115TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
115–754

JOBS AND OPPORTUNITY WITH BENEFITS AND SERVICES FOR SUCCESS ACT

JUNE 13, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BRADY of Texas, from the Committee on Ways and Means, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 5861]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 5861) to amend part A of title IV of the Social Security Act, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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79–006

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Jobs and Opportunity with Benefits and Services for Success Act".

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

SEC. 3. REFERENCES.

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

SEC. 4. RE-NAMING OF PROGRAM.

(a) IN GENERAL.—The heading for part A of title IV is amended to read as follows:

"PART A—JOBS AND OPPORTUNITY WITH BENEFITS AND SERVICES PROGRAM".

(b) CONFORMING AMENDMENTS.—

(1) The heading for section 403(a)(2)(B) (42 U.S.C. 603(a)(2)(B)) is amended by striking "TANF" and inserting "JOBS".

(2) The heading for section 413(a) (42 U.S.C. 613(a)) is amended by striking "TANF" and inserting "JOBS".

(3) The heading for section 471(e)(7)(B)(i) (42 U.S.C. 671(e)(7)(B)(i)), as in effect pursuant to the amendment made by section 50711(a)(2) of division E of the Bipartisan Budget Act of 2018 (Public Law 115–123), is amended by striking "TANF" and inserting "JOBS".

SEC. 5. HELPING MORE AMERICANS ENTER AND REMAIN IN THE WORKFORCE.

(a) FAMILY ASSISTANCE GRANTS.—Section 403(a)(1) (42 U.S.C. 603(a)(1)) is amended in each of subparagraphs (A) and (C) by striking "2017 and 2018" and inserting "2019 through 2023".

(b) HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD GRANTS.—Section 403(a)(2)(D) (42 U.S.C. 603(a)(2)(D)) is amended—

(1) by striking "2017 and 2018" and inserting "2019 through 2023"; and

(2) by striking "for fiscal year 2017 or 2018".

(c) TRIBAL FAMILY ASSISTANCE GRANTS.—Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by striking "2017 and 2018" and inserting "2019 through 2023".

(d) IMPROVING ACCESS TO CHILD CARE TO SUPPORT WORK.—Section 418(a)(3) (42 U.S.C. 618(a)(3)) is amended by striking "$2,917,000,000 for each of fiscal years 2017 and 2018" and inserting "$3,525,000,000 for each of fiscal years 2019 through 2023".

(e) GRANTS TO THE TERRITORIES.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by striking "2017 and 2018" and inserting "2019 through 2023".

SEC. 6. EXPECTING UNIVERSAL ENGAGEMENT AND CASE MANAGEMENT.

Section 408(b) (42 U.S.C. 608(b)) is amended to read as follows:

"(b) INDIVIDUAL OPPORTUNITY PLANS.—

"(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the following for each work-eligible individual (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)):

"(A) The education obtained, skills, prior work experience, work readiness, and barriers to work of the individual.

"(B) The well-being of the children in the family of the individual and, where appropriate, activities or services (such as services offered by a program funded under section 511) to improve the well-being of the children.

"(2) CONTENTS OF PLANS.—On the basis of the assessment required by paragraph (1) of this subsection, the State agency, in consultation with the individual, shall develop an individual opportunity plan that—

"(A) includes a personal responsibility agreement in which the individual acknowledges receipt of publicly-funded benefits and responsibility to comply with program requirements in order to receive the benefits;

"(B) sets forth the obligations of the individual to participate in work activities (as defined in section 407(d)), and the number of hours per month for which the individual will so participate pursuant to section 407;

"(C) sets forth an employment goal and planned short-, intermediate-, and long-term actions to achieve the goal, and, in the case of an individual who has not attained 24 years of age and is in secondary school or the equivalent, the intermediate action may be completion of secondary school or the equivalent;

"(D) describes the job counseling and other services the State will provide to the individual to enable the individual to obtain and keep employment in the private sector;

"(E) may include referral to appropriate substance abuse or mental health treatment; and

"(F) is signed by the individual.

"(3) TIMING.—The State agency shall comply with paragraph (1) and (2) with respect to a work-eligible individual—

"(A) within 180 days after the effective date of this subsection, in the case of an individual who, as of such effective date, is a recipient of assistance under the State program funded under this part (as in effect immediately before such effective date); or

"(B) within 60 days after the individual is determined to be eligible for the assistance, in the case of any other individual.

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

tunity plan developed pursuant to this subsection, that is signed by the individual.

"(5) PERIODIC REVIEW.—The State shall meet with each work-eligible individual assessed by the State under paragraph (1), not less frequently than every 90 days, to—

"(A) review the individual opportunity plan developed for the individual;

"(B) discuss with the individual the progress made by the individual in achieving the goals specified in the plan; and

"(C) update the plan, as necessary, to reflect any changes in the circumstances of the individual since the plan was last reviewed.".

SEC. 7. PROMOTING ACCOUNTABILITY BY MEASURING WORK OUTCOMES.

(a) IN GENERAL.—Section 407(a) (42 U.S.C. 607(a)) is amended to read as follows:

"(a) PERFORMANCE ACCOUNTABILITY AND WORK OUTCOMES.—

"(1) PURPOSE.—The purpose of this subsection is to provide for the establishment of performance accountability measures to assess the effectiveness of States in increasing employment, retention, and advancement among families receiving assistance under the State program funded under this part.

"(2) IN GENERAL.—A State to which a grant is made under section 403 for a fiscal year shall achieve the requisite level of performance on an indicator described in paragraph (3)(B) of this subsection for the fiscal year.

"(3) MEASURING STATE PERFORMANCE.—

"(A) IN GENERAL.—Each State, in consultation with the Secretary, shall collect and submit to the Secretary the information necessary to measure the level of performance of the State for each indicator described in subparagraph (B), for fiscal year 2020 and each fiscal year thereafter, and the Secretary shall use the information collected for fiscal year 2020 to establish the baseline level of performance for each State for each such indicator.

"(B) INDICATORS OF PERFORMANCE.—The indicators described in this subparagraph, for a fiscal year, are the following:

"(i) The percentage of individuals who were work-eligible individuals as of the time of exit from the program, who are in unsubsidized employment during the 2nd quarter after the exit.

"(ii) The percentage of individuals who were work-eligible individuals who were in unsubsidized employment in the 2nd quarter after the exit, who are also in unsubsidized employment during the 4th quarter after the exit.

"(iii) The median earnings of individuals who were work-eligible individuals as of the time of exit from the program, who are in unsubsidized employment during the 2nd quarter after the exit.

"(iv) The percentage of individuals who have not attained 24 years of age, are attending high school or enrolled in an equivalency program, and are work-eligible individuals or were work-eligible individuals as of the time of exit from the program, who obtain a high school degree or its recognized equivalent while receiving assistance under the State program funded under this part or within 1 year after the exit.

"(C) LEVELS OF PERFORMANCE.—

"(i) IN GENERAL.—For each State submitting a State plan pursuant to section 402(a), there shall be established, in accordance with this subparagraph, levels of performance for each of the indicators described in subparagraph (B).

"(ii) WEIGHT.—The weight assigned to such an indicator shall be the following:

"(I) 40 percent, in the case of the indicator described in subparagraph (B)(i).

"(II) 25 percent, in the case of the indicator described in subparagraph (B)(ii).

"(III) 25 percent, in the case of the indicator described in subparagraph (B)(iii).

"(IV) 10 percent, in the case of the indicator described in subparagraph (B)(iv).

"(iii) AGREEMENT ON REQUISITE PERFORMANCE LEVEL FOR EACH INDICATOR.—

"(I) IN GENERAL.—The Secretary and the State shall negotiate the requisite level of performance for the State with respect to each indicator described in clause (ii), for each of fiscal years 2020 through 2023, and in the case of each of fiscal years 2021 through 2023, shall do so before the beginning of the respective fiscal year.

"(II) REQUIREMENTS IN ESTABLISHING PERFORMANCE LEVELS.—In establishing the requisite levels of performance, the State and the Secretary shall—

"(aa) take into account how the levels involved compare with the levels established for other States;

"(bb) ensure the levels involved are adjusted, using the objective statistical model referred to in clause (v), based on—

"(AA) the differences among States in economic conditions, including differences in unemployment rates or employment losses or gains in particular industries; and

"(BB) the characteristics of participants on entry into the program, including indicators of prior work history, lack of educational or occupational skills attainment, or other factors that may affect employment and earnings; and

"(CC) take into account the extent to which the levels involved promote continuous improvement in performance by each State.

"(iv) REVISIONS BASED ON ECONOMIC CONDITIONS AND INDIVIDUALS RECEIVING ASSISTANCE DURING THE FISCAL YEAR.—The Secretary shall, in accordance with the objective statistical model referred to in clause (v), revise the requisite levels of performance for a State and a fiscal year to reflect the economic conditions and characteristics of the relevant individuals in the State during the fiscal year.

"(v) STATISTICAL ADJUSTMENT MODEL.—The Secretary shall use an objective statistical model to make adjustments to the requisite levels of performance for the economic conditions and characteristics of the relevant individuals, and shall consult with the Secretary of Labor to develop a model that is the same as or similar to the model described in section 116(b)(3)(A)(viii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3141(b)(3)(A)(viii)).

"(vi) DEFINITION OF EXIT.—In this subsection, the term 'exit' means, with respect to a State program funded under this part, ceases to a receive a JOBS benefit under the program.

"(D) STATE OPTION TO ESTABLISH COMMON EXIT MEASURES.—Notwithstanding subparagraph (C)(vi) of this paragraph, a State that has not provided the notification under section 121(b)(1)(C)(ii) of the Workforce Innovation and Opportunity Act to exclude the State program funded under this part as a mandatory one-stop partner may adopt an alternative definition of 'exit' for the purpose of creating common exit measures to improve alignment with workforce programs operated under title I of such Act.

"(E) REGULATIONS.—In order to ensure nationwide comparability of data, the Secretary, after consultation the Secretary of Labor and with States, shall issue regulations governing the establishment of the performance accountability system under this subsection and a template for performance reports to be used by all States consistent with subsection (b).".

(b) REPORTS ON STATE PERFORMANCE ON HHS ONLINE DASHBOARD.—Section 407(b) (42 U.S.C. 607(b)) is amended to read as follows:

"(b) PUBLICATION OF STATE PERFORMANCE.—The Secretary shall, directly or through the use of grants or contracts, establish and operate an Internet website that is accessible to the public, with a dashboard that is regularly updated and provides easy-to-understand information on the performance of each State program funded under this part, including a profile for each such program, expressed by use of a template, which shall include—

"(1) information on the indicators and requisite performance levels established for the State under subsection (a), including, with respect to each such level, whether the State achieves, exceeds, or fails to achieve the level on an ongoing basis, including—

"(A) information on any adjustments made to the requisite levels using the statistical adjustment model described in subsection (a)(3)(D)(v); and

"(B) a grade based on the overall performance of the State, as determined by the Secretary and in consultation with the State, and the overall performance shall be graded based on the performance indicators and weights for each such indicator as described in subsection (a);

"(2) information reported under section 411 on the characteristics and demographics of individuals receiving assistance under the State program, including—

"(A) the number and percentage of child-only cases and reason why the cases are child-only; and

"(B) the average weekly number of hours that each work-eligible individual in the State program participates in work activities, including a separate section showing the number and percentage of the work-eligible individuals with zero hours of the participation and the reason for non-participation;

"(3) information on the results of improper payments reviews;

"(4) a link to the State plan approved under section 402; and

"(5) information regarding any penalty imposed, or other corrective action taken, by the Secretary against a State for failing to achieve a requisite performance level or any other requirement imposed by or under this part.".

(c) MODIFICATION OF RULES FOR DETERMINING WHETHER AN INDIVIDUAL IS ENGAGED IN WORK.—Section 407(c) (42 U.S.C. 607(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "For purposes of subsection (b)(1)(B)(i), a" and inserting "A"; and

(ii) by striking ", not fewer than" and all that follows through "this subsection"; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking "For purposes of subsection (b)(2)(B), an" and inserting "An";

(ii) in clause (i), by striking ", not fewer than" and all that follows through "this subsection"; and

(iii) in clause (ii), by striking ", not fewer than" and all that follows through "subsection (d)"; and

(2) in paragraph (2)—

(A) by striking subparagraphs (A) and (D);

(B) in each of subparagraphs (B) and (C), by striking "For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a" and inserting "A"; and

(C) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(d) MODIFICATIONS TO ALLOWABLE WORK ACTIVITIES.—Section 407(d) (42 U.S.C. 607(d)) is amended—

(1) in paragraph (5), by inserting ", including apprenticeship" before the semicolon;

(2) in paragraph (8), by striking "(not to exceed 12 months with respect to any individual)" and inserting ", including career technical education";

(3) in paragraph (11), by striking "and" at the end;

(4) in paragraph (12), by striking the period and inserting "; and"; and

(5) by adding at the end the following:

"(13) any other activity that the State determines is necessary to improve the employment, earnings, or other outcomes of a recipient of assistance that are used in determining a level of performance by the State for purposes of subsection (a), as described in the State plan approved under section 402.".

SEC. 8. TARGETING FUNDS TO TRULY NEEDY FAMILIES.

(a) PROHIBITION ON USE OF FUNDS FOR FAMILIES WITH INCOME GREATER THAN TWICE THE POVERTY LINE.—Section 404(k) (42 U.S.C. 604(k)) is amended to read as follows:

"(k) PROHIBITIONS.—

"(1) USE OF FUNDS FOR PERSONS WITH INCOME GREATER THAN TWICE THE POVERTY LINE.—A State to which a grant is made under this part shall not use the grant to provide any assistance or services to a family whose monthly income exceeds twice the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2))).".

(b) ELIMINATION OF LIMITATION ON USE OF FUNDS FOR CASE MANAGEMENT ACTIVITIES.—Section 404(b)(2) (42 U.S.C. 604(b)(2)) is amended to read as follows:

"(2) EXCEPTIONS.—Paragraph (1) of this subsection shall not apply to the use of a grant for—

"(A) information technology and computerization needed for tracking, monitoring, or data collection required by or under this part; or

"(B) case management activities to carry out section 408(b).".

(c) PROHIBITION ON USE OF FUNDS FOR DIRECT SPENDING ON CHILD CARE OR CHILD WELFARE SERVICES OR ACTIVITIES.—Section 404(k) (42 U.S.C. 604(k)), as amended by subsection (a) of this section, is amended by adding at the end the following:

"(2) DIRECT SPENDING ON CHILD CARE SERVICES OR ACTIVITIES OR CHILD WELFARE SERVICES OR ACTIVITIES.—A State to which a grant is made under this part shall not use the grant for direct spending on child care services or activities or direct spending on child welfare services or activities.".

(d) EXPANSION OF AUTHORITY TO TRANSFER FUNDS TO OTHER PROGRAMS.—Section 404(d) (42 U.S.C. 604(d)) is amended by striking paragraphs (1) through (3) and inserting the following:

"(1) IN GENERAL.—A State may use not more than 50 percent of the grant made to the State under section 403(a)(1) to carry out a State program pursuant to any or all of the following provisions of law:

"(A) The Child Care and Development Block Grant Act of 1990.

"(B) Title I of the Workforce Innovation and Opportunity Act.

"(C) Subpart 1 of part B of this title.

"(2) LIMITATION ON AMOUNT TRANSFERRABLE TO SUBPART 1 OF PART B OF THIS TITLE.—

"(A) In general.—A State may use not more than the applicable percentage of the amount of a grant made to the State under section 403(a)(1) to carry out State programs pursuant to subpart 1 of part B.

"(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage is 10 percent.

"(3) APPLICABLE RULES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program, and the expenditure of any amount so used shall not be considered to be an expenditure under this part.

"(B) FUNDS TRANSFERRED TO THE WIOA.—In the case of funds transferred under paragraph (1)(B) of this subsection—

"(i) all of the funds will be used to support families eligible for assistance under the State program funded under this part; and

"(ii) not more than 15 percent of the funds will be reserved for statewide workforce investment activities referred to in section 128(a)(1) of the Workforce Innovation and Opportunity Act.

"(4) EXCLUSION OF STATES EXCLUDING THE STATE JOBS PROGRAM AS A MANDATORY ONE-STOP PARTNER UNDER THE WIOA.—The authority provided by this subsection may not be exercised by a State that has provided the notification referred to in section 407(a)(3)(D).".

SEC. 9. TARGETING FUNDS TO CORE PURPOSES.

(a) REQUIREMENT THAT STATES RESERVE 25 PERCENT OF JOBS GRANT FOR SPENDING ON CORE ACTIVITIES.—Section 408(a) (42 U.S.C. 608(a)) is amended by adding at the end the following:

"(13) REQUIREMENT THAT STATES RESERVE 25 PERCENT OF JOBS GRANT FOR SPENDING ON CORE ACTIVITIES.—A State to which a grant is made under section 403(a)(1) for a fiscal year shall expend not less than 25 percent of the grant on assistance, case management, work supports and supportive services, work, wage subsidies, work activities (as defined in section 407(d)), and non-recurring short-term benefits.".

(b) REQUIREMENT THAT AT LEAST 25 PERCENT OF QUALIFIED STATE EXPENDITURES BE FOR CORE ACTIVITIES.—Section 408(a) (42 U.S.C. 608(a)), as amended by subsection (a) of this section, is amended by adding at the end the following:

"(14) REQUIREMENT THAT AT LEAST 25 PERCENT OF QUALIFIED STATE EXPENDITURES BE FOR CORE ACTIVITIES.—Not less than 25 percent of the qualified State expenditures (as defined in section 409(a)(7)(B)(i)) of a State during the fiscal year shall be for assistance, case management, work supports and supportive services, work, wage subsidies, work activities (as defined in section 407(d)), and non-recurring short-term benefits.".

(c) PHASE-OUT OF COUNTING OF THIRD-PARTY CONTRIBUTIONS AS QUALIFIED STATE EXPENDITURES.—Section 408(a) (42 U.S.C. 608(a)), as amended by subsections (a) and (b) of this section, is amended by adding at the end the following:

"(15) PHASE-OUT OF COUNTING OF THIRD-PARTY CONTRIBUTIONS AS QUALIFIED STATE EXPENDITURES.—

"(A) IN GENERAL.—The qualified State expenditures (as defined in section 409(a)(7)(B)(i)) of a State for a fiscal year that are attributable to the value of goods and services provided by a source other than a State or local gov-

ernment shall not exceed the applicable percentage of the expenditures for the fiscal year.

"(B) APPLICABLE PERCENTAGE.—In subparagraph (A), the term 'applicable percentage' means, with respect to a fiscal year—

"(i) 75 percent, in the case of fiscal year 2020;

"(ii) 50 percent, in the case of fiscal year 2021;

"(iii) 25 percent, in the case of fiscal year 2022; and

"(iv) 0 percent, in the case of fiscal year 2023 or any succeeding fiscal year.".

SEC. 10. STRENGTHENING PROGRAM INTEGRITY BY MEASURING IMPROPER PAYMENTS.

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

"(l) APPLICABILITY OF IMPROPER PAYMENTS LAWS.—

"(1) IN GENERAL.—The Improper Payments Information Act of 2002 and the Improper Payments Elimination and Recovery Act of 2010 shall apply to a State in respect of the State program funded under this part in the same manner in which such Acts apply to a Federal agency.

"(2) REGULATIONS.—Within 2 years after the date of the enactment of this subsection, the Secretary shall prescribe regulations governing how a State reviews and reports improper payments under the State program funded under this part.".

SEC. 11. PROHIBITION ON STATE DIVERSION OF FEDERAL FUNDS TO REPLACE STATE SPENDING.

Section 408(a) (42 U.S.C. 608(a)), as amended by section 9 of this Act, is amended by adding at the end the following:

"(16) NON-SUPPLANTATION REQUIREMENT.—Funds made available to a State under this part shall be used to supplement, not supplant, State general revenue spending on activities described in section 404.".

SEC. 12. INCLUSION OF POVERTY REDUCTION AS A PROGRAM PURPOSE.

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

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting "; and"; and

(3) by adding at the end the following:

"(5) reduce child poverty by increasing employment entry, retention, and advancement of needy parents.".

SEC. 13. WELFARE FOR NEEDS NOT WEED.

(a) PROHIBITION.—Section 408(a)(12)(A) (42 U.S.C. 608(a)(12)(A)) is amended—

(1) by striking "or" at the end of clause (ii);

(2) by striking the period at the end of clause (iii) and inserting "; or"; and

(3) by adding at the end the following:

"(iv) any establishment that offers marihuana (as defined in section 102(16) of the Controlled Substances Act) for sale.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date that is 2 years after the date of the enactment of this Act.

SEC. 14. STRENGTHENING ACCOUNTABILITY THROUGH HHS APPROVAL OF STATE PLANS.

(a) IN GENERAL.—Section 402 (42 U.S.C. 602) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking "found" and inserting "approved that"; and

(B) in paragraph (1)—

(i) in subparagraph (A)—

(I) by striking clauses (ii) and (iii) and inserting the following:

"(ii) Require work-eligible individuals (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)) to engage in work activities consistent with section 407(c). The document shall describe any other activity that the State will consider a work activity under section 407(c)(13).";

(II) by redesignating clauses (iv) through (viii) as clauses (iii) through (vii), respectively; and

(III) by adding at the end the following:

"(viii) Describe the case management practices of the State with respect to the requirements of section 408(b), provide a copy of the form or forms that will be used to assess a work-eligible individual (as so defined) and prepare an individual opportunity plan for the individual, describe how the State will ensure that such a plan is reviewed in ac-

cordance with section 408(b)(5), and describe how the State will measure progress under the plan.

"(ix) Propose the requisite levels of performance for the State for purposes of section 407(a)(3)(D) for each year in the 2-year period referred to in subsection (d) of this section, and provide an explanation with supporting data of why each such level is appropriate.

"(x) Describe how the State will engage low-income noncustodial parents paying child support and how such a parent will be provided with access to work support and other services under the program to which the parent is referred to support their employment and advancement.

"(xi) Describe how the State will comply with improper payments provisions in section 404(l).

"(xii) Describe coordination with other programs, including whether the State intends to exercise authority provided by section 404(d) of this Act to transfer any funds paid to the State under this part, provide assurance that, in the case of a transfer to carry out a program under title I of the Workforce Innovation and Opportunity Act, the State will comply with section 404(d)(3)(B) of this Act and coordinate with the one-stop delivery system under the Workforce Innovation and Opportunity Act, and describe how the State will coordinate with the programs involved to provide services to families receiving assistance under the program referred to in paragraph (1) of this subsection.

"(xiii) Describe how the State will promote marriage, such as through temporary disregard of the income of a new spouse when an individual receiving assistance under the State program marries so that the couple doesn't automatically lose benefits due to marriage.

"(xiv) Describe how the State will allow for a transitional period of benefits, such as through temporary earned income disregards or a gradual reduction in the monthly benefit amount, for an individual receiving assistance who obtains employment and becomes ineligible due to an increase in income obtained through employment or through an increase in wages."; and

(ii) in subparagraph (B), by striking clauses (iv) and (v);

(2) by striking subsection (c) and inserting the following:

"(c) PUBLIC AVAILABILITY OF STATE PLANS.—The Secretary shall make available to the public a link to any plan or plan amendment submitted by a State under this subsection."; and

(3) by adding at the end the following:

"(d) 2-YEAR PLAN.—A plan submitted pursuant to this section shall be designed to be implemented during a 2-year period.

"(e) COMBINED PLAN ALLOWED.—A State may submit to the Secretary and the Secretary of Labor a combined State plan that meets the requirements of subsections (a) and (d) and that is for programs and activities under the Workforce Innovation and Opportunity Act.

"(f) APPROVAL OF PLANS.—The Secretary shall approve any plan submitted pursuant to this section that meets the requirements of subsections (a) through (d).".

(b) DUTIES OF THE SECRETARY.—

(1) COORDINATION OF ACTIVITIES; DISSEMINATION OF INFORMATION.—Section 416 (42 U.S.C. 616) is amended—

(A) by inserting "(a) IN GENERAL.—" before "The programs"; and

(B) by adding at the end the following:

"(b) COORDINATION OF ACTIVITIES.—The Secretary shall coordinate all activities of the Department of Health and Human Services relating to work activities (as defined in section 407(d)) and requirements and measurement of employment outcomes, and, to the maximum extent practicable, coordinate the activities of the Department in this regard with similar activities of other Federal entities.

"(c) DISSEMINATION OF INFORMATION.—The Secretary shall disseminate, for voluntary informational purposes, information on practices that scientifically valid research indicates are most successful in improving the quality of State and tribal programs funded under this part.".

(c) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—Section 406 (42 U.S.C. 606) is amended to read as follows:

"SEC. 406. TECHNICAL ASSISTANCE.

"(a) IN GENERAL.—The Secretary shall provide technical assistance to States and Indian tribes (which may include providing technical assistance on a reimbursable basis), which shall be provided by qualified experts on practices grounded in scientifically valid research, where appropriate, to support activities related publica-

tion of State performance under section 407(b) and to carry out State and tribal programs funded under this part.

"(b) RESERVATION OF FUNDS.—The Secretary shall reserve not more than 0.25 percent of the amount appropriated by section 403(a)(1)(C) for a fiscal year to carry out subsection (a) of this section.".

(2) CONFORMING AMENDMENT.—Section 403(a)(1)(B) (42 U.S.C. 603(a)(1)(B)) is amended by striking "percentage specified in section 413(h)(1)" and inserting "the sum of the percentages specified in sections 406(b) and 413(h)".

SEC. 15. ALIGNING AND IMPROVING DATA REPORTING.

(a) REQUIREMENT THAT STATES REPORT FULL-POPULATION DATA.—Section 411(a)(1) (42 U.S.C. 611(a)(1)) is amended—

(1) by striking subparagraph (B);

(2) by striking "(1) GENERAL REPORTING REQUIREMENT.—"; and

(3) by—

(A) redesignating—

(i) subparagraph (A) as paragraph (1);

(ii) clauses (i) through (xvii) of subparagraph (A) as subparagraphs (A) through (Q), respectively;

(iii) subclauses (I) through (V) of clause (ii) as clauses (i) through (v), respectively;

(iv) subclauses (I) through (VII) of clause (xi) as clauses (i) through (vii), respectively; and

(v) subclauses (I) through (V) of clause (xvi) as clauses (i) through (v), respectively; and

(B) moving each such redesignated provision 2 ems to the left.

(b) REPORT ON PARTICIPATION IN WORK ACTIVITIES.—Section 411(a)(1) (42 U.S.C. 611(a)(1)), as amended by subsection (a)(3) of this section, is amended by striking subparagraphs (K) and (L) and inserting the following:

"(K) The work eligibility status of each individual in the family, and—

"(i) in the case of each work-eligible individual (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)) in the family—

"(I) the number of hours (including zero hours) per month of participation in—

"(aa) work activities (as defined in section 407(d)); and

"(bb) any other activity required by the State to remove a barrier to employment; and

"(ii) in the case of each individual in the family who is not a work-eligible individual (as so defined), the reason for that status.

"(L) For each work-eligible individual (as so defined) and each adult in the family who did not participate in work activities (as so defined) during a month, the reason for the lack of participation.".

(c) REPORTING OF INFORMATION ON EMPLOYMENT AND EARNINGS OUTCOMES.—Section 411(c) (42 U.S.C. 611(c)) is amended to read as follows:

"(c) REPORTING OF INFORMATION ON EMPLOYMENT AND EARNINGS OUTCOMES.—The Secretary, in consultation with the Secretary of Labor, shall determine the information that is necessary to compute the employment and earnings outcomes and the statistical adjustment model for the employment and earnings outcomes required under section 407, and each eligible State shall collect and report that information to the Secretary.".

SEC. 16. TECHNICAL CORRECTIONS TO DATA EXCHANGE STANDARDS TO IMPROVE PROGRAM COORDINATION.

(a) IN GENERAL.—Section 411(d) (42 U.S.C. 611(d)) is amended to read as follows:

"(d) DATA EXCHANGE STANDARDS FOR IMPROVED INTEROPERABILITY.—

"(1) DESIGNATION.—The Secretary shall, in consultation with an interagency work group established by the Office of Management and Budget and considering State government perspectives, by rule, designate data exchange standards to govern, under this part—

"(A) necessary categories of information that State agencies operating programs under State plans approved under this part are required under applicable Federal law to electronically exchange with another State agency; and

"(B) Federal reporting and data exchange required under applicable Federal law.

"(2) REQUIREMENTS.—The data exchange standards required by paragraph (1) shall, to the extent practicable—

"(A) incorporate a widely accepted, non-proprietary, searchable, computer-readable format, such as the eXtensible Markup Language;

"(B) contain interoperable standards developed and maintained by intergovernmental partnerships, such as the National Information Exchange Model;

"(C) incorporate interoperable standards developed and maintained by Federal entities with authority over contracting and financial assistance;

"(D) be consistent with and implement applicable accounting principles;

"(E) be implemented in a manner that is cost-effective and improves program efficiency and effectiveness; and

"(F) be capable of being continually upgraded as necessary.

"(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to require a change to existing data exchange standards found to be effective and efficient.".

(b) EFFECTIVE DATE.—Not later than the date that is 24 months after the date of the enactment of this section, the Secretary of Health and Human Services shall issue a proposed rule that—

(1) identifies federally required data exchanges, include specification and timing of exchanges to be standardized, and address the factors used in determining whether and when to standardize data exchanges; and

(2) specifies State implementation options and describes future milestones.

SEC. 17. SET-ASIDE FOR ECONOMIC DOWNTURNS.

Section 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

"(e) DEADLINES FOR OBLIGATION AND EXPENDITURES OF FUNDS BY STATES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a State to which funds are paid under section 403(a)(1) shall obligate the funds within 2 years after the date the funds are so paid, and shall expend the funds within 3 years after such date.

"(2) EXCEPTION FOR LIMITED AMOUNT OF FUNDS SET ASIDE FOR FUTURE USE.—A State to which funds are paid under section 403(a)(1) may reserve not more than 15 percent of the funds for future use in the State program funded under this part.".

SEC. 18. DEFINITIONS RELATED TO USE OF FUNDS.

Section 419 (42 U.S.C. 619) is amended by adding at the end the following:

"(6) ASSISTANCE.—The term 'assistance' means cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (such as for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

"(7) WORK SUPPORTS.—The term 'work supports' means assistance and non-assistance transportation benefits (such as the value of allowances, bus tokens, car payments, auto repair, auto insurance reimbursement, and van services provided in order to help families obtain, retain, or advance in employment, participate in work activities (as defined in section 407(d)), or as a non-recurrent, short-term benefit, including goods provided to individuals in order to help them obtain or maintain employment (such as tools, uniforms, fees to obtain special licenses, bonuses, incentives, and work support allowances and expenditures for job access).

"(8) SUPPORTIVE SERVICES.—The term 'supportive services' means services such as domestic violence services, and mental health, substance abuse and disability services, housing counseling services, and other family supports, except to the extent that the provision of the service would violate section 408(a)(6).

"(9) JOBS BENEFIT.—The term 'JOBS benefit' means—

"(A) assistance; or

"(B) wage subsidies that are paid, with funds provided under section 403(a) or with qualified State expenditures, with respect to a person who—

"(i) was a work-eligible individual (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)) at the time of entry into subsidized employment, such as on-the-job training or apprenticeship; and

"(ii) is not receiving assistance.".

SEC. 19. ELIMINATION OF OBSOLETE PROVISIONS.

(a) ELIMINATION OF SUPPLEMENTAL GRANTS TO STATES.—Section 403(a) (42 U.S.C. 603(a)) is amended by striking paragraph (3).

(b) ELIMINATION OF BONUS TO REWARD HIGH PERFORMANCE STATES.—

(1) IN GENERAL.—Section 403(a) (42 U.S.C. 603(a)) is amended by striking paragraph (4).

(2) CONFORMING AMENDMENT.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking "403(a)(4),".

(c) ELIMINATION OF WELFARE-TO-WORK GRANTS.—

(1) IN GENERAL.—Section 403(a) (42 U.S.C. 603(a)) is amended by striking paragraph (5).

(2) CONFORMING AMENDMENTS.—

(A) ELIMINATION OF EXCLUSION FROM TIME LIMIT.—Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended by striking subparagraph (G).

(B) ELIMINATION OF PENALTY FOR MISUSE OF COMPETITIVE WELFARE-TO-WORK FUNDS.—Section 409(a)(1) (42 U.S.C. 609(a)(1)) is amended by striking subparagraph (C).

(C) ELIMINATION OF EXCLUSION FROM QUALIFIED STATE EXPENDITURES OF STATE FUNDS USED TO MATCH WELFARE-TO-WORK GRANT FUNDS.—Section 409(a)(7)(B)(iv) (42 U.S.C. 609(a)(7)(B)(iv)) is amended in the 1st sentence—

(i) by adding "or" at the end of subclause (II); and

(ii) by striking subclause (III) and redesignating subclause (IV) as subclause (III).

(D) ELIMINATION OF PENALTY FOR FAILURE OF STATE TO MAINTAIN HISTORIC EFFORT DURING YEAR IN WHICH WELFARE-TO-WORK GRANT IS RECEIVED.—Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (13).

(E) ELIMINATION OF REQUIREMENTS RELATING TO WELFARE-TO-WORK GRANTS IN QUARTERLY STATE REPORTS.—Section 411(a) (42 U.S.C. 611(a)), as amended by section 15(a) of this Act, is amended—

(i) in paragraph (1), by striking "(except for information relating to activities carried out under section 403(a)(5))"; and

(ii) in each of paragraphs (2) through (4), by striking the comma and all that follows and inserting a period.

(F) INDIAN TRIBAL PROGRAMS.—Section 412(a) (42 U.S.C. 612(a)) is amended by striking paragraph (3).

(G) ELIMINATION OF REQUIREMENT TO DISCLOSE CERTAIN INFORMATION TO PRIVATE INDUSTRY COUNCIL RECEIVING WELFARE-TO-WORK FUNDS.—Section 454A(f) (42 U.S.C. 654a(f)) is amended by striking paragraph (5).

(H) GRANTS TO TERRITORIES.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking "403(a)(5),".

(d) ELIMINATION OF CONTINGENCY FUND.—

(1) IN GENERAL.—Section 403 (42 U.S.C. 603) is amended by striking all of subsection (b) except paragraph (5).

(2) CONFORMING AMENDMENTS.—

(A) TRANSFER OF NEEDY STATE DEFINITION.—

(i) IN GENERAL.—Paragraph (5) of section 403(b) (42 U.S.C. 603(b)(5)) is—

(I) amended—

(aa) in the matter preceding subparagraph (A), by striking "paragraph (4)" and inserting "subparagraph (C)";

(bb) in each of subparagraphs (A) and (B), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

(cc) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(dd) by redesignating such paragraph as subparagraph (D); and

(ee) by moving each provision 2 ems to the right; and

(II) as so amended, hereby transferred into section 409(a)(3) (42 U.S.C. 609(a)(3)) and added to the end of such section.

(ii) CONFORMING AMENDMENT.—Section 409(a)(3)(C) (42 U.S.C. 609(a)(3)(C)) is amended by striking "(as defined in section 403(b)(5))".

(B) ELIMINATION OF PENALTY FOR FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (10).

(e) CONFORMING AMENDMENTS RELATED TO ELIMINATION OF FEDERAL LOANS FOR STATE WELFARE PROGRAMS.—

(1) ELIMINATION OF ASSOCIATED PENALTY PROVISION.—

(A) IN GENERAL.—Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (6).

(B) CONFORMING AMENDMENTS.—Section 412(g)(1) (42 U.S.C. 612(g)(1)) is amended by striking "(a)(6),".

(2) ELIMINATION OF PROVISION PROVIDING FOR TRIBAL ELIGIBILITY.—Section 412 (42 U.S.C. 612) is amended by striking subsection (f).

(3) ELIMINATION OF DISREGARD OF LOAN IN APPLYING LIMIT ON PAYMENTS TO THE TERRITORIES.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking "406,".

(f) ELIMINATION OF LIMITATIONS ON OTHER STATE PROGRAMS FUNDED WITH QUALIFIED STATE EXPENDITURES.—

(1) The following provisions are each amended by striking "or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))":

(A) Paragraphs (1) and (2) of section 407(e) (42 U.S.C. 607(e)(1) and (2)).

(B) Section 411(a)(1) (42 U.S.C. 611(a)(1)), as amended by section 15(a)(3)(A)(i) of this Act.

(C) Subsections (d) and (e)(1) of section 413 (42 U.S.C. 613(d) and (e)(1)).

(2) Section 413(a) (42 U.S.C. 613(a)) is amended by striking "and any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))".

(g) CONFORMING AMENDMENTS RELATED TO ELIMINATION OF REPORT.—

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

(A) in the paragraph heading, by inserting "QUARTERLY" before "REPORT";

(B) in subparagraph (A)(ii), by striking "clause (i)" and inserting "subparagraph (A)";

(C) by striking "(A) QUARTERLY REPORTS.—";

(D) by striking subparagraph (B); and

(E) by redesignating clauses (i) and (ii) of subparagraph (A) as subparagraphs (A) and (B), respectively (and adjusting the margins accordingly).

(2) CONFORMING AMENDMENTS.—

(A) Section 409(b)(2) (42 U.S.C. 609(b)(2)) is amended by striking "and," and all that follows and inserting a period.

(B) Section 409(c)(4) (42 U.S.C. 609(c)(4)) is amended by striking "(2)(B),".

(h) ANNUAL REPORTS TO CONGRESS.—Section 411(b)(1)(A) (42 U.S.C. 611(b)(1)(A)) is amended by striking "participation rates" and inserting "outcome measures".

(i) REDUCTION IN FORCE PROVISIONS.—Section 416(a) (42 U.S.C. 616(a)), as so designated by section 14(b)(1)(A) of this Act, is amended by striking ", and the Secretary" and all that follows and inserting a period.

