with respect to the issues described in sub-
5 section (b) and submit a report to the Secretary of Health
6 and Human Services on the results of such assessment
7 not later than October 1, 2012.

8 (b) ISSUES DESCRIBED.—For purposes of subsection
9 (a), the issues described in this subsection are the fol-
10 lowing:

11 (1) The process of setting and modifying child
12 support obligations, particularly with respect to low-
13 income parents, including—

14 (A) the role and criteria for using imputed
15 income in determining child support obligations;

16 (B) the process of modifying obligations;

17 (C) the consideration of income and em-
18 ployment status, including efforts to identify
19 unreported income;

20 (D) the consideration of incarceration;

21 (E) the consideration of disability;

22 (F) the treatment of arrearages, including
23 interest charged, and laws or procedures that
24 interfere with forgiveness, adjustment, waiver,
25 or compromise of arrears owed to the State by

1 low-income noncustodial parents who lack suffi-
2 cient ability to pay such arrearages;

3 (G) the procedures related to retroactive
4 support; and

5 (H) State pass-through and disregard poli-
6 cies for recipients of means-tested public bene-
7 fits.

8 (2) The impact of State criminal laws and law
9 enforcement practices on the employment acquisi-
10 tion, retention, and advancement prospects of indi-
11 viduals following arrest, conviction, or incarceration,
12 including—

13 (A) any efforts, including counseling or
14 employment support, to assist ex-prisoners with
15 reentry to a community and successful reunifi-
16 cation with their families; and

17 (B) an assessment of any efforts to seal or
18 expunge arrest and conviction records and any
19 efforts to grant certificates or other acknowl-
20 edgments of rehabilitation to ex-prisoners, and
21 to examine State occupational licensing and cer-
22 tification procedures.

23 (3) An assessment of the impact of debt on em-
24 ployment retention, including child support and non-

1 child support debts imposed to recover costs related
2 to welfare and criminal justice.

3 (4) An assessment of State practices related to
4 providing prisoners and ex-prisoners with valid iden-
5 tification documents upon release from prison.

6 (5) Identification of any other barriers to
7 healthy family formation or sustainable economic op-
8 portunity for custodial and noncustodial parents that
9 are created or exacerbated by Federal or State laws,
10 policies, or procedures, including an examination of
11 the rules of Federal and State means-tested pro-
12 grams, the operation of the State workforce system,
13 the availability of financial education services, and
14 the availability of domestic violence services and
15 child support procedures to help victims of domestic
16 violence stay safe and obtain the child support they
17 are owed.

18 (c) GRANTS TO STATES FOR COMMISSIONS ON STATE
19 LAW IMPROVEMENTS IN THE BEST INTEREST OF CHIL-
20 DREN AND FAMILIES.—The Secretary of Health and
21 Human Services shall award grants to States to establish
22 or support commissions to review the State assessment
23 conducted in accordance with subsection (a) and to make
24 recommendations on ways to improve State law in the best
25 interest of children and families.

1 (d) APPROPRIATIONS.—Out of any money in the
2 Treasury of the United States not otherwise appropriated,
3 there are appropriated to the Secretary of Health and
4 Human Services for each of fiscal years 2011 through
5 2015, \$3,000,000, to remain available until expended, for
6 the purpose of making—

7 (1) payments to States to offset all or a portion
8 of the costs of conducting the State assessments and
9 reports required under subsection (a); and

10 (2) grants to States under subsection (c).

11 **SEC. 102. GRANTS TO STATES TO CONDUCT DEMONSTRATION PROJECTS TO PROMOTE ECONOMIC OPPORTUNITY FOR LOW-INCOME PARENTS.**

12
13
14 (a) COURT-SUPERVISED OR IV–D AGENCY-SUPERVISED EMPLOYMENT PROGRAMS FOR NONCUSTODIAL PARENTS.—

15
16
17 (1) IN GENERAL.—To assist States in implementing section 466(a)(15) of the Social Security Act, the Secretary of Health and Human Services shall award grants to States to conduct demonstration projects to establish, in coordination with counties and other local or tribal governments, court-supervised or IV–D agency supervised-employment programs for noncustodial parents who have barriers to employment and a history of nonpayment of child

1 support obligations, as determined by a court or the
2 IV–D agency, and who are determined by the court
3 or agency to be in need of employment services or
4 placement in order to pay such child support obliga-
5 tions. A noncustodial parent described in the pre-
6 ceding sentence who is an ex-offender shall be eligi-
7 ble to participate in a program established under
8 this subsection.

9 (2) REQUIREMENTS.—

10 (A) OPTION TO PARTICIPATE PRIOR TO
11 CONTEMPT FINDING.—A State shall not be eli-
12 gible to receive a grant under this subsection
13 unless any program established with funds
14 made available under the grant provides non-
15 custodial parents described in paragraph (1)
16 with an option to participate in the program
17 prior to the court or agency entering a finding
18 that the noncustodial parent is in contempt for
19 failure to pay a child support obligation and,
20 potentially subject to criminal penalties.

21 (B) PROGRAM GOALS.—An employment
22 program established with funds made available
23 under a grant awarded under this subsection
24 shall be designed to do the following:

1 (i) To assist noncustodial parents de-
2 scribed in paragraph (1) obtain and main-
3 tain unsubsidized employment.

4 (ii) To increase the amount of finan-
5 cial support received by children.

6 (iii) To help noncustodial parents de-
7 scribed in paragraph (1) improve relation-
8 ships with their children and their chil-
9 dren's custodial parent.

10 (C) 6 MONTHS OF CONTINUOUS, TIMELY
11 PAYMENTS.—An employment program estab-
12 lished with funds made available under this
13 subsection shall not permit a noncustodial par-
14 ent placed in the program to graduate from the
15 program and avoid penalties for failure to pay
16 a child support obligation until the noncustodial
17 parent completes at least 6 months of contin-
18 uous, timely payment of the parent's child sup-
19 port obligations.

20 (D) USE OF FUNDS.—

21 (i) Services provided under an employ-
22 ment program established with funds made
23 available under a grant made under this
24 subsection must include the following:

1 (I) Job placement, including job
2 development and supervised job search
3 as necessary.

4 (II) Case management, including
5 educational assessment and advising,
6 vocational assessment and career ex-
7 ploration services, and court liaison
8 services.

9 (III) Counseling on responsible
10 parenthood.

11 (IV) Referral for support and
12 educational services.

13 (V) Employment retention serv-
14 ices.

15 (ii) Services provided under an em-
16 ployment program established with funds
17 made available under a grant made under
18 this subsection may include the following:

19 (I) Remedial education services
20 or educational referral.

21 (II) Support funds for services
22 such as transportation, child care, or
23 short-term training.

24 (III) Transitional jobs programs.

1 (IV) Public-private career path-
2 way partnerships established in ac-
3 cordance with subsection (b)(2).

4 (V) Occupational skill training,
5 including college credit programs.

6 (VI) Curricula development.

7 (E) ADMINISTRATION.—A State that re-
8 ceives a grant under this subsection may con-
9 tract with a public or private nonprofit organi-
10 zation, including a faith-based or community-
11 based organization, to administer (in conjunc-
12 tion with the court of jurisdiction or the IV–D
13 agency) the court-supervised or IV–D agency-
14 supervised employment program.

15 (b) TRANSITIONAL JOBS AND PUBLIC-PRIVATE
16 PARTNERSHIP GRANTS.—The Secretary of Labor shall
17 award grants to States to conduct demonstration projects
18 to carry out one or more of the projects described in para-
19 graphs (1) and (2).

20 (1) TRANSITIONAL JOBS GRANTS.—

21 (A) IN GENERAL.—To establish and ex-
22 pand transitional jobs programs for eligible in-
23 dividuals, including such programs conducted
24 by local governments, State employment agen-
25 cies, nonprofit organizations, and faith-based or

1 community-based organizations or inter-
2 mediaries, that—

3 (i) combine time-limited employment
4 in transitional jobs that may be subsidized
5 with public funds, with activities that pro-
6 mote skill development and remove barriers
7 to employment, such as case management
8 services and education, training, child sup-
9 port-related services, and other activities,
10 pursuant to individual plans; and

11 (ii) provide such individuals with—

12 (I) transitional jobs placements
13 and job placement assistance, to help
14 the individuals make the transition
15 from subsidized employment in transi-
16 tional jobs to stable unsubsidized em-
17 ployment; and

18 (II) retention services after the
19 transition to unsubsidized employ-
20 ment.

21 (B) ELIGIBLE INDIVIDUALS.—For pur-
22 poses of this paragraph, the term “eligible indi-
23 viduals” means individuals within any of the
24 following categories of disproportionately chron-
25 ically unemployed individuals:

1 (i) Individuals who have attained age
2 16, but not attained age 36, and who have
3 documented barriers to employment such
4 as lack of a high school diploma, limited
5 English proficiency, aging out of foster
6 care, or offender status, particularly such
7 individuals who are parents or expectant
8 parents.

9 (ii) Formerly incarcerated individuals.

10 (iii) Homeless or formerly homeless
11 individuals.

12 (iv) Individuals with disabilities.

13 (v) Individuals designated by a court
14 or the IV–D agency to participate in tran-
15 sitional jobs programs.

16 (C) LIMITATIONS ON USE OF FUNDS.—

17 (i) ALLOWABLE ACTIVITIES.—A State
18 that receives a grant under this paragraph
19 (or a subgrantee of such State) (referred
20 to in this paragraph as the “program oper-
21 ator”) shall use the funds made available
22 under the grant to operate a transitional
23 jobs program for eligible individuals con-
24 sistent with the following requirements:

1 (I) JOBS.—The program oper-
2 ator shall place eligible individuals in
3 temporary jobs, the incomes from
4 which may be subsidized in whole or
5 in part with public funds. An eligible
6 individual placed in such a job (re-
7 ferred to in this paragraph as “a par-
8 ticipant”) shall perform work directly
9 for the program operator or another
10 public, nonprofit, or private sector or-
11 ganization (which operator or organi-
12 zation may be referred to in this para-
13 graph as a “worksite employer”) with-
14 in the community involved.

15 (II) HOURS.—

16 (aa) IN GENERAL.—Subject
17 to item (bb), the transitional jobs
18 program shall provide a partici-
19 pant with not less than 30, and
20 not more than 40, hours per
21 week of a combination of paid
22 employment and the services de-
23 scribed in subclauses (III), (IV),
24 and (V).

1 (bb) ACCOMMODATION OF
2 SPECIAL CIRCUMSTANCES.—The
3 number of hours per week re-
4 quired under item (aa) may be
5 adjusted in the case of a partici-
6 pant who requires a modified
7 work week to accommodate spe-
8 cial circumstances.

9 (III) JOB PREPARATION AND
10 SERVICES.—The program operator
11 shall—

12 (aa) develop an individual
13 plan for each participant, which
14 shall contain a goal that focuses
15 on preparation of the participant
16 for unsubsidized jobs in demand
17 in the local economy that offer
18 the potential for advancement
19 and growth (including increases
20 in wages and benefits);

21 (bb) develop transitional
22 jobs placements for participants
23 that will best prepare them for
24 jobs described in item (aa) or
25 participation in the public-private

1 career pathway partnerships es-
2 tablished in accordance with
3 paragraph (2); and

4 (cc) provide case manage-
5 ment services and ensure that
6 appropriate education, training,
7 and other activities are available
8 to participants, consistent with
9 each participant's individual
10 plan.

11 (IV) JOB PLACEMENT ASSIST-
12 ANCE AND RETENTION SERVICES.—

13 The program operator shall provide
14 job placement assistance to help par-
15 ticipants obtain unsubsidized employ-
16 ment and shall provide retention serv-
17 ices to the participants for a minimum
18 of 6 months after entry into the un-
19 subsidized employment.

20 (V) EDUCATION OR TRAINING.—

21 In any workweek in which a partici-
22 pant is scheduled to work at least 30
23 hours in the program, not less than
24 20 percent of the scheduled hours and
25 not more than 50 percent of the

1 scheduled hours shall involve partici-
2 pation in—

3 (aa) education or training
4 activities designed to improve the
5 participant's employability and
6 potential earnings;

7 (bb) other activities designed
8 to reduce or eliminate any bar-
9 riers that may impede the par-
10 ticipant's ability to secure and
11 advance in unsubsidized employ-
12 ment; or

13 (cc) activities designed to
14 promote financial literacy and the
15 use of products and services that
16 increase personal savings and
17 build financial assets for family
18 support, education, homeownership,
19 and retirement.

20 (VI) DURATION.—

21 (aa) IN GENERAL.—Subject
22 to item (bb), the duration of any
23 placement in the program shall
24 be for a minimum period of 3
25 consecutive months.

1 (bb) 3 MONTH EXTEN-
2 SION.—A program placement
3 may be extended for up to 2 ad-
4 ditional consecutive 3-month pe-
5 riods upon the conclusion of the
6 original 3-month placement pe-
7 riod if such extension would be
8 consistent with the individual’s
9 plan for transition to unsub-
10 subsidized employment.

11 (VII) SUPERVISION.—The work-
12 site employer or program operator
13 shall supervise program participants,
14 consistent with the goal of addressing
15 the limited work experience and skills
16 of the participants.

17 (D) REPORTS.—Not later than 120 days
18 after the end of the grant period, the State
19 shall submit a report to the Secretary of Labor
20 that contains information on the number of
21 participants in the program who have entered
22 unsubsidized employment, the percentage of
23 program participants who are employed during
24 the second quarter after exit, the percentage of
25 program participants who are employed during

1 the fourth quarter after exit, the median earn-
2 ings of program participants during the second
3 quarter after exit, the percentage of program
4 participants who obtain an education or train-
5 ing credential during participation or within one
6 year of exit, and demographic information re-
7 garding the participants.

8 (E) TECHNICAL ASSISTANCE.—The Sec-
9 retary of Labor shall enter into contracts with
10 entities with demonstrated experience in the
11 provision of transitional jobs to provide tech-
12 nical assistance to the program operators and
13 worksite employers for the programs assisted
14 under this paragraph.

15 (2) PUBLIC-PRIVATE CAREER PATHWAYS PART-
16 NERSHIPS.—

17 (A) IN GENERAL.—To allow workforce
18 education providers representing career path-
19 way partnerships—

20 (i) to create or expand career path-
21 ways, with groups of employers in specific
22 industry or occupational sectors, for dis-
23 advantaged workers, which may include
24 any mix of such employers' existing lower

1 wage employees, new hires or potential
2 hires; or

3 (ii) to fill in gaps in career pathways
4 in particular localities or regions as needed
5 to ensure that career pathways are acces-
6 sible to unemployed disadvantaged workers
7 and at risk youth who have lower skills or
8 limited English proficiency, including
9 through the creation of workforce edu-
10 cation services, such as “bridge” programs
11 that contextualize basic skills, English lan-
12 guage, or college remedial education serv-
13 ices to specific career pathways, and ef-
14 forts to create opportunities for gaining
15 work experience in a career pathway.

16 (B) USE OF FUNDS.—Funds made avail-
17 able under a grant under this paragraph may
18 be used by career pathways partnerships for
19 any expense reasonably related to the accom-
20 plishment of the specific objectives of the part-
21 nership and the purpose described in this para-
22 graph, including any of the activities described
23 in subsection (a)(2)(D).

24 (C) LIMITATIONS.—

1 (i) IN GENERAL.—Of the funds made
2 available to a career pathway partnership
3 to carry out the purpose described in this
4 paragraph—

5 (I) not more than 30 percent of
6 such funds may be used to pay or
7 subsidize wages during a period of
8 work experience or internship, not to
9 exceed 90 days; and

10 (II) not more than 10 percent of
11 such funds may be used for adminis-
12 trative purposes, but this limitation
13 shall not apply to activities related to
14 building and maintaining partner-
15 ships, including such activities as con-
16 ducting workforce needs assessments,
17 brokering public-private and inter-
18 agency agreements, creating cus-
19 tomized curricula, and developing
20 work experience opportunities.

21 (ii) PROHIBITION ON SUBSIDIZING
22 WAGES OF CURRENT EMPLOYEES.—No
23 funds made available to carry out this
24 paragraph shall be used to subsidize the
25 wages of any individual who, as of the date

1 of the establishment of the career pathway
2 partnership, is an employee of any em-
3 ployer participating in the partnership.

4 (D) REQUIREMENTS FOR AWARDING OF
5 SUBGRANTS.—

6 (i) IN GENERAL.—Funds shall be
7 made available to career pathway partner-
8 ships to carry out the purpose described in
9 this paragraph based on a performance-
10 based accountability system that includes
11 the following measures of performance:

12 (I) The number of individuals to
13 be trained.

14 (II) The percentage of such indi-
15 viduals who complete the program.

16 (III) The percentage of such in-
17 dividuals who enter or advance in em-
18 ployment.

19 (IV) The wage and benefit gains
20 of individuals who complete the pro-
21 gram before and within 6 months
22 after their program completion, in-
23 cluding the extent to which the indi-
24 viduals achieved economic self-suffi-
25 ciency.

1 (V) The percentage of individuals
2 who complete the program and enter
3 employment who retain employment
4 for at least 6 months.

5 (VI) Where applicable, the per-
6 centage of individuals who owe child
7 support and complete the program
8 who improve in their payment of child
9 support within 6 months after their
10 program completion.

11 In establishing goals for such measures,
12 due consideration shall be given to the edu-
13 cation, work experience, and job readiness
14 of the individuals expected to participate in
15 the program, the barriers of such individ-
16 uals to employment, and the local job mar-
17 ket.

18 (ii) CONSIDERATIONS FOR FUNDING
19 RENEWALS.—A subgrantee's level of suc-
20 cess in achieving employment, advance-
21 ment, wage, and employment retention
22 goals shall be a primary consideration for
23 determining whether to renew a grant
24 made to such entity and the funding level
25 for such grant.

1 (iii) PRIORITIES FOR AWARDS OF SUB-
2 GRANTS.—In awarding subgrants under
3 this paragraph, a State shall give priority
4 to applications that—

5 (I) propose to serve areas of high
6 poverty, high youth unemployment,
7 high dropout rates, or high rates of
8 low-income single-parent families;

9 (II) include a substantial cash or
10 in-kind match by all employers, in-
11 cluding joint labor-management pro-
12 grams where applicable, in the part-
13 nerships, such as paid release time for
14 employed workforce education partici-
15 pants;

16 (III) use instructional materials
17 and instructors directly used in the
18 specific business or industry sectors of
19 the partnership employers;

20 (IV) link successful completion of
21 workforce education services to wage
22 increases, promotions or job hires;

23 (V) will result in attainment of
24 employer-recognized occupational and
25 educational credentials;

1 (VI) address career guidance and
2 adult basic education and English lan-
3 guage needs as well as job-specific
4 skills;

5 (VII) demonstrate a blending of
6 resources from partner agencies in the
7 workforce system and other sectors
8 and Federal programs, including su-
9 perior procedures for coordinating re-
10 sponsible fatherhood promotion activi-
11 ties, where appropriate, to support the
12 development of high quality pathways;

13 (VIII) identify how the sub-
14 grantee will maximize services to un-
15 employed disadvantaged workers who
16 also face other barriers in the labor
17 market, such as high school dropout,
18 offender status, aging out of foster
19 care, low basic skill level, including
20 limited English proficiency, learning
21 disabilities, physical, emotional or be-
22 havior disabilities, or substance abuse
23 recovery, which may be through direct
24 relationships with local providers of
25 transitional jobs programs under

1 which in appropriate circumstances
2 transitional jobs participants may ac-
3 cess career pathways programs upon
4 completion of the transitional jobs
5 program; and

6 (IX) support collaboration, as ap-
7 propriate, between employers and
8 labor organizations and other work-
9 force development professionals, in-
10 cluding joint labor management train-
11 ing and education programs where ap-
12 propriate.

13 (E) DEFINITIONS.—In this paragraph:

14 (i) ADULT EDUCATION.—The term
15 “adult education” has the meaning given
16 that term in section 203 of the Workforce
17 Investment Act of 1998 (20 U.S.C. 9202).

18 (ii) CAREER PATHWAY.—The term
19 “career pathway” means a linked set of
20 workforce education and job opportunities
21 within a specific industry sector, or for an
22 occupational sector that cuts across mul-
23 tiple business and industry sectors, which
24 begins at the lowest skill and English lan-
25 guage levels, and extends through for-cred-

1 it college opportunities such as earning rel-
2 evant associate or bachelor’s degrees, and
3 prepares individuals for advancement in
4 jobs in demand in the local or regional
5 labor market.

6 (iii) COMMUNITY-BASED PROVIDER.—
7 The term “community-based provider”
8 means a not-for-profit organization, with
9 local boards of directors, that directly pro-
10 vides workforce education services.