(j) CONFORMING CROSS-REFERENCES.—

(1) Section 409 (42 U.S.C. 609) is amended—

(A) in subsection (a)(7)(B)(i)(III), by striking "(12)" and inserting "(10)";

(B) in subsection (a) (as amended by subsections (c)(2)(D), (d)(2)(B), and (e)(1)(A) of this section), by redesignating paragraphs (7), (8), (9), (11), (12), (14), (15), and (16) as paragraphs (6) through (13), respectively;

(C) in subsection (b)(2), by striking "(8), (10), (12), or (13)" and inserting "or (10)"; and

(D) in subsection (c)(4), by striking "(8), (10), (12), (13), or (16)" and inserting "(10), or (13)".

(2) Section 452 (42 U.S.C. 652) is amended in each of subsections (d)(3)(A)(i) and (g)(1) by striking "409(a)(8)" and inserting "409(a)(7)".

(k) MODIFICATIONS TO MAINTENANCE-OF-EFFORT REQUIREMENT.—Section 409(a)(6)(B)(i) (42 U.S.C. 609(a)(6)(B)(i)), as redesignated by subsection (j)(1)(B) of this section, is amended—

(1) in subclause (I)—

(A) in the matter preceding item (aa), by striking "all State programs" and inserting "the State program funded under this part";

(B) by redesignating items (dd) and (ee) as items (ee) and (ff), respectively, and inserting after item (cc) the following:

"(dd) Expenditures for a purpose described in paragraph (3) or (4) of section 401(a).";

(C) in item (ee) (as so redesignated), by striking "and (ee)" and inserting "(dd), and (ff)";

(2) in subclause (II)(aa), by inserting "(as in effect just before the effective date of the Jobs and Opportunity with Benefits and Services for Success Act)" after "this section";

(3) by striking subclause (V); and

(4) in subclause (IV), by inserting ", except any of such families whose monthly income exceeds twice the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)))" before the period.

SEC. 20. EFFECTIVE DATE.

Except as provided in section 13(b), the amendments made by this Act shall take effect on October 1, 2018.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

H.R. 5861, as amended, the "*Jobs and Opportunity with Benefits and Services for Success Act*," as ordered reported by the Committee on Ways and Means on May 24, 2018, amends title IV–A of the Social Security Act to reauthorize and extend the Temporary Assistance for Needy Families (TANF) Program, rename the program as the Jobs and Opportunity with Benefits and Services (JOBS) Program, and make other revisions to the law.

B. BACKGROUND AND NEED FOR LEGISLATION

TANF is our nation's primary cash assistance and services welfare program. In 1996, it was the centerpiece of successful, Republican-led welfare reform that for the first time introduced work requirements, time limits, and capped funding in the form of a block grant. In the early years after 1996, the number of families receiving cash assistance under TANF fell by more than 50 percent because single mothers went to work in record numbers. Poverty among female-headed households with children remains lower today than before the 1996 reforms.[1]

Yet over the last two decades the program has lost efficacy, both in its focus on work and targeting funds to the truly needy. There has been an increasing bipartisan awareness that TANF is not living up to expectations set for it in 1996. Many states have found loopholes in the law that have allowed them to stray from the original intent and have lost sight of what the program was intended to do—that is, get more parents into the workforce. In 2016, nearly 40 percent of work-eligible TANF recipients had zero hours of participation in work or training activities.[2] Only 11 states were required to meet the 50 percent work participation rate required in the law.[3] The remaining states had a much lower "adjusted" rate using provisions of the law needed in 1996, but are less relevant today. In fact, 18 states have an adjusted work participation rate of zero, meaning those states are not required to engage anyone in work activities. States are spending a combined $30 billion a year through TANF and less than half of those dollars are being spent on core activities such as cash assistance, work, education, training, or supportive services.[4] Instead, as caseloads have dropped, many states have diverted TANF funds to fill budget holes or fund specialty programs that have little to do with supporting work.

The economic context for this legislation is important to understand. In December 2017, Congress passed the *Tax Cuts and Jobs Act* (P.L. 115–97). During the first quarter of 2018, the labor market added over 200,000 jobs per month and the unemployment rate was at its lowest level since the turn of the century.[5, 6] The number

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[1] Historical Poverty Tables: People and Families—1959 to 2016, U.S. Census Bureau.

[2] Work Participation Rates—Fiscal Year 2016, Table 6A, Average monthly number of work-eligible individuals with hours of participation in work activities, U.S. Department of Health and Human Services.

[3] Work Participation Rates—Fiscal Year 2016, Table 1A, Combined TANF and SSP-MOE Work Participation Rates, U.S. Department of Health and Human Services.

[4] TANF and MOE Spending and Transfers by Activity, FY 2016, U.S. Department of Health and Human Services.

[5] "Unemployment Rate Hits 3.9%, a Rare Low, as Job Market Becomes More Competitive," New York Times, May 4, 2018.

of job openings soared to more than 6 million and the number of people filing new applications for unemployment benefits fell to the lowest level since December 1969.[7, 8] From the perspective of workers or potential workers, the economy is as strong as it has been in years.

Underlying this narrative, has been a pervasive decline in labor force participation, particularly among prime-age males, exacerbating workforce challenges faced by employers due to retirements by the Baby Boom generation. In May 2018, the labor force participation rate was at 62.7 percent, one of the lowest since 1977.[9] Many different factors have contributed to this problem, including the country's opioid epidemic, which some scholars have asserted could account for about 20 percent of the observed decline.[10] The Committee held two hearings in 2017 examining this issue in detail and found that 7 million prime working-age (25–54) men are not participating in the labor force. In addition, one in seven 16–24 year olds are not in school or working, totaling more than 5.5 million "disconnected" youth nationwide.[11, 12]

The number of individuals disconnected from the labor force has important implications for TANF and other anti-poverty programs. According to the Congressional Budget Office (CBO):

> Changes in labor force participation have significant economic and budgetary implications. A lower labor force participation rate is associated with lower gross domestic product (GDP) and lower tax revenues. It is also associated with larger federal outlays, because people who are not in the labor force are more likely to enroll in certain federal benefit programs.[13]

In sum, too many working-age American adults are not working and relying on government-funded help.

The Committee has held three hearings in 2018 to better understand the "jobs gap." As displayed in the chart below, the jobs gaps reflects the difference between employers' demand for workers, shown as the number of job openings, and the declining number of individuals in the labor force, shown as the labor force participation rate. In these hearings, employers from across the country and across industries talked about their challenges finding workers. Employers said they have good jobs available that do not require a college degree, but not enough workers. Many employers have developed training and apprenticeship programs, but they just can't find job ready and reliable workers. Meanwhile, we have millions of Americans on the sidelines, disconnected from the workforce and

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[6] "Brady Statement on March 2018 Jobs Report," Press Release, Committee on Ways and Means, U.S. House of Representatives, April 6, 2018.

[7] "Job Openings and Labor Turnover—March 2018," Bureau of Labor Statistics, U.S. Department of Labor, May 8, 2018.

[8] "U.S. Jobless Claims Hit Lowest Level Since 1969," Wall Street Journal, March 1, 2018.

[9] Bureau of Labor Statistics. "Employment Situation Summary." Released Friday, June 1, 2018.

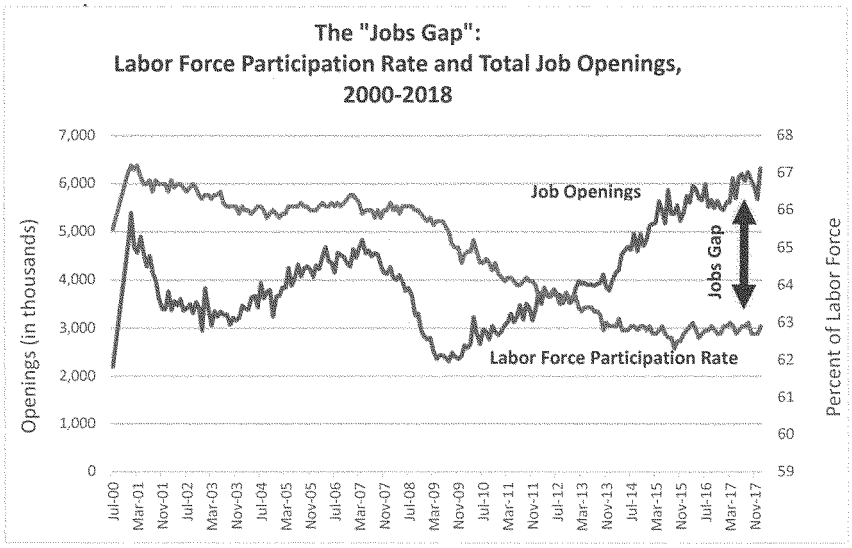
[10] "Where have all the workers gone? An inquiry into the decline of the U.S. labor force participation rate," Brookings Paper on Economic Activity, Alan Kreuger, September 7, 2017.

[11] "Getting men back to work: Solutions from the right and left," American Enterprise Institute, Brent Orrell, Harry J. Holzer, Robert Doar, April 20, 2017.

[12] "Zeroing In on Place and Race," Measure of America of the Social Science Research Council, June 10, 2015.

[13] "Factors Affecting the Labor Force Participation of People Ages 25 to 54," Congressional Budget Office, February 7, 2018.

welfare caseloads that have not returned to levels prior to the 2007–2009 recession.



This chart reflects the need for more workers to help support and promote the current period of economic expansion. Increasing work among those in poverty is to the benefit of our nation, as well as themselves and their children because we know when individuals and parents work full time, the poverty rate drops to just 3 percent.[14] Many welfare programs provide benefits only to alleviate immediate need, yet few provide low-income individuals the tools they need succeed in the workforce and move up the economic ladder.

Throughout the Committee's hearings, it has learned that welfare recipients often have a difficult time transitioning from welfare into a job and employers may be reluctant to hire individuals who may have limited work experience or other barriers. The Committee bill seeks to revitalize the focus on work in TANF and reorient spending towards the kind of work supports, case management, and wrap-around services employers in our hearings said potential workers need. Reauthorization provides an opportunity to re-establish the foundational principles that led to TANF's success more than twenty years ago.

TANF expires in September 2018. Since last being reauthorized by the *Deficit Reduction Act of 2005* (P.L. 109–171), TANF has been extended in short bursts 26 times, often attached to the discretionary appropriations process, even though it is a mandatory program whose funding is in the CBO baseline, meaning no offsets are needed to extend the program.[15] This is in spite of the fact that there is widespread recognition that the program is broken. As one of our hearing witnesses put it "we cannot keep hitting the snooze button." This Committee takes seriously its responsibility to ensure

[14] Income and Poverty in the United States, Table 3. People in Poverty by Selected Characteristics: 2014 and 2015, U.S. Census Bureau.

[15] "The Temporary Assistance for Needy Families (TANF) Block Grant: A Legislative History," Congressional Research Service, Gene Falk, November 29, 2017. (R44668)

taxpayer dollars are being used for their intended purpose and to reauthorize expiring programs, providing stability to states and program participants. The country's strong economy paired with a worker shortage adds an additional sense of urgency to reauthorizing this program for a full five-year reauthorization period. Now is the time to make meaningful reforms to help more Americans find jobs and climb the economic ladder to share in the success created by the *Tax Cuts and Jobs Act* (P.L. 115–97).

C. LEGISLATIVE HISTORY

Background

H.R. 5861, the "*Jobs and Opportunity for Benefits and Services (JOBS) for Success Act*," was introduced on May 17, 2018 by Human Resources Subcommittee Chairman Adrian Smith and co-sponsored by Full Committee Chairman Kevin Brady as well as Representatives Devin Nunes, Lynn Jenkins, Tom Reed, Jim Renacci, Jackie Walorski, Darin LaHood, Mike Bishop, Tom Rice, Jason Smith, George Holding, Vern Buchanan, Kenny Marchant, and Mike Kelly and was referred to the Committee on Ways and Means. The legislation's introduction was preceded by release of a discussion draft on May 8, 2018.

H.R. 5861, as amended, includes several Ways and Means Committee Member bills:

- H.R. 5836, the "*Supporting Work through Apprenticeships Act*" by Representative Mike Bishop, co-sponsored by Representatives Adrian Smith, Carlos Curbelo and Jim Renacci includes apprenticeships within the current law definition of on-the-job training.
- H.R. 5835, the "*Improving Access to Child Care Act*" by Representative. Mike Bishop, co-sponsored by Representative Lynn Jenkins—increases the current funding for Child Care Entitlement to States portion of the Child Care Development Fund (CCDF) to $3.5 billion annually from $2.9 billion annually.
- H.R. 5843, "*The Benefits to Employment Act*" by Representative Jason Smith, co-sponsored by Representative Adrian Smith requires all work-eligible individuals receiving assistance to participate in work or work preparation activities for a minimum number of hours per month in exchange for benefits and expects universal engagement and case management to develop and individual opportunity plan.
- H.R. 5838, the "*Improving Access to Work Act*" by Representative Darren LaHood, co-sponsored by Representative Adrian Smith—adds non-supplantation language to prohibit the diversion of federal funds to replace State spending.
- H.R. 5842, the "*Helping Americans Succeed by Measuring Outcomes Act*" by Representative Tom Reed, co-sponsored by Representative Adrian Smith—applies an outcome-based performance accountability system to assess the effectiveness of States in increasing employment, retention, and advancement among families receiving assistance.
- H.R. 5854, the "*Improving Transparency in TANF through Data Act*" by Representative Dave Schweikert, co-sponsored by Representative Adrian Smith—requires reporting of full popu-

lation data, rather than samples, in order to improve transparency and sub-state analysis and adds reporting to capture the number of hours per month for each work-eligible individual.

• H.R. 5847, the "*Protecting Family Resources and Training Options Act*" by Representative Carlos Curbelo, co-sponsored by Representative Adrian Smith—requires program data be subject to improper payment reviews consistent with other programs across government to produce a national error rate for the program, and clarifies that vocational education training includes career technical education and removes the 12-month time limit on such training and education.

• H.R. 5853, the "*Preserving Welfare for Needs Not Weed Act*" by Representative Dave Reichert—prohibits the use of an electronic benefit card to get cash at any establishment offering marijuana for sale.

• H.R. 4167, the "*Coordinating Assistance for TANF Recipients Act*" by Representative Jackie Walorski, co-sponsored by Representative Adrian Smith—establishes Coordinated Case Management Demonstration Projects to help individuals increase their employment and self-sufficiency.

• H.R. 1352, the "*Preparing More Welfare Recipients for Work Act*" by Representative Jim Renacci, co-sponsored by Representative Adrian Smith—eliminates the distinction between core work activities and other specified work activities related to training and education.

Committee hearings

The Human Resources Subcommittee of the Committee on Ways and Means has held seven hearings featuring 31 witnesses during the 115th Congress to discuss declining labor force participation, the jobs gap, and reauthorization of TANF. These hearings included witnesses representing local, employer, and federal perspectives on the jobs gap. A legislative hearing on a discussion draft for reauthorizing TANF, which immediately preceded the Committee markup, included feedback from poverty-policy and workforce development experts on how TANF reauthorization could be used as a building block to help close the jobs gap. The Committee bill is a result of what the Committee learned from these hearings and feedback received from witnesses and numerous outside stakeholders on the May 8, 2018 discussion draft released by the Committee.

These hearings included:

• February 15, 2017: Human Resources Subcommittee hearing on "*Geography of Poverty*"

• May 17, 2017: Human Resources Subcommittee hearing on "*Opportunities for Youth and Young Adults to Break the Cycle of Poverty*"

• September 6, 2017: Human Resources Subcommittee hearing on "*Missing from the Labor Force: Examining Declining Employment among Working-Age Men*"

• April 12, 2018: Human Resources Subcommittee hearing on "*Jobs and Opportunity: Local Perspectives on the Jobs Gap*"

• April 17, 2018: Full Committee hearing on "*Jobs and Opportunity: Federal Perspectives on the Jobs Gap*"

• April 25, 2018: Human Resources Subcommittee hearing on "*Jobs and Opportunity: Employer Perspectives on the Jobs Gap*"

• May 9, 2018: Human Resources Subcommittee hearing on "*Jobs and Opportunity: Legislative Perspectives on the Jobs Gap*"

Committee action

On May 8, 2018, Representative Adrian Smith released a discussion draft of the *JOBS for Success Act*. Following the release of the discussion draft, on May 9, 2018, the Ways and Means Subcommittee on Human Resources held the hearing titled "Jobs and Opportunity: Legislative Options to Address the Jobs Gap." On May 17, 2018, Human Resources Subcommittee Chairman Adrian Smith, Full Committee Chairman Kevin Brady, and other Members of the Committee on Ways and Means introduced H.R. 5861, the "*Jobs and Opportunity for Benefits and Services (JOBS) for Success Act*." The Committee on Ways and Means considered H.R. 5861 on May 23–24, 2018. On May 24, 2018, the bill was ordered favorably reported to the House of Representatives, as amended, by a roll call vote of 22 yeas to 14 nays.

II. EXPLANATION OF THE BILL

SECTIONS 1, 2, AND 3: SHORT TITLE, TABLE OF CONTENTS, AND REFERENCES

Present law

No provision.

Explanation of provision

These sections contain the short title of the bill, the Jobs and Opportunity with Benefits and Services (JOBS) for Success Act, and the table of contents. The amendments made by the bill are to sections of the Social Security Act, unless otherwise specified.

Reason for change

The Committee believes the short title, table of contents, and references accurately reflect the policy actions included in the legislation.

Effective date

The provision is effective on October 1, 2018.

SECTION 4: RE-NAMING OF PROGRAM

Present law

Title IV–A of the Social Security Act is titled "Block Grant to States for Temporary Assistance for Needy Families," commonly known as TANF.

Explanation of provision

The Committee bill renames Title IV–A as the "Jobs and Opportunity with Benefits and Services for Success Program," or JOBS program.

Reason for change

The Committee re-names the program to underscore the legislation's goal of refocusing the program on the tangible outcome of work.

Effective date

The provision is effective on October 1, 2018.

SECTION 5: HELPING MORE AMERICANS ENTER AND REMAIN IN THE WORKFORCE

Present law

Authorization and appropriations for the Temporary Assistance for Needy Families (TANF) block grant and certain related programs expire at the end of Fiscal Year (FY) 2018. The related programs include the TANF contingency fund, healthy marriage and responsible fatherhood grants, the Child Care Entitlement to States, tribal TANF programs, and special matching grant to the territories for TANF and Title IV–E activities under section 1108(b) of the Social Security Act.

Explanation of provision

The Committee bill authorizes and funds JOBS and certain related programs for FY2019 through FY2023. The JOBS appropriation for each of those years is maintained at the current level of $16.567 billion. Healthy marriage and responsible fatherhood grants are funded at their current level ($75 million for each set of grants) over that period. The appropriation for the Child Care Entitlement to States is increased from $2.917 billion in FY2018 to $3.525 billion for each of FY2019 through FY2023. The authorities for tribal TANF programs and the matching grant for the territories are extended through FY2023.

Reason for change

These funding extensions and the increase in child care entitlement funding are intended to help more Americans enter and remain in the workforce. A five-year authorization period provides states, service providers, and most importantly the families served by these programs certainty lacking in the program over the last 13 years, during which time there has been an average of two short-term extensions each year.

The Committee strongly believes maintaining the current funding level for the program is appropriate because there is a recognition TANF is just one of the more than 80 programs collectively spending more than $1 trillion annually to provide benefits and services to low-income families. Too often legislative actions and funding discussions at the federal level happen in a vacuum. The nature of Congressional Committee jurisdiction and structure creates silos between otherwise related programs with similar goals serving the same population. For example, nearly all TANF families are also receiving Medicaid and benefits from the Supplemental Nutrition Assistance Program (SNAP).[16] Respectively, these

[16] Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 2016, Table 11: TANF Families by Public Assistance program, U.S. Department of Health and Human Services.

programs are under the jurisdiction of the Committee on Agriculture and Committee on Energy and Commerce. Spending on these programs has not returned to pre-recession levels and there are still millions of Americans disconnected from work.

Further, the idea that additional funding is needed to fix a program that has essentially become a welfare program for states trying to fill budget holes is confounding and overly-simplistic. This legislation is focused on making meaningful reforms to restore accountability and re-claim dollars already being spent to delivering meaningful, lasting results that move people off of welfare and into the workforce.

The one exception involving additional funding is for child care. The Committee believes the TANF Contingency Fund, which was intended to cover increased demands on for the underlying block grant during economic downtowns, has become a slush fund favoring a limited number of states. The FY 2019 President's Budget recommends eliminating the Contingency Fund, saying: "Recent experience has demonstrated that the Contingency Fund is an ineffective mechanism for providing targeted response to economic downturns."[17] Prior to that, the Obama Administration's budgets called for repurposing the Contingency Fund to support work as well. Instead of maintaining the current Contingency Fund, the Committee bill would allow States to set-aside 15 percent of their block grant as "rainy-day" funds for periods of increased demand for cash assistance and services during economic declines in Section 17. In FY 2016, all States except Wyoming qualified for dollars from the Contingency Fund, but only 19 States received funds. Among those that received funds, 10 States had unemployment rates below the national average of 4.9 percent including 3 states with unemployment rates lower than 4 percent.

The following states received TANF Contingency Funds in FY 2016:[18]

[17] Justification of Estimates for Appropriations Committees, Administration for Children and Families, U.S. Department of Health and Human Services, FY 2019.

[18] TANF Contingency Fund Awards, 2016, U.S. Department of Health and Human Services.

State	Unemployment Rate	Amount
AL	5.9%	$9,164,380
AZ	5.4%	$19,655,642
AR	4.0%	$5,571,669
CO	3.3%	$13,361,970
DE	4.5%	$3,171,259
DC	6.1%	$9,095,102
HI	3.0%	$9,713,323
MD	4.4%	$22,499,451
MA	3.6%	$45,114,298
NV	5.7%	$4,312,106
NM	6.7%	$10,859,744
NY	4.9%	$239,917,352
NC	5.1%	$29,603,580
OR	4.8%	$16,381,097
SC	5.0%	$9,817,722
TN	4.4%	$18,809,327
TX	4.6%	$47,754,705
WA	5.3%	$37,369,915
WI	4.0%	$30,827,358

The Committee believes a more effective use of the Contingency Fund would be to support employment among low-income working families by providing expanded access to child care for those receiving TANF assistance. The Committee strongly believes in promoting two-parent households and continued responsibility when a parent is outside the household, but also recognizes for many families child care is an important work support. It is the Committee's intent to ensure spending from already appropriated money is geared towards actually moving people off of welfare and into work, and the Committee believes shifting the use of these funds will help better accomplish that goal.

Using the more than $600 million per year currently spent through the Contingency Fund to increase child care through the Child Care Entitlement to States accomplishes two additional goals. First, it provides accountability and transparency involving the use of funds, including by better identifying the number of children being served and ensuring child care provided meets basic health and safety protections. Under currently law, Contingency Funds are only reported by spending category, providing no details about how the dollars are actually spent or what families are being served. Second, it provides fair access to the funds through the child care formula for all states and low-income families across the country, rather than a select group of states who have figured out how to draw down funds before others.

Effective date

The provision is effective on October 1, 2018.

SECTION 6: EXPECTING UNIVERSAL ENGAGEMENT AND CASE MANAGEMENT

Present law

Each state is required to conduct an employability assessment for each TANF assistance recipient who: (1) has attained 18 year of age, or (2) does not have a high school diploma (or equivalent) and is not attending secondary school. The state must assess the skills, prior work experience, and employability of each recipient.

Based on the employability assessment, the state, at its option, may develop an individual responsibility plan (IRP) for the individual. The IRP is designed to move individuals to obtain and keep employment in the private sector. The state must consult with the individual in the development of the plan. The IRP sets forth an employment goal, obligations of the individual, and services the state will provide to the individual, and may require the individual to undergo appropriate substance abuse treatment.

In addition to any other penalties, the state may reduce assistance, by the amount the state considers appropriate, to a family with an individual who fails without good cause to comply with an IRP. The state has sole discretion in the exercise of authority regarding the IRP.

Explanation of provision

The Committee bill requires states to conduct an assessment for each work-eligible individual receiving assistance. The definition of who is "work-eligible" is the same as the definition in existing TANF regulations promulgated by the Department of Health and Human Services (HHS). Each work-eligible individual must have an assessment of her or his education, skills, prior work experience, work readiness, and barriers to work. Additionally, the assessment is to consider the well-being of the children in the individual's family and, where appropriate, activities or resources (including those funded by the Maternal, Infant, and Early Childhood Home Visiting program) to improve the well-being of the children.

Based on the assessment, states are required to develop an Individual Opportunity Plan (IOP). The plan must be developed in consultation with the individual and must be signed by the individual. The plan must include:

- a personal responsibility agreement, in which the individual acknowledges receipt of publicly-funded benefits and responsibility to comply with program requirements in order to receive the benefits;
- the obligations of the individual to participate in work activities, and the number of hours per month for which the individual will so participate, consistent with the hours required by the present law work participation standard (e.g., 20 hours per week for a single parent with a child under the age of six, 30 hours for other single parents, and higher hours for two-parent families);
- an employment goal and planned short-, intermediate-, and long-term actions to achieve the goal, which, in the case

of an individual who has not attained 24 years of age and is in secondary school or the equivalent, may be completion of secondary school or the equivalent as an intermediate action toward an employment goal; and

- the job counseling and other services the state will provide to the individual to enable the individual to obtain and keep employment in the private sector.

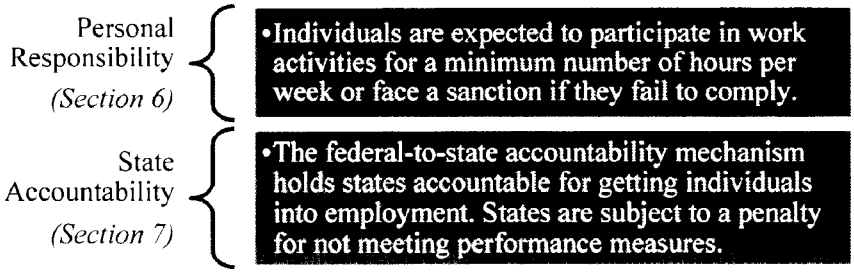
The IOP may include referral to appropriate substance abuse or mental health treatment.

The assessment and the IOP must be completed within 60 days of the individual's becoming eligible for assistance. Further, a meeting with the work-eligible individual must occur not less frequently than every 90 days to review the IOP, discuss with the individual progress made toward meeting the goals of the plan, and to update the plan as necessary. For those already receiving assistance on the date of enactment, the assessment and the plan must be completed within 180 days. The JOBS universal engagement provision retains TANF's language permitting a state to sanction individuals who fail to comply with their IOP.

Reason for change

Expecting work in exchange for benefits is a foundational principle of this Committee's work on welfare reform and a pillar of the 1996 reform efforts that created TANF. The expectation in current law is that states must engage 50 percent of individuals in work activities. This legislation sets forth the expectation that states engage *all* work-eligible individuals in work activities through universal engagement and case management.

There are two important levels of accountability from which to view the structure of the JOBS program. The first is at the individual level and the second is at the state level. These policies are complementary and inter-related.



Universal engagement and case management are about the covenant between the family seeking help and the caseworker, on behalf of the government, and that both sides will do their part to help each family earn their own success. It places a value on case management practices focusing on people, not programs, and, while promoting work, acknowledging and potentially addressing underlying challenges that could be holding a family back.

Case management is not about checking boxes and pushing paper. The human connection is pivotal. One witness at our *Jobs and Opportunity* hearing series, Heather Terenzio, an employer from Boulder, Colorado who started the first-ever software apprenticeship program, said "If someone comes alongside that disengaged

person—coaches them, believes in them—all that doubt washes away and they can be successful."[19] Another witness, Jennifer Meek-Eells, executive director of a workforce development board in Canton, Ohio, said "Case managers need to be able to connect and help people set goals, think about the future and set small steps that show them they can be successful and that there is a path forward. Case management means engaging participants in meaningful employment and training activities that can help them build lifelong, sustainable careers."[20]

Under this section, within 60 days of being approved for assistance in the JOBS program, states are to provide each work-eligible individual an opportunity to sit down with a case manager to develop an individual opportunity plan. For individuals who are already receiving assistance as of the effective date of this bill, states are provided six months to comply with this provision. According to the Congressional Research Service, the number of work-eligible individuals receiving TANF assistance in FY 2016 was approximately 732,000 nationwide.[21] The Committee believes given this relatively low number (i.e., estimates suggest that there are between 9.5 and 11 million work-capable adults receiving SNAP)[22] this is an appropriate timeframe for compliance.

This initial meeting should include an up-front, transparent discussion of the expectations for that individual to continue receiving assistance. Individuals must sign a personal responsibility agreement acknowledging and providing their consent and understanding of what is expected of them and consequences for failing to meet program requirements. This includes informing the individual of the number of hours per week of work activities they are expected to complete pursuant to section 407(c) of the Social Security Act.

Case managers are then to conduct an assessment to determine the education, skill level, and strengths of the individual to inform development of the individual opportunity plan. The plan should be developed jointly and oriented toward consideration of short and intermediate steps the individual needs to take toward the ultimate goal of obtaining a job. The expectation is that states will document in the plan the activities the individual will engage in to meet the minimum hourly work requirement pursuant to section 407(d) of the Social Security Act. The individual opportunity plan is to be reviewed at least every 90 days to re-visit whether such activities continue to be appropriate, whether they need to be modified, and to determine progress toward goals. This review should also include re-verification of client eligibility, including household income and assets.

Development of individual opportunity plans should take into account any services needed to support the family holistically, including access to child care, or in the case of pregnant or new mothers, making connections with the Maternal, Infant, and Early Child-

[19] Hearing on Jobs and Opportunity: Local Perspectives on the Jobs Gap, Committee on Ways and Means, Subcommittee on Human Resources, April 12, 2018.

[20] Hearing on Jobs and Opportunity: Legislative Perspectives on the Jobs Gap, Committee on Ways and Means, Subcommittee on Human Resources, May 9, 2018.

[21] "TANF work-eligible individuals by state," Congressional Research Service memo from Gene Falk to House Subcommittee on Human Resources, May 22, 2018.

[22] "Employment Requirements in Benefit Programs Needed to Reduce Poverty," Statement before the House Committee on Education and Workforce, Robert Doar Morgridge Fellow in Poverty Studies, American Enterprise Institute, March 15, 2018.

hood Home Visiting program in Title V of the Social Security or other programs aimed at improving birth outcomes, reducing risks associated with infant mortality, improving the well-being of children, and increasing economic self-sufficiency, defined as employment. For individuals who are determined to have mental health or substance abuse problems, the plan may include appropriate referrals to behavioral, mental health, or other professionals that provide treatment. For individuals under the age of 24, emphasis should be placed on completion of high school or obtaining a GED as an important first step toward finding lasting employment.

The expectations for case managers serving individuals in the JOBS program is greater than under current law. High-quality interactions between caseworkers and clients are the linchpin to helping individuals succeed in the workforce. States should be purposeful and thoughtful about how they transition to more meaningful case management practices required under this bill. This may include re-visiting hiring processes related to the necessary qualifications of case managers, establishing manageable client caseload ratios, and providing case managers access to training on topics such as how to effectively conduct a needs assessment, coaching, family-centered practices, and goal setting. To reiterate a theme that will appear throughout this report, the JOBS program should be operating collaboratively in conjunction with other state, federal, faith-based, private, and charitable organizations and programs serving low-income families and children. Therefore, case managers need to be experts in their local community resources and have an awareness of organizations and programs, such as food pantries, health clinics, and job centers, that serve families so they can appropriately connect individuals to additional services they may need.

In implementing this section, states may choose to take a performance-based contracting approach that relies on non-profit agencies and community-based organizations to provide case management for individuals in the JOBS program and holds those contractors responsible for the same employment, retention and earnings outcomes that the state is responsible for meeting. While there are a number of ways states and localities will choose to implement this aspect of the program, the important thing is case management practices and coordination of existing resources is recognized as key to the program's success.

Effective date

These provisions are delayed for an additional six months beyond the effective date of October 1, 2018 for funding.

SECTION 7: PROMOTING ACCOUNTABILITY BY MEASURING WORK OUTCOMES

A. PERFORMANCE STANDARDS FOR STATES

Present law

Each state is required to have "engaged in work" a minimum percentage of its assisted families who include a work-eligible individual. This percentage is known as the minimum work participation rate (WPR). The minimum WPR is a performance standard that applies to the state, not directly to work-eligible individuals.

The standard applies to the combined number of families in TANF and in separate state programs if they have expenditures countable toward the TANF state spending ("maintenance of effort" or MOE) requirement. There are two standards a state must meet: one with respect to all families and another with respect to two-parent families. For all families, the minimum WPR is 50 percent minus the state's caseload reduction credit. For two-parent families, the minimum WPR is 90 percent minus the state's caseload reduction credit.

The caseload reduction credit represents a percentage point reduction in the statutory minimum percentage of families a state must have engaged in work (either 50 or 90 percent) equal to the percent change in the caseload from FY 2005 to the prior fiscal year. The credit disregards the impact on the caseload from changes in state policy since FY 2005. Additionally, HHS regulations allow states to count as caseload reduction families aided by state MOE funds spent in excess of the minimum amount of state spending required under the MOE.

The actual WPR a state achieves is the (simple) average for each month of the fiscal year of the number of families with a work-eligible individual determined to be "engaged in work" during the month divided by the number of families with work-eligible individuals who are not disregarded from the calculation of the WPR. Separate WPRs are computed for all families and for two-parent families. States have the option to disregard the following families with a work-eligible adult from the computation of the WPR:

- Families composed of a single custodial parent caring for a child under the age of 1 year. This disregard is limited to 12 months in a lifetime; and
- Families receiving assistance from a tribal TANF program or tribal work program.

States are required to disregard families that are subject to a sanction for refusing to participate in work activities. The disregard is limited to 3 months during the preceding 12 months.

A state with a WPR less than its minimum requirement (after the application of the caseload reduction credit) is at risk of having its TANF grant reduced. The maximum penalty for the first failure to meet the work participation standard is a reduction of 5 percent of the state's family assistance grant. For each subsequent failure, the penalty is increased by a maximum of 2 percentage points. HHS may reduce the penalty based on the degree of noncompliance, if the state is an economically needy state as defined for the contingency fund, or because of extraordinary circumstances. Under HHS regulations, the penalty for failure to meet the two-parent standard is pro-rated to the share of a state's total caseload that represents two-parent families. The penalty on the state may be waived for good cause. A state that does not meet its minimum WPR may also enter into a corrective compliance plan, and have the penalty waived if it subsequently met its minimum standard.

Explanation of provision

The Committee bill replaces the minimum WPR with outcome measures for purposes of state accountability. However, it maintains the current rules for being considered "engaged in work"—in terms of work activities and hours—and applies them directly to

work-eligible individuals through their Individual Opportunity Plan (IOP).

The Committee bill establishes outcome measures to provide accountability for state JOBS programs. It requires HHS to establish a system to assess outcomes, based on measures used in the *Workforce Innovation and Opportunity Act* (WIOA) system. The Secretary of HHS and each state will jointly establish performance levels for the outcome measures, taking into account levels in other states, adjusted among the states for differences in economic conditions and caseload characteristics. The performance levels must also promote continuous improvement. The outcome measures are:

1. The job entry rate, defined as the percent of individuals who were work-eligible individuals at the time of exit and who were in unsubsidized employment in the 2nd quarter after exit;
2. The job retention rate, defined as the percent of individuals who were work-eligible individuals at the time of exit and who were in unsubsidized employment in both the 2nd and the 4th quarter after exit;
3. The earnings measure, defined as the median earnings of individuals who were work-eligible individuals at exit and were in unsubsidized employment during the second quarter after exit; and
4. The high school completion rate, defined as the percent of individuals who were work-eligible individuals at the time of exit, were under the age of 24, lacked a high school diploma or equivalent when they entered the program, and received a high school diploma or equivalent while they received JOBS assistance.

An "exit" is defined as ceasing to receive JOBS assistance or ceasing to participate in a JOBS-funded subsidized job program (including apprenticeships). States in which JOBS is a partner in the WIOA "one-stop" system have the option to establish an alternative definition of "exit" to align that definition with that in other workforce programs.

In addition to separate performance measures, a composite measure of performance is computed by combining information as follows: 40 percent is based on the job entry rate, 25 percent is based on the job retention rate, 25 percent is based on the earnings measure, and 10 percent is based on the high school completion rate. In assessing annual performance, these measures are to be statistically adjusted (as in WIOA) for changes in economic conditions and caseload characteristics.

States that fail to meet performance targets for the outcome measures described in this section are subject to the same penalty outlined at section 409(a)(3) of the Social Security Act. As stated above, the maximum penalty for the first failure is a reduction of 5 percent of the state's annual family assistance grant. For each subsequent failure, the penalty is increased by a maximum of 2 percentage points per year.

Reason for change

This section replaces the work participation rate, and instead establishes outcome measures as the primary state accountability mechanism in the JOBS program. For the first time, the federal

government will hold states financially accountable for achieving actual results helping parents to get and keep a job.

The current work participation rate structure is plagued by gaming and loopholes that states have become increasingly adept at taking advantage of over the years. This accountability mechanism has essentially been vitiated by provisions built into the law that had the well-reasoned intent of incentivizing states to reduce caseload and invest more of their own state funds into the program. These "credit" mechanisms have allowed 18 states to reduce their required work participation rate to zero. Only 11 states actually have an effective work participation rate of 50 percent established in current law. Because the measure is based on work activity while an individual is on the program, states have also gamed the rate using what is referred to as "small checks" or "earnings supplement programs." For example, states use TANF dollars to provide "assistance" checks in small amounts to individuals receiving SNAP who are already working. These states are artificially providing a nominal amount of assistance to individuals who would not otherwise be on the caseload, for the sole purpose of meeting the work participation rate. This perverse gaming of program rules is hardly what the authors of the 1996 welfare reform law had in mind.