11 (iv) INSTITUTION OF HIGHER EDU-
12 CATION.—The term “institution of higher
13 education” has the meaning given that
14 term in section 101 of the Higher Edu-
15 cation Act of 1965 (20 U.S.C. 1001).

16 (v) CHARTER SCHOOL.—The term
17 “charter school” has the meaning given
18 that term in section 5210 of the Elemen-
19 tary and Secondary Education Act of 1965
20 (20 U.S.C. 7221i).

21 (vi) AREA VOCATIONAL EDUCATION
22 SCHOOL.—The term “area vocational and
23 technical education school” has the mean-
24 ing given that term in section 3 of the Carl

1 D. Perkins Vocational and Technical Edu-
2 cation Act of 1998 (20 U.S.C. 2302).

3 (vii) DISADVANTAGED WORKERS.—

4 The term “disadvantaged workers” means
5 unemployed individuals in low-income
6 households or employed individuals in low-
7 income households with wages at or below
8 $\frac{2}{3}$ of the median wage for the State or re-
9 gion applying for the grant.

10 (viii) CAREER PATHWAY PARTNER-

11 SHIP.—The term “career pathway partner-
12 ship” means collaborations of 1 or more
13 workforce education providers, 1 or more
14 employers, 1 or more labor organizations,
15 where applicable, as a result of such orga-
16 nization’s representation of employees at
17 the worksite who have skills in which the
18 training or employment programs are pro-
19 posed, and may include optional additional
20 entities as needed to provide a comprehen-
21 sive range of workforce education and an-
22 cillary support services.

23 (ix) WORKFORCE EDUCATION.—The

24 term “workforce education” means a set of
25 career guidance and exploration services,

1 adult education and English language serv-
2 ices, job training, registered apprenticeship
3 programs, and credit and noncredit post-
4 secondary education services aimed at pre-
5 paring individuals to enter and sustain em-
6 ployment in specific occupations and to
7 have the sufficient skills to respond to
8 shifting employment opportunities.

9 (x) WORKFORCE EDUCATION PRO-
10 VIDER.—The term “workforce education
11 provider” means community-based pro-
12 viders, institutions of higher education,
13 area vocational and technical education
14 schools, charter schools, and other public
15 nonprofit entities that have a demonstrated
16 capacity to provide quality workforce edu-
17 cation services.

18 (c) MATCHING REQUIREMENT.—

19 (1) IN GENERAL .—The Secretary of Health
20 and Human Services and the Secretary of Labor
21 may not award a grant to a State under this section
22 unless the State agrees that, with respect to the
23 costs to be incurred by the State in conducting a
24 demonstration project with funds provided under the
25 grant, the State will make available non-Federal

1 contributions in an amount equal to 10 percent of
2 the amount of Federal funds paid to the State under
3 such grant.

4 (2) NON-FEDERAL CONTRIBUTIONS.—In this
5 subsection, the term “non-Federal contributions” in-
6 cludes contributions by the State and by public and
7 private entities that may be in cash or in kind, but
8 does not include any amounts provided by the Fed-
9 eral Government, or services assisted or subsidized
10 to any significant extent by the Federal Government,
11 or any amount expended by a State before October
12 1, 2007.

13 (d) WORKER PROTECTIONS AND LABOR STAND-
14 ARDS.—

15 (1) RATE OF PAY; BENEFITS AND WORKING
16 CONDITIONS.—

17 (A) IN GENERAL.—A worksite employer of
18 a participant in a program or activity funded
19 under this section shall pay the participant at
20 the rate paid to employees of the worksite em-
21 ployer who are not participants in such pro-
22 gram or activity and who perform comparable
23 work at the worksite, including periodic in-
24 creases where appropriate. If no other employ-
25 ees of the worksite employer perform com-

1 parable work at the worksite, the worksite em-
2 ployer shall pay the participant not less than
3 the applicable Federal or State minimum wage,
4 whichever is higher.

5 (B) BENEFITS AND CONDITIONS.—An in-
6 dividual employed through participation in a
7 program or activity funded under this section
8 shall be provided with benefits and working
9 conditions at the same level and to the same ex-
10 tent as such benefits and conditions are pro-
11 vided to other employees of the employer of the
12 individual who have worked a similar length of
13 time and perform the same work.

14 (2) NONDUPLICATION.—

15 (A) IN GENERAL.—Funds provided
16 through a grant made under this paragraph
17 shall be used only for a program or activity that
18 does not duplicate, and is in addition to, a pro-
19 gram or activity otherwise available in the local-
20 ity of the program or activity funded under this
21 section.

22 (B) PRIVATE, NONPROFIT ENTITY.—Funds
23 provided through a grant made under this sec-
24 tion shall not be provided to a private nonprofit
25 entity to conduct programs or activities that are

1 the same as or substantially equivalent to ac-
2 tivities provided by a State or local government
3 agency in the area in which such entity is lo-
4 cated, unless the requirements of paragraph (3)
5 are met.

6 (3) NONDISPLACEMENT.—

7 (A) IN GENERAL.—A worksite employer
8 shall not displace an employee or position (in-
9 cluding partial displacement such as reduction
10 in hours, wages, or employment benefits) or im-
11 pair contracts for services or collective bar-
12 gaining agreements, as a result of the use by
13 such employer of a participant in a program or
14 activity funded under this section, and no par-
15 ticipant in the program or activity shall be as-
16 signed to fill any established unfilled position
17 vacancy.

18 (B) JOB OPPORTUNITIES.—A job oppor-
19 tunity shall not be created under this paragraph
20 that will infringe in any manner on the pro-
21 motional opportunity of an employed individual.

22 (C) LIMITATION ON SERVICES.—

23 (i) SUPPLANTATION OF HIRING.—A
24 participant in any program or activity
25 funded under this section shall not perform

1 any services or duties, or engage in activi-
2 ties, that will supplant the hiring of em-
3 ployees that are not participants in the
4 program or activity.

5 (ii) DUTIES FORMERLY PERFORMED
6 BY ANOTHER EMPLOYEE.—A participant
7 in any program or activity funded under
8 this section shall not perform services or
9 duties, or engage in activities, that are
10 services, duties, or activities that had been
11 performed by or were assigned to any em-
12 ployee who recently resigned or was dis-
13 charged, who is subject to a reduction in
14 force, who has recall rights pursuant to a
15 collective bargaining agreement or applica-
16 ble personnel procedures, who is on leave
17 (such as terminal, temporary, vacation,
18 emergency, or sick leave), who is on strike,
19 or who is being locked out.

20 (D) CONCURRENCE OF LOCAL LABOR OR-
21 GANIZATION.—No placement shall be made
22 under a program or activity funded under this
23 section until the entity conducting the program
24 or activity has obtained the written concurrence
25 of any local labor organization representing em-

1 employees who are engaged in the same or sub-
2 stantially similar work as that proposed to be
3 carried out for the worksite employer with
4 whom a participant is to be placed under the
5 program or activity.

6 (4) NO IMPACT ON UNION ORGANIZING.—A
7 State conducting a demonstration project funded
8 under this section and any entity conducting a pro-
9 gram or activity funded under this section shall pro-
10 vide the Secretary with a certified assurance that
11 none of such funds shall be used to assist or deter
12 union organizing.

13 (5) ACCOUNTABILITY.—

14 (A) IN GENERAL.—Funds provided under
15 this section shall not be used to subsidize train-
16 ing or employment with an employer that has
17 a demonstrable record of noncompliance with
18 Federal labor, civil rights, workplace safety, or
19 related laws.

20 (B) CERTIFIED SATISFACTORY RECORD.—
21 Employers who receive training or wage sub-
22 sidies under programs or activities funded
23 under this section shall have a satisfactory
24 record in labor relations and employment prac-
25 tices, as certified by the Secretary of Labor.

1 (C) APPLICATION OF WORKER PROTEC-
2 TION LAWS.—A participant in a program or ac-
3 tivity funded under this section shall be consid-
4 ered to be an employee of any employer that
5 the participant is placed with for all purposes
6 under Federal and State law, including laws re-
7 lating to health and safety, civil rights, and
8 worker’s compensation.

9 (D) OTHER JOB QUALITY STANDARDS.—
10 Employers who receive training or wage sub-
11 sidies under programs or activities funded
12 under this section shall meet all applicable
13 State or local job or employer quality standards
14 regarding such issues as wages, benefits, ad-
15 vancement opportunities, and turnover rates es-
16 tablished for programs funded under the Work-
17 force Investment Act of 1998 (29 U.S.C. 2801
18 et seq.).

19 (6) GRIEVANCE PROCEDURE.—An entity con-
20 ducting a program or activity funded under this sec-
21 tion shall establish and maintain a procedure for the
22 filing and adjudication of grievances by employees of
23 worksite employers who are not participants in the
24 program, or such employees’ representatives, or by
25 participants in such a program or activity alleging a

1 violation of a provision of this subsection that is
2 similar to the grievance procedure established by a
3 State for purposes of section 407(f)(3) of the Social
4 Security Act (42 U.S.C. 607(f)(3)).

5 (7) NONPREEMPTION OF STATE LAW.—The
6 provisions of this subsection shall not be construed
7 to preempt any provision of State law that affords
8 greater protections to employees or participants than
9 are afforded by this subsection.

10 (8) TREATMENT OF AMOUNTS PAID TO PAR-
11 TICIPANTS.—Amounts paid to a participant in a
12 program or activity funded under this section shall
13 be—

14 (A) considered earned income for purpose
15 of determining the participant's eligibility for
16 the child tax credit established under section 24
17 of the Internal Revenue Code of 1986, the
18 earned income tax credit established under sec-
19 tion 32 of such Code, and any other tax benefit
20 established under such Code the eligibility for
21 which is based on earned income; and

22 (B) disregarded for purposes of deter-
23 mining the participant's, the participant's fam-
24 ily's, or the participant's household's eligibility
25 for, or amount of, assistance or benefits pro-

1 vided under any means-tested program funded
2 in whole or in part with Federal funds.

3 (e) APPLICATION.—

4 (1) REQUIREMENTS FOR ALL APPLICATIONS.—

5 (A) IN GENERAL.—A State desiring to re-
6 ceive a grant to conduct a demonstration
7 project under this section shall submit an appli-
8 cation—

9 (i) to the Secretary of Health and
10 Human Services, in the case of a grant
11 under subsection (a); or

12 (ii) to the Secretary of Labor, in the
13 case of a grant under subsection (b);

14 at such time, in such manner, and containing
15 such information or assurances as the Secretary
16 of Health and Human Services or the Secretary
17 of Labor, as appropriate, may require.