Further, meeting the work participation rate in many states has devolved into a pro-forma exercise where TANF funds are used to contract with for-profit providers to create "work experience" programs, many of which amount to sheltered workshops where clients are given menial tasks disconnected from the skills needed in the job market. TANF dollars are used to pay outside contractors that specialize in developing and running these programs for the sake of being able to more easily "count" recipient hours toward meeting the work participation rate with little to no regard for actual employment-readiness needs of individual recipients.

The Committee's conclusion is that the current accountability mechanism is not salvageable, nor is it consistent with the Committee's desire to hold states accountable for whether individuals get a job and keep a job. Instead of process measures that focus on taking attendance and counting participation in activities, the Committee bill adopts outcome measures including job entry, job retention, median earnings, and high school completion after an individual ceases to receive assistance. These measures establish the goal of helping individuals achieve permanent independence from assistance, rather than continuously cycling on and off the program.

The four outcome measures adopted in this section are similar to those adopted by the workforce system under the *Workforce Innovation and Opportunity Act* (WIOA, P.L. 133–78). The four indicators measure whether an individual that formerly received a JOBS benefit is: (1) in unsubsidized employment in the 2nd quarter after exit (i.e., 6 months after leaving the program); (2) in unsubsidized employment in the 2nd and 4th quarter after exit (i.e., is employed both 6 months and a year after leaving the program, which does not have to be with the same employer); (3) median earnings of the individual who is in unsubsidized employment in the 2nd quarter after exit (placing a value on job quality); and (4) for individuals receiving a JOBS benefit who are under 24 years of age, whether

they complete high school or its equivalency either while continuing to receive benefits or within one year after leaving the program. The 4th measure, high school completion or equivalency (i.e., GED), is particularly important given that nearly 40 percent of TANF recipients do not have a high school diploma.[23]

The Committee seeks to better align the JOBS program with programs that make up the workforce system in order to better leverage existing resources and connect individuals receiving assistance to employment opportunities. The passage of WIOA in 2014 made TANF a mandatory partner with American Job Centers (formerly one-stops) and prioritized services for low-income individuals receiving public assistance and out-of-school youth, creating overlap in the populations served. The primary purpose of WIOA is to "increase, for individuals in the United States, particularly those individuals with barriers to employment, access to opportunities for the employment, education, training, and support services they need to succeed in the labor market." [24] The Committee has embraced similar goals in drafting this legislation.

The WIOA workforce system is run through local Workforce Development Boards which act as a broker between employers in the community and job seekers and work to promote economic growth. Workforce Boards have the express purpose of developing expertise in the local labor market and in-demand jobs—by developing relationships with businesses in the community in order to understand what types of training and skill sets employers need. In addition, American Jobs Centers have the core principles of one stop service delivery, co-location of services, and access to partner organizations, including community colleges and career technical centers. All of these attributes make WIOA an important partner. Adopting similar outcome measures can help facilitate better collaboration. Program administrators that have shared goals are more likely to share resources and expertise.

In addition, the bill promotes alignment with the workforce system by: (1) allowing states that have included TANF as a mandatory one-stop partner (WIOA provides state governors the ability to opt out) to adopt common exit measures for the JOBS program and other WIOA-funded programs to promote co-enrollment; and (2) allowing states to transfer funds from the JOBS program (up to 50 percent) to WIOA Title 1 employment and training programs to better leverage resources across programs. States that transfer funds must provide assurances those funds will be used to serve JOBS-eligible participants and may reserve up to 15 percent for statewide workforce investment activities, with the remainder to be distributed to local Workforce Development Boards. The intent of the Committee is that the expertise and capacity developed in these respective programs will be used in coordination to connect individuals receiving JOBS benefits (and other forms of public assistance) to in-demand jobs in their local communities.

The advantage of an outcome-based performance system is measuring and getting more of the desired outcome—in this case, work. The two main criticisms of an outcome-based performance meas-

[23] Characteristics and Financial Circumstances of TANF Recipients: TANF Adult Recipients by Educational Attainment, FY 2016, Table 20, U.S. Department of Health and Human Services.

[24] P.L. 113–128.

urement system are that it incentivizes "creaming" (i.e., only allowing the most likely to succeed to enter your program) and never exiting a person (letting them sit on the program indefinitely because states don't think they'll show up as a positive in their outcome measures). The Committee bill anticipates these policy hazards (in no small part through studying what has been learned from implementation of the WIOA measures) and seeks to address both.

First, the bill requires HHS to apply a statistical adjustment model when negotiating performance outcomes with states. Targets are set based on the characteristics of each state's caseload. The model will adjust state targets based on the number of barriers to employment reflected in the caseload demographics. States that seek to "cream" or avoid the hardest-to-serve will have higher targets to meet. As for the hazard of never "exiting" people, this is countered by the fact there remains a 5-year federal time limit for receiving assistance (in fact 16 states have imposed a stricter time limit of 3 years or less).[25] In addition, states wishing to game the system in this manner face a significant opportunity cost that includes continuing to pay the family a check every month and prolonging the state's responsibility to engage with the recipients and monitor the individual opportunity plan every 90 days.

The intent of the Committee is that HHS will issue regulations through notice and comment rulemaking to establish the operation of this new performance accountability system using the measures and weights described in the bill. HHS is provided two years to issue regulations and FY 2020 is identified as a baseline year to be used to establish targets for each performance measure in succeeding fiscal years. The bill does not specify federal benchmarks or targets because there is recognition that a "one size fits all" approach to measurement would fail to take into account state demographic and caseload characteristics or changes over time in state economies that impact the ability to get people into jobs. While variation is allowed among states, the Committee expects the benchmarks to account for how the levels compare with other states and to promote continuous improvement. In the interim period between the effective date of this legislation and FY 2021, which will be the first year in which states are subject to a penalty for not meeting performance benchmarks, the Committee expects HHS to suspend any existing corrective compliance or penalty determinations related to the work participation rate.

The expectation is HHS will work in close collaboration with the Department of Labor (DOL), which oversees WIOA, to learn from what has already been done. DOL negotiates performance levels for outcome measures in the workforce system every three years with all the states. They do this through ten regional DOL offices located throughout the country. HHS has the same regional office structure that could accommodate this process. As part of the negotiating process, states must be able to provide sufficient data and justification using rigorous analysis of the latest data available to inform proposed targets for each of the measures. HHS and DOL should work collaboratively to exchange information and, to the ex-

[25] "State Welfare Reforms: TANF Time Limits by the Numbers," Council of State Governments, June 2, 2016.

tent possible, align processes and procedures for negotiating performance targets with states.

Effective date

The provision is effective on October 1, 2020.

B. PUBLICATION OF OUTCOME MEASURES

Present law

HHS is required to submit an annual report to Congress that includes the work participation rates states have achieved. (In practice, HHS typically posts on its website work participation information in advance of the full annual report to Congress.)

Explanation of provision

The Committee bill requires HHS to operate a website with a regularly updated dashboard that profiles each state JOBS program, including information on: (1) the established performance measures for each state, (2) levels of performance achieved by each state, and (3) information on the adjustments to the performance measures for caseload characteristics or economic conditions for each state. The dashboard will also include information for each state's caseload characteristics, including information on child-only cases; hours of participation in work activities; information from an improper payment review; links to JOBS state plans; and any penalties assessed on the state.

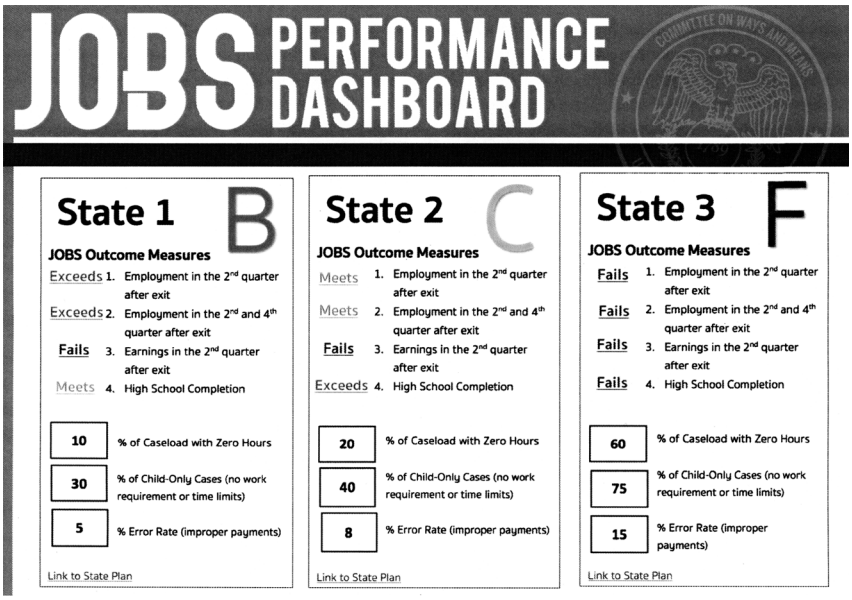
Reason for change

The Committee bill maintains current law sanctions for both states and individuals, but it also introduces a higher degree of transparency and accountability into the $30 billion per year program. Currently, only general spending categories are reported on the financial reporting form, which makes it difficult to understand how spending is associated with improved results or better outcomes for individuals. The Committee believes increased transparency using an easy to understand performance grading system compliments the existing penalty process and acts as a strengthened joint accountability mechanism.

Many federal, state, and local government agencies use dashboards both for internal organizational management and to disseminate performance measures for transparency and accountability. A dashboard provides a visual display of the more important information needed to assess agency competency at achieving objectives, and can be consolidated and tracked over time. It also provides the ability to integrate data from different sources, including expenditure, administrative, and performance data to see how those elements fit together as a whole. This makes it easier for the general public, employers, and lawmakers to understand otherwise disparate sets of complex data, boiled down into coherent information that can help inform a range of decisions.

As indicated in the prototype diagram below, the JOBS performance dashboard will include information for each state about whether the state met, exceeded, or failed each performance measure and an overall grade for aggregate performance. It will also show the percent of individuals on the caseload with zero hours of

participation in work activities and reasons for non-activity. Currently, nearly 40 percent of work-eligible individuals receiving assistance are not participating in any hours of work activity. The dashboard includes information on the number of child-only cases receiving benefits (which have no work requirement or time limit) and the reason why a case is child-only. In addition, as described in Section 10, the dashboard will include information on the results of improper payments case file reviews, including types of errors associated with improper payments. It also includes a link to the state plan, which includes the documentation and justification for policies and procedures, including any additional work activities identified by states, many of which are the subject of section 14.



By highlighting these particular data points, the Committee intends the dashboard will drive states to seek to improve these aspects of the JOBS program as those of the greatest importance and strategically excludes those that are not part of the program's core purposes. The Committee does not believe any additional legislative actions need to be taken at this time to impose penalties related to these data elements (apart from the outcome measures which are subject to the 5 percent penalty in existing law), but does recommend additional sanctions be considered in future reauthorizations if performance is not at acceptable levels.

The legislation provides a set-aside of ¼ of 1 percent of program funds for the Administration for Children and Families at HHS to develop and manage the dashboard, with the expectation that the agency will use the best evidence available given what has been learned from other government websites about what works to effectively communicate these types of data, including ensuring users can easily navigate the dashboard. This also establishes the expectation the dashboard is updated to reflect the most current information, and data is available to establish a record of performance over time and to make historical comparisons.

Effective date

The provision is effective on October 1, 2018.

C. ENGAGEMENT IN WORK ACTIVITIES

Present law

To be counted toward meeting the state's minimum work participation rate (WPR), a work-eligible individual must meet the criteria for being "engaged in work." To be considered engaged in work, a work-eligible individual must participate for a minimum number of hours (discussed below) in one or more of the following work activities:

1. unsubsidized employment;
2. subsidized private sector employment;
3. subsidized public sector employment;
4. work experience;
5. on-the-job training;
6. job search and job readiness activities;
7. community service programs;
8. vocational educational training (not to exceed 12 months);
9. job skills training directly related to employment;
10. education directly related to employment for those without a high school degree or equivalent;
11. satisfactory attendance at a secondary school, for those without a high school degree or equivalent; and
12. provision of child care services to an individual in a community service program.

The *Deficit Reduction Act of 2005* (P.L. 109–171) required HHS to "define" each of the listed activities and there is currently a regulatory definition for each of these activities.

There are statutory limitations on counting participation in some of these activities toward a state meeting its minimum WPR. Specifically, an individual may be counted as "engaged in work" through job search for up to 6 weeks in a 12-month period, or 12 weeks in such a period if the state meets certain criteria of high and increasing unemployment and Supplemental Nutrition Assistance Program (SNAP) caseloads. Further, an individual cannot be counted as participating in job search in a week that follows 4 consecutive weeks of job search participation. An individual can be considered participating in job search for part of a week, 3 or 4 days, only once in a fiscal year.

To be considered "engaged in work" for the all-family WPR, single-parent families with all children aged 6 and older and two-parent families must participate in activities for at least 30 hours per week. Of those 30 hours per week, at least 20 hours per week must be in "core" activities: unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience, on-the-job training, job search and readiness, community services and vocational educational training. A state may deem a single parent caring for a child under age 6 "engaged in work" if the recipient is engaged in activities for at least 20 hours per week. For such families, all hours must be in core activities.

For the two-parent WPR, both parents may combine their hours of activities to meet the requirement for being considered "engaged in work." For two-parent families who do not receive federally-

funded child care, the parents must participate at least 35 hours per week (with 30 hours per week in "core" activities); for two-parent families who receive federally-funded child care, the parents must participate at least 55 hours (with 50 hours in core activities).

A state is required to reduce the benefit of a family who receives TANF assistance if an individual in the family refuses to engage in work in accordance with the work participation standard. The sanction must be at least a pro-rata reduction in the benefit, or a greater reduction, including termination of the family's entire benefit, as determined by the state. States may not sanction a family if there is good cause (determined by the state) or any other exception the state has developed.

Explanation of provision

While the WPR is eliminated, the Committee bill maintains rules for being considered engaged in work. These rules are applied to work-eligible individuals through the IOP.

The Committee bill retains present law's list of activities that count toward meeting the work participation requirement, with some modifications. It modifies the "vocational educational training" activity to eliminate its limitation to 12 months, and renames it "vocational and career and technical education." It eliminates the durational limit for job search and readiness. It modifies "on-the-job training" to add "including apprenticeships" to the activity. The Committee bill adds an additional activity—"any other activity that the State determines is necessary to improve the employment, earnings, or other outcomes of a recipient."

The Committee bill retains the total minimum hours per week of participation for a recipient to be engaged in work (e.g., 30 hours per week for single parents, 20 hours if the single parent has a child under the age of 6). However, it eliminates the requirement that a minimum number of those hours be in certain activities. The Committee bill retains the current law provision allowing work-eligible individuals who lack a high school diploma and are under the age of 20 to be deemed engaged in work if they make satisfactory progress toward a high school diploma or equivalent or participate in education directly related to employment for at least 20 hours per week.

The Committee bill retains TANF's requirement that a state sanction a family of an individual who refuses to work, subject to good cause and other exceptions determined by the state.

Reason for change

The Committee's bill did not change the minimum hourly work requirement or the requirement that states sanction individuals who fail to comply. Work-eligible individuals receiving assistance are still expected to work in exchange for benefits. Consistent with the bill's focus on universal engagement and case management, the Committee believes it is important to provide the necessary tools to caseworkers to assign the proper mix of work activities to achieve the measured outcome of work. Therefore, the bill allows states to define additional work activities, which must be described in their state plan and are subject to the approval of HHS. The bill also supplements two of the activities in current law to clarify that

apprenticeships and career technical education are allowable activities.

Under current law, caseworkers are often incentivized to manage to a process to meet the work participation rate, which is a process measure and not an outcome measure. Understanding recipients' dynamic challenges and helping them build a path forward is a human-resource-intensive activity. Pre-determined limits that require caseworkers to do mathematical gymnastics to match countable hours to assigned activities are counterproductive and ineffective. For example, a number of states have pointed to the rules that distinguish between core and non-core activities as being particularly problematic and have said such limitations lack the recognition that not all family circumstances fit precisely into artificial timeframes or one-size-fits-all approaches.[26]

The Committee is cognizant that providing states more flexibility in assigning work activities as described in this section does not come without risk, and is well aware of the findings that promoted work activity changes in the *Deficit Reduction Act of 2005*, P.L. 109–171, such as a report to the Committee in August 2005 by the Government Accountability Office (GAO).[27] The Committee is measuring work outcomes and therefore expects to see individuals engaged in activities that directly promote work—and not bed rest, smoking cessation, or other activities that do not have a work focus. It also hopes States will have learned their lessons from the last round and all will be watching.

This bill places a high value on case management. A case manager sitting across from an individual in a welfare office is in the best position to determine what activities, and mix of activities over time, are most likely to promote success in the workforce—not Congress or the rest of the federal government. The Committee believes the federal role is to expect results, measure outcomes, and let states and local communities find the best way to get there. Further, the bill puts in place significant "checks" against the risk that comes along with additional state flexibility.

Universal engagement and measuring outcomes are two inter-related policy provisions that reflect a "push-pull" accountability mechanism. The "push" is the fact the law requires states to universally engage and assign 100 percent of work-eligible individuals to a minimum number of hours per week in work activities. In doing so, the bill also gives states flexibility to assign activities that meet an individual's needs and are most likely to get them job ready. This additional flexibility is primarily checked by the "pull" policy, which is the bill measures outcomes when a recipient leaves the program. States are incentivized, then, to put individuals into legitimate, meaningful activities that lead to the outcomes being measured getting a job and keeping a job. States that fail to achieve these outcomes are subject to penalty in the form of loss of federal funds.

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[26] "Center for Employment and Economic Well-Being: TANF at 20—Time for Rational Changes," National Association of State TANF Administrators, American Public Human Services Association, November 2016.

[27] Government Accountability Office. "Welfare Reform: HHS Should Exercise Oversight to Help Ensure TANF Work Participation is Measured Consistently across States." GAO–05–821: August 2005. https://www.gao.gov/assets/250/247482.pdf.

In addition, the Committee bill includes several other policies focused on transparency that act as a check on states that might abuse this flexibility. These include:

1. States will be required to list any additional work activities in their state plan, which HHS has approval authority over and will be posted on their state performance dashboard, and the hours individuals are assigned to these activities.
2. States must comply with the Improper Payments Information Act, which will require them to conduct annual reviews of case files to determine compliance with federal work requirements. Identified errors will be posted on their state performance dashboard.
3. States will be required to report the percent of their caseload that have reported zero hours of working and reasons why also to be displayed on their dashboard.

These policies seek to hedge against past abuses and gaming that have failed within the current system.

Effective date

The provision is effective on October 1, 2018.

SECTION 8: TARGETING FUNDS TO TRULY NEEDY FAMILIES

Present law

A state may use federal TANF grants in "any manner that is reasonably calculated" to achieve TANF's statutory purpose and goals: provide assistance to needy families with children, reduce dependence of needy parents on government benefits, reduce out-of-wedlock pregnancies, and promote the formation and maintenance of two-parent families. Activities in providing assistance and reducing dependency must be for "needy families," though states determine the financial eligibility rules that constitute need. Activities to reduce out-of-wedlock pregnancies and promote the formation and maintenance of two-parent families are available for a state's entire population, regardless of family structure and need.

A state may not expend more than 15 percent of its grant award on administrative expenditures. Excluded from this limit are funds used for information technology needed for tracking or monitoring.

TANF permits up to 30 percent of the state family assistance grant to be transferred to the Child Care and Development Block Grant (CCDBG) and the Social Services Block Grant (SSBG). This limit is reduced dollar for dollar by any TANF funds used as matching funds for reverse commuter grants. Within the total transfer amount, the law further limits transfers to SSBG to 4.25 percent of the state family assistance grant. However, annual appropriation bills have, each year, increased this limit to 10 percent of the state family assistance grant.

States are not required to transfer TANF funds to the CCDBG in order to provide child care services. States may spend TANF dollars on child care directly within state TANF programs or via transfers to the SSBG. States may also spend TANF dollars on child welfare services and activities, directly within state TANF programs or via transfers to the SSBG.

States are required to expend from their own funds at least 75 percent (80 percent if a state does not meet its work participation

standard) of historic state expenditures. Historic state expenditures are FY1994 spending in TANF's predecessor programs. This is known as the "maintenance of effort" (MOE) requirement. States may count their own expenditures in any state program as long as it meets TANF's general requirements regarding the types of benefits, services, and activities that may be counted. In addition to state and local government expenditures, under general rules of grants management, states may count the value of third-party donated services as state funds spent toward the MOE.

Explanation of provision

The Committee bill generally retains existing law, but adds certain requirements regarding the use of federal JOBS grants and state MOE funds. Principally, it prohibits federal and state MOE funds from being used for benefits or services to any families with incomes in excess of 200 percent of the Federal Poverty Line (FPL).

The Committee bill retains the limit that no more than 15 percent of federal grants may be used for administrative expenses and retains the exclusion of information technology from that cap. It also excludes from this limit case management activities to conduct assessments, and to develop, monitor progress of recipients under, and revise Individual Opportunity Plans.

The Committee bill prohibits direct spending within the JOBS program on child care and child welfare services or activities. States may use JOBS funds for these services and activities by transferring them to the Child Care and Development Block Grant (CCDBG) and to the Stephanie Tubbs Jones Child Welfare Services program (CWS, Title IV–B, Subpart 1), subject to transfer limitations. The state may use 50 percent of the JOBS grant for combined transfers to CCDBG, WIOA, and the CWS program. Transfers to CWS are limited to 10 percent of the JOBS grant. WIOA transfers are only permitted if a state is a partner in the one-stop system (i.e., has not opted out of being a partner). WIOA transfers must be spent on JOBS-eligible families and no more than 15 percent of the transfer may be withheld at the state level. The current authority to transfer funds to the Social Services Block Grant (SSBG) is eliminated.

Reasons for change

Proper targeting in social programs is a basic premise of effective public policy, particularly for the purpose of improving social welfare. The Committee believes a lack of targeting in the TANF program has led to abuses over time and funds should be focused on the truly needy. Therefore, the bill puts a guardrail around the use of funds to limit benefits and services to families with incomes under 200 percent of poverty. This income eligibility limit applies to all benefits and services, not just to those receiving basic assistance. All states have lower income eligibility thresholds for families to qualify for basic assistance that are significantly below 100 percent of poverty.[28] However, only 24 percent of TANF funds were spent on basic assistance to families in FY 2016.[29] For the remainder of the dollars, the only accountability mechanism is that funds

[28] Welfare Rules Data book: State TANF Policies as of July 2015, Urban Institute.
[29] TANF and MOE Spending and Transfers by Activity, FY 2016, U.S. Department of Health and Human Services.

must meet one of the four TANF purposes. The four purposes include:

(1) Providing assistance to needy families with children;

(2) Reducing dependence of needy parents on government benefits;

(3) Reducing out-of-wedlock pregnancies; and

(4) Promoting the formation and maintenance of two-parent families.

Current law purposes do not provide sufficient accountability for state use of funds. There has been an increasing awareness that "meeting a TANF purpose" is a fairly subjective mechanism and has led to abuses as states have sought to use TANF funds for programs that are arguably only loosely related to one of these purposes. Examples include using TANF funds to provide scholarships to middle class families to attend private colleges and using TANF funds for public education programs like statewide pre-kindergarten. This bill affirmatively requires that all funds must be used for families under twice the poverty level, regardless of whether families are receiving assistance or receiving some other supportive service or benefit funded by the program. For the same reason, the bill also applies this guardrail to any state expenditures that are claimed to meet the MOE requirement.

With regard to the bill's changes on transferring funds from the block grant to other programs, the changes follow a basic principle: TANF block grant funds that are used for specific purposes in which there are already other federal programs designed to meet those purposes must be transferred to those respective programs.

Congress recently reauthorized the Child Care and Development Block Grant (CCDBG), which is the nation's primary program that provides access to child care for low-income working families. The program has strong accountability measures in place, including ensuring basic protections for the health and safety of children in child care and background checks for child care providers. Any TANF dollars a state spends on child care that are NOT transferred to CCDBG (approximately $1.3 billion in FY 2016) have no such protections and there is no data available on the number of children served by those funds. The bill would no longer allow for this "direct" funding of child care outside of the rules in CCDBG. That type of practice only acts to further exacerbate the already fragmented and duplicative early care and education system. GAO published a study last year that found not less than nine federal programs support early learning or child care and an additional 35 permit funds to be used to pay for child care.[30] This change in the bill is intended to increase accountability in use of funds for child care and improve alignment within the existing early care and education system.

To accommodate this change, the bill raises the cap on the percent of TANF dollars that can be transferred to CCDBG from 30 to 50 percent. Raising the cap, and adding an additional $600 million in entitlement funding for child care annually, is a reflection of the Committee's recognition that child care is a critical work support for low-income families.

[30] "Early Learning and Child Care: Agencies Have Helped Address Fragmentation and Overlap through Improved Coordination," Government Accountability Office (GAO–17–463), Jul 13, 2017.

Secondly, this same principle on transferring funds applies to using TANF dollars for the provision of child welfare services. Again, the Committee believes such funds should be used within the framework of programs that Congress has already created for funding child welfare. The bill requires any TANF funds states wish to use for child welfare be transferred to the program authorized under subpart 1 of Title IV–B of the Social Security Act. The bill also places a 10 percent limit on such transfers. This limit is a reflection of the fact that Congress recently enacted the Family First Prevention Services Act (P.L. 115–123) to provide foster care prevention funding for substance abuse, mental health, and parenting services to families with children at-risk of coming into foster care. The cap acknowledges that there are existing resources already dedicated to child welfare and JOBS program dollars should be focused on supporting work.

Finally, the bill adds authority for states to transfer funds to WIOA employment and training programs to promote alignment with the workforce system. As discussed earlier in this report, WIOA is an important partner in helping individuals get and keep a job. The Committee's goal is to leverage the strengths of this existing system, particularly the local Workforce Development Boards and their link to employers and in-demand jobs, to improve employment outcomes for families receiving assistance. This policy allows states the option to transfer funds to WIOA, up to the 50 percent cap, to serve JOBS-eligible families. States may reserve 15 percent of any transferred funds for statewide workforce activities and the remainder is to be provided to Workforce Development Boards to provide access to training and to facilitate job matching and connections to the local labor market. The Committee's expectation is that JOBS funds transferred to WIOA will be used for services through co-enrollment in other workforce programs. States have flexibility to place restrictions on what percent of funds provided to local Workforce Development Boards can be used for administrative activities.

Effective date

The provision is effective on October 1, 2018.

SECTION 9: TARGETING FUNDS TO CORE PURPOSES

Present law

A state may use federal TANF grants in "any manner that is reasonably calculated" to achieve TANF's statutory purpose and goals. Under certain circumstances, a state may use TANF funds for activities that were authorized under pre-TANF law even if it is an activity that cannot be reasonably calculated to achieve TANF's statutory purpose.

Explanation of provision

The Committee bill continues to permit spending for these same purposes. However, it requires that at least 25 percent of the state's federal JOBS grant and 25 percent of the state's MOE spending be used for "core activities" which, under the bill, are assistance, case management, work supports and supportive services, wage subsidies, work activities and non-recurring short-term bene-

fits. Work supports are defined as transportation benefits, tools, uniforms, fees to obtain licenses, and work support allowances.

The Committee bill also phases out the ability of states to count the value of spending from sources other than state or local governments toward the JOBS MOE. In FY2020, expenditures from sources other than state or local governments can account for no more than 75 percent of MOE spending, with this limit phasing down to 50 percent in FY2021, 25 percent in FY2022, and 0 percent in FY2023 and thereafter.

Reason for change

States are spending a combined $30 billion per year through TANF and less than half those dollars are being spent on core activities such as cash assistance, work, education, training, or supportive services.[31] Instead, as caseloads have dropped, many states have diverted TANF funds to fill budget holes or fund specialty programs that have little to do with supporting work. The Committee strongly believes the taxpayer investment in this program is meant to support work. The provision requires at least 25 percent of funds be spent towards this core objective—putting in place another guardrail to re-focus federal and state dollars on helping welfare recipients move into jobs.

Current law requires states must spend a certain amount of state money (based on past state spending on low-income programs) to receive full federal TANF block grant funds, which is called the state "maintenance of effort" or MOE requirement. However, recent reports from the nonpartisan GAO indicate a rising number of states appear to be counting non-state third-party spending as TANF MOE spending.[32]

For example, a number of states now count the supposed value of volunteer hours as TANF MOE by multiplying volunteer hours by an estimated wage rate and then reporting this as "spending" in the TANF program. This evolution has also resulted in some states reporting significant "excess MOE" spending, which under a 1999 regulation allows states to reduce the share of TANF recipients expected to work in exchange for TANF benefits. This practice also allows states to reduce their state investment in TANF, gaming the intent of the law's requirements that states continue to invest in the program as a condition of receiving federal funds.

The Committee believes the true intent of the MOE requirement is to ensure there continues to be a contribution from state and local government dollars as part of the state's responsibility to provide services and support to low-income families. Therefore, this provision gradually phases out counting of any non-state or local government expenditures towards the MOE requirement over a five-year period.

Effective date

The provision is effective on October 1, 2018.

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[31] TANF and MOE Spending and Transfers by Activity, FY 2016, U.S. Department of Health and Human Services.

[32] Government Accountability Office. "Temporary Assistance for Needy Families: Update on States Counting Third-Party Expenditures toward Maintenance of Effort Requirements." GAO–16–315: Published: Feb 10, 2016. Publicly Released: Mar 10, 2016. *https://www.gao.gov/products/GAO-16-315*.

SECTION 10: STRENGTHENING PROGRAM INTEGRITY BY MEASURING IMPROPER PAYMENTS

Present law

The Improper Payments Elimination and Recovery Act of 2010 (P.L. 111–204) requires federal agencies to take steps to identify and reduce improper payments. Improper payments are those that should not have been made or were made in an incorrect amount. The Department of Health and Human Services has indicated it lacks the authority to require states to participate in TANF improper payment measurement.

Explanation of provision

The Committee bill requires states to apply the Improper Payments Elimination and Recovery Act of 2010 to their JOBS programs. It requires HHS to issue regulations within 2 years to implement this provision.

Reason for change

Ending a longstanding inequity, HHS will be required to report to the Office of Management and Budget an estimate of improper payments for the JOBS program as part of the larger government-wide effort to improve program integrity and reduce waste, fraud, and abuse. HHS has indicated it lacks the authority to compute improper payment rates for TANF in accordance with the Improper Payments Elimination and Recovery Act. The agency has argued that, since states design their own programs and make their own rules, there is no way to operationalize a national error rate. Yet there are a number of state-administered federal programs, such as unemployment insurance and the Child Care and Development Fund (CCDF) program, which have developed methodologies for complying with this Act and reporting improper payments.

The intent of the Committee is that HHS will regulate through notice and comment rulemaking, and in consultation with the Office of Child Care in the Administration for Children and Families, to develop a process by which states are to conduct such reviews including instructions for sample selections relative to the size of the state, record and case file reviews, development of standardized forms, and other key pieces of information states must consider when conducting reviews. HHS should also establish regulatory guidelines and provide technical assistance to states to ensure improper payments reviews are conducted in a similar manner across states. HHS may choose to implement these reviews on a rolling basis. For example, in the CCDF program the Office of Child Care has divided states into three representative groups so each state conducts the case file review once every three years. The case review process should include reviewing a sample of case files to assess whether eligibility was appropriately determined according to state rules, benefits were issued properly, and work-eligible individuals were appropriately assigned work activities in accordance with state and federal law, including whether such activities were appropriately verified and tracked.

Effective date

The provision is effective on October 1, 2018.

SECTION 11: PROHIBITION ON STATE DIVERSION OF FEDERAL FUNDS TO REPLACE STATE SPENDING

Present law

No provision.

Explanation of provision

The Committee bill requires that federal JOBS grants must be used to supplement, not supplant, state general revenue spending on the activities supported by state JOBS programs.

Reason for change

This provision requires that federal JOBS funding must be used to supplement, not supplant, state general revenue funds. As stated above, over time and as caseloads have declined, many states have diverted TANF funds to fill state budget holes. During a 2016 mark-up of several TANF bills, one Member referred to state governments as being on "the welfare dole." There is bipartisan recognition that states have taken advantage of the loose rules governing TANF spending. The Committee believes that adding this language restores accountability by affirmatively stating that states may not use federal funds to replace state and local spending on activities and services for low-income families. This provision is consistent with the bill's efforts to put in place guardrails to make sure the dollars already being spent are achieving their intended purpose supporting the success of American families in work.

Effective date

The provision is effective on October 1, 2018.

SECTION 12: INCLUSION OF POVERTY REDUCTION AS A CORE PURPOSE

Present law

The purpose of TANF is to increase the flexibility of states in operating a program designed to achieve four statutory goals. TANF's statutory purpose is both an aspirational statement about the goals of the block grant and a basis for how states may expend TANF funds. The four statutory goals of TANF are to: (1) provide assistance to needy families with children so that children can be cared for in their homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits through work, job preparation, and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and have states establish annual numerical goals for reducing such pregnancies; and (4) encourage the formation and maintenance of two-parent families.

Explanation of provision

The Committee bill adds to the present law purpose a goal to reduce child poverty by increasing employment entry, retention, and advancement of needy parents.

Reason for change

While the overall goal of TANF is to help low-income individuals and families achieve self-sufficiency and improve their lives, the program does not currently have an explicit focus on reducing poverty. The Committee bill adds a new purpose to TANF to explicitly recognize the best way out of poverty is a job. This additional purpose is to reduce child poverty by increasing employment entry, retention, and advancement of low-income parents. This change will assist in the overall purpose of the legislation to ensure states keep the focus of the program on promoting work to help families move up the economic ladder.

Effective date

The provision is effective on October 1, 2018.

SECTION 13: WELFARE FOR NEEDS NOT WEED

Present law

States are required to maintain policies and practices to prevent TANF assistance from being accessed in Electronic Benefit Transfer (EBT) transactions in liquor stores, casinos, or adult entertainment establishments.

Explanation of provision

The Committee bill retains the current requirements and adds establishments selling marijuana to the list of establishments in which JOBS assistance cannot be accessed in an EBT transaction. The provision is effective two years after the date of enactment.

Reason for change

As of 2012, current law prohibits access to taxpayer-funded welfare benefits for either purchases or withdrawals at ATMs in strip clubs, liquor stores, and casinos. That common-sense change was enacted with bipartisan support in 2012, and states nationwide have begun implementing it in the past few years. But with the advent of legalized pot sales in several states, a "pot shop loophole" has emerged that currently allows welfare recipients to access taxpayer-provided welfare funds electronically in stores that sell marijuana.

This provision does not comment on whether it makes sense for states to legalize the sale of pot, as Colorado and Washington have done. It simply says that, wherever pot is legally sold, welfare recipients shouldn't be able to readily access welfare funds to pay for it. This taxpayer money is meant to support the basic needs of low-income families with children, including reconnecting parents with work—not to purchase marijuana.

Effective date

The provision is effective two years after the date of enactment.

SECTION 14: STRENGTHENING ACCOUNTABILITY THROUGH HHS APPROVAL OF STATE PLANS

A. STATE PLAN PROCESS

Present law

States are required to submit a TANF state plan every three years as a condition of receiving block grant funds. Local governments and private sector organizations are required to be consulted regarding the plan so services are appropriate for local populations and those entities are to have at least 45 days to submit comments. States must submit plan amendments within 30 days after a state amends the plan. A summary of the state plan must be publically available. States receive block grant funds only if the Secretary of HHS certifies the state plan is complete. Under the Workforce Innovation and Opportunity Act (WIOA), states may submit their TANF plan as part of a WIOA combined plan.

Explanation of provision

The Committee bill requires that the Secretary of HHS approve a state's JOBS plan for the state to be eligible for a grant. It also provides that a JOBS state plan is implemented over a two-year period. It adds explicit language to the JOBS statute that JOBS plans may be submitted as part of WIOA combined plans.

Reason for change

The Committee bill establishes the state plan as an important accountability mechanism and improves federal administration of the program by providing HHS authority to approve state plans. The plan also is to be used as the mechanism by which states establish targets for the outcome measures outlined in the bill and provide justification for state policies. In keeping with the desire to create better alignment with WIOA, the Committee bill allows states to submit their JOBS plan as part of the WIOA combined plan process.

Effective date

The provision is effective on October 1, 2018.

B. STATE PLAN CONTENT

Present law

The state must submit a written document that outlines how a state intends to: operate a program statewide, though not necessarily in a uniform manner within the state; require parents and caretakers to engage in work (as defined by the state) within 24 months of receipt of assistance, consistent with the requirement that child care be available; require parents and caretakers to engage in TANF work activities (as listed in law); take reasonable steps to restrict disclosure of information of individuals and families receiving assistance; establish goals and take action to reduce out-of-wedlock pregnancies; conduct an education program for law enforcement individuals on statutory rape; implement policies to prevent electronic benefit transactions at certain establishments; and ensure recipients of assistance have access to their benefits with no or minimal fees and charges.

The state plan is also to contain a description of whether the state intends to provide assistance to noncitizens; whether it treats new migrants to the state differently than other families; the objective criteria for the delivery of benefits and services and determination of eligibility; and whether the state intends to assist individuals to train for or seek employment in long-term care facilities or providing elder care. Unless the state opts out, the state must require recipients of assistance to engage in community services after receiving assistance for two-months. (The option for a state not to require community service had to be taken within 1 year of the enactment of the 1996 welfare reform law.)

The governor of the state must certify the state will operate a child support enforcement program; will operate a Title IV–E program for foster care, prevention, and permanency; will provide equitable access to Indians in state TANF programs if they are not eligible for tribal TANF; and has established and is enforcing standards and procedures against fraud and abuse and procedures concerning nepotism and conflicts of interest. States must also certify that they consulted local governments and private sector organizations.