18 (B) COMPLIANCE WITH WORKER PROTEC-
19 TIONS AND LABOR STANDARDS.—The applica-
20 tion shall include an assurance that the State
21 and any entity conducting a program or activity
22 under the project shall comply with the worker
23 protections and labor standards established in
24 accordance with such protections under sub-
25 section (d).

1 (C) NONDISCRIMINATION.—The applica-
2 tion shall include an assurance that the State
3 and any entity conducting a program or activity
4 under the demonstration project shall comply
5 with section 188(a)(2) of the Workforce Invest-
6 ment Act of 1998 (29 U.S.C. 2938(a)(2)) to
7 the same extent that such section would apply
8 to the entity if the program or activity con-
9 ducted under the demonstration project was
10 considered to be funded or otherwise financially
11 assisted under that Act.

12 (D) ASSURANCE GRANT WILL SUPPLE-
13 MENT, NOT SUPPLANT, OTHER STATE FUND-
14 ING.—The application shall include an assur-
15 ance from the chief executive officer of the
16 State that funds made available under the
17 grant will supplement, and not supplant, other
18 funds used by the State to establish or support
19 employment placements for low-income parents.

20 (2) SPECIFIC DEMONSTRATION PROJECT RE-
21 QUIREMENTS.—

22 (A) COURT-SUPERVISED OR IV–D AGENCY-
23 SUPERVISED EMPLOYMENT PROGRAMS FOR
24 NONCUSTODIAL PARENTS.—In order to conduct
25 a demonstration project described in subsection

1 (a), a State shall include in the application sub-
2 mitted to the Secretary of Health and Human
3 Services the following:

4 (i) Evidence of an agreement between
5 the State and 1 or more counties to estab-
6 lish an employment program that meets
7 the requirements of subsection (a).

8 (ii) The number of potential noncusto-
9 dial parents to be served by the program.

10 (iii) The purposes specific to that
11 State's program.

12 (iv) The median income of the target
13 population.

14 (B) PUBLIC-PRIVATE CAREER PATHWAYS
15 PARTNERSHIPS.—In order to conduct a dem-
16 onstration project described in paragraph (2) of
17 subsection (b), a State shall include in the ap-
18 plication submitted to the Secretary of Labor a
19 description of—

20 (i) the number, characteristics, and
21 employment and earnings status of dis-
22 advantaged individuals in the State or ap-
23 plicable region where the program is to be
24 conducted;

1 (ii) which business and industry sec-
2 tors, or occupational clusters that cut
3 across sectors, will be targeted by the ca-
4 reer pathways partnership, based on over-
5 all economic benefit to the community, the
6 current and future demand for workers,
7 the advancement opportunities for workers,
8 the wages at each step of the career path-
9 way, and availability of worker benefits;

10 (iii) the interventions that will be put
11 in place to address any educational defi-
12 cits, limited English proficiency, or learn-
13 ing disabilities of individuals who partici-
14 pate in the program and to ensure that
15 such individuals have the academic, tech-
16 nical, communications, and other job skills
17 to function in the jobs targeted by the
18 partnership;

19 (iv) how the members of the partner-
20 ship will collaborate on the development of
21 curriculum and delivery of training that
22 will provide the necessary occupational,
23 academic and other work-related skills and
24 credentialing needed for the specific labor
25 market areas;

1 (v) the supports that will be used to
2 provide counseling, mentoring or other
3 support to individuals while in training or
4 to assist them in navigating in complicated
5 work environments;

6 (vi) the set of career exposure activi-
7 ties that will be put in place to provide
8 hands-on experience such as work experi-
9 ence, on the job training, internships, or
10 work-study;

11 (vii) the agreements that are in place
12 with employers, industry groups, and labor
13 organizations, where applicable, to ensure
14 access to jobs and advancement opportuni-
15 ties in the targeted businesses, industry, or
16 occupations;

17 (viii) how the workforce education
18 providers in the partnership will assess the
19 employment barriers and needs of local
20 disadvantaged individuals who participate
21 in the program and will identify resources
22 for meeting those needs;

23 (ix) how the workforce education pro-
24 viders will work with partnership employ-
25 ers, business and industry groups, labor

1 organizations, where applicable, and local
2 economic development organizations to
3 identify the priority workforce needs of the
4 local industry;

5 (x) how the partnerships will ensure
6 that the appropriate program delivery
7 models and formal agreements are in place
8 to ensure maximum benefits to the individ-
9 uals receiving career pathway partnership
10 services and to the employers and labor or-
11 ganizations, where applicable, in the part-
12 nership and the industries or businesses
13 they represent;

14 (xi) how partnership employers and
15 labor organizations, where applicable, will
16 be actively involved in identifying specific
17 workforce education needs, planning the
18 curriculum, assisting in training activities,
19 providing job opportunities, and coordi-
20 nating job retention for individuals hired
21 after training through the program and
22 followup support; and

23 (xii) how the partnership will build on
24 existing career pathways programs, where

1 applicable, to serve the targeted popu-
2 lation.

3 (3) APPLICATIONS BY INDIAN TRIBES OR TRIB-
4 AL ORGANIZATIONS.—The Secretary of Health and
5 Human Services and the Secretary of Labor may ex-
6 empt an Indian tribe or tribal organization from any
7 requirement of this section that the Secretary of
8 Health and Human Services or the Secretary of
9 Labor determines would be inappropriate to apply to
10 the Indian tribe or tribal organization, taking into
11 account the resources, needs, and other cir-
12 cumstances of the Indian tribe or tribal organiza-
13 tion.

14 (f) PRIORITIES AND REQUIREMENTS FOR AWARDING
15 GRANTS.—

16 (1) IN GENERAL.—Subject to paragraphs (2)
17 and (3), the Secretary of Health and Human Serv-
18 ices (in the case of a grant under subsection (a))
19 and the Secretary of Labor (in the case of a grant
20 under subsection (b)) shall give priority to making
21 grants under this section to entities that—

22 (A) demonstrate success with respect to
23 meeting the goals of quality job placement,
24 long-term unsubsidized job retention, and,
25 where applicable, increasing child support pay-

1 ments, decreasing unpaid child support arrear-
2 ages, and increasing the involvement of low-in-
3 come noncustodial parents with their children
4 through their participation in responsible fa-
5 therhood activities, including participation in
6 programs that provide culturally relevant cur-
7 ricula in core subjects including—

- 8 (i) conducting activities with children;
- 9 (ii) improving communication skills;
- 10 (iii) child support management;
- 11 (iv) providing financially for the fam-
12 ily's security and well-being;
- 13 (v) managing stress and anger;
- 14 (vi) maintaining physical and mental
15 health;
- 16 (vii) parenting and relationship skills;
- 17 (viii) child development; and
- 18 (ix) barriers to responsible parent-
19 hood, including substance abuse, unem-
20 ployment, criminal justice system involve-
21 ment, and inadequate housing; and

22 (B) coordinate with, and link individuals
23 as applicable to, other public and private bene-
24 fits and employment services for low-income
25 adults among the different systems or programs

1 in which such adults are involved, including the
2 criminal justice system, the State programs
3 funded under each part of title IV of the Social
4 Security Act (42 U.S.C. 601 et seq.) (including
5 programs and activities funded under section
6 403(a)(2) of the Social Security Act (42 U.S.C.
7 603(a)(2)), educational assistance and student
8 aid programs, and job training or employment
9 programs, including State employment agencies.

10 (2) PERFORMANCE MEASURES.—In making
11 grants under this section, the Secretary of Health
12 and Human Services (in the case of a grant under
13 subsection (a)) and the Secretary of Labor (in the
14 case of a grant under subsection (b)) shall ensure
15 that grantees demonstrate a plan for implementing
16 measures to track their performance with respect to
17 meeting the goals of quality job placement, long-
18 term unsubsidized job retention, and, where applica-
19 ble, increasing child support payments, decreasing
20 child support arrearages, and increasing the involve-
21 ment of low-income noncustodial parents with their
22 children.

23 (3) REFLECTIVE OF TARGET POPULATIONS.—
24 In making grants under this section, the Secretary
25 of Health and Human Services (in the case of a

1 grant under subsection (a)) and the Secretary of
2 Labor (in the case of a grant under subsection (b))
3 shall give priority to States with proposed dem-
4 onstration projects that are designed to target low-
5 income adults, including custodial and noncustodial
6 parents, and low-income married couples.

7 (4) SUBSTANTIAL FUNDING FOR EACH OF THE
8 PURPOSES.—In making grants under subsection (b),
9 the Secretary of Labor shall ensure that a substan-
10 tial share of the amount appropriated under sub-
11 section (j) for a fiscal year is used for carrying out
12 each of the projects described in paragraphs (1) and
13 (2) of subsection (b).

14 (g) REGULATORY AND POLICY FLEXIBILITY.—The
15 Secretary of Labor and the Secretary of Health and
16 Human Services, in coordination with the Secretary of
17 Education and the Attorney General, shall work with
18 grantees under this section to resolve policy barriers that
19 may impede blending of Federal resources to support
20 these demonstration projects.

21 (h) EVALUATION.—The Secretary of Health and
22 Human Services (in the case of a grant under subsection
23 (a)) and the Secretary of Labor (in the case of a grant
24 under subsection (b)) shall provide for an independent and
25 rigorous evaluation of the demonstration projects con-

1 ducted under this section that includes, to the maximum
2 extent feasible, random assignment or other appropriate
3 statistical techniques, in order to assess the effectiveness
4 of the projects.

5 (i) GENERAL DEFINITIONS.—In this section:

6 (1) STATE.—The term “State” means each of
7 the 50 States, the District of Columbia, the Com-
8 monwealth of Puerto Rico, the United States Virgin
9 Islands, Guam, American Samoa, and includes an
10 Indian tribe or tribal organization.

11 (2) IV–D AGENCY.—The term “IV–D agency”
12 means the State or local agency responsible for ad-
13 ministering the State program established under
14 part D of title IV of the Social Security Act (42
15 U.S.C. 651 et seq.).

16 (3) INDIAN TRIBE; TRIBAL ORGANIZATION.—
17 The terms “Indian tribe” and “tribal organization”
18 have the meaning given such terms in section 4 of
19 the Indian Self-Determination and Education Assist-
20 ance Act (25 U.S.C. 450b).

21 (j) APPROPRIATION.—Out of any money in the
22 Treasury of the United States not otherwise appropriated,
23 there are appropriated to carry out this section—

24 (1) for programs administered by the Secretary
25 of Health and Human Services under subsection (a),

1 \$15,000,000 for each of fiscal years 2011 through
2 2015; and

3 (2) for programs administered by the Secretary
4 of Labor under subsection (b), \$35,000,000 for each
5 of fiscal years 2011 through 2015.

6 **SEC. 103. HEALTHY MARRIAGE PROMOTION AND RESPON-**
7 **SIBLE FATHERHOOD PROGRAMS.**

8 (a) **ENSURING FUNDING FOR RESPONSIBLE FA-**
9 **THERHOOD PROGRAMS.**—Section 403(a)(2)(C) of the So-
10 cial Security Act (42 U.S.C. 603(a)(2)(C)) is amended—

11 (1) in the subparagraph heading, by striking
12 “LIMITATION ON USE OF” and inserting “REQUIRE-

13 MENT TO USE CERTAIN”; and
14 (2) in clause (i), by striking “may not award
15 more than \$50,000,000” and inserting “shall award
16 at least ½ of the amounts”.

17 (b) **VOLUNTARY PARTICIPATION.**—

18 (1) **ASSURANCE.**—Section 403(a)(2)(A)(ii)(II)
19 of the Social Security Act (42 U.S.C.
20 603(a)(2)(A)(ii)(II)) is amended—

21 (A) in item (aa), by striking “and” at the
22 end;

23 (B) in item (bb), by striking the period at
24 the end and inserting a semicolon; and

1 (C) by adding at the end the following new
2 items:

3 “(cc) if the entity is a State
4 or an Indian tribe or tribal orga-
5 nization, to not condition the re-
6 ceipt of assistance under the pro-
7 gram funded under this part,
8 under a program funded with
9 qualified State expenditures (as
10 defined in section
11 409(a)(7)(B)(i)), or under any
12 other program funded under this
13 title on enrollment in any such
14 programs or activities; and

15 “(dd) to permit any indi-
16 vidual who has begun to partici-
17 pate in a particular program or
18 activity funded under this para-
19 graph, including an individual
20 whose participation is specified in
21 the individual responsibility plan
22 developed for the individual in
23 accordance with section 408(b),
24 to transfer to another such pro-
25 gram or activity funded under

1 this paragraph upon notification
2 to the entity and the State agen-
3 cy responsible for administering
4 the State program funded under
5 this part.”.

6 (2) PROHIBITION.—Section 408(a) of such Act
7 (42 U.S.C. 608(a)) is amended by adding at the end
8 the following:

9 “(12) BAN ON CONDITIONING RECEIPT OF
10 TANF OR CERTAIN OTHER BENEFITS ON PARTICIPA-
11 TION IN A HEALTHY MARRIAGE OR RESPONSIBLE
12 FATHERHOOD PROGRAM.—A State to which a grant
13 is made under section 403 shall not condition the re-
14 ceipt of assistance under the State program funded
15 under this part, under a program funded with quali-
16 fied State expenditures (as defined in section
17 409(a)(7)(B)(i)), or under any other program fund-
18 ed under this title, on participation in a healthy
19 marriage promotion activity (as defined in section
20 403(a)(2)(A)(iii)) or in an activity promoting re-
21 sponsible fatherhood (as defined in section
22 403(a)(2)(C)(ii)).”.

23 (3) PENALTY.—Section 409(a) of such Act (42
24 U.S.C. 609(a)) is amended by adding at the end the
25 following:

1 “(16) PENALTY FOR CONDITIONING RECEIPT
2 OF TANF OR CERTAIN OTHER BENEFITS ON PARTICI-
3 PATION IN A HEALTHY MARRIAGE OR RESPONSIBLE
4 FATHERHOOD PROGRAM.—If the Secretary deter-
5 mines that a State has violated section 408(a)(12)
6 during a fiscal year, the Secretary shall reduce the
7 grant payable to the State under section 403(a)(1)
8 for the immediately succeeding fiscal year by an
9 amount equal to 5 percent of the State family assist-
10 ance grant.”.

11 (c) ACTIVITIES PROMOTING RESPONSIBLE FATHER-
12 HOOD.—Section 403(a)(2)(C)(ii) of the Social Security
13 Act (42 U.S.C. 603(a)(2)(C)(ii)) is amended—

14 (1) in subclause (I), by striking “marriage or
15 sustain marriage” and insert “healthy relationships
16 and marriages or to sustain healthy relationships or
17 marriages”;

18 (2) in subclause (II), by inserting “educating
19 youth who are not yet parents about the economic,
20 social, and family consequences of early parenting,
21 helping participants in fatherhood programs work
22 with their own children to break the cycle of early
23 parenthood,” after “child support payments,”; and

24 (3) in subclause (III), by striking “fathers” and
25 inserting “low-income fathers and other low-income

1 noncustodial parents who are not eligible for assist-
2 ance under the State program funded under this
3 part”.

4 (d) REAUTHORIZATION.—Section 403(a)(2)(D) of
5 such Act (42 U.S.C. 603(a)(2)(D)) is amended by striking
6 “2006 through 2010” and inserting “2011 through
7 2015”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect on October 1, 2010.

10 **SEC. 104. ELIMINATION OF SEPARATE TANF WORK PAR-**
11 **TICIPATION RATE FOR 2-PARENT FAMILIES.**

12 (a) IN GENERAL.—Section 407 of the Social Security
13 Act (42 U.S.C. 607) is amended—

14 (1) in subsection (a)—

15 (A) beginning in the heading, by striking
16 “PARTICIPATION RATE REQUIREMENTS” and
17 all that follows through “A State” in paragraph
18 (1) and inserting “PARTICIPATION RATE RE-
19 QUIREMENTS.—A State”; and

20 (B) by striking paragraph (2);

21 (2) in subsection (b)—

22 (A) in paragraph (1)(A), by striking “sub-
23 section (a)(1)” and inserting “subsection (a)”;

24 (B) in paragraph (2), by striking the para-
25 graph heading and all that follows through “A

1 family” and inserting “SPECIAL RULE.—A fam-
2 ily”;

3 (C) in paragraph (4), by striking “para-
4 graphs (1)(B) and (2)(B)” and inserting “de-
5 termining monthly participation rates under
6 paragraph (1)(B)”;

7 (D) in paragraph (5), by striking “rates”
8 and inserting “rate”; and
9 (3) in subsection (c)—

10 (A) in paragraph (1)(B), in the matter
11 preceding clause (i), by striking “subsection
12 (b)(2)(B)” and inserting “subsection
13 (b)(1)(B)(i)”; and

14 (B) in paragraph (2)(D)—

15 (i) by striking “paragraphs (1)(B)(i)
16 and (2)(B) of subsection (b)” and insert-
17 ing “subsection (b)(1)(B)(i)”; and

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

20 (b) EFFECTIVE DATE.—

21 (1) IN GENERAL.—The amendments made by
22 subsection (a) shall take effect on the date of enact-
23 ment of this Act and shall apply to the determina-
24 tion of minimum participation rates for months be-
25 ginning on or after that date.

1 (2) LIMITATION ON PENALTY IMPOSITION.—
2 Notwithstanding section 409(a)(3) of the Social Se-
3 curity Act, the Secretary of Health and Human
4 Services shall not impose a penalty against a State
5 under that section on the basis of the State’s failure
6 to satisfy the participation rate required for any of
7 fiscal years 2006 through 2009 if the State dem-
8 onstrates that the State would have met such re-
9 quirement if, with respect to those months of any of
10 such fiscal years that began prior to or on the date
11 of enactment of this Act, the State were permitted
12 to count 2-parent families that met the requirements
13 of section 407(c)(1)(A) of the Social Security Act
14 (42 U.S.C. 607(c)(1)(A)) in the determination of
15 monthly participation rates under section
16 407(b)(1)(B)(i) of such Act (42 U.S.C.
17 607(b)(1)(B)(i)).

18 **SEC. 105. BAN ON RECOVERY OF MEDICAID COSTS FOR**
19 **BIRTHS.**

20 (a) BAN ON RECOVERY.—

21 (1) IN GENERAL.—Section 454 of the Social
22 Security Act (42 U.S.C. 654), is amended—

23 (A) by striking “and” at the end of para-
24 graph (32);

1 (B) by striking the period at the end of
2 paragraph (33) and inserting a semicolon; and

3 (C) by inserting after paragraph (33) the
4 following:

5 “(34) provide that, except as provided in sec-
6 tion 1902(a)(25)(F)(ii), the State shall not use the
7 State program operated under this part to collect
8 any amount owed to the State by reason of costs in-
9 curred under the State plan approved under title
10 XIX for the birth of a child for whom support rights
11 have been assigned pursuant to section 471(a)(17)
12 or 1912; and”.

13 (2) RULE OF CONSTRUCTION.—Nothing in sec-
14 tion 454(34) of the Social Security Act (42 U.S.C.
15 654(34)), as added by paragraph (1), shall be con-
16 strued as affecting the application of section
17 1902(a)(25) of such Act (42 U.S.C. 1396a(a)(25))
18 with respect to a State (relating to the State Med-
19 icaid plan requirement for the State to take all rea-
20 sonable measures to ascertain the legal liability of
21 third parties to pay for care and services available
22 under the plan).

23 (3) REPEAL OF CERTAIN DRA AMENDMENTS.—
24 For provisions repealing amendments to section 454
25 of the Social Security Act made by section

1 7301(b)(1)(C) of the Deficit Reduction Act of 2005,
2 see section 106(a)(3) of this Act.

3 (b) CLARIFICATION THAT BAN ON RECOVERY DOES
4 NOT APPLY WITH RESPECT TO INSURANCE OF A PARENT
5 WITH AN OBLIGATION TO PAY CHILD SUPPORT.—Clause
6 (ii) of section 1902(a)(25)(F) of the Social Security Act
7 (42 U.S.C. 1396a(a)(25)(F)) is amended by inserting
8 “only if such third-party liability is derived through insur-
9 ance,” before “seek”.

10 (c) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), the amendments made by this section
13 take effect on October 1, 2009.