The governor of the state may certify that the state has established and is enforcing standards to screen for victims of domestic violence, refer victims of domestic violence to counseling and supportive services, and waive program requirements, such as time limits. Domestic violence is defined as physical acts that resulted in, or threatened to result in, physical injury; sexual abuse; sexual activity involving a dependent child; being forced to engage in nonconsensual sexual activities; threats of, or attempts at, physical or sexual abuse; mental abuse; neglect; or deprivation of medical care.

Explanation of provision

This section modifies state plan requirements to reflect new policies and changes made by the Committee's bill. It replaces the present law provisions related to work with three plan elements. The state plan must:

- describe the activities in which the state will require work-eligible individuals to participate in accordance with the JOBS work standard (activities and hours);
- describe its case management practices, including the form used to assess work-eligible individuals and prepare Individual Opportunity Plans (IOPs) and how it will review individual progress under the plan; and
- include the proposed performance outcome targets (job entry, job retention, wages, and completion of high school or equivalent) in the JOBS state plan.

The Committee bill also requires a JOBS state plan to indicate whether the state intends to transfer any funds paid to a program operated under WIOA, and shall include assurances that all funds transferred will be used to support families eligible for assistance and that not more than 15 percent of the funds will be reserved for statewide workforce investment activities. The state plan must indicate how JOBS will coordinate with the one-stop delivery system and how the state will coordinate to provide services to recipients of JOBS assistance.

The Committee bill requires the JOBS state plan to describe how the state will engage low-income noncustodial parents and provide them with work supports. It also requires the JOBS state plan to describe how the state allows for transitional benefits for those receiving assistance who become employed. This could include how the state counts and disregards earnings for the purposes of eligibility and benefits in their assistance programs. Additionally, the Committee bill adds to the JOBS state plan a description of how the state will promote marriage, such as through a temporary disregard of the income of a new spouse; how the state will engage low-income noncustodial parents paying child support and how such parents will be provided with access to work supports; and how the state will comply with the application of the *Improper Payments Elimination and Recovery* Act to JOBS.

Reason for change

The Committee bill formalizes development and submission of the state JOBS plan and updates this section to fold in new changes made by other sections of this bill. The expectation is HHS will develop a state plan template to standardize data collection across each of these elements and provide guidance to states in submission of the plan. HHS should design the state plan with an eye toward usability and for purposes of enabling the aggregation of data across states to use in reporting on the implementation of certain policies, for example in the department's annual Report to Congress.

To improve transparency, a link to the state plan is to be included on each state's performance dashboard report, and the plan is to be used as the primary mechanism by which HHS will jointly negotiate performance targets for the outcome measures included in this bill. Further, as described above, states are to list any additional work activities in their plan, subject to HHS approval, for purposes of the minimum hourly work requirement and development of the individual opportunity plan.

The plan also improves transparency by asking states to describe specific policies and procedures in key areas where the Committee believes there is a need for targeted policy consideration. This includes asking states to describe how they will engage non-custodial parents identified by the custodial parent through the mandatory cooperation requirement that exists in current law. States must describe how such parents will be provided access to work support and other services to support their employment and advancement. TANF has traditionally included a heavy focus on single mothers, but TANF purposes speak to the responsibility of both parents—the mother and the father. There are 5 million child support cases that are not being collected likely because the non-custodial parent is not formally working.[33] Non-custodial parents, often fathers, outside the home can receive the same work supports through TANF that parents within the home do, but there is significantly more that can be done. This plan provision will compel states to think through these connections and how they can better support both

[33] Office of Child Support Enforcement, Administration for Children and Families, U.S. Department of Health and Human Services. "Preliminary Report FY2017." Accessed June 6, 2018: https://www.acf.hhs.gov/sites/default/files/programs/css/fy_2017_preliminary_data_report.pdf.

parents in their transition to the workforce and strengthen families using JOBS funding.

As a way to help more families transition off of assistance, the plan also asks states to describe policies they have in place to phase-out benefits over time, such as through earned income disregards, as a family's income from wages increases. Getting incentives right is an important part of helping families achieve independence from assistance. Anecdotally, some families report turning down a small wage increase for fear of losing benefits that phase out as income rises. Policies that provide for a transitional period can help change this incentive structure and ensure that families that choose work, and a pay raise, are better off for making that choice.

Similarly, the plan asks states to describe policies in place for when a recipient marries, such as through a temporary disregard of the income of a new spouse, so the couple doesn't automatically lose benefits due to marriage. Again, the Committee's intent is to promote thoughtful state policies that include positive incentives aimed at supporting work and strengthening families.

Effective date

The provision is effective on October 1, 2018.

C. TECHNICAL ASSISTANCE

Present law

There is a set aside of 0.33 percent of the TANF appropriation for research and technical assistance.

Explanation of provision

The Committee bill sets aside an additional 0.25 percent of the JOBS appropriation to HHS to fund technical assistance to the states and tribes. Technical assistance shall be provided by qualified experts and grounded in scientifically valid research. Technical assistance may also be provided to the states and tribes on a reimbursable basis. These funds also shall be used to publish the work outcome measures of state performance.

Reason for change

The Committee bill sets aside one quarter of 1 percent of the JOBS appropriation to HHS to fund technical assistance to the states and tribes, specifically to support development and maintenance of the state performance dashboard described in Section 7.

Effective date

The provision is effective on October 1, 2018.

SECTION 15: ALIGNING AND IMPROVING DATA REPORTING

Present law

A state is required to collect data monthly and report data quarterly to HHS on families and individuals receiving assistance from TANF or separate state programs. Information is also required on those exiting TANF or separate state programs. A state has the option to comply with the TANF data collection requirements using a sample of families receiving assistance, rather than all such fami-

lies. HHS is required to provide states with case sampling plans and data collection procedures.

The statute specifies a number of data elements required to be reported to HHS. The statutory data elements for each family are: county of residence; number of family members; whether the family received subsidized housing, Medicaid, Supplemental Nutrition Assistance Program (SNAP) benefits, or subsidized child care; the amount of assistance the family received; and number of months the family received each type of assistance under the program. The statute requires reporting of benefit amounts of SNAP and child care received by the family. The statutory data elements for each person in the family are: receipt of disability benefits; ages; relationship to the family head; race; educational level; unearned income received; and citizenship. The statutory data elements for each adult in the family are: employment status and earnings; marital status; and whether the adult participated in certain activities. In addition, the statute says that states must report information necessary to compute the TANF work participation rate (WPR).

The statute gives HHS the authority to regulate the definition of the data elements. HHS has added some additional data elements regarding the WPR as well as months accrued toward the 60-month time limit for adults in the family.

Explanation of provision

The Committee bill eliminates the state option to comply with TANF data collection requirements using a sample of families, requiring the state to submit information on each family in its caseload. It requires each state to report information on participation in work and job preparation activities; activities to remove a barrier to employment; and, if the work-eligible individual is not engaged in an activity, the reason for lack of engagement. HHS is given the authority to collect the data needed to compute employment outcomes, and to make the statistical adjustment for the new JOBS performance measures.

Reason for change

The Committee bill places a premium on transparency and changes in the bill to data reporting reflect this priority. Many states, particularly large states, currently submit sample data this has the effect of limiting the accuracy of the data in the sense of not providing a full and complete picture of the number, characteristics, and demographics of individuals served. In addition, as part of the implementation of the new performance accountability system, this section of the bill provides HHS authority to collect necessary data elements to measure outcomes specified in section 7. Finally, this section provides an affirmative requirement that states report on the share of individuals with zero hours of participation—a data element to be included on each state's dashboard, further promoting transparency and accountability.

Effective date

The provision is effective on October 1, 2018.

SECTION 16: TECHNICAL CORRECTIONS TO DATA EXCHANGE STANDARDS TO IMPROVE PROGRAM COORDINATION

Present law

The Department of Health and Human Services, in consultation with the Office of Management and Budget, is required to designate in regulation data exchange standards for any information required to be reported under TANF. The data exchange standard must, to the extent practicable, incorporate a widely-accepted, nonproprietary, and searchable format; be consistent with applicable accounting practices; be capable of being upgraded; and incorporate existing nonproprietary standards (such as XML).

Explanation of provision

The Committee bill makes technical corrections to present law regarding data exchange standards, to conform the JOBS language to that used for other programs.

Reason for change

The Committee was alerted by the Department of Health and Human Services that the original version of this language, enacted in 2012, was not consistent with the goal of improving federal-to-state and state-to-state data exchanges that are important to this state-administered program.

Effective date

The provision is effective on October 1, 2018.

SECTION 17: SET-ASIDE FOR ECONOMIC DOWNTURNS

Present law

States and tribes may reserve unused federal TANF grants for use in a later year without fiscal year limit. Reserved funds may be used for any TANF benefit or service.

Explanation of provision

The Committee bill expects federal JOBS funds to be obligated by the state within 2 years of the grant award and expended within 3 years of the award. An exception to this rule is that it allows a state to reserve up to 15 percent of its JOBS grants for future use in the JOBS program.

Reason for change

The Committee believes that adding a guardrail around the availability of funds will improve fiscal responsibility and support the bill's overall focus on accountability in the spending of program funds. Further, allowing up to 15 percent of funds to be reserved for periods when there may be an increase in the demand for resources, such as during economic downturns, is designed to help states accommodate such increased demands should these situations arise.

Effective date

The provision is effective on October 1, 2018.

SECTION 18: DEFINITIONS RELATED TO USE OF FUNDS

Present law

TANF has statutory definitions for: adult; minor child; fiscal year; Indian, Indian tribe, and tribal organization; and State. Some TANF terms are not defined. For example, the TANF statute applies most requirements to families receiving assistance but it does not define that term. In addition to the statutory definitions, HHS defined certain terms in regulations and for use in data reporting. HHS defined the term "assistance" in regulation as ongoing economic support to meet basic needs. HHS has defined "work supports" for the purposes of state reports of financial data as transportation benefits, tools, uniforms, fees to obtain licenses, and work support allowances. HHS regulations and guidance allow states to define other terms, such as "family."

Explanation of provision

The Committee bill adds several statutory definitions to the JOBS program. It defines assistance and work supports similarly to the current usage of those terms in TANF. It adds a definition of "JOBS benefit" to mean both assistance and subsidized employment, including apprenticeships.

Reason for change

Several of these definitions are consistent with the current regulatory definitions used by HHS. The new definition of a JOBS benefit clarifies that an individual receiving assistance who transitions to subsidized employment, such as on-the-job training or apprenticeship, and as a result no longer receives assistance, may still be considered as receiving a benefit for purposes of making a determination of when an individual "exits" the program and becomes part of the denominator of the state's outcome measures. In this case, a state is incentivized to support an individual's continuation and success in subsidized employment and apprenticeship programs as they transition to independence and unsubsidized employment. The Committee's intent is that this definition also clarifies "receipt of a title IV–A benefit" for purposes of categorical eligibility determinations in the Supplemental Nutrition and Assistance Program (SNAP).

Effective date

The provision is effective on October 1, 2018.

SECTION 19: ELIMINATION OF OBSOLETE PROVISIONS

Present law

TANF law includes three grants that have expired and for which there is no current funding. These are (1) supplemental grants (last funded in FY2011); (2) high performance bonuses (last funded in FY2005); and (3) welfare-to-work grants (last funded in FY1999).

Explanation of provision

The Committee bill strikes the three expired grants and associated provisions from the statute. It also eliminates the TANF loan fund, which has not been accessed since FY2005. The fact that this

fund was not accessed during or following the serious recession of 2007–09 speaks to the obsolescence of this loan fund designed to assist states with pressing needs during difficult economic times.

The Committee bill also requires that all maintenance of effort (MOE) funds be spent under the rules of the TANF program, eliminating the ability of states to count expenditures in "separate state programs" toward meeting that MOE requirement.

Reason for change

The Committee bill cleans up this section of the Social Security Act to eliminate obsolete provisions from the 1996 law. This section also includes elimination of the TANF contingency fund. As described above, those dollars are re-purposed under the Committee bill as additional Child Care Entitlement funds.

Effective date

The provision is effective on October 1, 2018.

SECTION 20: EFFECTIVE DATE

Present law

The current authorization of the TANF program expires September 30, 2018.

Explanation of provision

The amendments made by this Act are effective October 1, 2018. The prohibition on drawing assistance in establishments that sell marijuana is effective two years after the date of enactment of the JOBS for Success Act.

Reason for change

The Committee believes it is appropriate to have an effective date of October 1, 2018, the start of the next fiscal year, following the expiration of the current authorization on September 30, 2018. This is intended to provide necessary funds to states to prevent any disruption in benefits or services.

III. VOTES OF THE COMMITTEE

In compliance with the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during the markup consideration of H.R. 5861, the "Jobs and Opportunity with Benefits and Services (JOBS) for Success Act" on May 23–24, 2018.

An amendment in the nature of a substitute was offered by Chairman Brady and adopted by voice vote (with a quorum being present).

The vote on Mr. Reichert's motion to table Mr. Neal's appeal of the ruling of the Chair was agreed to by a roll call vote of 21 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady	X			Mr. Neal		X	
Mr. Johnson	X			Mr. Levin		X	
Mr. Nunes	X			Mr. Lewis			
Mr. Reichert	X			Mr. Doggett		X	
Mr. Roskam	X			Mr. Thompson		X	

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Buchanan	X			Mr. Larson		X	
Mr. Smith (NE)	X			Mr. Blumenauer		X	
Ms. Jenkins	X			Mr. Kind		X	
Mr. Paulsen	X			Mr. Pascrell			
Mr. Marchant	X			Mr. Crowley		X	
Ms. Black				Mr. Davis		X	
Mr. Reed	X			Ms. Sanchez		X	
Mr. Kelly	X			Mr. Higgins		X	
Mr. Renacci	X			Ms. Sewell		X	
Ms. Noem				Ms. DelBene		X	
Mr. Holding	X			Ms. Chu		X	
Mr. Smith (MO)	X						
Mr. Rice	X						
Mr. Schweikert	X						
Ms. Walorski	X						
Mr. Curbelo	X						
Mr. Bishop							
Mr. LaHood	X						
Mr. Wenstrup	X						

The vote on the amendment offered by Mr. Doggett to the amendment in the nature of a substitute to H.R. 5861, which would increase the reservation of Federal Funds for certain purposes, was not agreed to by a roll call vote of 23 nays to 11 yeas (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady		X		Mr. Neal	X		
Mr. Johnson		X		Mr. Levin	X		
Mr. Nunes		X		Mr. Lewis			
Mr. Reichert		X		Mr. Doggett	X		
Mr. Roskam		X		Mr. Thompson	X		
Mr. Buchanan		X		Mr. Larson		X	
Mr. Smith (NE)		X		Mr. Blumenauer	X		
Ms. Jenkins		X		Mr. Kind	X		
Mr. Paulsen		X		Mr. Pascrell			
Mr. Marchant		X		Mr. Crowley			
Ms. Black				Mr. Davis	X		
Mr. Reed		X		Ms. Sanchez	X		
Mr. Kelly		X		Mr. Higgins	X		
Mr. Renacci		X		Ms. Sewell	X		
Ms. Noem				Ms. DelBene	X		
Mr. Holding		X		Ms. Chu			
Mr. Smith (MO)		X					
Mr. Rice		X					
Mr. Schweikert		X					
Ms. Walorski		X					
Mr. Curbelo		X					
Mr. Bishop		X					
Mr. LaHood		X					
Mr. Wenstrup		X					

The vote on Mr. Reichert's motion to table Ms. Sanchez's appeal of the ruling of the Chair was agreed to by a roll call vote of 21 yeas to 13 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady	X			Mr. Neal		X	
Mr. Johnson	X			Mr. Levin		X	
Mr. Nunes	X			Mr. Lewis			
Mr. Reichert	X			Mr. Doggett		X	
Mr. Roskam	X			Mr. Thompson		X	

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Buchanan	X			Mr. Larson		X	
Mr. Smith (NE)	X			Mr. Blumenauer		X	
Ms. Jenkins	X			Mr. Kind		X	
Mr. Paulsen	X			Mr. Pascrell			
Mr. Marchant	X			Mr. Crowley			
Ms. Black				Mr. Davis		X	
Mr. Reed	X			Ms. Sanchez		X	
Mr. Kelly	X			Mr. Higgins		X	
Mr. Renacci	X			Ms. Sewell		X	
Ms. Noem				Ms. DelBene		X	
Mr. Holding	X			Ms. Chu		X	
Mr. Smith (MO)							
Mr. Rice	X						
Mr. Schweikert	X						
Ms. Walorski	X						
Mr. Curbelo	X						
Mr. Bishop	X						
Mr. LaHood	X						
Mr. Wenstrup	X						

The vote on the amendment offered by Mr. Davis to the amendment in the nature of a substitute to H.R. 5861, which would develop a Federal Interagency Working Group, was not agreed to by a roll call vote of 21 nays to 14 yeas (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady		X		Mr. Neal	X		
Mr. Johnson		X		Mr. Levin	X		
Mr. Nunes		X		Mr. Lewis			
Mr. Reichert		X		Mr. Doggett	X		
Mr. Roskam		X		Mr. Thompson	X		
Mr. Buchanan		X		Mr. Larson	X		
Mr. Smith (NE)		X		Mr. Blumenauer	X		
Ms. Jenkins		X		Mr. Kind	X		
Mr. Paulsen		X		Mr. Pascrell	X		
Mr. Marchant		X		Mr. Crowley			
Ms. Black				Mr. Davis	X		
Mr. Reed		X		Ms. Sanchez	X		
Mr. Kelly		X		Mr. Higgins	X		
Mr. Renacci		X		Ms. Sewell	X		
Ms. Noem				Ms. DelBene	X		
Mr. Holding		X		Ms. Chu	X		
Mr. Smith (MO)							
Mr. Rice		X					
Mr. Schweikert		X					
Ms. Walorski		X					
Mr. Curbelo		X					
Mr. Bishop		X					
Mr. LaHood		X					
Mr. Wenstrup		X					

The vote on the amendment offered by Ms. Sewell to the amendment in the nature of a substitute to H.R. 5861, which would add certain state performance indicators, was not agreed to by a roll call vote of 22 nays to 15 yeas (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady		X		Mr. Neal	X		
Mr. Johnson		X		Mr. Levin	X		
Mr. Nunes		X		Mr. Lewis			
Mr. Reichert		X		Mr. Doggett	X		

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Roskam		X		Mr. Thompson	X		
Mr. Buchanan		X		Mr. Larson	X		
Mr. Smith (NE)		X		Mr. Blumenauer	X		
Ms. Jenkins		X		Mr. Kind	X		
Mr. Paulsen		X		Mr. Pascrell	X		
Mr. Marchant		X		Mr. Crowley	X		
Ms. Black				Mr. Davis	X		
Mr. Reed		X		Ms. Sanchez	X		
Mr. Kelly		X		Mr. Higgins	X		
Mr. Renacci		X		Ms. Sewell	X		
Ms. Noem				Ms. DelBene	X		
Mr. Holding		X		Ms. Chu	X		
Mr. Smith (MO)		X					
Mr. Rice		X					
Mr. Schweikert		X					
Ms. Walorski		X					
Mr. Curbelo		X					
Mr. Bishop		X					
Mr. LaHood		X					
Mr. Wenstrup		X					

The vote on the amendment offered by Ms. Chu to the amendment in the nature of a substitute to H.R. 5861, which would remove the 50 percent limit on Federal TANF funds that can be transferred for child care, was not agreed to by a roll call vote of 22 nays to 14 yeas (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady		X		Mr. Neal	X		
Mr. Johnson		X		Mr. Levin	X		
Mr. Nunes		X		Mr. Lewis			
Mr. Reichert		X		Mr. Doggett	X		
Mr. Roskam		X		Mr. Thompson			
Mr. Buchanan		X		Mr. Larson	X		
Mr. Smith (NE)		X		Mr. Blumenauer	X		
Ms. Jenkins		X		Mr. Kind	X		
Mr. Paulsen		X		Mr. Pascrell	X		
Mr. Marchant		X		Mr. Crowley	X		
Ms. Black				Mr. Davis	X		
Mr. Reed		X		Ms. Sanchez	X		
Mr. Kelly		X		Mr. Higgins	X		
Mr. Renacci		X		Ms. Sewell	X		
Ms. Noem				Ms. DelBene	X		
Mr. Holding		X		Ms. Chu	X		
Mr. Smith (MO)		X					
Mr. Rice		X					
Mr. Schweikert		X					
Ms. Walorski		X					
Mr. Curbelo		X					
Mr. Bishop		X					
Mr. LaHood		X					
Mr. Wenstrup		X					

The vote on Mr. Roskam's motion to table Mr. Davis's appeal of the ruling of the Chair was agreed to by a roll call vote of 22 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady	X			Mr. Neal		X	
Mr. Johnson	X			Mr. Levin		X	
Mr. Nunes	X			Mr. Lewis			
Mr. Reichert	X			Mr. Doggett		X	

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Roskam	X			Mr. Thompson			
Mr. Buchanan	X			Mr. Larson		X	
Mr. Smith (NE)	X			Mr. Blumenauer		X	
Ms. Jenkins	X			Mr. Kind		X	
Mr. Paulsen	X			Mr. Pascrell		X	
Mr. Marchant	X			Mr. Crowley		X	
Ms. Black				Mr. Davis		X	
Mr. Reed	X			Ms. Sanchez		X	
Mr. Kelly	X			Mr. Higgins		X	
Mr. Renacci	X			Ms. Sewell		X	
Ms. Noem				Ms. DelBene		X	
Mr. Holding	X			Ms. Chu		X	
Mr. Smith (MO)	X						
Mr. Rice	X						
Mr. Schweikert	X						
Ms. Walorski	X						
Mr. Curbelo	X						
Mr. Bishop	X						
Mr. LaHood	X						
Mr. Wenstrup	X						

H.R. 5861 was ordered favorably reported to the House of Representatives as amended by a roll call vote of 22 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady	X			Mr. Neal		X	
Mr. Johnson	X			Mr. Levin		X	
Mr. Nunes	X			Mr. Lewis			
Mr. Reichert	X			Mr. Doggett		X	
Mr. Roskam	X			Mr. Thompson			
Mr. Buchanan	X			Mr. Larson		X	
Mr. Smith (NE)	X			Mr. Blumenauer		X	
Ms. Jenkins	X			Mr. Kind		X	
Mr. Paulsen	X			Mr. Pascrell			
Mr. Marchant	X			Mr. Crowley			
Ms. Black				Mr. Davis		X	
Mr. Reed	X			Ms. Sanchez		X	
Mr. Kelly	X			Mr. Higgins		X	
Mr. Renacci	X			Ms. Sewell		X	
Ms. Noem				Ms. DelBene		X	
Mr. Holding	X			Ms. Chu		X	
Mr. Smith (MO)	X						
Mr. Rice	X						
Mr. Schweikert	X						
Ms. Walorski	X						
Mr. Curbelo	X						
Mr. Bishop	X						
Mr. LaHood	X						
Mr. Wenstrup	X						

IV. BUDGET EFFECTS OF THE BILL

A. Committee Estimate of Budgetary Effects

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 2792, as reported. The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO), which is included below.

B. Statement Regarding New Budget Authority and Tax Expenditures Budget Authority

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee states further that the bill involves no new or increased tax expenditures.

C. Cost Estimate Prepared by the Congressional Budget Office

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

U.S. Congress,
Congressional Budget Office,
Washington, DC, June 5, 2018.

Hon. Kevin Brady,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5861, the Jobs and Opportunity with Benefits and Services for Success Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susanne S. Mehlman.

Sincerely,

Keith Hall,
Director.

Enclosure.

H.R. 5861—Jobs and Opportunity with Benefits and Services for Success Act

H.R. 5861 would amend title IV of the Social Security Act to make various programmatic and financing changes to the Temporary Assistance for Needy Families (TANF), child care entitlement (CCE), and related programs. Specifically, the bill would:

- Extend TANF and the healthy marriage promotion and responsible fatherhood grants through 2023 at their 2018 level of funding $16.7 billion;
- Extend CCE through 2023 at $3.5 billion annually, an increase of $608 million over the 2018 funding level;
- Eliminate the TANF Contingency Fund—a fund that provides additional grants to states that meet an economic need test—which was funded at $608 million in 2018; and
- Change rules about how states may spend their TANF grants, how states contribute their own spending toward the TANF program, and what states must do to engage TANF recipients in work and training.

Federal costs: Funding for TANF, the healthy marriage promotion and fatherhood grants, and CCE is scheduled to expire on October 1, 2018. By extending those programs through 2023, the bill would provide a total of $20.2 billion in additional funding annually. However, CBO already assumes that level of funding in its baseline, as required by section 257 of the Balanced Budget and

Emergency Deficit Control Act of 1985. Therefore, the extension of those programs would have no cost relative to the baseline.

H.R. 5861 also would increase funding for CCE by $608 million while eliminating the TANF contingency fund. Increasing funding for CCE would provide additional funding of $608 million annually through 2023. However, CBO's baseline already assumes that level of funding, for the TANF contingency fund, in its baseline. CBO estimates that re directing funding from the TANF contingency fund to the CCE would have an insignificant net effect on spending.

H.R. 5861 also would change various TANF rules. Some of those changes would increase the rate at which states spend their TANF grants, while other changes would decrease that rate. For example, the bill would require states to spend 85 percent of their TANF grants within three years. Because some states have significant unobligated balances from prior year TANF grants, CBO estimates that some states would accelerate their spending in order to meet this requirement, increasing outlays over the 2019–2028 period. Additionally, the bill would require that 25 percent of each state's TANF grant be used only for core activities that support work. CBO estimates that while most states currently meet this spending requirement, some states would need to increase their spending on core activities over the 2019–2028 period.

Other changes to the TANF rules under H.R. 5861 would decrease the rate at which states spend their TANF grants, CBO estimates. For example, the bill would prohibit states from transferring a portion of TANF grants to the Social Services Block Grant (SSBG) program. CBO estimates that outlays under TANF would decrease as states take time to identity how they would otherwise spend funds that they have transferred to SSBG in prior years.

The federal budgetary effects of enacting H.R. 5861 would ultimately depend on how states respond to the bill's requirements and to what extent they would alter their spending patterns under TANF. On balance—recognizing the significant uncertainty regarding potential actions by the state—CBO estimates that any net effect on direct spending would not be significant over the 2019–2028 period.

Because enacting H.R. 5861 would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 5861 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

Mandates: For large entitlement grant programs like TANF, the Unfunded Mandates Reform Act defines an increase in the stringency of conditions on states or localities as an intergovernmental mandate if the affected governments lack authority to amend their financial or programmatic responsibilities while continuing to provide required services. Although H.R. 5861 would impose new duties on states, the bill does not contain intergovernmental mandates as defined by UMRA because states possess extensive flexibility in the administration of TANF to offset additional costs.

Phase-Out of Third-Party Contributions. Under current law, states must maintain their historic level of qualified expenditures on TANF—their maintenance of effort (MOE) requirement—or face reduced federal funding. Currently, states may count the value of

certain in-kind or cash contributions from non-governmental entities toward that MOE level. H.R. 5861 would phase-out that flexibility and require states to pay all qualified expenditures from state or local sources by 2023. The bill would not prohibit the use of third-party services, but would limit their application to qualified expenditures. This change would not constitute a mandate under UMRA because states may reduce total TANF expenditures and continue providing services required under the program.

Universal Case Management. Under current law, states may require that TANF recipients develop an individual responsibility plan. Presently, a majority of states exercise this authority. H.R. 5861 would require all states to develop individual opportunity plans with TANF recipients who are eligible to work, which must include an assessment of their education, skills, and work prospects. Those plans also must include the plan's effect on the well-being of children in the family. The bill would add new requirements for state agencies to meet regularly with each recipient to monitor progress toward the goals.

Improper Payments Control. H.R. 5861 would apply the provisions of certain federal laws regarding improper payment to state TANF programs. In general, federal law requires covered agencies to review programs and activities, identify areas that are susceptible to improper payments, and estimate and report on the magnitude of such improper payments.

Data and Reporting Requirements. Various provisions in H.R. 5861 would require states to collect and report certain information including indicators on TANF recipients' employment status, earnings, and educational progress after exiting the program. Additionally, the bill would strike a state option to provide monthly data reports using a sample of TANF recipients rather than the full population.

The bill would not impose private-sector mandates. Any duties imposed on TANF recipients would be conditions of federal aid and not mandates under UMRA.

The CBO staff contacts for this estimate are Susanne S. Mehlman (for federal costs) and Andrew Laughlin (for impacts on states). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. Committee Oversight Findings and Recommendations

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings and recommendations that are reflected in this report.

B. Statement of General Performance Goals and Objectives

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, Committee establishes the following performance related goals and objectives for this legislation: To increase work and self-sufficiency among parents under Title IV–A (Temporary Assistance for Needy Families) of the Social Security Act.

C. Information Relating to Unfunded Mandates

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4). The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. Congressional Earmarks, Limited Tax Benefits, and Limited Tariff Benefits

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

E. Duplication of Federal Programs

In compliance with clause 3(c)(5) of Rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

F. Disclosure of Directed Rule Makings

In compliance with Sec. 3(i) of H. Res. 5 (115th Congress), the following statement is made concerning directed rule makings: The Committee advises that the bill requires no directed rulemakings within the meaning of such section.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

Changes in Existing Law Made by the Bill, as Reported

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

SOCIAL SECURITY ACT

* * * * * * *

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

PART A—[BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES] *JOBS AND OPPORTUNITY WITH BENEFITS AND SERVICES PROGRAM*

SEC. 401. PURPOSE.

(a) IN GENERAL.—The purpose of this part is to increase the flexibility of States in operating a program designed to—

(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; [and]

(4) encourage the formation and maintenance of two-parent families[.]*; and*

(5) reduce child poverty by increasing employment entry, retention, and advancement of needy parents.

(b) NO INDIVIDUAL ENTITLEMENT.—This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

SEC. 402. ELIGIBLE STATES; STATE PLAN.

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

(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

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

(i) Conduct a program, designed to serve all political subdivisions in the State (not necessarily in a uniform manner), that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

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

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

(ii) Require work-eligible individuals (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)) to engage in work activities consistent

with section 407(c). The document shall describe any other activity that the State will consider a work activity under section 407(c)(13).

[(iv)] *(iii)* Take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the Federal Government.

[(v)] *(iv)* Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State (as defined in section 403(a)(2)(C)(iii)) for calendar years 1996 through 2005.

[(vi)] *(v)* Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

[(vii)] *(vi)* Implement policies and procedures as necessary to prevent access to assistance provided under the State program funded under this part through any electronic fund transaction in an automated teller machine or point-of-sale device located in a place described in section 408(a)(12), including a plan to ensure that recipients of the assistance have adequate access to their cash assistance.

[(viii)] *(vii)* Ensure that recipients of assistance provided under the State program funded under this part have access to using or withdrawing assistance with minimal fees or charges, including an opportunity to access assistance with no fee or charges, and are provided information on applicable fees and surcharges that apply to electronic fund transactions involving the assistance, and that such information is made publicly available.

(viii) Describe the case management practices of the State with respect to the requirements of section 408(b), provide a copy of the form or forms that will be used to assess a work-eligible individual (as so defined) and prepare an individual opportunity plan for the individual, describe how the State will ensure that such a plan is reviewed in accordance with section 408(b)(5), and describe how the State will measure progress under the plan.

(ix) Propose the requisite levels of performance for the State for purposes of section 407(a)(3)(D) for each year in the 2-year period referred to in subsection (d) of this section, and provide an explanation with supporting data of why each such level is appropriate.

(x) Describe how the State will engage low-income noncustodial parents paying child support and how such a parent will be provided with access to work sup-

port and other services under the program to which the parent is referred to support their employment and advancement.

(xi) Describe how the State will comply with improper payments provisions in section 404(l).

(xii) Describe coordination with other programs, including whether the State intends to exercise authority provided by section 404(d) of this Act to transfer any funds paid to the State under this part, provide assurance that, in the case of a transfer to carry out a program under title I of the Workforce Innovation and Opportunity Act, the State will comply with section 404(d)(3)(B) of this Act and coordinate with the one-stop delivery system under the Workforce Innovation and Opportunity Act, and describe how the State will coordinate with the programs involved to provide services to families receiving assistance under the program referred to in paragraph (1) of this subsection.

(xiii) Describe how the State will promote marriage, such as through temporary disregard of the income of a new spouse when an individual receiving assistance under the State program marries so that the couple doesn't automatically lose benefits due to marriage.

(xiv) Describe how the State will allow for a transitional period of benefits, such as through temporary earned income disregards or a gradual reduction in the monthly benefit amount, for an individual receiving assistance who obtains employment and becomes ineligible due to an increase in income obtained through employment or through an increase in wages.

(B) SPECIAL PROVISIONS.—

(i) The document shall indicate whether the State intends to treat families moving into the State from another State differently than other families under the program, and if so, how the State intends to treat such families under the program.

(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

(iii) The document shall set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process.

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

work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

[(v) The document shall indicate whether the State intends to assist individuals to train for, seek, and maintain employment—

[(I) providing direct care in a long-term care facility (as such terms are defined under section 2011); or

[(II) in other occupations related to elder care determined appropriate by the State for which the State identifies an unmet need for service personnel,

and, if so, shall include an overview of such assistance.]

(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

(3) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E, and that the State will take such actions as are necessary to ensure that children receiving assistance under such part are eligible for medical assistance under the State plan under title XIX.

(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations—

(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

(B) have had at least 45 days to submit comments on the plan and the design of such services.

(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—A certification by the chief executive officer of the State that, during the fiscal year, the State will provide each member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under a tribal family assistance plan approved under section 412, with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

(6) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE AGAINST PROGRAM FRAUD AND ABUSE.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure against program fraud and abuse, including standards and pro-

cedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.

(7) OPTIONAL CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

(A) IN GENERAL.—At the option of the State, a certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

(ii) refer such individuals to counseling and supportive services; and

(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term "domestic violence" has the same meaning as the term "battered or subjected to extreme cruelty", as defined in section 408(a)(7)(C)(iii).

(b) PLAN AMENDMENTS.—Within 30 days after a State amends a plan submitted pursuant to subsection (a), the State shall notify the Secretary of the amendment.

[(c) PUBLIC AVAILABILITY OF STATE PLAN SUMMARY.—The State shall make available to the public a summary of any plan or plan amendment submitted by the State under this section.]

(c) PUBLIC AVAILABILITY OF STATE PLANS.—The Secretary shall make available to the public a link to any plan or plan amendment submitted by a State under this subsection.

(d) 2-YEAR PLAN.—A plan submitted pursuant to this section shall be designed to be implemented during a 2-year period.

(e) COMBINED PLAN ALLOWED.—A State may submit to the Secretary and the Secretary of Labor a combined State plan that meets the requirements of subsections (a) and (d) and that is for programs and activities under the Workforce Innovation and Opportunity Act.

(f) APPROVAL OF PLANS.—The Secretary shall approve any plan submitted pursuant to this section that meets the requirements of subsections (a) through (d).

SEC. 403. GRANTS TO STATES.

(a) GRANTS.—

(1) FAMILY ASSISTANCE GRANT.—

(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for each of fiscal years [2017

and 2018] *2019 through 2023*, a grant in an amount equal to the State family assistance grant.

(B) STATE FAMILY ASSISTANCE GRANT.—The State family assistance grant payable to a State for a fiscal year shall be the amount that bears the same ratio to the amount specified in subparagraph (C) of this paragraph (as in effect just before the enactment of the Welfare Integrity and Data Improvement Act), reduced by the [percentage specified in section 413(h)(1)] *the sum of the percentages specified in sections 406(b) and 413(h)* with respect to the fiscal year, as the amount required to be paid to the State under this paragraph (as so in effect) for fiscal year 2002 (determined without regard to any reduction pursuant to section 409 or 412(a)(1)) bears to the total amount required to be paid under this paragraph for fiscal year 2002 (as so determined).

(C) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years [2017 and 2018] *2019 through 2023* $16,566,542,000 for grants under this paragraph.

(2) HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD GRANTS.—

(A) IN GENERAL.—

(i) USE OF FUNDS.—Subject to subparagraphs (B), (C), and (E), the Secretary may use the funds made available under subparagraph (D) for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribes and tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under another provision of this part.

(ii) LIMITATIONS.—The Secretary may not award funds made available under this paragraph on a noncompetitive basis, and may not provide any such funds to an entity for the purpose of carrying out healthy marriage promotion activities or for the purpose of carrying out activities promoting responsible fatherhood unless the entity has submitted to the Secretary an application (or, in the case of an entity seeking funding to carry out healthy marriage promotion activities and activities promoting responsible fatherhood, a combined application that contains assurances that the entity will carry out such activities under separate programs and shall not combine any funds awarded to carry out either such activities) which—

(I) describes—

(aa) how the programs or activities proposed in the application will address, as appropriate, issues of domestic violence; and

(bb) what the applicant will do, to the extent relevant, to ensure that participation in the programs or activities is voluntary, and to

inform potential participants that their participation is voluntary; and

(II) contains a commitment by the entity—

(aa) to not use the funds for any other purpose; and

(bb) to consult with experts in domestic violence or relevant community domestic violence coalitions in developing the programs and activities.

(iii) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—In clause (ii), the term "healthy marriage promotion activities" means the following:

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

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

(III) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement.

(IV) Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.

(V) Marriage enhancement and marriage skills training programs for married couples.

(VI) Divorce reduction programs that teach relationship skills.

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

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

(B) LIMITATION ON USE OF FUNDS FOR DEMONSTRATION PROJECTS FOR COORDINATION OF PROVISION OF CHILD WELFARE AND [TANF] *JOBS* SERVICES TO TRIBAL FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—

(i) IN GENERAL.—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than $2,000,000 on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.