14 (2) EXTENSION OF EFFECTIVE DATE FOR
15 STATE LAW AMENDMENT.—In the case of a State
16 plan under title XIX of the Social Security Act (42
17 U.S.C. 1396 et seq.) which the Secretary of Health
18 and Human Services determines requires State legis-
19 lation in order for the plan to meet the additional
20 requirements imposed by the amendments made by
21 this section, the State plan shall not be regarded as
22 failing to comply with the requirements of such title
23 solely on the basis of its failure to meet these addi-
24 tional requirements before the first day of the first
25 calendar quarter beginning after the close of the

1 first regular session of the State legislature that be-
 2 gins after the date of enactment of this Act. For
 3 purposes of the previous sentence, in the case of a
 4 State that has a 2-year legislative session, each year
 5 of the session is considered to be a separate regular
 6 session of the State legislature.

7 **SEC. 106. IMPROVED COLLECTION AND DISTRIBUTION OF**
 8 **CHILD SUPPORT.**

9 (a) DISTRIBUTION OF CHILD SUPPORT.—

10 (1) FULL DISTRIBUTION OF CHILD SUPPORT
 11 COLLECTED; REFORM OF RULES FOR DISTRIBUTION
 12 OF CHILD SUPPORT COLLECTED ON BEHALF OF
 13 CHILDREN IN FOSTER CARE.—

14 (A) IN GENERAL.—Section 457 of the So-
 15 cial Security Act (42 U.S.C. 657) is amended—

16 (i) by striking subsection (a) and in-
 17 sserting the following:

18 “(a) FULL DISTRIBUTION OF AMOUNTS COLLECTED
 19 ON BEHALF OF ANY FAMILY.—Subject to subsection (c),
 20 the entire amount collected on behalf of any family as sup-
 21 port by a State pursuant to a plan approved under this
 22 part shall be paid by the State to the family.”; and

23 (ii) by striking subsections (c)
 24 through (e) and inserting the following:

1 “(c) AMOUNTS COLLECTED FOR CHILD FOR WHOM
2 FOSTER CARE MAINTENANCE PAYMENTS ARE MADE.—
3 Notwithstanding the preceding provisions of this section,
4 amounts collected by a State as child support for months
5 in any period on behalf of a child for whom a public agen-
6 cy is making foster care maintenance payments under part
7 E shall be paid to the public agency responsible for super-
8 vising the placement of the child, which may use the pay-
9 ments in the manner it determines will serve the best in-
10 terests of the child, including setting such payments aside
11 for the child’s future needs or use.”.

12 (B) FOSTER CARE STATE PLAN AMEND-
13 MENT.—Section 471(a)(17) of the Social Secu-
14 rity Act (42 U.S.C. 671(a)(17)) is amended—

15 (i) by inserting “and consistent with
16 the child’s case plan” after “where appro-
17 priate”; and

18 (ii) by striking “secure an assignment
19 to the State of any rights to support” and
20 inserting “establish paternity and estab-
21 lish, modify, and enforce child support ob-
22 ligations”.

23 (C) SOCIAL SECURITY ACT AMEND-
24 MENTS.—

1 (i) CHILD SUPPORT STATE PLAN
2 AMENDMENT.—Section 454 of the Social
3 Security Act (42 U.S.C. 654), as amended
4 by section 104(a)(1) of this Act, is amend-
5 ed by inserting after paragraph (34) the
6 following:

7 “(35) provide that a State shall pay all col-
8 lected child support to the payee, except as provided
9 in section 457(c).”.

10 (ii) DISBURSEMENT OF SUPPORT PAY-
11 MENTS.—Section 454B(c) of the Social Se-
12 curity Act (42 U.S.C. 654b(c)) is amended
13 by adding at the end the following new
14 paragraph:

15 “(3) DISBURSEMENT TO FAMILIES.—The State
16 disbursement unit shall pay all collected child sup-
17 port to the payee, except as otherwise provided in
18 section 457.”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) Section 409(a)(7)(B)(i)(I)(aa) of such
21 Act (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is
22 amended by striking “457(a)(1)(B)” and in-
23 serting “457(a)”.

1 (B) Section 454(5) of such Act (42 U.S.C.
2 654(5)) is amended by striking “(A) in any
3 case” and all that follows through “(B)”.

4 (C) Section 466(a)(3)(B) of such Act (42
5 U.S.C. 666(a)(3)(B)) is amended—

6 (i) by striking “shall be distributed in
7 accordance with section 457 in the case of
8 overdue support assigned to a State pursu-
9 ant to section 408(a)(3) or 471(a)(17), or,
10 in any other case,”; and

11 (ii) and inserting “or to the public
12 agency responsible for supervising the
13 placement of the child, which may use the
14 payments in the manner the public agency
15 determines will serve the best interest of
16 the child” before the semicolon.

17 (3) REPEAL OF CERTAIN DRA AMENDMENTS.—
18 Effective on the date of enactment of this Act, sub-
19 sections (a) and (b) of section 7301 of the Deficit
20 Reduction Act of 2005 (Public Law 109–171; 120
21 Stat. 141) are repealed and parts A and D of title
22 IV of the Social Security Act shall be applied as if
23 the amendments made by such subsections had not
24 been enacted.

1 (b) PROHIBITION ON CONDITIONING RECEIPT OF
2 TANF ON ASSIGNMENT OF SUPPORT.—Section 408(a)(3)
3 of the Social Security Act (42 U.S.C. 608(a)(3)) is amend-
4 ed—

5 (1) in the paragraph heading, by striking “No
6 ASSISTANCE FOR FAMILIES NOT” and inserting
7 “PROHIBITION ON CONDITIONING ASSISTANCE FOR
8 FAMILIES ON”;

9 (2) by inserting “not” after “shall”;

10 (3) by inserting “or under a program funded
11 with qualified State expenditures (as defined in sec-
12 tion 409(a)(7)(B)(i))” after “this part”; and

13 (4) by striking “, not exceeding the total
14 amount of assistance so paid to the family,”.

15 (c) REQUIREMENT TO DISREGARD PERCENTAGE OF
16 CHILD SUPPORT COLLECTED IN DETERMINING AMOUNT
17 AND TYPE OF TANF ASSISTANCE.—Section 408(a) of the
18 Social Security Act (42 U.S.C. 608(a)) is amended by add-
19 ing at the end the following new paragraph:

20 “(12) REQUIREMENT TO DISREGARD PERCENT-
21 AGE OF CHILD SUPPORT COLLECTED IN DETER-
22 MINING AMOUNT AND TYPE OF TANF ASSISTANCE.—
23 A State to which a grant is made under section 403
24 shall disregard at least the same percentage of
25 amounts collected as support on behalf of a family

1 as the percentage of earned income that the State
2 disregards, in determining the amount or type of as-
3 sistance provided to the family under the State pro-
4 gram funded under this part or under a program
5 funded with qualified State expenditures (as defined
6 in section 409(a)(7)(B)(i)).”.

7 (d) RESTORATION OF FEDERAL FUNDING.—Effec-
8 tive on the date of enactment of this Act, section 7309
9 of the Deficit Reduction Act of 2005 (Public Law 109–
10 171; 120 Stat. 147) is repealed and part D of title IV
11 of the Social Security Act shall be applied as if the amend-
12 ment made by subsection (a) of that section had not been
13 enacted.

14 (e) REPEAL OF MANDATORY FEE FOR CHILD SUP-
15 PORT COLLECTION.—Effective on the date of enactment
16 of this Act, section 7310 of the Deficit Reduction Act of
17 2005 (Public Law 109–171; 120 Stat. 147) is repealed
18 and part D of title IV of the Social Security Act shall
19 be applied as if the amendments made by that section had
20 not been enacted.

21 (f) PROHIBITION ON CONSIDERING A PERIOD OF IN-
22 CARCERATION VOLUNTARY UNEMPLOYMENT.—Section
23 466(a) of the Social Security Act (42 U.S.C. 666(a)) is
24 amended by inserting after paragraph (19) the following:

1 “(20) PROCEDURES RELATING TO PERIODS OF
2 INCARCERATION OF NONCUSTODIAL PARENTS.—

3 “(A) IN GENERAL.—Procedures which re-
4 quire that, in determining or modifying the
5 amount of, or terms and conditions of, any sup-
6 port obligation of a noncustodial parent, the
7 State—

8 “(i) shall not consider any period of
9 incarceration of such parent as a period of
10 voluntary unemployment that disqualifies
11 the parent from obtaining a modification
12 of the support obligation consistent with
13 the parent’s ability to pay child support;
14 and

15 “(ii) subject to subparagraph (B) in
16 the case of an incarcerated parent, may—

17 “(I) temporarily suspend any
18 support obligation on the parent and
19 the enforcement of any support obli-
20 gation of the parent existing prior to
21 the period of incarceration; and

22 “(II) temporarily prohibit the ac-
23 crual of any interest on any support
24 obligation of the parent existing prior

1 to the period of incarceration during
2 any such period.

3 “(B) NOTICE AND OPPORTUNITY TO CHAL-
4 LENGE SUSPENSION.—Such procedures shall re-
5 quire the State to provide a custodial parent
6 with—

7 “(i) notice of any suspension of re-
8 view, adjustment, or enforcement of a sup-
9 port obligation and of any prohibition on
10 interest accrual on such obligation that is
11 imposed in accordance with subparagraph
12 (A)(ii); and

13 “(ii) an opportunity to request that
14 the suspension or prohibition be termi-
15 nated or modified on the basis that the
16 noncustodial parent has sufficient income
17 or resources to continue payment of the
18 support obligation during the noncustodial
19 parent’s period of incarceration.”.

20 (g) REVIEW AND ADJUSTMENT OF CHILD SUPPORT
21 ARREARAGES UPON REQUEST.—Section 466(a)(10) of
22 the Social Security Act (42 U.S.C. 666(a)(10)) is amend-
23 ed by adding at the end the following:

24 “(D) REVIEW AND ADJUSTMENT OF AR-
25 REARAGES.—Procedures which require the

1 State to review, and if appropriate, reduce the
2 balance of arrearages permanently assigned to
3 the State under part A or E of this title, or
4 under title XIX, pursuant to standards and
5 procedures established by the State, in cases
6 where the obligor lacks sufficient ability to pay
7 the arrears, adjustment will promote timely
8 payment of current support, or barriers, such
9 as incarceration, may have limited the ability of
10 the obligor to timely seek a modification of the
11 order, and it is in the best interests of the child
12 to make such reduction. Nothing in the pre-
13 ceding sentence shall be construed as affecting
14 arrearages that have not been permanently as-
15 signed to the State under any such part or
16 title.”.