(ii) LIMITATION ON USE OF FUNDS.—A grant made pursuant to clause (i) to such a project shall not be used for any purpose other than—

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

(II) for supportive services and assistance to tribal children in out-of-home placements and the

tribal families caring for such children, including families who adopt such children; and

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

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

(C) LIMITATION ON USE OF FUNDS FOR ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—

(i) IN GENERAL.—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than $75,000,000 on a competitive basis to States, territories, Indian tribes and tribal organizations, and public and nonprofit community entities, including religious organizations, for activities promoting responsible fatherhood.

(ii) ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—In this paragraph, the term "activities promoting responsible fatherhood" means the following:

(I) Activities to promote marriage or sustain marriage through activities such as counseling, mentoring, disseminating information about the benefits of marriage and 2-parent involvement for children, enhancing relationship skills, education regarding how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, including improving a family's ability to effectively manage family business affairs by means such as education, counseling, or mentoring on matters related to family finances, including household management, budgeting, banking, and handling of financial transactions and home maintenance, and divorce education and reduction programs, including mediation and counseling.

(II) Activities to promote responsible parenting through activities such as counseling, mentoring, and mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods.

(III) Activities to foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as wel-

fare-to-work programs, referrals to local employment training initiatives, and other methods.

(IV) Activities to promote responsible fatherhood that are conducted through a contract with a nationally recognized, nonprofit fatherhood promotion organization, such as the development, promotion, and distribution of a media campaign to encourage the appropriate involvement of parents in the life of any child and specifically the issue of responsible fatherhood, and the development of a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood.

(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years [2017 and 2018] *2019 through 2023* for expenditure in accordance with this paragraph—

(i) $75,000,000 for awarding funds for the purpose of carrying out healthy marriage promotion activities; and

(ii) $75,000,000 for awarding funds for the purpose of carrying out activities promoting responsible fatherhood.

If the Secretary makes an award under subparagraph (B)(i) [for fiscal year 2017 or 2018], the funds for such award shall be taken in equal portion from the amounts appropriated under clauses (i) and (ii).

(E) PREFERENCE.—In awarding funds under this paragraph for fiscal year 2011, the Secretary shall give preference to entities that were awarded funds under this paragraph for any prior fiscal year and that have demonstrated the ability to successfully carry out the programs funded under this paragraph.

[(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

[(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—

[(i) for fiscal year 1998 a grant in an amount equal to 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

[(ii) for each of fiscal years 1999, 2000, and 2001, a grant in an amount equal to the sum of—

[(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

[(II) 2.5 percent of the sum of—

[(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

[(bb) the amount (if any) required to be paid to the State under this paragraph for the

fiscal year preceding the fiscal year for which the grant is to be made.

[(B) PRESERVATION OF GRANT WITHOUT INCREASES FOR STATES FAILING TO REMAIN QUALIFYING STATES.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

[(C) QUALIFYING STATE.—

[(i) IN GENERAL.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

[(I) the level of welfare spending per poor person by the State for the immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

[(II) the population growth rate of the State (as determined by the Bureau of the Census) for the most recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

[(ii) STATE MUST QUALIFY IN FISCAL YEAR 1998.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1998 by reason of clause (i) if the State is not a qualifying State for fiscal year 1998 by reason of clause (i).

[(iii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1998, 1999, 2000, and 2001 if—

[(I) the level of welfare spending per poor person by the State for fiscal year 1994 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1994; or

[(II) the population of the State increased by more than 10 percent from April 1, 1990 to July 1, 1994, according to the population estimates in publication CB94–204 of the Bureau of the Census.

[(D) DEFINITIONS.—As used in this paragraph:

[(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term "level of State welfare spending per poor person" means, with respect to a State and a fiscal year—

[(I) the sum of—

[(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

[(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

[(II) the number of individuals, according to the 1990 decennial census, who were residents of the State and whose income was below the poverty line.

[(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term "national average level of State welfare spending per poor person" means, with respect to a fiscal year, an amount equal to—

[(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

[(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

[(iii) STATE.—The term "State" means each of the 50 States of the United States and the District of Columbia.

[(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph, in a total amount not to exceed $800,000,000.

[(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year (or portion of a fiscal year) is less than the total amount of payments otherwise required to be made under this paragraph for the fiscal year (or portion of the fiscal year), then the amount otherwise payable to any State for the fiscal year (or portion of the fiscal year) under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

[(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2001.

[(H) REAUTHORIZATION.—Notwithstanding any other provision of this paragraph—

[(i) any State that was a qualifying State under this paragraph for fiscal year 2001 or any prior fiscal year shall be entitled to receive from the Secretary for each of fiscal years 2002 and 2003 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year in which the State was a qualifying State;

[(ii) subparagraph (G) shall be applied as if "fiscal year 2011" were substituted for "fiscal year 2001";

[(iii) out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2002 and 2003 such sums as are necessary for grants under this subparagraph.

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

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

[(B) AMOUNT OF GRANT.—

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

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

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

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

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

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

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

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

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

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

[(ii) HIGH PERFORMING STATE.—The term "high performing State" means, with respect to a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

[(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are

appropriated for fiscal years 1999 through 2003 $1,000,000,000 for grants under this paragraph.

[(5) WELFARE-TO-WORK GRANTS.—

[(A) FORMULA GRANTS.—

[(i) ENTITLEMENT.—A State shall be entitled to receive from the Secretary of Labor a grant for each fiscal year specified in subparagraph (H) of this paragraph for which the State is a welfare-to-work State, in an amount that does not exceed the lesser of—

[(I) 2 times the total of the expenditures by the State (excluding qualified State expenditures (as defined in section 409(a)(7)(B)(i)) and any expenditure described in subclause (I), (II), or (IV) of section 409(a)(7)(B)(iv)) during the period permitted under subparagraph (C)(vii) of this paragraph for the expenditure of funds under the grant for activities described in subparagraph (C)(i) of this paragraph; or

[(II) the allotment of the State under clause (iii) of this subparagraph for the fiscal year.

[(ii) WELFARE-TO-WORK STATE.—A State shall be considered a welfare-to-work State for a fiscal year for purposes of this paragraph if the Secretary of Labor determines that the State meets the following requirements:

[(I) The State has submitted to the Secretary of Labor and the Secretary of Health and Human Services (in the form of an addendum to the State plan submitted under section 402) a plan which—

[(aa) describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year;

[(bb) specifies the formula to be used pursuant to clause (vi) to distribute funds in the State, and describes the process by which the formula was developed;

[(cc) contains evidence that the plan was developed in consultation and coordination with appropriate entitites in sub-State areas;

[(dd) contains assurances by the Governor of the State that the private industry council (and any alternate agency designated by the Governor under item (ee)) for a service delivery area in the State will coordinate the expenditure of any funds provided under this subparagraph for the benefit of the service delivery area with the expenditure of the funds provided to the State under section 403(a)(1);

[(ee) if the Governor of the State desires to have an agency other than a private industry council administer the funds provided under this subparagraph for the benefit of 1 or more service delivery areas in the State, contains an application to the Secretary of Labor for a

waiver of clause (vii)(I) with respect to the area or areas in order to permit an alternate agency designated by the Governor to so administer the funds; and

[(ff) describes how the State will ensure that a private industry council to which information is disclosed pursuant to section 403(a)(5)(K) or 454A(f)(5) has procedures for safeguarding the information and for ensuring that the information is used solely for the purpose described in that section.

[(II) The State has provided to the Secretary of Labor an estimate of the amount that the State intends to expend during the period permitted under subparagraph (C)(vii) of this paragraph for the expenditure of funds under the grant (excluding expenditures described in section 409(a)(7)(B)(iv) (other than subclause (III) thereof)) pursuant to this paragraph.

[(III) The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

[(IV) The State is an eligible State for the fiscal year.

[(V) The State certifies that qualified State expenditures (within the meaning of section 409(a)(7)) for the fiscal year will be not less than the applicable percentage of historic State expenditures (within the meaning of section 409(a)(7)) with respect to the fiscal year.

[(iii) ALLOTMENTS TO WELFARE-TO-WORK STATES.—

[(I) IN GENERAL.—Subject to this clause, the allotment of a welfare-to-work State for a fiscal year shall be the available amount for the fiscal year, multiplied by the State percentage for the fiscal year.

[(II) MINIMUM ALLOTMENT.—The allotment of a welfare-to-work State (other than Guam, the Virgin Islands, or American Samoa) for a fiscal year shall not be less than 0.25 percent of the available amount for the fiscal year.

[(III) PRO RATA REDUCTION.—Subject to subclause (II), the Secretary of Labor shall make pro rata reductions in the allotments to States under this clause for a fiscal year as necessary to ensure that the total of the allotments does not exceed the available amount for the fiscal year.

[(iv) AVAILABLE AMOUNT.—As used in this subparagraph, the term "available amount" means, for a fiscal year, the sum of—

[(I) 75 percent of the sum of—

[(aa) the amount specified in subparagraph (H) for the fiscal year, minus the total of the

amounts reserved pursuant to subparagraphs (E), (F), and (G) for the fiscal year; and

[(bb) any amount reserved pursuant to subparagraph (E) for the immediately preceding fiscal year that has not been obligated; and

[(II) any available amount for the immediately preceding fiscal year that has not been obligated by a State, other than funds reserved by the State for distribution under clause (vi)(III) and funds distributed pursuant to clause (vi)(I) in any State in which the service delivery area is the State.

[(v) STATE PERCENTAGE.—As used in clause (iii), the term "State percentage" means, with respect to a fiscal year, ½ of the sum of—

[(I) the percentage represented by the number of individuals in the State whose income is less than the poverty line divided by the number of such individuals in the United States; and

[(II) the percentage represented by the number of adults who are recipients of assistance under the State program funded under this part divided by the number of adults in the United States who are recipients of assistance under any State program funded under this part.

[(vi) PROCEDURE FOR DISTRIBUTION OF FUNDS WITHIN STATES.—

[(I) ALLOCATION FORMULA.—A State to which a grant is made under this subparagraph shall devise a formula for allocating not less than 85 percent of the amount of the grant among the service delivery areas in the State, which—

[(aa) determines the amount to be allocated for the benefit of a service delivery area in proportion to the number (if any) by which the population of the area with an income that is less than the poverty line exceeds 7.5 percent of the total population of the area, relative to such number for all such areas in the State with such an excess, and accords a weight of not less than 50 percent to this factor;

[(bb) may determine the amount to be allocated for the benefit of such an area in proportion to the number of adults residing in the area who have been recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) for at least 30 months (whether or not consecutive) relative to the number of such adults residing in the State; and

[(cc) may determine the amount to be allocated for the benefit of such an area in pro-

portion to the number of unemployed individuals residing in the area relative to the number of such individuals residing in the State.

[(II) DISTRIBUTION OF FUNDS.—

[(aa) IN GENERAL.—If the amount allocated by the formula to a service delivery area is at least $100,000, the State shall distribute the amount to the entity administering the grant in the area.

[(bb) SPECIAL RULE.—If the amount allocated by the formula to a service delivery area is less than $100,000, the sum shall be available for distribution in the State under subclause (III) during the fiscal year.

[(III) PROJECTS TO HELP LONG-TERM RECIPIENTS OF ASSISTANCE ENTER UNSUBSIDIZED JOBS.—The Governor of a State to which a grant is made under this subparagraph may distribute not more than 15 percent of the grant funds (plus any amount required to be distributed under this subclause by reason of subclause (II)(bb)) to projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) enter unsubsidized employment.

[(vii) ADMINISTRATION.—

[(I) PRIVATE INDUSTRY COUNCILS.—The private industry council for a service delivery area in a State shall have sole authority, in coordination with the chief elected official (as defined in section 3 of the Workforce Innovation and Opportunity Act) of the area, to expend the amounts distributed under clause (vi)(II)(aa) for the benefit of the service delivery area, in accordance with the assurances described in clause (ii)(I)(dd) provided by the Governor of the State.

[(II) ENFORCEMENT OF COORDINATION OF EXPENDITURES WITH OTHER EXPENDITURES UNDER THIS PART.—Notwithstanding subclause (I) of this clause, on a determination by the Governor of a State that a private industry council (or an alternate agency described in clause (ii)(I)(dd)) has used funds provided under this subparagraph in a manner inconsistent with the assurances described in clause (ii)(I)(dd)—

[(aa) the private industry council (or such alternate agency) shall remit the funds to the Governor; and

[(bb) the Governor shall apply to the Secretary of Labor for a waiver of subclause (I) of this clause with respect to the service delivery area or areas involved in order to permit an

alternate agency designated by the Governor to administer the funds in accordance with the assurances.

[(III) AUTHORITY TO PERMIT USE OF ALTERNATE ADMINISTERING AGENCY.—The Secretary of Labor shall approve an application submitted under clause (ii)(I)(ee) or subclause (II)(bb) of this clause to waive subclause (I) of this clause with respect to 1 or more service delivery areas if the Secretary determines that the alternate agency designated in the application would improve the effectiveness or efficiency of the administration of amounts distributed under clause (vi)(II)(aa) for the benefit of the area or areas.

[(viii) DATA TO BE USED IN DETERMINING THE NUMBER OF ADULT TANF RECIPIENTS.—For purposes of this subparagraph, the number of adult recipients of assistance under a State program funded under this part for a fiscal year shall be determined using data for the most recent 12-month period for which such data is available before the beginning of the fiscal year.

[(ix) REVERSION OF UNALLOTTED FORMULA FUNDS.—If at the end of any fiscal year any funds available under this subparagraph have not been allotted due to a determination by the Secretary that any State has not met the requirements of clause (ii), such funds shall be transferred to the General Fund of the Treasury of the United States.

[(B) COMPETITIVE GRANTS.—

[(i) IN GENERAL.—The Secretary of Labor shall award grants in accordance with this subparagraph, in fiscal years 1998 and 1999, for projects proposed by eligible applicants, based on the following:

[(I) The effectiveness of the proposal in—

[(aa) expanding the base of knowledge about programs aimed at moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment.

[(bb) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment; and

[(cc) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment, even in labor markets that have a shortage of low-skill jobs.

[(II) At the discretion of the Secretary of Labor, any of the following:

[(aa) The history of success of the applicant in moving individuals with multiple barriers into work.

[(bb) Evidence of the applicant's ability to leverage private, State, and local resources.

[(cc) Use by the applicant of State and local resources beyond those required by subparagraph (A).

[(dd) Plans of the applicant to coordinate with other organizations at the local and State level.

[(ee) Use by the applicant of current or former recipients of assistance under a State program funded under this part as mentors, case managers, or service providers.

[(ii) ELIGIBLE APPLICANTS.—As used in clause (i), the term "eligible applicant" means a private industry council for a service delivery area in a State, a political subdivision of a State, or a private entity applying in conjunction with the private industry council for such a service delivery area or with such a political subdivision, that submits a proposal developed in consultation with the Governor of the State.

[(iii) DETERMINATION OF GRANT AMOUNT.—In determining the amount of a grant to be made under this subparagraph for a project proposed by an applicant, the Secretary of Labor shall provide the applicant with an amount sufficient to ensure that the project has a reasonable opportunity to be successful, taking into account the number of long-term recipients of assistance under a State program funded under this part, the level of unemployment, the job opportunities and job growth, the poverty rate, and such other factors as the Secretary of Labor deems appropriate, in the area to be served by the project.

[(iv) CONSIDERATION OF NEEDS OF RURAL AREAS AND CITIES WITH LARGE CONCENTRATIONS OF POVERTY.—In making grants under this subparagraph, the Secretary of Labor shall consider the needs of rural areas and cities with large concentrations of residents with an income that is less than the poverty line.

[(v) FUNDING.—For grants under this subparagraph for each fiscal year specified in subparagraph (H), there shall be available to the Secretary of Labor an amount equal to the sum of—

[(I) 25 percent of the sum of—

[(aa) the amount specified in subparagraph (H) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (E), (F), and (G) for the fiscal year; and

[(bb) any amount reserved pursuant to subparagraph (E) for the immediately preceding fiscal year that has not been obligated; and

[(II) any amount available for grants under this subparagraph for the immediately preceding fiscal year that has not been obligated.

[(C) LIMITATIONS ON USE OF FUNDS.—

[(i) ALLOWABLE ACTIVITIES.—An entity to which funds are provided under this paragraph shall use the funds to move individuals into and keep individuals in

lasting unsubsidized employment by means of any of the following:

[(I) The conduct and administration of community service or work experience programs.

[(II) Job creation through public or private sector employment wage subsidies.

[(III) On-the-job training.

[(IV) Contracts with public or private providers of readiness, placement, and post-employment services, or if the entity is not a private industry council or workforce investment board, the direct provision of such services.

[(V) Job vouchers for placement, readiness, and postemployment services.

[(VI) Job retention or support services if such services are not otherwise available.

[(VII) Not more than 6 months of vocational educational or job training.

Contracts or vouchers for job placement services supported by such funds must require that at least ½ of the payment occur after an eligible individual placed into the workforce has been in the workforce for 6 months.

[(ii) GENERAL ELIGIBILITY.—An entity that operates a project with funds provided under this paragraph may expend funds provided to the project for the benefit of recipients of assistance under the program funded under this part of the State in which the entity is located who—

[(I) has received assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first apply to the State) for at least 30 months (whether or not consecutive); or

[(II) within 12 months, will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 408(a)(7)(C) that may apply to the individual.

[(iii) NONCUSTODIAL PARENTS.—An entity that operates a project with funds provided under this paragraph may use the funds to provide services in a form described in clause (i) to noncustodial parents with respect to whom the requirements of the following subclauses are met:

[(I) The noncustodial parent is unemployed, underemployed, or having difficulty in paying child support obligations.

[(II) At least 1 of the following applies to a minor child of the noncustodial parent (with preference in the determination of the noncustodial parents to be provided services under this para-

graph to be provided by the entity to those noncustodial parents with minor children who meet, or who have custodial parents who meet, the requirements of item (aa)):

[(aa) The minor child or the custodial parent of the minor child meets the requirements of subclause (I) or (II) of clause (ii).

[(bb) The minor child is eligible for, or is receiving, benefits under the program funded under this part.

[(cc) The minor child received benefits under the program funded under this part in the 12-month period preceding the date of the determination but no longer receives such benefits.

[(dd) The minor child is eligible for, or is receiving, assistance under the Food and Nutrition Act of 2008, benefits under the supplemental security income program under title XVI of this Act, medical assistance under title XIX of this Act, or child health assistance under title XXI of this Act.

[(III) In the case of a noncustodial parent who becomes enrolled in the project on or after the date of the enactment of this clause, the noncustodial parent is in compliance with the terms of an oral or written personal responsibility contract entered into among the noncustodial parent, the entity, and (unless the entity demonstrates to the Secretary that the entity is not capable of coordinating with such agency) the agency responsible for administering the State plan under part D, which was developed taking into account the employment and child support status of the noncustodial parent, which was entered into not later than 30 (or, at the option of the entity, not later than 90) days after the noncustodial parent was enrolled in the project, and which, at a minimum, includes the following:

[(aa) A commitment by the noncustodial parent to cooperate, at the earliest opportunity, in the establishment of the paternity of the minor child, through voluntary acknowledgement or other procedures, and in the establishment of a child support order.

[(bb) A commitment by the noncustodial parent to cooperate in the payment of child support for the minor child, which may include a modification of an existing support order to take into account the ability of the noncustodial parent to pay such support and the participation of such parent in the project.

[(cc) A commitment by the noncustodial parent to participate in employment or related activities that will enable the noncusto-

dial parent to make regular child support payments, and if the noncustodial parent has not attained 20 years of age, such related activities may include completion of high school, a general equivalency degree, or other education directly related to employment.

[(dd) A description of the services to be provided under this paragraph, and a commitment by the noncustodial parent to participate in such services, that are designed to assist the noncustodial parent obtain and retain employment, increase earnings, and enhance the financial and emotional contributions to the well-being of the minor child.

In order to protect custodial parents and children who may be at risk of domestic violence, the preceding provisions of this subclause shall not be construed to affect any other provision of law requiring a custodial parent to cooperate in establishing the paternity of a child or establishing or enforcing a support order with respect to a child, or entitling a custodial parent to refuse, for good cause, to provide such cooperation as a condition of assistance or benefit under any program, shall not be construed to require such cooperation by the custodial parent as a condition of participation of either parent in the program authorized under this paragraph, and shall not be construed to require a custodial parent to cooperate with or participate in any activity under this clause. The entity operating a project under this clause with funds provided under this paragraph shall consult with domestic violence prevention and intervention organizations in the development of the project.

[(iv) TARGETING OF HARD TO EMPLOY INDIVIDUALS WITH CHARACTERISTICS ASSOCIATED WITH LONG-TERM WELFARE DEPENDENCE.—An entity that operates a project with funds provided under this paragraph may expend not more than 30 percent of all funds provided to the project for programs that provide assistance in a form described in clause (i)—

[(I) to recipients of assistance under the program funded under this part of the State in which the entity is located who have characteristics associated with long-term welfare dependence (such as school dropout, teen pregnancy, or poor work history), including, at the option of the State, by providing assistance in such form as a condition of receiving assistance under the State program funded under this part;

[(II) to children—

[(aa) who have attained 18 years of age but not 25 years of age; and

[(bb) who, before attaining 18 years of age, were recipients of foster care maintenance payments (as defined in section 475(4)) under part E or were in foster care under the responsibility of a State;

[(III) to recipients of assistance under the State program funded under this part, determined to have significant barriers to self-sufficiency, pursuant to criteria established by the local private industry council; or

[(IV) to custodial parents with incomes below 100 percent of the poverty line (as defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section, applicable to a family of the size involved).

To the extent that the entity does not expend such funds in accordance with the preceding sentence, the entity shall expend such funds in accordance with clauses (ii) and (iii) and, as appropriate, clause (v).

[(v) AUTHORITY TO PROVIDE WORK-RELATED SERVICES TO INDIVIDUALS WHO HAVE REACHED THE 5 YEAR LIMIT.—An entity that operates a project with funds provided under this paragraph may use the funds to provide assistance in a form described in clause (i) of this subparagraph to, or for the benefit of, individuals who (but for section 408(a)(7)) would be eligible for assistance under the program funded under this part of the State in which the entity is located.

[(vi) RELATIONSHIP TO OTHER PROVISIONS OF THIS PART.—

[(I) RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsections (b), (f), and (h) of section 404, shall not apply to a grant made under this paragraph.

[(II) RULES GOVERNING PAYMENTS TO STATES.—The Secretary of Labor shall carry out the functions otherwise assigned by section 405 to the Secretary of Health and Human Services with respect to the grants payable under this paragraph.

[(III) ADMINISTRATION.—Section 416 shall not apply to the programs under this paragraph.

[(vii) PROHIBITION AGAINST USE OF GRANT FUNDS FOR ANY OTHER FUND MATCHING REQUIREMENT.—An entity to which funds are provided under this paragraph shall not use any part of the funds, nor any part of State expenditures made to match the funds, to fulfill any obligation of any State, political subdivision, or private industry council to contribute funds under section 403(b) or 418 or any other provision of this Act or other Federal law.

[(viii) DEADLINE FOR EXPENDITURE.—An entity to which funds are provided under this paragraph shall remit to the Secretary of Labor any part of the funds

that are not expended within 5 years after the date the funds are so provided.

[(ix) REGULATIONS.—Within 90 days after the date of the enactment of this paragraph, the Secretary of Labor, after consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, shall prescribe such regulations as may be necessary to implement this paragraph.

[(x) REPORTING REQUIREMENTS.—The Secretary of Labor, in consultation with the Secretary of Health and Human Services, States, and organizations that represent State or local governments, shall establish requirements for the collection and maintenance of financial and participant information and the reporting of such information by entities carrying out activities under this paragraph.

[(D) DEFINITIONS.—

[(i) INDIVIDUALS WITH INCOME LESS THAN THE POVERTY LINE.—For purposes of this paragraph, the number of individuals with an income that is less than the poverty line shall be determined for a fiscal year—

[(I) based on the methodology used by the Bureau of the Census to produce and publish intercensal poverty data for States and counties (or, in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa, other poverty data selected by the Secretary of Labor); and

[(II) using data for the most recent year for which such data is available before the beginning of the fiscal year.

[(ii) PRIVATE INDUSTRY COUNCIL.—As used in this paragraph, the term "private industry council" means, with respect to a service delivery area, the private industry council or local workforce development board established for the local workforce development area pursuant to title I of the Workforce Innovation and Opportunity Act, as appropriate.

[(iii) SERVICE DELIVERY AREA.—As used in this paragraph, the term "service delivery area" shall have the meaning given such term for purposes of the Job Training Partnership Act or.

[(E) FUNDING FOR INDIAN TRIBES.—1 percent of the amount specified in subparagraph (H) for fiscal year 1998 and $15,000,000 of the amount so specified for fiscal year 1999 shall be reserved for grants to Indian tribes under section 412(a)(3).

[(F) FUNDING FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—0.6 percent of the amount specified in subparagraph (H) for fiscal year 1998 and $9,000,000 of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to carry out section 413(j).

[(G) FUNDING FOR EVALUATION OF ABSTINENCE EDUCATION PROGRAMS.—

[(i) IN GENERAL.—0.2 percent of the amount specified in subparagraph (H) for fiscal year 1998 and $3,000,000 of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to evaluate programs under section 510, directly or through grants, contracts, or interagency agreements.

[(ii) AUTHORITY TO USE FUNDS FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—Any such amount not required for such evaluations shall be available for use by the Secretary to carry out section 413(j).

[(iii) DEADLINE FOR OUTLAYS.—Outlays from funds used pursuant to clause (i) for evaluation of programs under section 510 shall not be made after fiscal year 2005.

[(iv) INTERIM REPORT.—Not later than January 1, 2002, the Secretary shall submit to the Congress an interim report on the evaluations referred to in clause (i).

[(H) APPROPRIATIONS.—

[(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for grants under this paragraph—

[(I) $1,500,000,000 for fiscal year 1998; and

[(II) $1,400,000,000 for fiscal year 1999.

[(ii) AVAILABILITY.—The amounts made available pursuant to clause (i) shall remain available for such period as is necessary to make the grants provided for in this paragraph.

[(I) WORKER PROTECTIONS.—

[(i) NONDISPLACEMENT IN WORK ACTIVITIES.—

[(I) GENERAL PROHIBITION.—Subject to this clause, an adult in a family receiving assistance attributable to funds provided under this paragraph may fill a vacant employment position in order to engage in a work activity.

[(II) PROHIBITION AGAINST VIOLATION OF CONTRACTS.—A work activity engaged in under a program operated with funds provided under this paragraph shall not violate an existing contract for services or a collective bargaining agreement, and such a work activity that would violate a collective bargaining agreement shall not be undertaken without the written concurrence of the labor organization and employer concerned.

[(III) OTHER PROHIBITIONS.—An adult participant in a work activity engaged in under a program operated with funds provided under this paragraph shall not be employed or assigned—

[(aa) when any other individual is on layoff from the same or any substantially equivalent job;

[(bb) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction in its

workforce with the intention of filling the vacancy so created with the participant; or

[(cc) if the employer has caused an involuntary reduction to less than full time in hours of any employee in the same or a substantially equivalent job.

[(ii) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of other participants engaged in a work activity under a program operated with funds provided under this paragraph.

[(iii) NONDISCRIMINATION.—In addition to the protections provided under the provisions of law specified in section 408(c), an individual may not be discriminated against by reason of gender with respect to participation in work activities engaged in under a program operated with funds provided under this paragraph.

[(iv) GRIEVANCE PROCEDURE.—

[(I) IN GENERAL.—Each State to which a grant is made under this paragraph shall establish and maintain a procedure for grievances or complaints from employees alleging violations of clause (i) and participants in work activities alleging violations of clause (i), (ii), or (iii).

[(II) HEARING.—The procedure shall include an opportunity for a hearing.

[(III) REMEDIES.—The procedure shall include remedies for violation of clause (i), (ii), or (iii), which may continue during the pendency of the procedure, and which may include—

[(aa) suspension or termination of payments from funds provided under this paragraph;

[(bb) prohibition of placement of a participant with an employer that has violated clause (i), (ii), or (iii);

[(cc) where applicable, reinstatement of an employee, payment of lost wages and benefits, and reestablishment of other relevant terms, conditions and privileges of employment; and

[(dd) where appropriate, other equitable relief.

[(IV) APPEALS.—

[(aa) FILING.—Not later than 30 days after a grievant or complainant receives an adverse decision under the procedure established pursuant to subclause (I), the grievant or complainant may appeal the decision to a State agency designated by the State which shall be independent of the State or local agency that is administering the programs operated with funds provided under this paragraph and the

State agency administering, or supervising the administration of, the State program funded under this part.

[(bb) FINAL DETERMINATION.—Not later than 120 days after the State agency designated under item (aa) receives a grievance or complaint made under the procedure established by a State pursuant to subclause (I), the State agency shall make a final determination on the appeal.

[(v) RULE OF INTERPRETATION.—This subparagraph shall not be construed to affect the authority of a State to provide or require workers' compensation.

[(vi) NONPREEMPTION OF STATE LAW.—The provisions of this subparagraph shall not be construed to preempt any provision of State law that affords greater protections to employees or to other participants engaged in work activities under a program funded under this part than is afforded by such provisions of this subparagraph.

[(J) INFORMATION DISCLOSURE.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing to a private industry council the names, addresses, telephone numbers, and identifying case number information in the State program funded under this part, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under this paragraph.]

[(b) CONTINGENCY FUND.—

[(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the "Contingency Fund for State Welfare Programs" (in this section referred to as the "Fund").

[(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 2018 such sums as are necessary for payment to the Fund in a total amount not to exceed $608,000,000.

[(3) GRANTS.—

[(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eligible month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appropriated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

[(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

[(C) LIMITATIONS.—

[(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a month shall not exceed 1/12 of 20 percent of the State family assistance grant.

[(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal year 2011 and 2012, respectively, shall not exceed the total amount appropriated pursuant to paragraph (2) for each such fiscal year.

[(4) ELIGIBLE MONTH.—As used in paragraph (3)(A), the term "eligible month" means, with respect to a State, a month in the 2-month period that begins with any month for which the State is a needy State.

[(6) ANNUAL RECONCILIATION.—

[(A) IN GENERAL.—Notwithstanding paragraph (3), if the Secretary makes a payment to a State under this subsection in a fiscal year, then the State shall remit to the Secretary, within 1 year after the end of the first subsequent period of 3 consecutive months for which the State is not a needy State, an amount equal to the amount (if any) by which—

[(i) the total amount paid to the State under paragraph (3) of this subsection in the fiscal year; exceeds

[(ii) the product of—

[(I) the Federal medical assistance percentage for the State (as defined in section 1905(b), as such section was in effect on September 30, 1995);

[(II) the State's reimbursable expenditures for the fiscal year; and

[(III) 1/12 times the number of months during the fiscal year for which the Secretary made a payment to the State under such paragraph (3).

[(B) DEFINITIONS.—As used in subparagraph (A):

[(i) REIMBURSABLE EXPENDITURES.—The term "reimbursable expenditures" means, with respect to a State and a fiscal year, the amount (if any) by which—

[(I) countable State expenditures for the fiscal year; exceeds

[(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994.

[(ii) COUNTABLE STATE EXPENDITURES.—The term "countable expenditures" means, with respect to a State and a fiscal year—

[(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i) (other than the expenditures described in subclause (I)(bb) of such section)) under the State program funded under this part for the fiscal year; plus

[(II) any amount paid to the State under paragraph (3) during the fiscal year that is expended by the State under the State program funded under this part.

[(C) ADJUSTMENT OF STATE REMITTANCES.—

[(i) IN GENERAL.—The amount otherwise required by subparagraph (A) to be remitted by a State for a fiscal year shall be increased by the lesser of—

[(I) the total adjustment for the fiscal year, multiplied by the adjustment percentage for the State for the fiscal year; or

[(II) the unadjusted net payment to the State for the fiscal year.

[(ii) TOTAL ADJUSTMENT.—As used in clause (i), the term "total adjustment" means—

[(I) in the case of fiscal year 1998, $2,000,000;

[(II) in the case of fiscal year 1999, $9,000,000;

[(III) in the case of fiscal year 2000, $16,000,000; and

[(IV) in the case of fiscal year 2001, $13,000,000.

[(iii) ADJUSTMENT PERCENTAGE.—As used in clause (i), the term "adjustment percentage" means, with respect to a State and a fiscal year—

[(I) the unadjusted net payment to the State for the fiscal year; divided by

[(II) the sum of the unadjusted net payments to all States for the fiscal year.

[(iv) UNADJUSTED NET PAYMENT.—As used in this subparagraph, the term, "unadjusted net payment" means with respect to a State and a fiscal year—

[(I) the total amount paid to the State under paragraph (3) in the fiscal year; minus

[(II) the amount that, in the absence of this subparagraph, would be required by subparagraph (A) or by section 409(a)(10) to be remitted by the State in respect of the payment.

[(7) STATE DEFINED.—As used in this subsection, the term "State" means each of the 50 States and the District of Columbia.

[(8) ANNUAL REPORTS.—The Secretary shall annually report to the Congress on the status of the Fund.]

SEC. 404. USE OF GRANTS.

(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or

(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995, or (at the option of the State) August 21, 1996.

(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

(1) LIMITATION.—A State to which a grant is made under section 403 shall not expend more than 15 percent of the grant for administrative purposes.

[(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.]

(2) EXCEPTIONS.—Paragraph (1) of this subsection shall not apply to the use of a grant for—

(A) information technology and computerization needed for tracking, monitoring, or data collection required by or under this part; or

(B) case management activities to carry out section 408(b).

(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

[(1) IN GENERAL.—Subject to paragraph (2), a State may use not more than 30 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

[(A) Subtitle A of title XX of this Act.

[(B) The Child Care and Development Block Grant Act of 1990.

[(2) LIMITATION ON AMOUNT TRANSFERABLE TO SUBTITLE 1 OF TITLE XX PROGRAMS.—

[(A) IN GENERAL.—A State may use not more than the applicable percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to subtitle 1 of title XX.

[(B) APPLICABLE PERCENT.—For purposes of subparagraph (A), the applicable percent is 4.25 percent in the case of fiscal year 2001 and each succeeding fiscal year.

[(3) APPLICABLE RULES.—

[(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program, and the expenditure of any amount so used shall not be considered to be an expenditure under this part.

[(B) EXCEPTION RELATING TO SUBTITLE 1 OF TITLE XX PROGRAMS.—All amounts paid to a State under this part that are used to carry out State programs pursuant to subtitle 1 of title XX shall be used only for programs and services to children or their families whose income is less than 200 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus

Budget Reconciliation Act of 1981) applicable to a family of the size involved.]

(1) IN GENERAL.—A State may use not more than 50 percent of the grant made to the State under section 403(a)(1) to carry out a State program pursuant to any or all of the following provisions of law:

(A) The Child Care and Development Block Grant Act of 1990.

(B) Title I of the Workforce Innovation and Opportunity Act.

(C) Subpart 1 of part B of this title.

(2) LIMITATION ON AMOUNT TRANSFERRABLE TO SUBPART 1 OF PART B OF THIS TITLE.—

(A) In general.—A State may use not more than the applicable percentage of the amount of a grant made to the State under section 403(a)(1) to carry out State programs pursuant to subpart 1 of part B.

(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage is 10 percent.

(3) APPLICABLE RULES.—

(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program, and the expenditure of any amount so used shall not be considered to be an expenditure under this part.

(B) FUNDS TRANSFERRED TO THE WIOA.—In the case of funds transferred under paragraph (1)(B) of this subsection—

(i) all of the funds will be used to support families eligible for assistance under the State program funded under this part; and

(ii) not more than 15 percent of the funds will be reserved for statewide workforce investment activities referred to in section 128(a)(1) of the Workforce Innovation and Opportunity Act.

(4) EXCLUSION OF STATES EXCLUDING THE STATE JOBS PROGRAM AS A MANDATORY ONE-STOP PARTNER UNDER THE WIOA.—The authority provided by this subsection may not be exercised by a State that has provided the notification referred to in section 407(a)(3)(D).

[(e) AUTHORITY TO CARRY OVER CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.]

(e) DEADLINES FOR OBLIGATION AND EXPENDITURES OF FUNDS BY STATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), a State to which funds are paid under section 403(a)(1) shall ob-

ligate the funds within 2 years after the date the funds are so paid, and shall expend the funds within 3 years after such date.

(2) EXCEPTION FOR LIMITED AMOUNT OF FUNDS SET ASIDE FOR FUTURE USE.—A State to which funds are paid under section 403(a)(1) may reserve not more than 15 percent of the funds for future use in the State program funded under this part.

(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

(g) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—A State to which a grant is made under section 403 is encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose.

(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—

(1) IN GENERAL.—A State to which a grant is made under section 403 may use the grant to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program funded under this part.

(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

(A) ESTABLISHMENT.—Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds for a qualified purpose described in subparagraph (B).

(B) QUALIFIED PURPOSE.—A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:

(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.

(ii) FIRST HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

(3) REQUIREMENTS.—

(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B)).

(B) QUALIFIED ENTITY.—As used in this subsection, the term "qualified entity" means—

(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

(5) DEFINITIONS.—As used in this subsection—

(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term "eligible educational institution" means the following:

(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term "post-secondary educational expenses" means—

(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

(C) QUALIFIED ACQUISITION COSTS.—The term "qualified acquisition costs" means the costs of acquiring, con-

structing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

(D) QUALIFIED BUSINESS.—The term "qualified business" means any business that does not contravene any law or public policy (as determined by the Secretary).

(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term "qualified business capitalization expenses" means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

(F) QUALIFIED EXPENDITURES.—The term "qualified expenditures" means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

(G) QUALIFIED FIRST-TIME HOMEBUYER.—

(i) IN GENERAL.—The term "qualified first-time homebuyer" means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

(ii) DATE OF ACQUISITION.—The term "date of acquisition" means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

(H) QUALIFIED PLAN.—The term "qualified plan" means a business plan which—

(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

(I) QUALIFIED PRINCIPAL RESIDENCE.—The term "qualified principal residence" means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

(i) SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the supplemental nutrition assistance program, as defined in section 3(l) of the Food and Nutrition Act of 2008, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

(j) REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the supplemental nutrition assistance program, as defined in section 3(l) of the Food and Nutrition Act of 2008, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

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

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

[(A) the grant is used for new or expanded transportation services (and not for construction) that benefit individuals described in subparagraph (C), and not to subsidize current operating costs;

[(B) the grant is used to supplement and not supplant other State expenditures on transportation;

[(C) the preponderance of the benefits derived from such use of the grant accrues to individuals who are—

[(i) recipients of assistance under the State program funded under this part;

[(ii) former recipients of such assistance;

[(iii) noncustodial parents who are described in section 403(a)(5)(C)(iii); and

[(iv) low-income individuals who are at risk of qualifying for such assistance; and

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

[(2) AMOUNT LIMITATION.—From a grant made to a State under section 403(a), the amount that a State uses to match funds described in paragraph (1) of this subsection shall not exceed the amount (if any) by which 30 percent of the total amount of the grant exceeds the amount (if any) of the grant that is used by the State to carry out any State program described in subsection (d)(1) of this section.

[(3) RULE OF INTERPRETATION.—The provision by a State of a transportation benefit under a program conducted under section 3037 of the Transportation Equity Act for the 21st Century, to an individual who is not otherwise a recipient of assistance under the State program funded under this part, using funds from a grant made under section 403(a) of this Act, shall not be considered to be the provision of assistance to the individual under the State program funded under this part.]

(k) PROHIBITIONS.—

(1) USE OF FUNDS FOR PERSONS WITH INCOME GREATER THAN TWICE THE POVERTY LINE.—A State to which a grant is made under this part shall not use the grant to provide any assistance or services to a family whose monthly income exceeds twice the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2))).

(2) DIRECT SPENDING ON CHILD CARE SERVICES OR ACTIVITIES OR CHILD WELFARE SERVICES OR ACTIVITIES.—A State to which a grant is made under this part shall not use the grant for direct spending on child care services or activities or direct spending on child welfare services or activities.

(l) APPLICABILITY OF IMPROPER PAYMENTS LAWS.—

(1) IN GENERAL.—The Improper Payments Information Act of 2002 and the Improper Payments Elimination and Recovery Act of 2010 shall apply to a State in respect of the State program funded under this part in the same manner in which such Acts apply to a Federal agency.

(2) REGULATIONS.—Within 2 years after the date of the enactment of this subsection, the Secretary shall prescribe regulations governing how a State reviews and reports improper payments under the State program funded under this part.

* * * * * * *

[SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.

[(a) LOAN AUTHORITY.—

[(1) IN GENERAL.—The Secretary shall make loans to any loan-eligible State, for a period to maturity of not more than 3 years.

[(2) LOAN-ELIGIBLE STATE.—As used in paragraph (1), the term "loan-eligible State" means a State against which a penalty has not been imposed under section 409(a)(1).

[(b) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under this section at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

[(c) USE OF LOAN.—A State shall use a loan made to the State under this section only for any purpose for which grant amounts received by the State under section 403(a) may be used, including—

[(1) welfare anti-fraud activities; and

[(2) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 412.

[(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO A STATE.—The cumulative dollar amount of all loans made to a State under this section during fiscal years 1997 through 2003 shall not exceed 10 percent of the State family assistance grant.

[(e) LIMITATION ON TOTAL AMOUNT OF OUTSTANDING LOANS.—The total dollar amount of loans outstanding under this section may not exceed $1,700,000,000.

[(f) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as may be necessary for the cost of loans under this section.]

SEC. 406. TECHNICAL ASSISTANCE.

(a) IN GENERAL.—The Secretary shall provide technical assistance to States and Indian tribes (which may include providing technical assistance on a reimbursable basis), which shall be provided by qualified experts on practices grounded in scientifically valid research, where appropriate, to support activities related publication of State performance under section 407(b) and to carry out State and tribal programs funded under this part.

(b) RESERVATION OF FUNDS.—The Secretary shall reserve not more than 0.25 percent of the amount appropriated by section 403(a)(1)(C) for a fiscal year to carry out subsection (a) of this section.

SEC. 407. MANDATORY WORK REQUIREMENTS.

[(a) PARTICIPATION RATE REQUIREMENTS.—

[(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)):

[If the fiscal year is:	The minimum participation rate is:
1997	25
1998	30
1999	35
2000	40
2001	45
2002 or thereafter	50.

[(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)):

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

[(b) CALCULATION OF PARTICIPATION RATES.—

[(1) ALL FAMILIES.—

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

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

[(i) the number of families receiving assistance under the State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) that include an adult or a minor child head of household who is engaged in work for the month; divided by

[(ii) the amount by which—

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

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

[(2) 2-PARENT FAMILIES.—

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

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

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

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

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

[(i) the average monthly number of families receiving assistance during the immediately preceding fiscal year under the State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) is less than

[(ii) the average monthly number of families that received assistance under any State program referred to in clause (i) during fiscal year 2005.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

[(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations required by subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and the eligibility criteria in effect during fiscal year 2005. Such regulations shall place the burden on the Secretary to prove that such families were diverted as a direct result of differences in such eligibility criteria.

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

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

(a) PERFORMANCE ACCOUNTABILITY AND WORK OUTCOMES.—

(1) PURPOSE.—The purpose of this subsection is to provide for the establishment of performance accountability measures to assess the effectiveness of States in increasing employment, retention, and advancement among families receiving assistance under the State program funded under this part.

(2) IN GENERAL.—A State to which a grant is made under section 403 for a fiscal year shall achieve the requisite level of performance on an indicator described in paragraph (3)(B) of this subsection for the fiscal year.

(3) MEASURING STATE PERFORMANCE.—

(A) IN GENERAL.—Each State, in consultation with the Secretary, shall collect and submit to the Secretary the information necessary to measure the level of performance of the State for each indicator described in subparagraph (B), for fiscal year 2020 and each fiscal year thereafter, and the Secretary shall use the information collected for fiscal year 2020 to establish the baseline level of performance for each State for each such indicator.

(B) INDICATORS OF PERFORMANCE.—The indicators described in this subparagraph, for a fiscal year, are the following:

(i) The percentage of individuals who were work-eligible individuals as of the time of exit from the program, who are in unsubsidized employment during the 2nd quarter after the exit.

(ii) The percentage of individuals who were work-eligible individuals who were in unsubsidized employ-

ment in the 2nd quarter after the exit, who are also in unsubsidized employment during the 4th quarter after the exit.

(iii) The median earnings of individuals who were work-eligible individuals as of the time of exit from the program, who are in unsubsidized employment during the 2nd quarter after the exit.

(iv) The percentage of individuals who have not attained 24 years of age, are attending high school or enrolled in an equivalency program, and are work-eligible individuals or were work-eligible individuals as of the time of exit from the program, who obtain a high school degree or its recognized equivalent while receiving assistance under the State program funded under this part or within 1 year after the exit.

(C) LEVELS OF PERFORMANCE.—

(i) IN GENERAL.—For each State submitting a State plan pursuant to section 402(a), there shall be established, in accordance with this subparagraph, levels of performance for each of the indicators described in subparagraph (B).

(ii) WEIGHT.—The weight assigned to such an indicator shall be the following:

(I) 40 percent, in the case of the indicator described in subparagraph (B)(i).

(II) 25 percent, in the case of the indicator described in subparagraph (B)(ii).

(III) 25 percent, in the case of the indicator described in subparagraph (B)(iii).

(IV) 10 percent, in the case of the indicator described in subparagraph (B)(iv).

(iii) AGREEMENT ON REQUISITE PERFORMANCE LEVEL FOR EACH INDICATOR.—

(I) IN GENERAL.—The Secretary and the State shall negotiate the requisite level of performance for the State with respect to each indicator described in clause (ii), for each of fiscal years 2020 through 2023, and in the case of each of fiscal years 2021 through 2023, shall do so before the beginning of the respective fiscal year.

(II) REQUIREMENTS IN ESTABLISHING PERFORMANCE LEVELS.—In establishing the requisite levels of performance, the State and the Secretary shall—

(aa) take into account how the levels involved compare with the levels established for other States;

(bb) ensure the levels involved are adjusted, using the objective statistical model referred to in clause (v), based on—

(AA) the differences among States in economic conditions, including differences in unemployment rates or employment losses or gains in particular industries; and

(BB) the characteristics of participants on entry into the program, including indicators of prior work history, lack of educational or occupational skills attainment, or other factors that may affect employment and earnings; and

(CC) take into account the extent to which the levels involved promote continuous improvement in performance by each State.

(iv) REVISIONS BASED ON ECONOMIC CONDITIONS AND INDIVIDUALS RECEIVING ASSISTANCE DURING THE FISCAL YEAR.—The Secretary shall, in accordance with the objective statistical model referred to in clause (v), revise the requisite levels of performance for a State and a fiscal year to reflect the economic conditions and characteristics of the relevant individuals in the State during the fiscal year.

(v) STATISTICAL ADJUSTMENT MODEL.—The Secretary shall use an objective statistical model to make adjustments to the requisite levels of performance for the economic conditions and characteristics of the relevant individuals, and shall consult with the Secretary of Labor to develop a model that is the same as or similar to the model described in section 116(b)(3)(A)(viii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3141(b)(3)(A)(viii)).

(vi) DEFINITION OF EXIT.—In this subsection, the term "exit" means, with respect to a State program funded under this part, ceases to a receive a JOBS benefit under the program.

(D) STATE OPTION TO ESTABLISH COMMON EXIT MEASURES.—Notwithstanding subparagraph (C)(vi) of this paragraph, a State that has not provided the notification under section 121(b)(1)(C)(ii) of the Workforce Innovation and Opportunity Act to exclude the State program funded under this part as a mandatory one-stop partner may adopt an alternative definition of "exit" for the purpose of creating common exit measures to improve alignment with workforce programs operated under title I of such Act.

(E) REGULATIONS.—In order to ensure nationwide comparability of data, the Secretary, after consultation the Secretary of Labor and with States, shall issue regulations governing the establishment of the performance accountability system under this subsection and a template for performance reports to be used by all States consistent with subsection (b).

(b) PUBLICATION OF STATE PERFORMANCE.—The Secretary shall, directly or through the use of grants or contracts, establish and operate an Internet website that is accessible to the public, with a dashboard that is regularly updated and provides easy-to-understand information on the performance of each State program funded under this part, including a profile for each such program, expressed by use of a template, which shall include—

(1) information on the indicators and requisite performance levels established for the State under subsection (a), including, with respect to each such level, whether the State achieves, exceeds, or fails to achieve the level on an ongoing basis, including—

(A) information on any adjustments made to the requisite levels using the statistical adjustment model described in subsection (a)(3)(D)(v); and

(B) a grade based on the overall performance of the State, as determined by the Secretary and in consultation with the State, and the overall performance shall be graded based on the performance indicators and weights for each such indicator as described in subsection (a);

(2) information reported under section 411 on the characteristics and demographics of individuals receiving assistance under the State program, including—

(A) the number and percentage of child-only cases and reason why the cases are child-only; and

(B) the average weekly number of hours that each work-eligible individual in the State program participates in work activities, including a separate section showing the number and percentage of the work-eligible individuals with zero hours of the participation and the reason for non-participation;

(3) information on the results of improper payments reviews;

(4) a link to the State plan approved under section 402; and

(5) information regarding any penalty imposed, or other corrective action taken, by the Secretary against a State for failing to achieve a requisite performance level or any other requirement imposed by or under this part.

(c) ENGAGED IN WORK.—

(1) GENERAL RULES.—

(A) ALL FAMILIES.—**[**For purposes of subsection (b)(1)(B)(i), a**]** *A* recipient is engaged in work for a month in a fiscal year if the recipient is participating in work activities for at least the minimum average number of hours per week specified in the following table during the month**[**, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d), subject to this subsection**]**:

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

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

(i) the individual and the other parent in the family are participating in work activities for a total of at least 35 hours per week during the month**[**, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5),

(6), (7), (8), or (12) of subsection (d), subject to this subsection]; and

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

(2) LIMITATIONS AND SPECIAL RULES.—

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

[(i) LIMITATION.—Notwithstanding paragraph (1) of this subsection, an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)), after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States or the State is a needy State (within the meaning of section 403(b)(5)), 12 weeks), or if the participation is for a week that immediately follows 4 consecutive weeks of such participation.

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

[(B)] *(A)* SINGLE PARENT OR RELATIVE WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT OR RELATIVE IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—[For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a] *A* recipient who is the only parent or caretaker relative in the family of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

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

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

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

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

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

(1) unsubsidized employment;

(2) subsidized private sector employment;

(3) subsidized public sector employment;

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

(5) on-the-job training*, including apprenticeship*;

(6) job search and job readiness assistance;

(7) community service programs;

(8) vocational educational training [(not to exceed 12 months with respect to any individual)]*, including career technical education*;

(9) job skills training directly related to employment;

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

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

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

(13) any other activity that the State determines is necessary to improve the employment, earnings, or other outcomes of a recipient of assistance that are used in determining a level of performance by the State for purposes of subsection (a), as described in the State plan approved under section 402.

(e) PENALTIES AGAINST INDIVIDUALS.—

(1) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under the State program funded under this part [or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))] refuses to engage in work required in accordance with this section, the State shall—

(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State)

with respect to any period during a month in which the individual so refuses; or

(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program funded under this part [or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))] based on a refusal of an individual to engage in work required in accordance with this section if the individual is a single custodial parent caring for a child who has not attained 6 years of age, and the individual proves that the individual has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

(A) Unavailability of appropriate child care within a reasonable distance from the individual's home or work site.

(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

(C) Unavailability of appropriate and affordable formal child care arrangements.

(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

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

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

(A) when any other individual is on layoff from the same or any substantially equivalent job; or

(B) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

(3) GRIEVANCE PROCEDURE.—A State with a program funded under this part shall establish and maintain a grievance procedure for resolving complaints of alleged violations of paragraph (2).

(4) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

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

(h) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, nonsupporting parents who have not attained

18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

(i) VERIFICATION OF WORK AND WORK-ELIGIBLE INDIVIDUALS IN ORDER TO IMPLEMENT REFORMS.—

(1) SECRETARIAL DIRECTION AND OVERSIGHT.—

(A) REGULATIONS FOR DETERMINING WHETHER ACTIVITIES MAY BE COUNTED AS "WORK ACTIVITIES", HOW TO COUNT AND VERIFY REPORTED HOURS OF WORK, AND DETERMINING WHO IS A WORK-ELIGIBLE INDIVIDUAL.—

(i) IN GENERAL.—Not later than June 30, 2006, the Secretary shall promulgate regulations to ensure consistent measurement of work participation rates under State programs funded under this part and State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)), which shall include information with respect to—

(I) determining whether an activity of a recipient of assistance may be treated as a work activity under subsection (d);

(II) uniform methods for reporting hours of work by a recipient of assistance;

(III) the type of documentation needed to verify reported hours of work by a recipient of assistance; and

(IV) the circumstances under which a parent who resides with a child who is a recipient of assistance should be included in the work participation rates.

(ii) ISSUANCE OF REGULATIONS ON AN INTERIM FINAL BASIS.—The regulations referred to in clause (i) may be effective and final immediately on an interim basis as of the date of publication of the regulations. If the Secretary provides for an interim final regulation, the Secretary shall provide for a period of public comment on the regulation after the date of publication. The Secretary may change or revise the regulation after the public comment period.

(B) OVERSIGHT OF STATE PROCEDURES.—The Secretary shall review the State procedures established in accordance with paragraph (2) to ensure that such procedures are consistent with the regulations promulgated under subparagraph (A) and are adequate to ensure an accurate measurement of work participation under the State programs funded under this part and any other State programs funded with qualified State expenditures (as so defined).

(2) REQUIREMENT FOR STATES TO ESTABLISH AND MAINTAIN WORK PARTICIPATION VERIFICATION PROCEDURES.—Not later than September 30, 2006, a State to which a grant is made under section 403 shall establish procedures for determining, with respect to recipients of assistance under the State program funded under this part or under any State programs funded with qualified State expenditures (as so defined), whether activities may be counted as work activities, how to count and verify reported hours of work, and who is a work-

eligible individual, in accordance with the regulations promulgated pursuant to paragraph (1)(A)(i) and shall establish internal controls to ensure compliance with the procedures.

SEC. 408. PROHIBITIONS; REQUIREMENTS.

(a) IN GENERAL.—

(1) NO ASSISTANCE FOR FAMILIES WITHOUT A MINOR CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family, unless the family includes a minor child who resides with the family (consistent with paragraph (10)) or a pregnant individual.

(2) REDUCTION OR ELIMINATION OF ASSISTANCE FOR NONCOOPERATION IN ESTABLISHING PATERNITY OR OBTAINING CHILD SUPPORT.—If the agency responsible for administering the State plan approved under part D determines that an individual is not cooperating with the State in establishing paternity or in establishing, modifying, or enforcing a support order with respect to a child of the individual, and the individual does not qualify for any good cause or other exception established by the State pursuant to section 454(29), then the State—

(A) shall deduct from the assistance that would otherwise be provided to the family of the individual under the State program funded under this part an amount equal to not less than 25 percent of the amount of such assistance; and

(B) may deny the family any assistance under the State program.

(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A State to which a grant is made under section 403 shall require, as a condition of paying assistance to a family under the State program funded under this part, that a member of the family assign to the State any right the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so paid to the family, which accrues during the period that the family receives assistance under the program.

(4) NO ASSISTANCE FOR TEENAGE PARENTS WHO DO NOT ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual who has not attained 18 years of age, is not married, has a minor child at least 12 weeks of age in his or her care, and has not successfully completed a high-school education (or its equivalent), if the individual does not participate in—

(A) educational activities directed toward the attainment of a high school diploma or its equivalent; or

(B) an alternative educational or training program that has been approved by the State.

(5) NO ASSISTANCE FOR TEENAGE PARENTS NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

(A) IN GENERAL.—

(i) REQUIREMENT.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in clause (ii) of this subparagraph if the individual and the minor child referred to in clause (ii)(II) do not reside in a place of residence maintained by a parent, legal guardian, or other adult relative of the individual as such parent's, guardian's, or adult relative's own home.

(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual described in this clause is an individual who—

(I) has not attained 18 years of age; and

(II) is not married, and has a minor child in his or her care.

(B) EXCEPTION.—

(i) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual and the minor child referred to in subparagraph (A)(ii)(II) reside in such living arrangement as a condition of the continued receipt of assistance under the State program funded under this part attributable to funds provided by the Federal Government (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if the individual is described in subparagraph (A)(ii), and—

(I) the individual has no parent, legal guardian, or other appropriate adult relative described in subclause (II) of his or her own who is living or whose whereabouts are known;

(II) no living parent, legal guardian, or other appropriate adult relative, who would otherwise meet applicable State criteria to act as the individual's legal guardian, of such individual allows the individual to live in the home of such parent, guardian, or relative;

(III) the State agency determines that—

(aa) the individual or the minor child referred to in subparagraph (A)(ii)(II) is being or has been subjected to serious physical or emotional harm, sexual abuse, or exploitation

in the residence of the individual's own parent or legal guardian; or

(bb) substantial evidence exists of an act or failure to act that presents an imminent or serious harm if the individual and the minor child lived in the same residence with the individual's own parent or legal guardian; or

(IV) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of subparagraph (A) with respect to the individual or the minor child.

(iii) SECOND-CHANCE HOME.—For purposes of this subparagraph, the term "second-chance home" means an entity that provides individuals described in clause (ii) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

(6) NO MEDICAL SERVICES.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide medical services.

(B) EXCEPTION FOR PREPREGNANCY FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term "medical services" does not include prepregnancy family planning services.

(7) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences, subject to this paragraph.

(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part, the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

(i) a minor child; and

(ii) not the head of a household or married to the head of a household.

(C) HARDSHIP EXCEPTION.—

(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

(ii) LIMITATION.—The average monthly number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly

number of families to which assistance is provided under the State program funded under this part during the fiscal year or the immediately preceding fiscal year (but not both), as the State may elect.

(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

(II) sexual abuse;

(III) sexual activity involving a dependent child;

(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities;

(V) threats of, or attempts at, physical or sexual abuse;

(VI) mental abuse; or

(VII) neglect or deprivation of medical care.

(D) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY ADULT WHILE LIVING IN INDIAN COUNTRY OR AN ALASKAN NATIVE VILLAGE WITH 50 PERCENT UNEMPLOYMENT.—

(i) IN GENERAL.—In determining the number of months for which an adult has received assistance under a State or tribal program funded under this part, the State or tribe shall disregard any month during which the adult lived in Indian country or an Alaskan Native village if the most reliable data available with respect to the month (or a period including the month) indicate that at least 50 percent of the adults living in Indian country or in the village were not employed.

(ii) INDIAN COUNTRY DEFINED.—As used in clause (i), the term "Indian country" has the meaning given such term in section 1151 of title 18, United States Code.

(E) RULE OF INTERPRETATION.—Subparagraph (A) shall not be interpreted to require any State to provide assistance to any individual for any period of time under the State program funded under this part.

(F) RULE OF INTERPRETATION.—This part shall not be interpreted to prohibit any State from expending State funds not originating with the Federal Government on benefits for children or families that have become ineligible for assistance under the State program funded under this part by reason of subparagraph (A).

[(G) INAPPLICABILITY TO WELFARE-TO-WORK GRANTS AND ASSISTANCE.—For purposes of subparagraph (A) of this paragraph, a grant made under section 403(a)(5) shall not be considered a grant made under section 403, and noncash assistance from funds provided under section 403(a)(5) shall not be considered assistance.]

(8) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—A State to which a grant is made under section 403 shall not use any part of the

grant to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food and Nutrition Act of 2008, or benefits in 2 or more States under the supplemental security income program under title XVI. The preceding sentence shall not apply with respect to a conviction of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct which was the subject of the conviction.

(9) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to any individual who is—

(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

(ii) violating a condition of probation or parole imposed under Federal or State law.

The preceding sentence shall not apply with respect to conduct of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct.

(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

(i) the recipient—

(I) is described in subparagraph (A); or

(II) has information that is necessary for the officer to conduct the official duties of the officer; and

(ii) the location or apprehension of the recipient is within such official duties.

(10) DENIAL OF ASSISTANCE FOR MINOR CHILDREN WHO ARE ABSENT FROM THE HOME FOR A SIGNIFICANT PERIOD.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for a minor child who has been, or is expected by a parent (or other caretaker relative) of the child

to be, absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 180 consecutive days as the State may provide for in the State plan submitted pursuant to section 402.

(B) STATE AUTHORITY TO ESTABLISH GOOD CAUSE EXCEPTIONS.—The State may establish such good cause exceptions to subparagraph (A) as the State considers appropriate if such exceptions are provided for in the State plan submitted pursuant to section 402.

(C) DENIAL OF ASSISTANCE FOR RELATIVE WHO FAILS TO NOTIFY STATE AGENCY OF ABSENCE OF CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for an individual who is a parent (or other caretaker relative) of a minor child and who fails to notify the agency administering the State program funded under this part of the absence of the minor child from the home for the period specified in or provided for pursuant to subparagraph (A), by the end of the 5-day period that begins with the date that it becomes clear to the parent (or relative) that the minor child will be absent for such period so specified or provided for.

(11) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR CERTAIN FAMILIES HAVING EARNINGS FROM EMPLOYMENT OR CHILD SUPPORT.—

(A) EARNINGS FROM EMPLOYMENT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid because of hours of or income from employment of the caretaker relative (as defined under this part as in effect on such date) or because of section 402(a)(8)(B)(ii)(II) (as so in effect), and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1925 or 1902(e)(1) (as applicable), and that the family will be appropriately notified of such extension as required by section 1925(a)(2).

(B) CHILD SUPPORT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid as a result (wholly or partly) of the collection of child or spousal support under part D and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan ap-

proved under title XIX for an extended period or periods as provided in section 1931(c)(1).

(12) STATE REQUIREMENT TO PREVENT UNAUTHORIZED SPENDING OF BENEFITS.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall maintain policies and practices as necessary to prevent assistance provided under the State program funded under this part from being used in any electronic benefit transfer transaction in—

(i) any liquor store;

(ii) any casino, gambling casino, or gaming establishment; **[**or**]**

(iii) any retail establishment which provides adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment**[**.**]***; or*

(iv) any establishment that offers marihuana (as defined in section 102(16) of the Controlled Substances Act) for sale.

(B) DEFINITIONS.—For purposes of subparagraph (A)—

(i) LIQUOR STORE.—The term "liquor store" means any retail establishment which sells exclusively or primarily intoxicating liquor. Such term does not include a grocery store which sells both intoxicating liquor and groceries including staple foods (within the meaning of section 3(r) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(r))).

(ii) CASINO, GAMBLING CASINO, OR GAMING ESTABLISHMENT.—The terms "casino", "gambling casino", and "gaming establishment" do not include—

(I) a grocery store which sells groceries including such staple foods and which also offers, or is located within the same building or complex as, casino, gambling, or gaming activities; or

(II) any other establishment that offers casino, gambling, or gaming activities incidental to the principal purpose of the business.

(iii) ELECTRONIC BENEFIT TRANSFER TRANSACTION.—The term "electronic benefit transfer transaction" means the use of a credit or debit card service, automated teller machine, point-of-sale terminal, or access to an online system for the withdrawal of funds or the processing of a payment for merchandise or a service.

(13) REQUIREMENT THAT STATES RESERVE 25 PERCENT OF JOBS GRANT FOR SPENDING ON CORE ACTIVITIES.—A State to which a grant is made under section 403(a)(1) for a fiscal year shall expend not less than 25 percent of the grant on assistance, case management, work supports and supportive services, work, wage subsidies, work activities (as defined in section 407(d)), and non-recurring short-term benefits.

(14) REQUIREMENT THAT AT LEAST 25 PERCENT OF QUALIFIED STATE EXPENDITURES BE FOR CORE ACTIVITIES.—Not less than 25 percent of the qualified State expenditures (as defined in section 409(a)(7)(B)(i)) of a State during the fiscal year shall be for assistance, case management, work supports and supportive

services, work, wage subsidies, work activities (as defined in section 407(d)), and non-recurring short-term benefits.

(15) PHASE-OUT OF COUNTING OF THIRD-PARTY CONTRIBUTIONS AS QUALIFIED STATE EXPENDITURES.—

(A) IN GENERAL.—The qualified State expenditures (as defined in section 409(a)(7)(B)(i)) of a State for a fiscal year that are attributable to the value of goods and services provided by a source other than a State or local government shall not exceed the applicable percentage of the expenditures for the fiscal year.

(B) APPLICABLE PERCENTAGE.—In subparagraph (A), the term "applicable percentage" means, with respect to a fiscal year—

(i) 75 percent, in the case of fiscal year 2020;

(ii) 50 percent, in the case of fiscal year 2021;

(iii) 25 percent, in the case of fiscal year 2022; and

(iv) 0 percent, in the case of fiscal year 2023 or any succeeding fiscal year.

(16) NON-SUPPLANTATION REQUIREMENT.—Funds made available to a State under this part shall be used to supplement, not supplant, State general revenue spending on activities described in section 404.

[(b) INDIVIDUAL RESPONSIBILITY PLANS.—

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

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

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

[(2) CONTENTS OF PLANS.—

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

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

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

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

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

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

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

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

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

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

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

(b) INDIVIDUAL OPPORTUNITY PLANS.—

(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the following for each work-eligible individual (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)):

(A) The education obtained, skills, prior work experience, work readiness, and barriers to work of the individual.

(B) The well-being of the children in the family of the individual and, where appropriate, activities or services (such as services offered by a program funded under section 511) to improve the well-being of the children.

(2) CONTENTS OF PLANS.—On the basis of the assessment required by paragraph (1) of this subsection, the State agency, in consultation with the individual, shall develop an individual opportunity plan that—

(A) includes a personal responsibility agreement in which the individual acknowledges receipt of publicly-funded benefits and responsibility to comply with program requirements in order to receive the benefits;

(B) sets forth the obligations of the individual to participate in work activities (as defined in section 407(d)), and the number of hours per month for which the individual will so participate pursuant to section 407;

(C) sets forth an employment goal and planned short-, intermediate-, and long-term actions to achieve the goal, and, in the case of an individual who has not attained 24 years

of age and is in secondary school or the equivalent, the intermediate action may be completion of secondary school or the equivalent;

(D) describes the job counseling and other services the State will provide to the individual to enable the individual to obtain and keep employment in the private sector;

(E) may include referral to appropriate substance abuse or mental health treatment; and

(F) is signed by the individual.

(3) TIMING.—The State agency shall comply with paragraph (1) and (2) with respect to a work-eligible individual—

(A) within 180 days after the effective date of this subsection, in the case of an individual who, as of such effective date, is a recipient of assistance under the State program funded under this part (as in effect immediately before such effective date); or

(B) within 60 days after the individual is determined to be eligible for the assistance, in the case of any other individual.

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

(5) PERIODIC REVIEW.—The State shall meet with each work-eligible individual assessed by the State under paragraph (1), not less frequently than every 90 days, to—

(A) review the individual opportunity plan developed for the individual;

(B) discuss with the individual the progress made by the individual in achieving the goals specified in the plan; and

(C) update the plan, as necessary, to reflect any changes in the circumstances of the individual since the plan was last reviewed.

(c) SANCTIONS AGAINST RECIPIENTS NOT CONSIDERED WAGE REDUCTIONS.—A penalty imposed by a State against the family of an individual by reason of the failure of the individual to comply with a requirement under the State program funded under this part shall not be construed to be a reduction in any wage paid to the individual.

(d) NONDISCRIMINATION PROVISIONS.—The following provisions of law shall apply to any program or activity which receives funds provided under this part:

(1) The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(3) The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

(4) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

(e) SPECIAL RULES RELATING TO TREATMENT OF CERTAIN ALIENS.—For special rules relating to the treatment of certain aliens, see title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

(f) SPECIAL RULES RELATING TO THE TREATMENT OF NON-213A ALIENS.—The following rules shall apply if a State elects to take the income or resources of any sponsor of a non-213A alien into account in determining whether the alien is eligible for assistance under the State program funded under this part, or in determining the amount or types of such assistance to be provided to the alien:

(1) DEEMING OF SPONSOR'S INCOME AND RESOURCES.—For a period of 3 years after a non-213A alien enters the United States:

(A) INCOME DEEMING RULE.—The income of any sponsor of the alien and of any spouse of the sponsor is deemed to be income of the alien, to the extent that the total amount of the income exceeds the sum of—

(i) the lesser of—

(I) 20 percent of the total of any amounts received by the sponsor or any such spouse in the month as wages or salary or as net earnings from self-employment, plus the full amount of any costs incurred by the sponsor and any such spouse in producing self-employment income in such month; or

(II) $175;

(ii) the cash needs standard established by the State for purposes of determining eligibility for assistance under the State program funded under this part for a family of the same size and composition as the sponsor and any other individuals living in the same household as the sponsor who are claimed by the sponsor as dependents for purposes of determining the sponsor's Federal personal income tax liability but whose needs are not taken into account in determining whether the sponsor's family has met the cash needs standard;

(iii) any amounts paid by the sponsor or any such spouse to individuals not living in the household who are claimed by the sponsor as dependents for purposes of determining the sponsor's Federal personal income tax liability; and

(iv) any payments of alimony or child support with respect to individuals not living in the household.

(B) RESOURCE DEEMING RULE.—The resources of a sponsor of the alien and of any spouse of the sponsor are deemed to be resources of the alien to the extent that the aggregate value of the resources exceeds $1,500.

(C) SPONSORS OF MULTIPLE NON-213A ALIENS.—If a person is a sponsor of 2 or more non-213A aliens who are living in the same home, the income and resources of the sponsor and any spouse of the sponsor that would be deemed income and resources of any such alien under subparagraph (A) shall be divided into a number of equal shares equal to the number of such aliens, and the State

shall deem the income and resources of each such alien to include 1 such share.

(2) INELIGIBILITY OF NON-213A ALIENS SPONSORED BY AGENCIES; EXCEPTION.—A non-213A alien whose sponsor is or was a public or private agency shall be ineligible for assistance under a State program funded under this part, during a period of 3 years after the alien enters the United States, unless the State agency administering the program determines that the sponsor either no longer exists or has become unable to meet the alien's needs.

(3) INFORMATION PROVISIONS.—

(A) DUTIES OF NON-213A ALIENS.—A non-213A alien, as a condition of eligibility for assistance under a State program funded under this part during the period of 3 years after the alien enters the United States, shall be required to provide to the State agency administering the program—

(i) such information and documentation with respect to the alien's sponsor as may be necessary in order for the State agency to make any determination required under this subsection, and to obtain any cooperation from the sponsor necessary for any such determination; and

(ii) such information and documentation as the State agency may request and which the alien or the alien's sponsor provided in support of the alien's immigration application.

(B) DUTIES OF FEDERAL AGENCIES.—The Secretary shall enter into agreements with the Secretary of State and the Attorney General under which any information available to them and required in order to make any determination under this subsection will be provided by them to the Secretary (who may, in turn, make the information available, upon request, to a concerned State agency).

(4) NON-213A ALIEN DEFINED.—An alien is a non-213A alien for purposes of this subsection if the affidavit of support or similar agreement with respect to the alien that was executed by the sponsor of the alien's entry into the United States was executed other than pursuant to section 213A of the Immigration and Nationality Act.

(5) INAPPLICABILITY TO ALIEN MINOR SPONSORED BY A PARENT.—This subsection shall not apply to an alien who is a minor child if the sponsor of the alien or any spouse of the sponsor is a parent of the alien.

(6) INAPPLICABILITY TO CERTAIN CATEGORIES OF ALIENS.—This subsection shall not apply to an alien who is—

(A) admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

(B) paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year; or

(C) granted political asylum by the Attorney General under section 208 of such Act.

(g) STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.—Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Natu-

ralization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is not lawfully present in the United States.

SEC. 409. PENALTIES.

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

(1) USE OF GRANT IN VIOLATION OF THIS PART.—

(A) GENERAL PENALTY.—If an audit conducted under chapter 75 of title 31, United States Code, finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by the amount so used.

(B) ENHANCED PENALTY FOR INTENTIONAL VIOLATIONS.—If the State does not prove to the satisfaction of the Secretary that the State did not intend to use the amount in violation of this part, the Secretary shall further reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by an amount equal to 5 percent of the State family assistance grant.

[(C) PENALTY FOR MISUSE OF COMPETITIVE WELFARE-TO-WORK FUNDS.—If the Secretary of Labor finds that an amount paid to an entity under section 403(a)(5)(B) has been used in violation of subparagraph (B) or (C) of section 403(a)(5), the entity shall remit to the Secretary of Labor an amount equal to the amount so used.]

(2) FAILURE TO SUBMIT REQUIRED *QUARTERLY* REPORT.—

[(A) QUARTERLY REPORTS.—]

[(i)] *(A)* IN GENERAL.—If the Secretary determines that a State has not, within 45 days after the end of a fiscal quarter, submitted the report required by section 411(a) for the quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 4 percent of the State family assistance grant.

[(ii)] *(B)* RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under [clause (i)] *subparagraph (A)* with respect to a report if the State submits the report before the end of the fiscal quarter that immediately succeeds the fiscal quarter for which the report was required.

[(B) REPORT ON ENGAGEMENT IN ADDITIONAL WORK ACTIVITIES AND EXPENDITURES FOR OTHER BENEFITS AND SERVICES.—

[(i) IN GENERAL.—If the Secretary determines that a State has not submitted the report required by section 411(c)(1)(A)(i) by May 31, 2011, or the report required by section 411(c)(1)(A)(ii) by August 31, 2011, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 4 percent of the State family assistance grant.

[(ii) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under clause (i) with respect to a report required by section 411(c)(1)(A) if the State submits the report not later than—

[(I) in the case of the report required under section 411(c)(1)(A)(i), June 15, 2011; and

[(II) in the case of the report required under section 411(c)(1)(A)(ii), September 15, 2011.

[(iii) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose a reduction under clause (i) with respect to a fiscal year based on the degree of noncompliance.]

(3) FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

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

(B) APPLICABLE PERCENTAGE DEFINED.—As used in subparagraph (A), the term "applicable percentage" means, with respect to a State—

(i) if a penalty was not imposed on the State under subparagraph (A) for the immediately preceding fiscal year, 5 percent; or

(ii) if a penalty was imposed on the State under subparagraph (A) for the immediately preceding fiscal year, the lesser of—

(I) the percentage by which the grant payable to the State under section 403(a)(1) was reduced for such preceding fiscal year, increased by 2 percentage points; or

(II) 21 percent.

(C) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance, and may reduce the penalty if the noncompliance is due to circumstances that caused the State to become a needy State [(as defined in section 403(b)(5))] during the fiscal year or if the noncompliance is due to extraordinary circumstances such as a natural disaster or regional recession. The Secretary shall provide a written report to Congress to justify any waiver or penalty reduction due to such extraordinary circumstances.

[(5)] *(D)* NEEDY STATE.—For purposes of [paragraph (4)] *subparagraph (C)*, a State is a needy State for a month if—

[(A)] *(i)* the average rate of—

[(i)] *(I)* total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent; and

[(ii)] *(II)* total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; or

[(B)] *(ii)* as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the supplemental nutrition assistance program in the State in the then most recently concluded 3-month period for which data are available exceeds by not less than 10 percent the lesser of—

[(i)] *(I)* the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the supplemental nutrition assistance program in the corresponding 3-month period in fiscal year 1994 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1994; or

[(ii)] *(II)* the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the supplemental nutrition assistance program in the corresponding 3-month period in fiscal year 1995 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1995.

(4) FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 2 percent of the State family assistance grant.

(5) FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing a child support order in accordance with such part and who do not qualify for any good cause or other exception established by the State under section 454(29), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year (without regard to this section) by not more than 5 percent.