17 (h) STUDY AND REPORT.—Not later than October 1,
18 2012, the Secretary of Health and Human Services shall
19 study and submit a report to Congress regarding the fol-
20 lowing:

21 (1) The effect of age eligibility restrictions for
22 the earned income tax credit established under sec-
23 tion 32 of the Internal Revenue Code of 1986 for in-
24 dividuals without qualifying children on—

1 (A) the ability of young parents to pay
2 child support;

3 (B) compliance with child support orders;
4 and

5 (C) the relationship between young non-
6 custodial parents and their children.

7 (2) The impact of State earned income tax
8 credit programs, especially such programs with tar-
9 geted benefits for noncustodial parents, on—

10 (A) the ability of noncustodial parents to
11 pay child support;

12 (B) compliance with child support orders;
13 and

14 (C) the relationship between noncustodial
15 parents and their children.

16 (3) The challenges faced by legal immigrants
17 and individuals for whom English is not their pri-
18 mary language in fulfilling child support and other
19 noncustodial parenting obligations.

20 (i) EFFECTIVE DATE.—

21 (1) IN GENERAL.—Except as otherwise pro-
22 vided in this section, the amendments made by this
23 section shall take effect on October 1, 2009, and
24 shall apply to payments under parts A and D of title
25 IV of the Social Security Act for calendar quarters

1 beginning on or after that date, and without regard
2 to whether regulations to implement the amend-
3 ments are promulgated by such date.

4 (2) STATE OPTION TO ACCELERATE EFFECTIVE
5 DATE.—Notwithstanding paragraph (1), a State
6 may elect to have the amendments made by the pre-
7 ceding provisions of this section apply to the State
8 and to amounts collected by the State (and to pay-
9 ments under parts A and D of title IV of such Act),
10 on and after such date as the State may select that
11 is not later than September 30, 2009.

12 **SEC. 107. COLLECTION OF CHILD SUPPORT UNDER THE**
13 **SUPPLEMENTAL NUTRITION ASSISTANCE**
14 **PROGRAM.**

15 (a) ENCOURAGEMENT OF COLLECTION OF CHILD
16 SUPPORT.—Section 5 of the Food and Nutrition Act of
17 2008 (7 U.S.C. 2014) is amended—

18 (1) in subsection (e)—

19 (A) by redesignating paragraphs (5) and
20 (6) as paragraphs (6) and (7), respectively;

21 (B) in paragraph (4)(B), by striking
22 “paragraph (6)” and inserting “paragraph
23 (7)”; and

24 (C) by inserting after paragraph (4) the
25 following:

1 “(5) DEDUCTION FOR CHILD SUPPORT RE-
2 CEIVED.—

3 “(A) IN GENERAL.—A household shall be
4 allowed a deduction of 20 percent of all legally
5 obligated child support payments received from
6 an identified or putative parent of a child in the
7 household if that parent is not a household
8 member.

9 “(B) ORDER OF DETERMINING DEDUC-
10 TIONS.—A deduction under this paragraph shall
11 be determined before the computation of the ex-
12 cess shelter deduction under paragraph (7).”;
13 and

14 (2) in subsection (k)(4)(B), by striking “sub-
15 section (e)(6)” and inserting “subsection (e)(7)”;

16 (b) SIMPLIFIED VERIFICATION OF CHILD SUPPORT
17 PAYMENTS.—Section 5(n) of the Food and Nutrition Act
18 of 2008 (7 U.S.C. 2014(n)) is amended—

19 (1) in the subsection heading, by striking
20 “STATE OPTIONS TO SIMPLIFY”, and inserting
21 “SIMPLIFIED”; and

22 (2) by striking “Regardless of whether” and in-
23 serting the following:

24 “(1) IN GENERAL.—A household that is paying
25 legally obligated child support through the program

1 under part D of title IV of the Social Security Act
2 (42 U.S.C. 651 et seq.) shall receive—

3 “(A) a deduction under subsection (e)(4);

4 or

5 “(B) an exclusion for paid child support
6 under subsection (d)(3).

7 “(2) STATE OPTIONS.—Regardless of whether”.

8 (c) INCLUSION OF ECONOMIC OPPORTUNITIES PRO-
9 GRAMS IN DEFINITION OF WORK PROGRAM.—Section
10 6(o)(2) of the Food and Nutrition Act of 2008 (7 U.S.C.
11 2015(o)(2)) is amended—

12 (1) in subparagraph (C), by striking “or” at
13 the end;

14 (2) in subparagraph (D), by striking the period
15 at the end and inserting “; or”; and

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

17 “(E) participate in and comply with the re-
18 quirements of a demonstration project under
19 section 106 of the Julia Carson Responsible Fa-
20 therhood and Healthy Families Act of 2009;”.

21 (d) EFFECTIVE DATE.—

22 (1) IN GENERAL.—This section and the amend-
23 ments made by this section take effect on October
24 1, 2009.

1 (2) STATE OPTION.—A State may implement
2 the amendments made by subsections (a) and (b) for
3 participating households at the first recertification of
4 the households that occurs on or after October 1,
5 2009.

6 **SEC. 108. GRANTS SUPPORTING HEALTHY FAMILY PART-**
7 **NERSHIPS FOR DOMESTIC VIOLENCE INTER-**
8 **VENTION AND PREVENTIONS.**

9 Section 403(a) of the Social Security Act (42 U.S.C.
10 603(a)) is amended by adding at the end the following
11 new paragraph:

12 “(6) GRANTS SUPPORTING HEALTHY FAMILY
13 PARTNERSHIPS FOR DOMESTIC VIOLENCE INTER-
14 VENTION AND PREVENTION.—

15 “(A) IN GENERAL.—The Secretary shall
16 award grants on a competitive basis to healthy
17 family partnerships to develop and implement
18 promising practices for—

19 “(i) assessing and providing services
20 to individuals and families affected by do-
21 mestic violence, including through case-
22 worker training, the provision of technical
23 assistance to community partners, and the
24 implementation of safe visitation and ex-
25 change programs; or

1 “(ii) preventing domestic violence,
2 particularly as a barrier to economic secu-
3 rity, and fostering healthy relationships.

4 “(B) EDUCATION SERVICES.—In awarding
5 grants under subparagraph (A), the Secretary
6 shall ensure that 10 percent of the funds made
7 available under such grants are used for high
8 schools and other secondary educational institu-
9 tions and institutions of higher education to
10 provide education services on the value of
11 healthy relationships, responsible parenting,
12 and healthy marriages characterized by mutual
13 respect and nonviolence, and the importance of
14 building relationships skills such as communica-
15 tion, conflict resolution, and budgeting.

16 “(C) APPLICATION.—The respective entity
17 and organization of a healthy family partner-
18 ship entered into for purposes of receiving a
19 grant under this paragraph shall submit a joint
20 application to the Secretary, at such time and
21 in such manner as the Secretary shall specify,
22 containing—

23 “(i) a description of how the partner-
24 ship intends to carry out the activities de-
25 scribed in subparagraph (A);

1 “(ii) an assurance that funds made
2 available under the grant shall be used to
3 supplement, and not supplant, other funds
4 used by the entity or organization to carry
5 out programs, activities, or services de-
6 scribed in subparagraph (A) or (B); and

7 “(iii) such other information as the
8 Secretary may require.

9 “(D) GENERAL RULES GOVERNING USE OF
10 FUNDS.—The rules of section 404, other than
11 subsection (b) of that section, shall not apply to
12 a grant made under this paragraph.

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

14 “(i) DOMESTIC VIOLENCE.—The term
15 ‘domestic violence’ has the meaning given
16 that term in section 402(a)(7)(B).

17 “(ii) HEALTHY FAMILY PARTNER-
18 SHIP.—The term ‘healthy family partner-
19 ship’ means a partnership between—

20 “(I) an entity receiving funds
21 under a grant made under paragraph
22 (2) to promote healthy marriage or re-
23 sponsible fatherhood; and

1 “(II) an organization with dem-
2 onstrated expertise working with sur-
3 vivors of domestic violence.

4 “(F) APPROPRIATION.—Out of any money
5 in the Treasury of the United States not other-
6 wise appropriated, there are appropriated for
7 each of fiscal years 2011 through 2015,
8 \$25,000,000 for purposes of awarding grants to
9 healthy family partnerships under this para-
10 graph.”.

11 **SEC. 109. PROCEDURES TO ADDRESS DOMESTIC VIOLENCE.**

12 (a) IN GENERAL.—Section 403(a)(2) of the Social
13 Security Act (42 U.S.C. 603(a)(2)) is amended—

14 (1) by redesignating subparagraph (D) as sub-
15 paragraph (F); and

16 (2) by inserting after subparagraph (C) the fol-
17 lowing:

18 “(D) REQUIREMENTS FOR RECEIPT OF
19 FUNDS.—An entity may not be awarded a grant
20 under this paragraph unless the entity, as a
21 condition of receiving funds under such a
22 grant—

23 “(i) identifies in its application for the
24 grant the domestic violence experts at the
25 local, State, or national level with whom

1 the entity will consult in the development
2 and implementation of the programs and
3 activities of the entity;

4 “(ii) on award of the grant, and in
5 consultation with such domestic violence
6 experts, develops a written protocol which
7 describes—

8 “(I) how the entity will identify
9 instances or risks of domestic violence;

10 “(II) the procedures for respond-
11 ing to such instances or risk, includ-
12 ing making service referrals and pro-
13 viding protections and appropriate as-
14 sistance for identified individuals and
15 families;

16 “(III) how confidentiality issues
17 will be addressed; and

18 “(IV) the domestic violence train-
19 ing that will be provided to ensure ef-
20 fective and consistent implementation
21 of the protocol; and

22 “(iii) in an annual report to the Sec-
23 retary, includes a description of the domes-
24 tic violence protocols, and a description of
25 any implementation issues identified with

1 respect to domestic violence and how the
2 issues were addressed.

3 “(E) DOMESTIC VIOLENCE DEFINED.—In
4 this paragraph, the term ‘domestic violence’ has
5 the meaning given that term in section
6 402(a)(7)(B).”.

7 (b) CONFORMING AMENDMENTS.—Section 403(a)(2)
8 of such Act (42 U.S.C. 603(a)(2)), as amended by section
9 103(d) of this Act and subsection (a)(1) of this section,
10 is amended—

11 (1) in subparagraph (A)(i)—

12 (A) by striking “(B) and (C)” and insert-
13 ing “(B), (C), and (D)”; and

14 (B) by striking “subparagraph (D)” and
15 inserting “subparagraph (F)”;

16 (2) in subparagraphs (B)(i) and (C)(i), by
17 striking “(D)” each place it appears and inserting
18 “(F)”; and

19 (3) in subparagraph (F) (as so redesignated by
20 subsection (a)(1) of this section), by striking
21 “\$150,000,000 for each of fiscal years 2011 through
22 2015” and inserting “\$150,000,000 for each of fis-
23 cal years 2011 and 2012 and \$200,000,000 for each
24 of fiscal years 2013 through 2015”.