[(6) FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 406 within the period of maturity applicable to the loan, plus any interest owed on the loan, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter (without regard to this section) by the outstanding loan amount, plus the interest owed on the outstanding amount. The Secretary shall not forgive any outstanding loan amount or interest owed on the outstanding amount.

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

(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for a fiscal year by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year are less than the applicable percentage of historic State expenditures with respect to such preceding fiscal year.

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

(i) QUALIFIED STATE EXPENDITURES.—

(I) IN GENERAL.—The term "qualified State expenditures" means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under [all State programs] *the State program funded under this part*, for any of the following with respect to eligible families:

(aa) Cash assistance, including any amount collected by the State as support pursuant to a plan approved under part D, on behalf of a family receiving assistance under the State program funded under this part, that is distributed to the family under section 457(a)(1)(B) and disregarded in determining the eligibility of the family for, and the amount of, such assistance.

(bb) Child care assistance.

(cc) Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family.

(dd) Expenditures for a purpose described in paragraph (3) or (4) of section 401(a).

[(dd)] *(ee)* Administrative costs in connection with the matters described in items (aa), (bb), (cc), [and (ee)] *(dd), and (ff)*, but only to the extent that such costs do not exceed 15 percent of the total amount of qualified State expenditures for the fiscal year.

[(ee)] *(ff)* Any other use of funds allowable under section 404(a)(1).

(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include expenditures under any State or local program during a fiscal year, except to the extent that—

(aa) the expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of this section *(as in effect just before the effective date of the Jobs and Opportunity with Benefits and Services for Success Act)*; or

(bb) the State is entitled to a payment under former section 403 (as in effect immediately before such date of enactment) with respect to the expenditures.

(III) EXCLUSION OF AMOUNTS EXPENDED TO REPLACE PENALTY GRANT REDUCTIONS.—Such term does not include any amount expended in order to comply with paragraph [(12)] *(10)*.

(IV) ELIGIBLE FAMILIES.—As used in subclause (I), the term "eligible families" means families eligible for assistance under the State program funded under this part, families that would be eligible for such assistance but for the application of section 408(a)(7) of this Act, and families of aliens lawfully present in the United States that would be eligible for such assistance but for the application of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, except any of such families whose monthly income exceeds twice the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)))*.

[(V) COUNTING OF SPENDING ON CERTAIN PRO-FAMILY ACTIVITIES.—The term "qualified State expenditures" includes the total expenditures by the State during the fiscal year under all State programs for a purpose described in paragraph (3) or (4) of section 401(a).]

(ii) APPLICABLE PERCENTAGE.—The term "applicable percentage" means 80 percent (or, if the State meets the requirements of section 407(a), 75 percent).

(iii) HISTORIC STATE EXPENDITURES.—The term "historic State expenditures" means, with respect to a State, the lesser of—

(I) the expenditures by the State under parts A and F (as in effect during fiscal year 1994) for fiscal year 1994; or

(II) the amount which bears the same ratio to the amount described in subclause (I) as—

(aa) the State family assistance grant, plus the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994); bears to

(bb) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994.

Such term does not include any expenditures under the State plan approved under part A (as so in effect) on behalf of individuals covered by a tribal family assistance plan approved under section 412, as determined by the Secretary.

(iv) EXPENDITURES BY THE STATE.—The term "expenditures by the State" does not include—

(I) any expenditure from amounts made available by the Federal Government;

(II) any State funds expended for the medicaid program under title XIX; *or*

[(III) any State funds which are used to match Federal funds provided under section 403(a)(5); or

[(IV)] *(III)* any State funds which are expended as a condition of receiving Federal funds other than under this part.

Notwithstanding subclause (IV) of the preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of the expenditures does not exceed the amount of State expenditures in fiscal year 1994 or 1995 (whichever is the greater) that equal the non-Federal share for the programs described in section 418(a)(1)(A).

(v) SOURCE OF DATA.—In determining expenditures by a State for fiscal years 1994 and 1995, the Secretary shall use information which was reported by the State on ACF Form 231 or (in the case of expenditures under part F) ACF Form 331, available as of the dates specified in clauses (ii) and (iii) of section 403(a)(1)(D).

[(8)] *(7)* NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D.—

(A) IN GENERAL.—If the Secretary finds, with respect to a State's program under part D, in a fiscal year beginning on or after October 1, 1997—

(i)(I) on the basis of data submitted by a State pursuant to section 454(15)(B), or on the basis of the results of a review conducted under section 452(a)(4), that the State program failed to achieve the paternity establishment percentages (as defined in section 452(g)(2)), or to meet other performance measures that may be established by the Secretary;

(II) on the basis of the results of an audit or audits conducted under section 452(a)(4)(C)(i) that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; or

(III) on the basis of the results of an audit or audits conducted under section 452(a)(4)(C) that a State failed to substantially comply with 1 or more of the requirements of part D (other than paragraph (24), or subparagraph (A) or (B)(i) of paragraph (27), of section 454); and

(ii) that, with respect to the succeeding fiscal year—

(I) the State failed to take sufficient corrective action to achieve the appropriate performance levels or compliance as described in subparagraph (A)(i); or

(II) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable;

the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first quarter throughout which the State program has achieved the paternity establishment percentages or other performance measures as described in subparagraph (A)(i)(I), or is in substantial compliance with 1 or more of the requirements of part D as described in subparagraph (A)(i)(III), as appropriate, shall be reduced by the percentage specified in subparagraph (B).

(B) AMOUNT OF REDUCTIONS.—The reductions required under subparagraph (A) shall be—

(i) not less than 1 nor more than 2 percent;

(ii) not less than 2 nor more than 3 percent, if the finding is the 2nd consecutive finding made pursuant to subparagraph (A); or

(iii) not less than 3 nor more than 5 percent, if the finding is the 3rd or a subsequent consecutive such finding.

(C) DISREGARD OF NONCOMPLIANCE WHICH IS OF A TECHNICAL NATURE.—For purposes of this section and section 452(a)(4), a State determined as a result of an audit—

(i) to have failed to have substantially complied with 1 or more of the requirements of part D shall be determined to have achieved substantial compliance only if the Secretary determines that the extent of the noncompliance is of a technical nature which does not adversely affect the performance of the State's program under part D; or

(ii) to have submitted incomplete or unreliable data pursuant to section 454(15)(B) shall be determined to have submitted adequate data only if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State's paternity establishment percentages (as defined under section 452(g)(2)) or other performance measures that may be established by the Secretary.

[(9)] *(8)* FAILURE TO COMPLY WITH 5-YEAR LIMIT ON ASSISTANCE.—If the Secretary determines that a State has not complied with section 408(a)(7) during a fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 5 percent of the State family assistance grant.

[(10) FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the qualified State expenditures (as defined in paragraph (7)(B)(i) (other than the expenditures described in subclause (I)(bb) of that paragraph)) under the State program funded under this part for the fiscal year are less than 100 percent of historic State expenditures (as defined in paragraph (7)(B)(iii) of this subsection), excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by the total of the amounts so paid to the State that the State has not remitted under section 403(b)(6).

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

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

(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.

[(12)] *(10)* REQUIREMENT TO EXPEND ADDITIONAL STATE FUNDS TO REPLACE GRANT REDUCTIONS; PENALTY FOR FAILURE TO DO SO.—If the grant payable to a State under section 403(a)(1) for a fiscal year is reduced by reason of this subsection, the State shall, during the immediately succeeding fiscal year, expend under the State program funded under this part an amount equal to the total amount of such reductions. If the State fails during such succeeding fiscal year to make the expenditure required by the preceding sentence from its own funds, the Secretary may reduce the grant payable to the State under section 403(a)(1) for the fiscal year that follows such succeeding fiscal year by an amount equal to the sum of—

(A) not more than 2 percent of the State family assistance grant; and

(B) the amount of the expenditure required by the preceding sentence.

[(13) PENALTY FOR FAILURE OF STATE TO MAINTAIN HISTORIC EFFORT DURING YEAR IN WHICH WELFARE-TO-WORK GRANT IS RECEIVED.—If a grant is made to a State under section

403(a)(5)(A) for a fiscal year and paragraph (7) of this subsection requires the grant payable to the State under section 403(a)(1) to be reduced for the immediately succeeding fiscal year, then the Secretary shall reduce the grant payable to the State under section 403(a)(1) for such succeeding fiscal year by the amount of the grant made to the State under section 403(a)(5)(A) for the fiscal year.

[(14)] *(11)* PENALTY FOR FAILURE TO REDUCE ASSISTANCE FOR RECIPIENTS REFUSING WITHOUT GOOD CAUSE TO WORK.—

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

(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.

[(15)] *(12)* PENALTY FOR FAILURE TO ESTABLISH OR COMPLY WITH WORK PARTICIPATION VERIFICATION PROCEDURES.—

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

(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.

[(16)] *(13)* PENALTY FOR FAILURE TO ENFORCE SPENDING POLICIES.—

(A) IN GENERAL.—If, within 2 years after the date of the enactment of this paragraph, any State has not reported to the Secretary on such State's implementation of the policies and practices required by section 408(a)(12), or the Secretary determines, based on the information provided in State reports, that any State has not implemented and maintained such policies and practices, the Secretary shall reduce, by an amount equal to 5 percent of the State family assistance grant, the grant payable to such State under section 403(a)(1) for—

(i) the fiscal year immediately succeeding the year in which such 2-year period ends; and

(ii) each succeeding fiscal year in which the State does not demonstrate that such State has implemented and maintained such policies and practices.

(B) REDUCTION OF APPLICABLE PENALTY.—The Secretary may reduce the amount of the reduction required under

subparagraph (A) based on the degree of noncompliance of the State.

(C) STATE NOT RESPONSIBLE FOR INDIVIDUAL VIOLATIONS.—Fraudulent activity by any individual in an attempt to circumvent the policies and practices required by section 408(a)(12) shall not trigger a State penalty under subparagraph (A).

(b) REASONABLE CAUSE EXCEPTION.—

(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under paragraph (6), (7), **[**(8), (10), (12), or (13)**]** *or (10)* of subsection (a) **[**and, with respect to the penalty under paragraph (2)(B) of subsection (a), shall only apply to the extent the Secretary determines that the reasonable cause for failure to comply with a requirement of that paragraph is as a result of a one-time, unexpected event, such as a widespread data system failure or a natural or man-made disaster.**]**.

(c) CORRECTIVE COMPLIANCE PLAN.—

(1) IN GENERAL.—

(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct or discontinue, as appropriate, the violation and how the State will insure continuing compliance with this part.

(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct or discontinue, as appropriate, the violation.

(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

(D) ACCEPTANCE OF PLAN.—A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

(2) EFFECT OF CORRECTING OR DISCONTINUING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects or discontinues, as appropriate, the violation pursuant to the plan.

(3) EFFECT OF FAILING TO CORRECT OR DISCONTINUE VIOLATION.—The Secretary shall assess some or all of a penalty im-

posed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct or discontinue, as appropriate, the violation pursuant to a State corrective compliance plan accepted by the Secretary.

(4) INAPPLICABILITY TO CERTAIN PENALTIES.—This subsection shall not apply to the imposition of a penalty against a State under paragraph [(2)(B),] (6), (7), [(8), (10), (12), (13), or (16)] *(10), or (13)* of subsection (a).

(d) LIMITATION ON AMOUNT OF PENALTIES.—

(1) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

(2) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that paragraph (1) of this subsection prevents the Secretary from recovering during a fiscal year the full amount of penalties imposed on a State under subsection (a) of this section for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year.

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SEC. 411. DATA COLLECTION AND REPORTING.

(a) QUARTERLY REPORTS BY STATES.—

[(1) GENERAL REPORTING REQUIREMENT.—]

[(A)] *(1)* CONTENTS OF REPORT.—Each eligible State shall collect on a monthly basis, and report to the Secretary on a quarterly basis, the following disaggregated case record information on the families receiving assistance under the State program funded under this part [(except for information relating to activities carried out under section 403(a)(5)) or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))]:

[(i)] *(A)* The county of residence of the family.

[(ii)] *(B)* Whether a child receiving such assistance or an adult in the family is receiving—

[(I)] *(i)* Federal disability insurance benefits;

[(II)] *(ii)* benefits based on Federal disability status;

[(III)] *(iii)* aid under a State plan approved under title XIV (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972);

[(IV)] *(iv)* aid or assistance under a State plan approved under title XVI (as in effect without regard to such amendment) by reason of being permanently and totally disabled; or

[(V)] *(v)* supplemental security income benefits under title XVI (as in effect pursuant to such amendment) by reason of disability.

[(iii)] *(C)* The ages of the members of such families.

[(iv)] *(D)* The number of individuals in the family, and the relation of each family member to the head of the family.

[(v)] *(E)* The employment status and earnings of the employed adult in the family.

[(vi)] *(F)* The marital status of the adults in the family, including whether such adults have never married, are widowed, or are divorced.

[(vii)] *(G)* The race and educational level of each adult in the family.

[(viii)] *(H)* The race and educational level of each child in the family.

[(ix)] *(I)* Whether the family received subsidized housing, medical assistance under the State plan approved under title XIX, supplemental nutrition assistance program benefits, or subsidized child care, and if the latter 2, the amount received.

[(x)] *(J)* The number of months that the family has received each type of assistance under the program.

[(xi) If the adults participated in, and the number of hours per week of participation in, the following activities:

[(I) Education.

[(II) Subsidized private sector employment.

[(III) Unsubsidized employment.

[(IV) Public sector employment, work experience, or community service.

[(V) Job search.

[(VI) Job skills training or on-the-job training.

[(VII) Vocational education.

[(xii) Information necessary to calculate participation rates under section 407.]

(K) The work eligibility status of each individual in the family, and—

(i) in the case of each work-eligible individual (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)) in the family—

(I) the number of hours (including zero hours) per month of participation in—

(aa) work activities (as defined in section 407(d)); and

(bb) any other activity required by the State to remove a barrier to employment; and

(ii) in the case of each individual in the family who is not a work-eligible individual (as so defined), the reason for that status.

(L) For each work-eligible individual (as so defined) and each adult in the family who did not participate in work activities (as so defined) during a month, the reason for the lack of participation.

[(xiii)] *(M)* The type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions).

[(xiv)] *(N)* Any amount of unearned income received by any member of the family.

[(xv)] *(O)* The citizenship of the members of the family.

[(xvi)] *(P)* From a sample of closed cases, whether the family left the program, and if so, whether the family left due to—

[(I)] *(i)* employment;

[(II)] *(ii)* marriage;

[(III)] *(iii)* the prohibition set forth in section 408(a)(7);

[(IV)] *(iv)* sanction; or

[(V)] *(v)* State policy.

[(xvii)] *(Q)* With respect to each individual in the family who has not attained 20 years of age, whether the individual is a parent of a child in the family.

[(B) USE OF SAMPLES.—

[(i) AUTHORITY.—A State may comply with subparagraph (A) by submitting disaggregated case record information on a sample of families selected through the use of scientifically acceptable sampling methods approved by the Secretary.

[(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of the performance of State programs funded under this part and any other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)). The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.]

(2) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the percentage of the funds paid to the State under this part for the quarter that are used to cover administrative costs or overhead[, with a separate statement of the percentage of such funds that are used to cover administrative costs or overhead incurred for programs operated with funds provided under section 403(a)(5).].

(3) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the total amount expended by the State during the quarter on programs for needy families[, with a separate statement of the total amount expended by the State during the quarter on programs operated with funds provided under section 403(a)(5).].

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

(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

(6) REPORT ON FAMILIES RECEIVING ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter—

(A) the number of families and individuals receiving assistance under the State program funded under this part (including the number of 2-parent and 1-parent families);

(B) the total dollar value of such assistance received by all families; and

(C) with respect to families and individuals participating in a program operated with funds provided under section 403(a)(5)—

(i) the total number of such families and individuals; and

(ii) the number of such families and individuals whose participation in such a program was terminated during a month.

(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define the data elements with respect to which reports are required by this subsection, and shall consult with the Secretary of Labor in defining the data elements with respect to programs operated with funds provided under section 403(a)(5).

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

(1) whether the States are meeting—

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

(B) the objectives of—

(i) increasing employment and earnings of needy families, and child support collections; and

(ii) decreasing out-of-wedlock pregnancies and child poverty;

(2) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

(3) the characteristics of each State program funded under this part; and

(4) the trends in employment and earnings of needy families with minor children living at home.

[(c) PRE-REAUTHORIZATION STATE-BY-STATE REPORTS ON ENGAGEMENT IN ADDITIONAL WORK ACTIVITIES AND EXPENDITURES FOR OTHER BENEFITS AND SERVICES.—

[(1) STATE REPORTING REQUIREMENTS.—

[(A) REPORTING PERIODS AND DEADLINES.—Each eligible State shall submit to the Secretary the following reports:

[(i) MARCH 2011 REPORT.—Not later than May 31, 2011, a report for the period that begins on March 1, 2011, and ends on March 31, 2011, that contains the information specified in subparagraphs (B) and (C).

[(ii) APRIL-JUNE, 2011 REPORT.—Not later than August 31, 2011, a report for the period that begins on April 1, 2011, and ends on June 30, 2011, that contains with respect to the 3 months that occur during that period—

[(I) the average monthly numbers for the information specified in subparagraph (B); and

[(II) the information specified in subparagraph (C).

[(B) ENGAGEMENT IN ADDITIONAL WORK ACTIVITIES.—

[(i) With respect to each work-eligible individual in a family receiving assistance during a reporting period specified in subparagraph (A), whether the individual engages in any activities directed toward attaining self-sufficiency during a month occurring in a reporting period, and if so, the specific activities—

[(I) that do not qualify as a work activity under section 407(d) but that are otherwise reasonably calculated to help the family move toward self-sufficiency; or

[(II) that are of a type that would be counted toward the State participation rates under section 407 but for the fact that—

[(aa) the work-eligible individual did not engage in sufficient hours of the activity;

[(bb) the work-eligible individual has reached the maximum time limit allowed for having participation in the activity counted toward the State's work participation rate; or

[(cc) the number of work-eligible individuals engaged in such activity exceeds a limitation under such section.

[(ii) Any other information that the Secretary determines appropriate with respect to the information required under clause (i), including if the individual has no hours of participation, the principal reason or reasons for such non-participation.

[(C) EXPENDITURES ON OTHER BENEFITS AND SERVICES.—

[(i) Detailed, disaggregated information regarding the types of, and amounts of, expenditures made by the State during a reporting period specified in subparagraph (A) using—

[(I) Federal funds provided under section 403 that are (or will be) reported by the State on Form ACF–196 (or any successor form) under the category of other expenditures or the category of benefits or services provided in accordance with the authority provided under section 404(a)(2); or

[(II) State funds expended to meet the requirements of section 409(a)(7) and reported by the State in the category of other expenditures on Form ACF–196 (or any successor form).

[(ii) Any other information that the Secretary determines appropriate with respect to the information required under clause (i).

[(2) PUBLICATION OF SUMMARY AND ANALYSIS OF ENGAGEMENT IN ADDITIONAL ACTIVITIES.—Concurrent with the submission of each report required under paragraph (1)(A), an eligible State shall publish on an Internet website maintained by the State agency responsible for administering the State program funded under this part (or such State-maintained website as the Secretary may approve)—

[(A) a summary of the information submitted in the report:

[(B) an analysis statement regarding the extent to which the information changes measures of total engagement in work activities from what was (or will be) reported by the State in the quarterly report submitted under subsection (a) for the comparable period; and

[(C) a narrative describing the most common activities contained in the report that are not countable toward the State participation rates under section 407.

[(3) APPLICATION OF AUTHORITY TO USE SAMPLING.—Subparagraph (B) of subsection (a)(1) shall apply to the reports required under paragraph (1) of this subsection in the same manner as subparagraph (B) of subsection (a)(1) applies to reports required under subparagraph (A) of subsection (a)(1).

[(4) SECRETARIAL REPORTS TO CONGRESS.—

[(A) MARCH 2011 REPORT.—Not later than June 30, 2011, the Secretary shall submit to Congress a report on the information submitted by eligible States for the March 2011 reporting period under paragraph (1)(A)(i). The report shall include a State-by-State summary and analysis of such information, identification of any States with missing or incomplete reports, and recommendations for such administrative or legislative changes as the Secretary determines are necessary to require eligible States to report the information on a recurring basis.

[(B) APRIL-JUNE, 2011 REPORT.—Not later than September 30, 2011, the Secretary shall submit to Congress a report on the information submitted by eligible States for the April-June 2011 reporting period under paragraph (1)(A)(ii). The report shall include a State-by-State summary and analysis of such information, identification of any States with missing or incomplete reports, and recommendations for such administrative or legislative changes as the Secretary determines are necessary to require eligible States to report the information on a recurring basis

[(5) AUTHORITY FOR EXPEDITIOUS IMPLEMENTATION.—The requirements of chapter 5 of title 5, United States Code (commonly referred to as the "Administrative Procedure Act") or any other law relating to rulemaking or publication in the Federal Register shall not apply to the issuance of guidance or instructions by the Secretary with respect to the implementation of this subsection to the extent the Secretary determines that compliance with any such requirement would impede the expeditious implementation of this subsection.

[(d) DATA EXCHANGE STANDARDIZATION FOR IMPROVED INTEROPERABILITY.—

[(1) DATA EXCHANGE STANDARDS.—

[(A) DESIGNATION.—The Secretary, in consultation with an interagency work group which shall be established by the Office of Management and Budget, and considering State and tribal perspectives, shall, by rule, designate a data exchange standard for any category of information required to be reported under this part.

[(B) DATA EXCHANGE STANDARDS MUST BE NONPROPRIETARY AND INTEROPERABLE.—The data exchange standard designated under subparagraph (A) shall, to the extent practicable, be nonproprietary and interoperable.

[(C) OTHER REQUIREMENTS.—In designating data exchange standards under this section, the Secretary shall, to the extent practicable, incorporate—

[(i) interoperable standards developed and maintained by an international voluntary consensus standards body, as defined by the Office of Management and Budget, such as the International Organization for Standardization;

[(ii) interoperable standards developed and maintained by intergovernmental partnerships, such as the National Information Exchange Model; and

[(iii) interoperable standards developed and maintained by Federal entities with authority over contracting and financial assistance, such as the Federal Acquisition Regulatory Council.

[(2) DATA EXCHANGE STANDARDS FOR REPORTING.—

[(A) DESIGNATION.—The Secretary, in consultation with an interagency work group established by the Office of Management and Budget, and considering State and tribal perspectives, shall, by rule, designate data exchange standards to govern the data reporting required under this part.

[(B) REQUIREMENTS.—The data exchange standards required by subparagraph (A) shall, to the extent practicable—

[(i) incorporate a widely-accepted, nonproprietary, searchable, computer-readable format;

[(ii) be consistent with and implement applicable accounting principles; and

[(iii) be capable of being continually upgraded as necessary.

[(C) INCORPORATION OF NONPROPRIETARY STANDARDS.—In designating reporting standards under this paragraph, the Secretary shall, to the extent practicable, incorporate existing nonproprietary standards, such as the eXtensible Markup Language.]

(c) REPORTING OF INFORMATION ON EMPLOYMENT AND EARNINGS OUTCOMES.—The Secretary, in consultation with the Secretary of Labor, shall determine the information that is necessary to compute the employment and earnings outcomes and the statistical adjustment model for the employment and earnings outcomes required under section 407, and each eligible State shall collect and report that information to the Secretary.

(d) DATA EXCHANGE STANDARDS FOR IMPROVED INTEROPERABILITY.—

(1) DESIGNATION.—The Secretary shall, in consultation with an interagency work group established by the Office of Management and Budget and considering State government perspectives, by rule, designate data exchange standards to govern, under this part—

(A) necessary categories of information that State agencies operating programs under State plans approved under this part are required under applicable Federal law to electronically exchange with another State agency; and

(B) Federal reporting and data exchange required under applicable Federal law.

(2) REQUIREMENTS.—The data exchange standards required by paragraph (1) shall, to the extent practicable—

(A) incorporate a widely accepted, non-proprietary, searchable, computer-readable format, such as the eXtensible Markup Language;

(B) contain interoperable standards developed and maintained by intergovernmental partnerships, such as the National Information Exchange Model;

(C) incorporate interoperable standards developed and maintained by Federal entities with authority over contracting and financial assistance;

(D) be consistent with and implement applicable accounting principles;

(E) be implemented in a manner that is cost-effective and improves program efficiency and effectiveness; and

(F) be capable of being continually upgraded as necessary.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to require a change to existing data exchange standards found to be effective and efficient.

* * * * * * *

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

(a) GRANTS FOR INDIAN TRIBES.—

(1) TRIBAL FAMILY ASSISTANCE GRANT.—

(A) IN GENERAL.—For each of fiscal years [2017 and 2018] *2019 through 2023*, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under subparagraph (B), which shall be reduced for a fiscal year, on a pro rata basis for each quarter, in the case of a tribal family assistance plan approved during a fiscal year for which the plan is to be in effect, and shall reduce the grant payable under section 403(a)(1) to any State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

(B) AMOUNT DETERMINED.—

(i) IN GENERAL.—The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 (as in effect during such fiscal year) for fiscal year 1994 attributable to expenditures (other than child care expenditures) by the State or States under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service area or areas identified by the Indian tribe pursuant to subsection (b)(1)(C) of this section.

(ii) USE OF STATE SUBMITTED DATA.—

(I) IN GENERAL.—The Secretary shall use State submitted data to make each determination under clause (i).

(II) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under subclause (I), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under clause (i) and the Secretary may consider such information before making such determination.

(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

(A) IN GENERAL.—For each of fiscal years 2017 and 2018, the Secretary shall pay to each eligible Indian tribe that proposes to operate a program described in subparagraph (C) a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

(B) ELIGIBLE INDIAN TRIBE.—For purposes of subparagraph (A), the term "eligible Indian tribe" means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during fiscal year 1995).

(C) USE OF GRANT.—Each Indian tribe to which a grant is made under this paragraph shall use the grant for the purpose of operating a program to make work activities available to such population and such service area or areas as the tribe specifies.

(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $7,633,287 for each fiscal year specified in subparagraph (A) for grants under subparagraph (A).

[(3) WELFARE-TO-WORK GRANTS.—

[(A) IN GENERAL.—The Secretary of Labor shall award a grant in accordance with this paragraph to an Indian tribe for each fiscal year specified in section 403(a)(5)(H) for which the Indian tribe is a welfare-to-work tribe, in such amount as the Secretary of Labor deems appropriate, subject to subparagraph (B) of this paragraph.

[(B) WELFARE-TO-WORK TRIBE.—An Indian tribe shall be considered a welfare-to-work tribe for a fiscal year for purposes of this paragraph if the Indian tribe meets the following requirements:

[(i) The Indian tribe has submitted to the Secretary of Labor a plan which describes how, consistent with section 403(a)(5), the Indian tribe will use any funds provided under this paragraph during the fiscal year. If the Indian tribe has a tribal family assistance plan, the plan referred to in the preceding sentence shall be in the form of an addendum to the tribal family assistance plan.

[(ii) The Indian tribe is operating a program under a tribal family assistance plan approved by the Secretary of Health and Human Services, a program described in paragraph (2)(C), or an employment program funded through other sources under which substantial services are provided to recipients of assistance under a program funded under this part.

[(iii) The Indian tribe has provided the Secretary of Labor with an estimate of the amount that the Indian tribe intends to expend during the fiscal year (excluding tribal expenditures described in section 409(a)(7)(B)(iv) (other than subclause (III) thereof)) pursuant to this paragraph.

[(iv) The Indian tribe has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

[(C) LIMITATIONS ON USE OF FUNDS.—

[(i) IN GENERAL.—Section 403(a)(5)(C) shall apply to funds provided to Indian tribes under this paragraph in the same manner in which such section applies to funds provided under section 403(a)(5).

[(ii) WAIVER AUTHORITY.—The Secretary of Labor may waive or modify the application of a provision of section 403(a)(5)(C) (other than clause (viii) thereof) with respect to an Indian tribe to the extent necessary to enable the Indian tribe to operate a more efficient or effective program with the funds provided under this paragraph.

[(iii) REGULATIONS.—Within 90 days after the date of the enactment of this paragraph, the Secretary of Labor, after consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, shall prescribe such regulations as may be necessary to implement this paragraph.]

(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with this section;

(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

(C) identifies the population and service area or areas to be served by such plan;

(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the man-

ner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single tribal family assistance plan by the participating Indian tribes of an intertribal consortium.

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

(1) consistent with the purposes of this section;

(2) consistent with the economic conditions and resources available to each tribe; and

(3) similar to comparable provisions in section 407(e).

(d) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

(e) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

(1) generally accepted accounting principles; and

(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

[(f) ELIGIBILITY FOR FEDERAL LOANS.—Section 406 shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such section applies to a State, except that section 406(c) shall be applied by substituting "section 412(a)" for "section 403(a)".**]**

(g) PENALTIES.—

(1) Subsections (a)(1), **[**(a)(6),**]** (b), and (c) of section 409, shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.

(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting "meet minimum work participation requirements established under section 412(c)" for "comply with section 407(a)".

(h) DATA COLLECTION AND REPORTING.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.

(i) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State of Alaska that receives a tribal family assistance grant under this section shall use the grant to oper-

ate a program in accordance with requirements comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary in consultation with the State of Alaska and such Indian tribes.

(2) WAIVER.—An Indian tribe described in paragraph (1) may apply to the appropriate State authority to receive a waiver of the requirement of paragraph (1).

SEC. 413. EVALUATION OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES AND RELATED PROGRAMS.

(a) EVALUATION OF THE IMPACTS OF [TANF] *JOBS*.—The Secretary shall conduct research on the effect of State programs funded under this part [and any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))] on employment, self-sufficiency, child well-being, unmarried births, marriage, poverty, economic mobility, and other factors as determined by the Secretary.

(b) EVALUATION OF GRANTS TO IMPROVE CHILD WELL-BEING BY PROMOTING HEALTHY MARRIAGE AND RESPONSIBLE FATHERHOOD.—The Secretary shall conduct research to determine the effects of the grants made under section 403(a)(2) on child well-being, marriage, family stability, economic mobility, poverty, and other factors as determined by the Secretary.

(c) DISSEMINATION OF INFORMATION.—The Secretary shall, in consultation with States receiving funds provided under this part, develop methods of disseminating information on any research, evaluation, or study conducted under this section, including facilitating the sharing of information and best practices among States and localities.

(d) STATE-INITIATED EVALUATIONS.—A State shall be eligible to receive funding to evaluate the State program funded under this part [or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))] if—

(1) the State submits to the Secretary a description of the proposed evaluation;

(2) the Secretary determines that the design and approach of the proposed evaluation is rigorous and is likely to yield information that is credible and will be useful to other States; and

(3) unless waived by the Secretary, the State contributes to the cost of the evaluation, from non-Federal sources, an amount equal to at least 25 percent of the cost of the proposed evaluation.

(e) CENSUS BUREAU RESEARCH.—

(1) The Bureau of the Census shall implement or enhance household surveys of program participation, in consultation with the Secretary and the Bureau of Labor Statistics and made available to interested parties, to allow for the assessment of the outcomes of continued welfare reform on the economic and child well-being of low-income families with children, including those who received assistance or services from a State program funded under this part [or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))]. The content of the surveys should include such information as may be necessary to examine the

issues of unmarried childbearing, marriage, welfare dependency and compliance with work requirements, the beginning and ending of spells of assistance, work, earnings and employment stability, and the well-being of children.

(2) To carry out the activities specified in paragraph (1), the Bureau of the Census, the Secretary, and the Bureau of Labor Statistics shall consider ways to improve the surveys and data derived from the surveys to—

(A) address under reporting of the receipt of means-tested benefits and tax benefits for low-income individuals and families;

(B) increase understanding of poverty spells and long-term poverty, including by facilitating the matching of information to better understand intergenerational poverty;

(C) generate a better geographical understanding of poverty such as through State-based estimates and measures of neighborhood poverty;

(D) increase understanding of the effects of means-tested benefits and tax benefits on the earnings and incomes of low-income families; and

(E) improve how poverty and economic well-being are measured, including through the use of consumption measures, material deprivation measures, social exclusion measures, and economic and social mobility measures.

(f) RESEARCH AND EVALUATION CONDUCTED UNDER THIS SECTION.—Research and evaluation conducted under this section designed to determine the effects of a program or policy (other than research conducted under subsection (e)) shall use experimental designs using random assignment or other reliable, evidence-based research methodologies that allow for the strongest possible causal inferences when random assignment is not feasible.

(g) DEVELOPMENT OF WHAT WORKS CLEARINGHOUSE OF PROVEN AND PROMISING APPROACHES TO MOVE WELFARE RECIPIENTS INTO WORK.—

(1) IN GENERAL.—The Secretary, in consultation with the Secretary of Labor, shall develop a database (which shall be referred to as the "What Works Clearinghouse of Proven and Promising Projects to Move Welfare Recipients into Work") of the projects that used a proven approach or a promising approach in moving welfare recipients into work, based on independent, rigorous evaluations of the projects. The database shall include a separate listing of projects that used a developmental approach in delivering services and a further separate listing of the projects with no or negative effects. The Secretary shall add to the What Works Clearinghouse of Proven and Promising Projects to Move Welfare Recipients into Work data about the projects that, based on an independent, well-conducted experimental evaluation of a program or project, using random assignment or other research methodologies that allow for the strongest possible causal inferences, have shown they are proven, promising, developmental, or ineffective approaches.

(2) CRITERIA FOR EVIDENCE OF EFFECTIVENESS OF APPROACH.—The Secretary, in consultation with the Secretary of Labor and organizations with experience in evaluating re-

search on the effectiveness of various approaches in delivering services to move welfare recipients into work, shall—

(A) establish criteria for evidence of effectiveness; and

(B) ensure that the process for establishing the criteria—

(i) is transparent;

(ii) is consistent across agencies;

(iii) provides opportunity for public comment; and

(iv) takes into account efforts of Federal agencies to identify and publicize effective interventions, including efforts at the Department of Health and Human Services, the Department of Education, and the Department of Justice.

(h) APPROPRIATION.—

(1) IN GENERAL.—Of the amount appropriated by section 403(a)(1) for each fiscal year, 0.33 percent shall be available for research, technical assistance, and evaluation under this section.

(2) ALLOCATION.—Of the amount made available under paragraph (1) for each fiscal year, the Secretary shall make available $10,000,000 plus such additional amount as the Secretary deems necessary and appropriate, to carry out subsection (e).

(3) BASELINE.—The baseline established pursuant to section 257 of the Balanced Budget and Deficit Control Act of 1985 (2 U.S.C. 907(b)(2)) for the Temporary Assistance for Needy Families Program shall be recorded by the Office of Management and Budget and the Congressional Budget Office at the level prior to any transfers recorded pursuant to section 413(h) of this Act.

* * * * * * *

SEC. 416. ADMINISTRATION.

(a) IN GENERAL.—The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law**[**, and the Secretary shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the amendments made by such Act, and by an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount appropriated for any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the amendments made by such Act, as such amount relates to the total amount appropriated for use by such Department, and, notwithstanding any other provision of law, the Secretary shall take such actions as may be necessary, including reductions in

force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services by 245 full-time equivalent positions related to the program converted into a block grant under the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and by 60 full-time equivalent managerial positions in the Department.**]**.

(b) COORDINATION OF ACTIVITIES.—The Secretary shall coordinate all activities of the Department of Health and Human Services relating to work activities (as defined in section 407(d)) and requirements and measurement of employment outcomes, and, to the maximum extent practicable, coordinate the activities of the Department in this regard with similar activities of other Federal entities.

(c) DISSEMINATION OF INFORMATION.—The Secretary shall disseminate, for voluntary informational purposes, information on practices that scientifically valid research indicates are most successful in improving the quality of State and tribal programs funded under this part.

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SEC. 418. FUNDING FOR CHILD CARE.

(a) GENERAL CHILD CARE ENTITLEMENT.—

(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to the greater of—

(A) the total amount required to be paid to the State under section 403 for fiscal year 1994 or 1995 (whichever is greater) with respect to expenditures for child care under subsections (g) and (i) of section 402 (as in effect before October 1, 1995); or

(B) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the subsections referred to in subparagraph (A).

(2) REMAINDER.—

(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (4) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

(B) ALLOTMENTS TO STATES.—The total amount available for payments to States under this paragraph, as determined under subparagraph (A), shall be allotted among the States based on the formula used for determining the amount of Federal payments to each State under section 403(n) (as in effect before October 1, 1995).

(C) FEDERAL MATCHING OF STATE EXPENDITURES EXCEEDING HISTORICAL EXPENDITURES.—The Secretary shall pay to each eligible State for a fiscal year an amount equal to the lesser of the State's allotment under subparagraph (B) or the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as such section was in effect on September 30, 1995) of so much of

the State's expenditures for child care in that fiscal year as exceed the total amount of expenditures by the State (including expenditures from amounts made available from Federal funds) in fiscal year 1994 or 1995 (whichever is greater) for the programs described in paragraph (1)(A).

(D) REDISTRIBUTION.—

(i) IN GENERAL.—With respect to any fiscal year, if the Secretary determines (in accordance with clause (ii)) that any amounts allotted to a State under this paragraph for such fiscal year will not be used by such State during such fiscal year for carrying out the purpose for which the such amounts are allotted, the Secretary shall make such amounts available in the subsequent fiscal year for carrying out such purpose to one or more States which apply for such funds to the extent the Secretary determines that such States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 403(n) (as such section was in effect before October 1, 1995) by substituting "the number of children residing in all States applying for such funds" for "the number of children residing in the United States in the second preceding fiscal year".

(ii) TIME OF DETERMINATION AND DISTRIBUTION.—The determination of the Secretary under clause (i) for a fiscal year shall be made not later than the end of the first quarter of the subsequent fiscal year. The redistribution of amounts under clause (i) shall be made as close as practicable to the date on which such determination is made. Any amount made available to a State from an appropriation for a fiscal year in accordance with this subparagraph shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for the fiscal year in which the redistribution is made.