1 **TITLE II—REVENUE PROVISIONS**

2 **SEC. 201. INCREASE IN CREDIT PERCENTAGE UNDER**
 3 **EARNED INCOME TAX CREDIT FOR ELIGIBLE**
 4 **INDIVIDUALS WITH NO QUALIFYING CHIL-**
 5 **DREN.**

6 (a) IN GENERAL.—The row in the table in subpara-
 7 graph (A) of section 32(b)(1) of the Internal Revenue
 8 Code of 1986 relating to no qualifying children is amended
 9 to read as follows:

“No qualifying children	20	7.65”.
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10 (b) EFFECTIVE DATE.—The amendment made by
 11 subsection (a) shall apply to taxable years beginning after
 12 December 31, 2009.

13 **SEC. 202. BROKER REPORTING OF CUSTOMER’S BASIS IN**
 14 **SECURITIES TRANSACTIONS.**

15 (a) IN GENERAL.—Section 6045 of the Internal Rev-
 16 enue Code of 1986 (relating to returns of brokers) is
 17 amended to read as follows:

18 “(g) ADDITIONAL INFORMATION REQUIRED IN THE
 19 CASE OF SECURITIES TRANSACTIONS.—

20 “(1) IN GENERAL.—If a broker is otherwise re-
 21 quired to make a return under subsection (a) with
 22 respect to any applicable security, the broker shall

1 include in such return the information described in
2 paragraph (2).

3 “(2) ADDITIONAL INFORMATION REQUIRED.—

4 “(A) IN GENERAL.—The information re-
5 quired under paragraph (1) to be shown on a
6 return with respect to an applicable security of
7 a customer shall include for each reported ap-
8 plicable security the customer’s adjusted basis
9 in such security.

10 “(B) EXEMPTION FROM REQUIREMENT.—

11 The Secretary shall issue such regulations or
12 guidance as necessary concerning the applica-
13 tion of the requirement under subparagraph (A)
14 in cases in which a broker in making a return
15 does not have sufficient information to meet
16 such requirement with respect to the reported
17 applicable security. Such regulations or guid-
18 ance may—

19 “(i) require such other information re-
20 lated to such adjusted basis as the Sec-
21 retary may prescribe, and

22 “(ii) exempt classes of cases in which
23 the broker does not have sufficient infor-
24 mation to meet either the requirement

1 under subparagraph (A) or the require-
2 ment under clause (i).

3 “(3) INFORMATION TRANSFERS.—To the extent
4 provided in regulations, there shall be such ex-
5 changes of information between brokers as such reg-
6 ulations may require for purposes of enabling such
7 brokers to meet the requirements of this subsection.

8 “(4) DEFINITIONS.—For purposes of this sub-
9 section, the term ‘applicable security’ means any—

10 “(A) security described in subparagraph
11 (A) or (C) of section 475(e)(2),

12 “(B) interest in a regulated investment
13 company (as defined in section 851), or

14 “(C) other financial instrument designated
15 in regulations prescribed by the Secretary.”.

16 (b) CONFORMING AMENDMENT.—Section 6045(h)(4)
17 of such Code is amended by inserting “(as in effect on
18 the date of the enactment of the Julia Carson Responsible
19 Fatherhood and Healthy Families Act of 2009)” after
20 “subsection (g)(3)”.

21 (c) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to returns the due date for which
23 (determined without regard to extensions) is after Decem-
24 ber 31, 2009, with respect to securities acquired after De-
25 cember 31, 2008.

1 **SEC. 203. MODIFICATION OF EFFECTIVE DATE OF LEASING**
2 **PROVISIONS OF THE AMERICAN JOBS CRE-**
3 **ATION ACT OF 2004.**

4 (a) LEASES TO FOREIGN ENTITIES.—Section 849(b)
5 of the American Jobs Creation Act of 2004 is amended
6 by adding at the end the following new paragraph:

7 “(5) LEASES TO FOREIGN ENTITIES.—In the
8 case of tax-exempt use property leased to a tax-ex-
9 empt entity which is a foreign person or entity, the
10 amendments made by this part shall apply to taxable
11 years beginning after December 31, 2006, with re-
12 spect to leases entered into on or before March 12,
13 2004.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall take effect as if included in the enact-
16 ment of the American Jobs Creation Act of 2004.

17 **SEC. 204. CLARIFICATION OF ECONOMIC SUBSTANCE DOC-**
18 **TRINE.**

19 (a) IN GENERAL.—Section 7701 of the Internal Rev-
20 enue Code of 1986 is amended by redesignating subsection
21 (o) as subsection (p) and by inserting after subsection (n)
22 the following new subsection:

23 “(o) CLARIFICATION OF ECONOMIC SUBSTANCE
24 DOCTRINE; ETC.—

25 “(1) GENERAL RULES.—

1 “(A) IN GENERAL.—In any case in which
2 a court determines that the economic substance
3 doctrine is relevant for purposes of this title to
4 a transaction (or series of transactions), such
5 transaction (or series of transactions) shall have
6 economic substance only if the requirements of
7 this paragraph are met.

8 “(B) DEFINITION OF ECONOMIC SUB-
9 STANCE.—For purposes of subparagraph (A)—

10 “(i) IN GENERAL.—A transaction has
11 economic substance only if—

12 “(I) the transaction changes in a
13 meaningful way (apart from Federal
14 tax effects) the taxpayer’s economic
15 position, and

16 “(II) the taxpayer has a substan-
17 tial nontax purpose for entering into
18 such transaction and the transaction
19 is a reasonable means of accom-
20 plishing such purpose.

21 In applying subclause (II), a purpose of
22 achieving a financial accounting benefit
23 shall not be taken into account in deter-
24 mining whether a transaction has a sub-
25 stantial nontax purpose if the origin of

1 such financial accounting benefit is a re-
2 duction of income tax.

3 “(ii) SPECIAL RULE WHERE TAX-
4 PAYER RELIES ON PROFIT POTENTIAL.—A
5 transaction shall not be treated as having
6 economic substance by reason of having a
7 potential for profit unless—

8 “(I) the present value of the rea-
9 sonably expected pre-tax profit from
10 the transaction is substantial in rela-
11 tion to the present value of the ex-
12 pected net tax benefits that would be
13 allowed if the transaction were re-
14 spected, and

15 “(II) the reasonably expected
16 pre-tax profit from the transaction ex-
17 ceeds a risk-free rate of return.

18 “(C) TREATMENT OF FEES AND FOREIGN
19 TAXES.—Fees and other transaction expenses
20 and foreign taxes shall be taken into account as
21 expenses in determining pre-tax profit under
22 subparagraph (B)(ii).

23 “(2) SPECIAL RULES FOR TRANSACTIONS WITH
24 TAX-INDIFFERENT PARTIES.—

1 “(A) SPECIAL RULES FOR FINANCING
2 TRANSACTIONS.—The form of a transaction
3 which is in substance the borrowing of money
4 or the acquisition of financial capital directly or
5 indirectly from a tax-indifferent party shall not
6 be respected if the present value of the deduc-
7 tions to be claimed with respect to the trans-
8 action is substantially in excess of the present
9 value of the anticipated economic returns of the
10 person lending the money or providing the fi-
11 nancial capital. A public offering shall be treat-
12 ed as a borrowing, or an acquisition of financial
13 capital, from a tax-indifferent party if it is rea-
14 sonably expected that at least 50 percent of the
15 offering will be placed with tax-indifferent par-
16 ties.

17 “(B) ARTIFICIAL INCOME SHIFTING AND
18 BASIS ADJUSTMENTS.—The form of a trans-
19 action with a tax-indifferent party shall not be
20 respected if—

21 “(i) it results in an allocation of in-
22 come or gain to the tax-indifferent party in
23 excess of such party’s economic income or
24 gain, or

1 “(ii) it results in a basis adjustment
2 or shifting of basis on account of over-
3 stating the income or gain of the tax-indif-
4 ferent party.

5 “(3) DEFINITIONS AND SPECIAL RULES.—For
6 purposes of this subsection—

7 “(A) ECONOMIC SUBSTANCE DOCTRINE.—
8 The term ‘economic substance doctrine’ means
9 the common law doctrine under which tax bene-
10 fits under subtitle A with respect to a trans-
11 action are not allowable if the transaction does
12 not have economic substance or lacks a business
13 purpose.

14 “(B) TAX-INDIFFERENT PARTY.—The
15 term ‘tax-indifferent party’ means any person
16 or entity not subject to tax imposed by subtitle
17 A. A person shall be treated as a tax-indifferent
18 party with respect to a transaction if the items
19 taken into account with respect to the trans-
20 action have no substantial impact on such per-
21 son’s liability under subtitle A.

22 “(C) EXCEPTION FOR PERSONAL TRANS-
23 ACTIONS OF INDIVIDUALS.—In the case of an
24 individual, this subsection shall apply only to
25 transactions entered into in connection with a

1 trade or business or an activity engaged in for
2 the production of income.

3 “(D) TREATMENT OF LESSORS.—In apply-
4 ing paragraph (1)(B)(ii) to the lessor of tan-
5 gible property subject to a lease—

6 “(i) the expected net tax benefits with
7 respect to the leased property shall not in-
8 clude the benefits of—

9 “(I) depreciation,

10 “(II) any tax credit, or

11 “(III) any other deduction as
12 provided in guidance by the Secretary,
13 and

14 “(ii) subclause (II) of paragraph
15 (1)(B)(ii) shall be disregarded in deter-
16 mining whether any of such benefits are al-
17 lowable.

18 “(4) OTHER COMMON LAW DOCTRINES NOT AF-
19 FECTED.—Except as specifically provided in this
20 subsection, the provisions of this subsection shall not
21 be construed as altering or supplanting any other
22 rule of law, and the requirements of this subsection
23 shall be construed as being in addition to any such
24 other rule of law.

1 “(5) REGULATIONS.—The Secretary shall pre-
2 scribe such regulations as may be necessary or ap-
3 propriate to carry out the purposes of this sub-
4 section. Such regulations may include exemptions
5 from the application of this subsection.”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to transactions entered into after
8 the date of the enactment of this Act.

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