(3) APPROPRIATION.—For grants under this section, there are appropriated **[**$2,917,000,000 for each of fiscal years 2017 and 2018**]** *$3,525,000,000 for each of fiscal years 2019 through 2023*.

(4) INDIAN TRIBES.—The Secretary shall reserve not less than 1 percent, and not more than 2 percent, of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

(5) DATA USED TO DETERMINE STATE AND FEDERAL SHARES OF EXPENDITURES.—In making the determinations concerning expenditures required under paragraphs (1) and (2)(C), the Secretary shall use information that was reported by the State on ACF Form 231 and available as of the applicable dates specified in clauses (i)(I), (ii), and (iii)(III) of section 403(a)(1)(D).

(b) USE OF FUNDS.—

(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance. Amounts received by a State under a grant under subsection

(a)(1) shall be available for use by the State without fiscal year limitation.

(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT of 1990.—Notwithstanding any other provision of law, amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

(d) DEFINITION.—As used in this section, the term "State" means each of the 50 States and the District of Columbia.

SEC. 419. DEFINITIONS.

As used in this part:

(1) ADULT.—The term "adult" means an individual who is not a minor child.

(2) MINOR CHILD.—The term "minor child" means an individual who—

(A) has not attained 18 years of age; or

(B) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

(3) FISCAL YEAR.—The term "fiscal year" means any 12-month period ending on September 30 of a calendar year.

(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the terms "Indian", "Indian tribe", and "tribal organization" have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(B) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—The term "Indian tribe" means, with respect to the State of Alaska, only the Metlakatla Indian Community of the Annette Islands Reserve and the following Alaska Native regional nonprofit corporations:

(i) Arctic Slope Native Association.
(ii) Kawerak, Inc.
(iii) Maniilaq Association.
(iv) Association of Village Council Presidents.
(v) Tanana Chiefs Conference.
(vi) Cook Inlet Tribal Council.
(vii) Bristol Bay Native Association.
(viii) Aleutian and Pribilof Island Association.
(ix) Chugachmuit.
(x) Tlingit Haida Central Council.
(xi) Kodiak Area Native Association.
(xii) Copper River Native Association.

(5) STATE.—Except as otherwise specifically provided, the term "State" means the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

(6) ASSISTANCE.—The term "assistance" means cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (such as for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

(7) WORK SUPPORTS.—The term "work supports" means assistance and non-assistance transportation benefits (such as the value of allowances, bus tokens, car payments, auto repair, auto insurance reimbursement, and van services provided in order to help families obtain, retain, or advance in employment, participate in work activities (as defined in section 407(d)), or as a non-recurrent, short-term benefit, including goods provided to individuals in order to help them obtain or maintain employment (such as tools, uniforms, fees to obtain special licenses, bonuses, incentives, and work support allowances and expenditures for job access).

(8) SUPPORTIVE SERVICES.—The term "supportive services" means services such as domestic violence services, and mental health, substance abuse and disability services, housing counseling services, and other family supports, except to the extent that the provision of the service would violate section 408(a)(6).

(9) JOBS BENEFIT.—The term "JOBS benefit" means—

(A) assistance; or

(B) wage subsidies that are paid, with funds provided under section 403(a) or with qualified State expenditures, with respect to a person who—

(i) was a work-eligible individual (as defined in the regulations promulgated pursuant to section 407(i)(1)(A)(i)) at the time of entry into subsidized employment, such as on-the-job training or apprenticeship; and

(ii) is not receiving assistance.

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PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

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DUTIES OF THE SECRETARY

SEC. 452. (a) The Secretary shall establish, within the Department of Health and Human Services a separate organizational unit, under the direction of a designee of the Secretary, who shall report directly to the Secretary and who shall—

(1) establish such standards for State programs for locating noncustodial parents, establishing paternity, and obtaining child support and support for the spouse (or former spouse) with whom the noncustodial parent's child is living as he determines to be necessary to assure that such programs will be effective;

(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part;

(3) review and approve State plans for such programs;

(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data and the accuracy of the reporting systems used in calculating performance indicators under subsection (g) of this section and section 458;

(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

(iii) for such other purposes as the Secretary may find necessary;

(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State, and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures;

(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;

(7) provide technical assistance to the States to help them establish effective systems for collecting child and spousal support and establishing paternity, and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee;

(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against noncustodial parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the noncustodial parent within a reasonable time, and (B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

(9) operate the Federal Parent Locator Service established by section 453;

(10) not later than three months after the end of each fiscal year, beginning with the year 1977, submit to the Congress a full and complete report on all activities undertaken pursuant to the provisions of this part, which report shall include, but not be limited to, the following:

(A) total program costs and collections set forth in sufficient detail to show the cost to the States and the Federal Government, the distribution of collections to families, State and local governmental units, and the Federal Government; and an identification of the financial impact of the provisions of this part, including—

(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

(ii) the cost to the States and to the Federal Government of so furnishing the services; and

(iii) the number of cases involving families—

(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

(II) with respect to whom a child support payment was received in the month;

(B) costs and staff associated with the Office of Child Support Enforcement;

(C) the following data, separately stated for cases where the child is receiving assistance under a State program funded under part A (or foster care maintenance payments under part E), or formerly received such assistance or payments and the State is continuing to collect support assigned to it pursuant to section 408(a)(3) or under section 471(a)(17) or 1912, and for all other cases under this part:

(i) the total number of cases in which a support obligation has been established in the fiscal year for which the report is submitted;

(ii) the total number of cases in which a support obligation has been established;

(iii) the number of cases in which support was collected during the fiscal year;

(iv) the total amount of support collected during such fiscal year and distributed as current support;

(v) the total amount of support collected during such fiscal year and distributed as arrearages;

(vi) the total amount of support due and unpaid for all fiscal years; and

(vii) the number of child support cases filed in each State in such fiscal year, and the amount of the collections made in each State in such fiscal year, on behalf of children residing in another State or against parents residing in another State;

(D) the status of all State plans under this part as of the end of the fiscal year last ending before the report is submitted, together with an explanation of any problems which are delaying or preventing approval of State plans under this part;

(E) data, by State, on the use of the Federal Parent Locator Service, and the number of locate requests submitted without the noncustodial parent's social security account number;

(F) the number of cases, by State, in which an applicant for or recipient of assistance under a State program funded under part A has refused to cooperate in identifying and locating the noncustodial parent and the number of cases in which refusal so to cooperate is based on good cause (as determined by the State);

(G) data, by State, on use of the Internal Revenue Service for collections, the number of court orders on which collections were made, the number of paternity determinations made and the number of parents located, in sufficient detail to show the cost and benefits to the States and to the Federal Government;

(H) the major problems encountered which have delayed or prevented implementation of the provisions of this part during the fiscal year last ending prior to the submission of such report; and

(I) compliance, by State, with the standards established pursuant to subsections (h) and (i); and

(11) not later than October 1, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

(A) collection of child support through income withholding;

(B) imposition of liens; and

(C) administrative subpoenas.

(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954 the amount of any child support obligation (including any support obligation with respect to the parent who is living with the child and receiving assistance under the State program funded under part A) which is assigned to such State or is undertaken to be collected by such State pursuant to section 454(4). No amount may be certified for collection under this subsection except the amount of the delinquency under a court or administrative order for support and upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the Secretary of the Treasury for any costs involved in making the collection. All reimbursements shall be credited to the appropria-

tion accounts which bore all or part of the costs involved in making the collections. The Secretary after consultation with the Secretary of the Treasury may, by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection.

(c) The Secretary of the Treasury shall from time to time pay to each State for distribution in accordance with the provisions of section 457 the amount of each collection made on behalf of such State pursuant to subsection (b).

(d)(1) Except as provided in paragraph (3), the Secretary shall not approve the initial and annually updated advance automated data processing planning document, referred to in section 454(16), unless he finds that such document, when implemented, will generally carry out the objectives of the management system referred to in such subsection, and such document

(A) provides for the conduct of, and reflects the results of, requirements analysis studies, which include consideration of the program mission, functions, organization, services, constraints, and current support, of, in, or relating to, such system,

(B) contains a description of the proposed management system referred to in section 454(16), including a description of information flows, input data, and output reports and uses,

(C) sets forth the security and interface requirements to be employed in such management system,

(D) describes the projected resource requirements for staff and other needs, and the resources available or expected to be available to meet such requirements,

(E) contains an implementation plan and backup procedures to handle possible failures,

(F) contains a summary of proposed improvement of such management system in terms of qualitative and quantitative benefits, and

(G) provides such other information as the Secretary determines under regulation is necessary.

(2)(A) The Secretary shall through the separate organizational unit established pursuant to subsection (a), on a continuing basis, review, assess, and inspect the planning, design, and operation of, management information systems referred to in section 454(16), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under paragraph (1) and the conditions specified under section 454(16).

(B) If the Secretary finds with respect to any statewide management information system referred to in section 454(16) that there is a failure substantially to comply with criteria, requirements, and other undertakings, prescribed by the advance automated data processing planning document theretofore approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.

(3) The Secretary may waive any requirement of paragraph (1) or any condition specified under section 454(16), and shall waive the single statewide system requirement under sections 454(16) and 454A, with respect to a State if—

(A) the State demonstrates to the satisfaction of the Secretary that the State has or can develop an alternative system or systems that enable the State—

(i) for purposes of section [409(a)(8)] *409(a)(7)*, to achieve the paternity establishment percentages (as defined in section 452(g)(2)) and other performance measures that may be established by the Secretary;

(ii) to submit data under section 454(15)(B) that is complete and reliable;

(iii) to substantially comply with the requirements of this part; and

(iv) in the case of a request to waive the single statewide system requirement, to—

(I) meet all functional requirements of sections 454(16) and 454A;

(II) ensure that calculation of distributions meets the requirements of section 457 and accounts for distributions to children in different families or in different States or sub-State jurisdictions, and for distributions to other States;

(III) ensure that there is only one point of contact in the State which provides seamless case processing for all interstate case processing and coordinated, automated intrastate case management;

(IV) ensure that standardized data elements, forms, and definitions are used throughout the State;

(V) complete the alternative system in no more time than it would take to complete a single statewide system that meets such requirement; and

(VI) process child support cases as quickly, efficiently, and effectively as such cases would be processed through a single statewide system that meets such requirement;

(B)(i) the waiver meets the criteria of paragraphs (1), (2), and (3) of section 1115(c); or

(ii) the State provides assurances to the Secretary that steps will be taken to otherwise improve the State's child support enforcement program; and

(C) in the case of a request to waive the single statewide system requirement, the State has submitted to the Secretary separate estimates of the total cost of a single statewide system that meets such requirement, and of any such alternative system or systems, which shall include estimates of the cost of developing and completing the system and of operating and maintaining the system for 5 years, and the Secretary has agreed with the estimates.

(e) The Secretary shall provide such technical assistance to States as he determines necessary to assist States to plan, design, develop, or install and provide for the security of, the management information systems referred to in section 454(16).

(f) The Secretary shall issue regulations to require that State agencies administering the child support enforcement program under this part enforce medical support included as part of a child support order whenever health care coverage is available to the noncustodial parent at a reasonable cost. A State agency admin-

istering the program under this part may enforce medical support against a custodial parent if health care coverage is available to the custodial parent at a reasonable cost, notwithstanding any other provision of this part. Such regulation shall also provide for improved information exchange between such State agencies and the State agencies administering the State medicaid programs under title XIX with respect to the availability of health insurance coverage. For purposes of this part, the term "medical support" may include health care coverage, such as coverage under a health insurance plan (including payment of costs of premiums, co-payments, and deductibles) and payment for medical expenses incurred on behalf of a child.

(g)(1) A State's program under this part shall be found, for purposes of section [409(a)(8)] *409(a)(7)*, not to have complied substantially with the requirements of this part unless, for any fiscal year beginning on or after October 1, 1994, its paternity establishment percentage for such fiscal year is based on reliable data and (rounded to the nearest whole percentage point) equals or exceeds—

(A) 90 percent;

(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;

(C) for a State with a paternity establishment percentage of not less than 50 percent but less than 75 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 3 percentage points;

(D) for a State with a paternity establishment percentage of not less than 45 percent but less than 50 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 4 percentage points;

(E) for a State with a paternity establishment percentage of not less than 40 percent but less than 45 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 5 percentage points; or

(F) for a State with a paternity establishment percentage of less than 40 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 6 percentage points.

In determining compliance under this section, a State may use as its paternity establishment percentage either the State's IV–D paternity establishment percentage (as defined in paragraph (2)(A)) or the State's statewide paternity establishment percentage (as defined in paragraph (2)(B)).

(2) For purposes of this section—

(A) the term "IV–D paternity establishment percentage" means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of children—

(i) who have been born out of wedlock,

(ii)(I) except as provided in the last sentence of this paragraph, with respect to whom assistance is being provided under the State program funded under part A in the fiscal year or, at the option of the State, as of the end of such year, or (II) with respect to whom services are being provided under the State's plan approved under this part in the fiscal year or, at the option of the State, as of the end of such year pursuant to an application submitted under section 454(4)(A)(ii), and

(iii) the paternity of whom has been established or acknowledged,

bears to the total number of children born out of wedlock and (except as provided in such last sentence) with respect to whom assistance was being provided under the State program funded under part A as of the end of the preceding fiscal year or with respect to whom services were being provided under the State's plan approved under this part as of the end of the preceding fiscal year pursuant to an application submitted under section 454(4)(A)(ii);

(B) the term "statewide paternity establishment percentage" means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of minor children—

(i) who have been born out of wedlock, and

(ii) the paternity of whom has been established or acknowledged during the fiscal year,

bears to the total number of children born out of wedlock during the preceding fiscal year; and

(C) the term "reliable data" means the most recent data available which are found by the Secretary to be reliable for purposes of this section.

For purposes of subparagraphs (A) and (B), the total number of children shall not include any child with respect to whom assistance is being provided under the State program funded under part A by reason of the death of a parent unless paternity is established for such child or any child with respect to whom an applicant or recipient is found by the State to qualify for a good cause or other exception to cooperation pursuant to section 454(29).

(3)(A) The Secretary may modify the requirements of this subsection to take into account such additional variables as the Secretary identifies (including the percentage of children in a State who are born out of wedlock or for whom support has not been established) that affect the ability of a State to meet the requirements of this subsection.

(B) The Secretary shall submit an annual report to the Congress that sets forth the data upon which the paternity establishment percentages for States for a fiscal year are based, lists any additional variables the Secretary has identified under subparagraph (A), and describes State performance in establishing paternity.

(h) The standards required by subsection (a)(1) shall include standards establishing time limits governing the period or periods within which a State must accept and respond to requests (from States, jurisdictions thereof, or individuals who apply for services furnished by the State agency under this part or with respect to whom an assignment pursuant to section 408(a)(3) is in effect) for

assistance in establishing and enforcing support orders, including requests to locate noncustodial parents, establish paternity, and initiate proceedings to establish and collect child support awards.

(i) The standards required by subsection (a)(1) shall include standards establishing time limits governing the period or periods within which a State must distribute, in accordance with section 457, amounts collected as child support pursuant to the State's plan approved under this part.

(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to a plan approved under this part during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year) or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater, which shall be available for use by the Secretary, either directly or through grants, contracts, or interagency agreements, for—

(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended.

(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $2,500, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(3) The Secretary and the Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(l) The Secretary, through the Federal Parent Locator Service, may aid State agencies providing services under State programs operated pursuant to this part and financial institutions doing business in two or more States in reaching agreements regarding the receipt from such institutions, and the transfer to the State agencies, of information that may be provided pursuant to section 466(a)(17)(A)(i), except that any State that, as of the date of the enactment of this subsection, is conducting data matches pursuant to section 466(a)(17)(A)(i) shall have until January 1, 2000, to allow the Secretary to obtain such information from such institutions that are operating in the State. For purposes of section 1113(d) of the Right to Financial Privacy Act of 1978, a disclosure pursuant

to this subsection shall be considered a disclosure pursuant to a Federal statute.

(m) COMPARISONS WITH INSURANCE INFORMATION.—

(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, may—

(A) compare information concerning individuals owing past-due support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments; and

(B) furnish information resulting from the data matches to the State agencies responsible for collecting child support from the individuals.

(2) LIABILITY.—An insurer (including any agent of an insurer) shall not be liable under any Federal or State law to any person for any disclosure provided for under this subsection, or for any other action taken in good faith in accordance with this subsection.

(n) The Secretary shall use the authorities otherwise provided by law to ensure the compliance of the United States with any multilateral child support convention to which the United States is a party.

(o) DATA EXCHANGE STANDARDS FOR IMPROVED INTEROPERABILITY.—

(1) DESIGNATION.—The Secretary shall, in consultation with an interagency work group established by the Office of Management and Budget and considering State government perspectives, by rule, designate data exchange standards to govern, under this part—

(A) necessary categories of information that State agencies operating programs under State plans approved under this part are required under applicable Federal law to electronically exchange with another State agency; and

(B) Federal reporting and data exchange required under applicable Federal law.

(2) REQUIREMENTS.—The data exchange standards required by paragraph (1) shall, to the extent practicable—

(A) incorporate a widely accepted, non-proprietary, searchable, computer-readable format, such as the eXtensible Markup Language;

(B) contain interoperable standards developed and maintained by intergovernmental partnerships, such as the National Information Exchange Model;

(C) incorporate interoperable standards developed and maintained by Federal entities with authority over contracting and financial assistance;

(D) be consistent with and implement applicable accounting principles;

(E) be implemented in a manner that is cost-effective and improves program efficiency and effectiveness; and

(F) be capable of being continually upgraded as necessary.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to require a change to existing data exchange standards found to be effective and efficient.

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SEC. 454A. AUTOMATED DATA PROCESSING.

(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

(1) use the automated system—

(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

(B) to calculate the paternity establishment percentage for the State for each fiscal year; and

(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements

and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.

(e) STATE CASE REGISTRY.—

(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the "State case registry") that contains records with respect to—

(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

(B) each support order established or modified in the State on or after October 1, 1998.

(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

(B) any amount described in subparagraph (A) that has been collected;

(C) the distribution of such collected amounts;

(D) the birth date and, beginning not later than October 1, 1999, the social security number, of any child for whom the order requires the provision of support; and

(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and update, maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

(B) information obtained from comparison with Federal, State, or local sources of information;

(C) information on support collections and distributions; and

(D) any other relevant information.

(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under a State plan approved under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.

[(5) PRIVATE INDUSTRY COUNCILS RECEIVING WELFARE-TO-WORK GRANTS.—Disclosing to a private industry council (as defined in section 403(a)(5)(D)(ii)) to which funds are provided under section 403(a)(5) the names, addresses, telephone numbers, and identifying case number information in the State program funded under part A, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under section 403(a)(5).]

(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

(1) IN GENERAL.—The State shall use the automated system required by this section to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

(A) transmission of orders and notices to employers (and other debtors) for the withholding of income—

(i) within 2 business days after receipt of notice of, and the income source subject to, such withholding from a court, another State, an employer, the Federal

Parent Locator Service, or another source recognized by the State;

(ii) using uniform formats prescribed by the Secretary; and

(iii) at the option of the employer, using the electronic transmission methods prescribed by the Secretary;

(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term "business day" means a day on which State offices are open for regular business.

(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).

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PART E—FEDERAL PAYMENTS FOR FOSTER CARE, PREVENTION, AND PERMANENCY

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STATE PLAN FOR FOSTER CARE AND ADOPTION ASSISTANCE

SEC. 471. (a) In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which—

(1) provides for foster care maintenance payments in accordance with section 472 and for adoption assistance in accordance with section 473;

(2) provides that the State agency responsible for administering the program authorized by subpart 1 of part B of this title shall administer, or supervise the administration of, the program authorized by this part;

(3) provides that the plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

(4) provides that the State shall assure that the programs at the local level assisted under this part will be coordinated with the programs at the State or local level assisted under parts A and B of this title, under subtitle 1 of title XX of this Act, and under any other appropriate provision of Federal law;

(5) provides that the State will, in the administration of its programs under this part, use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the programs, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

(6) provides that the State agency referred to in paragraph (2) (hereinafter in this part referred to as the "State agency") will make such reports, in such form and containing such information as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

(7) provides that the State agency will monitor and conduct periodic evaluations of activities carried out under this part;

(8) subject to subsection (c), provides safeguards which restrict the use of or disclosure of information concerning individuals assisted under the State plan to purposes directly connected with (A) the administration of the plan of the State approved under this part, the plan or program of the State under part A, B, or D of this title or under title I, V, X, XIV, XVI (as in effect in Puerto Rico, Guam, and the Virgin Islands), XIX, or XX, the program established by title II, or the supplemental security income program established by title XVI, (B) any investigation, prosecution, or criminal or civil proceeding, conducted in connection with the administration of any such plan or program, (C) the administration of any other Federal or federally assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need, (D) any audit or similar activity conducted in connection with the administration of any such plan or program by any governmental agency which is authorized by law to conduct such audit or activity, and (E) reporting and providing information pursuant to paragraph (9) to appropriate authorities with respect to known or suspected child abuse or neglect; and the safeguards so provided shall prohibit disclosure, to any committee or legislative body (other than an agency referred to in clause (D) with respect to an activity referred to in such clause), of any information which identifies by name or address any such applicant or recipient; except that nothing contained herein shall preclude a State from providing standards which restrict disclosures to purposes more limited than those specified herein, or which, in the case of adoptions, prevent disclosure entirely;

(9) provides that the State agency will—

(A) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving aid under part B or this part under circumstances which indicate that the child's health or welfare is threatened thereby;

(B) provide such information with respect to a situation described in subparagraph (A) as the State agency may have; and

(C) not later than—

(i) 1 year after the date of enactment of this subparagraph, demonstrate to the Secretary that the State agency has developed, in consultation with State and local law enforcement, juvenile justice systems, health care providers, education agencies, and organizations with experience in dealing with at-risk chil-

dren and youth, policies and procedures (including relevant training for caseworkers) for identifying, documenting in agency records, and determining appropriate services with respect to—

(I) any child or youth over whom the State agency has responsibility for placement, care, or supervision and who the State has reasonable cause to believe is, or is at risk of being, a sex trafficking victim (including children for whom a State child welfare agency has an open case file but who have not been removed from the home, children who have run away from foster care and who have not attained 18 years of age or such older age as the State has elected under section 475(8) of this Act, and youth who are not in foster care but are receiving services under section 477 of this Act); and

(II) at the option of the State, any individual who has not attained 26 years of age, without regard to whether the individual is or was in foster care under the responsibility of the State; and

(ii) 2 years after such date of enactment, demonstrate to the Secretary that the State agency is implementing the policies and procedures referred to in clause (i).

(10) provides—

(A) for the establishment or designation of a State authority or authorities that shall be responsible for establishing and maintaining standards for foster family homes and child care institutions which are reasonably in accord with recommended standards of national organizations concerned with standards for the institutions or homes, including standards related to admission policies, safety, sanitation, and protection of civil rights, and which shall permit use of the reasonable and prudent parenting standard;

(B) that the standards established pursuant to subparagraph (A) shall be applied by the State to any foster family home or child care institution receiving funds under this part or part B and shall require, as a condition of each contract entered into by a child care institution to provide foster care, the presence on-site of at least 1 official who, with respect to any child placed at the child care institution, is designated to be the caregiver who is authorized to apply the reasonable and prudent parent standard to decisions involving the participation of the child in age or developmentally-appropriate activities, and who is provided with training in how to use and apply the reasonable and prudent parent standard in the same manner as prospective foster parents are provided the training pursuant to paragraph (24);

(C) that the standards established pursuant to subparagraph (A) shall include policies related to the liability of foster parents and private entities under contract by the State involving the application of the reasonable and pru-

dent parent standard, to ensure appropriate liability for caregivers when a child participates in an approved activity and the caregiver approving the activity acts in accordance with the reasonable and prudent parent standard; and

(D) that a waiver of any standards established pursuant to subparagraph (A) may be made only on a case-by-case basis for nonsafety standards (as determined by the State) in relative foster family homes for specific children in care;

(11) provides for periodic review of the standards referred to in the preceding paragraph and amounts paid as foster care maintenance payments and adoption assistance to assure their continuing appropriateness;

(12) provides for granting an opportunity for a fair hearing before the State agency to any individual whose claim for benefits available pursuant to this part is denied or is not acted upon with reasonable promptness;

(13) provides that the State shall arrange for a periodic and independently conducted audit of the programs assisted under this part and part B of this title, which shall be conducted no less frequently than once every three years;

(14) provides (A) specific goals (which shall be established by State law on or before October 1, 1982) for each fiscal year (commencing with the fiscal year which begins on October 1, 1983) as to the maximum number of children (in absolute numbers or as a percentage of all children in foster care with respect to whom assistance under the plan is provided during such year) who, at any time during such year, will remain in foster care after having been in such care for a period in excess of twenty-four months, and (B) a description of the steps which will be taken by the State to achieve such goals;

(15) provides that—

(A) in determining reasonable efforts to be made with respect to a child, as described in this paragraph, and in making such reasonable efforts, the child's health and safety shall be the paramount concern;

(B) except as provided in subparagraph (D), reasonable efforts shall be made to preserve and reunify families—

(i) prior to the placement of a child in foster care, to prevent or eliminate the need for removing the child from the child's home; and

(ii) to make it possible for a child to safely return to the child's home;

(C) if continuation of reasonable efforts of the type described in subparagraph (B) is determined to be inconsistent with the permanency plan for the child, reasonable efforts shall be made to place the child in a timely manner in accordance with the permanency plan (including, if appropriate, through an interstate placement), and to complete whatever steps are necessary to finalize the permanent placement of the child;

(D) reasonable efforts of the type described in subparagraph (B) shall not be required to be made with respect to

a parent of a child if a court of competent jurisdiction has determined that—

(i) the parent has subjected the child to aggravated circumstances (as defined in State law, which definition may include but need not be limited to abandonment, torture, chronic abuse, and sexual abuse);

(ii) the parent has—

(I) committed murder (which would have been an offense under section 1111(a) of title 18, United States Code, if the offense had occurred in the special maritime or territorial jurisdiction of the United States) of another child of the parent;

(II) committed voluntary manslaughter (which would have been an offense under section 1112(a) of title 18, United States Code, if the offense had occurred in the special maritime or territorial jurisdiction of the United States) of another child of the parent;

(III) aided or abetted, attempted, conspired, or solicited to commit such a murder or such a voluntary manslaughter; or

(IV) committed a felony assault that results in serious bodily injury to the child or another child of the parent; or

(iii) the parental rights of the parent to a sibling have been terminated involuntarily;

(E) if reasonable efforts of the type described in subparagraph (B) are not made with respect to a child as a result of a determination made by a court of competent jurisdiction in accordance with subparagraph (D)—

(i) a permanency hearing (as described in section 475(5)(C)), which considers in-State and out-of-State permanent placement options for the child, shall be held for the child within 30 days after the determination; and

(ii) reasonable efforts shall be made to place the child in a timely manner in accordance with the permanency plan, and to complete whatever steps are necessary to finalize the permanent placement of the child; and

(F) reasonable efforts to place a child for adoption or with a legal guardian, including identifying appropriate in-State and out-of-State placements may be made concurrently with reasonable efforts of the type described in subparagraph (B);

(16) provides for the development of a case plan (as defined in section 475(1) and in accordance with the requirements of section 475A) for each child receiving foster care maintenance payments under the State plan and provides for a case review system which meets the requirements described in sections 475(5) and 475A with respect to each such child;

(17) provides that, where appropriate, all steps will be taken, including cooperative efforts with the State agencies administering the program funded under part A and plan approved under part D, to secure an assignment to the State of any

rights to support on behalf of each child receiving foster care maintenance payments under this part;

(18) not later than January 1, 1997, provides that neither the State nor any other entity in the State that receives funds from the Federal Government and is involved in adoption or foster care placements may—

(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved;

(19) provides that the State shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards;

(20)(A) provides procedures for criminal records checks, including fingerprint-based checks of national crime information databases (as defined in section 534(e)(3)(A) of title 28, United States Code), for any prospective foster or adoptive parent before the foster or adoptive parent may be finally approved for placement of a child regardless of whether foster care maintenance payments or adoption assistance payments are to be made on behalf of the child under the State plan under this part, including procedures requiring that—

(i) in any case involving a child on whose behalf such payments are to be so made in which a record check reveals a felony conviction for child abuse or neglect, for spousal abuse, for a crime against children (including child pornography), or for a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery, if a State finds that a court of competent jurisdiction has determined that the felony was committed at any time, such final approval shall not be granted; and

(ii) in any case involving a child on whose behalf such payments are to be so made in which a record check reveals a felony conviction for physical assault, battery, or a drug-related offense, if a State finds that a court of competent jurisdiction has determined that the felony was committed within the past 5 years, such final approval shall not be granted; and

(B) provides that the State shall—

(i) check any child abuse and neglect registry maintained by the State for information on any prospective foster or adoptive parent and on any other adult living in the home of such a prospective parent, and request any other State in which any such prospective parent or other adult has resided in the preceding 5 years, to enable the State to check any child abuse and neglect registry maintained by such other State for such information, before the prospective foster or adoptive parent may be finally approved for placement of a child, regardless of whether foster care

maintenance payments or adoption assistance payments are to be made on behalf of the child under the State plan under this part;

(ii) comply with any request described in clause (i) that is received from another State; and

(iii) have in place safeguards to prevent the unauthorized disclosure of information in any child abuse and neglect registry maintained by the State, and to prevent any such information obtained pursuant to this subparagraph from being used for a purpose other than the conducting of background checks in foster or adoptive placement cases; and

(C) provides procedures for criminal records checks, including fingerprint-based checks of national crime information databases (as defined in section 534(e)(3)(A) of title 28, United States Code), on any relative guardian, and for checks described in subparagraph (B) of this paragraph on any relative guardian and any other adult living in the home of any relative guardian, before the relative guardian may receive kinship guardianship assistance payments on behalf of the child under the State plan under this part;

(21) provides for health insurance coverage (including, at State option, through the program under the State plan approved under title XIX) for any child who has been determined to be a child with special needs, for whom there is in effect an adoption assistance agreement (other than an agreement under this part) between the State and an adoptive parent or parents, and who the State has determined cannot be placed with an adoptive parent or parents without medical assistance because such child has special needs for medical, mental health, or rehabilitative care, and that with respect to the provision of such health insurance coverage—

(A) such coverage may be provided through 1 or more State medical assistance programs;

(B) the State, in providing such coverage, shall ensure that the medical benefits, including mental health benefits, provided are of the same type and kind as those that would be provided for children by the State under title XIX;

(C) in the event that the State provides such coverage through a State medical assistance program other than the program under title XIX, and the State exceeds its funding for services under such other program, any such child shall be deemed to be receiving aid or assistance under the State plan under this part for purposes of section 1902(a)(10)(A)(i)(I); and

(D) in determining cost-sharing requirements, the State shall take into consideration the circumstances of the adopting parent or parents and the needs of the child being adopted consistent, to the extent coverage is provided through a State medical assistance program, with the rules under such program;

(22) provides that, not later than January 1, 1999, the State shall develop and implement standards to ensure that children in foster care placements in public or private agencies are pro-

vided quality services that protect the safety and health of the children;

(23) provides that the State shall not—

(A) deny or delay the placement of a child for adoption when an approved family is available outside of the jurisdiction with responsibility for handling the case of the child; or

(B) fail to grant an opportunity for a fair hearing, as described in paragraph (12), to an individual whose allegation of a violation of subparagraph (A) of this paragraph is denied by the State or not acted upon by the State with reasonable promptness;

(24) includes a certification that, before a child in foster care under the responsibility of the State is placed with prospective foster parents, the prospective foster parents will be prepared adequately with the appropriate knowledge and skills to provide for the needs of the child, that the preparation will be continued, as necessary, after the placement of the child, and that the preparation shall include knowledge and skills relating to the reasonable and prudent parent standard for the participation of the child in age or developmentally-appropriate activities, including knowledge and skills relating to the developmental stages of the cognitive, emotional, physical, and behavioral capacities of a child, and knowledge and skills relating to applying the standard to decisions such as whether to allow the child to engage in social, extracurricular, enrichment, cultural, and social activities, including sports, field trips, and overnight activities lasting 1 or more days, and to decisions involving the signing of permission slips and arranging of transportation for the child to and from extracurricular, enrichment, and social activities;

(25) provide that the State shall have in effect procedures for the orderly and timely interstate placement of children; and procedures implemented in accordance with an interstate compact, if incorporating with the procedures prescribed by paragraph (26), shall be considered to satisfy the requirement of this paragraph;

(26) provides that—

(A)(i) within 60 days after the State receives from another State a request to conduct a study of a home environment for purposes of assessing the safety and suitability of placing a child in the home, the State shall, directly or by contract—

(I) conduct and complete the study; and

(II) return to the other State a report on the results of the study, which shall address the extent to which placement in the home would meet the needs of the child; and

(ii) in the case of a home study begun on or before September 30, 2008, if the State fails to comply with clause (i) within the 60-day period as a result of circumstances beyond the control of the State (such as a failure by a Federal agency to provide the results of a background check, or the failure by any entity to provide completed medical forms, requested by the State at least 45 days before the

end of the 60-day period), the State shall have 75 days to comply with clause (i) if the State documents the circumstances involved and certifies that completing the home study is in the best interests of the child; except that

(iii) this subparagraph shall not be construed to require the State to have completed, within the applicable period, the parts of the home study involving the education and training of the prospective foster or adoptive parents;

(B) the State shall treat any report described in subparagraph (A) that is received from another State or an Indian tribe (or from a private agency under contract with another State) as meeting any requirements imposed by the State for the completion of a home study before placing a child in the home, unless, within 14 days after receipt of the report, the State determines, based on grounds that are specific to the content of the report, that making a decision in reliance on the report would be contrary to the welfare of the child; and

(C) the State shall not impose any restriction on the ability of a State agency administering, or supervising the administration of, a State program operated under a State plan approved under this part to contract with a private agency for the conduct of a home study described in subparagraph (A);

(27) provides that, with respect to any child in foster care under the responsibility of the State under this part or part B and without regard to whether foster care maintenance payments are made under section 472 on behalf of the child, the State has in effect procedures for verifying the citizenship or immigration status of the child;

(28) at the option of the State, provides for the State to enter into kinship guardianship assistance agreements to provide kinship guardianship assistance payments on behalf of children to grandparents and other relatives who have assumed legal guardianship of the children for whom they have cared as foster parents and for whom they have committed to care on a permanent basis, as provided in section 473(d);

(29) provides that, within 30 days after the removal of a child from the custody of the parent or parents of the child, the State shall exercise due diligence to identify and provide notice to the following relatives: all adult grandparents, all parents of a sibling of the child, where such parent has legal custody of such sibling, and other adult relatives of the child (including any other adult relatives suggested by the parents), subject to exceptions due to family or domestic violence, that—

(A) specifies that the child has been or is being removed from the custody of the parent or parents of the child;

(B) explains the options the relative has under Federal, State, and local law to participate in the care and placement of the child, including any options that may be lost by failing to respond to the notice;

(C) describes the requirements under paragraph (10) of this subsection to become a foster family home and the additional services and supports that are available for children placed in such a home; and

(D) if the State has elected the option to make kinship guardianship assistance payments under paragraph (28) of this subsection, describes how the relative guardian of the child may subsequently enter into an agreement with the State under section 473(d) to receive the payments;

(30) provides assurances that each child who has attained the minimum age for compulsory school attendance under State law and with respect to whom there is eligibility for a payment under the State plan is a full-time elementary or secondary school student or has completed secondary school, and for purposes of this paragraph, the term "elementary or secondary school student" means, with respect to a child, that the child is—

(A) enrolled (or in the process of enrolling) in an institution which provides elementary or secondary education, as determined under the law of the State or other jurisdiction in which the institution is located;

(B) instructed in elementary or secondary education at home in accordance with a home school law of the State or other jurisdiction in which the home is located;

(C) in an independent study elementary or secondary education program in accordance with the law of the State or other jurisdiction in which the program is located, which is administered by the local school or school district; or

(D) incapable of attending school on a full-time basis due to the medical condition of the child, which incapability is supported by regularly updated information in the case plan of the child;

(31) provides that reasonable efforts shall be made—

(A) to place siblings removed from their home in the same foster care, kinship guardianship, or adoptive placement, unless the State documents that such a joint placement would be contrary to the safety or well-being of any of the siblings; and

(B) in the case of siblings removed from their home who are not so jointly placed, to provide for frequent visitation or other ongoing interaction between the siblings, unless that State documents that frequent visitation or other ongoing interaction would be contrary to the safety or well-being of any of the siblings;

(32) provides that the State will negotiate in good faith with any Indian tribe, tribal organization or tribal consortium in the State that requests to develop an agreement with the State to administer all or part of the program under this part on behalf of Indian children who are under the authority of the tribe, organization, or consortium, including foster care maintenance payments on behalf of children who are placed in State or tribally licensed foster family homes, adoption assistance payments, and, if the State has elected to provide such payments, kinship guardianship assistance payments under section 473(d), and tribal access to resources for administration, training, and data collection under this part;

(33) provides that the State will inform any individual who is adopting, or whom the State is made aware is considering

adopting, a child who is in foster care under the responsibility of the State of the potential eligibility of the individual for a Federal tax credit under section 23 of the Internal Revenue Code of 1986;

(34) provides that, for each child or youth described in paragraph (9)(C)(i)(I), the State agency shall—

(A) not later than 2 years after the date of the enactment of this paragraph, report immediately, and in no case later than 24 hours after receiving information on children or youth who have been identified as being a sex trafficking victim, to the law enforcement authorities; and

(B) not later than 3 years after such date of enactment and annually thereafter, report to the Secretary the total number of children and youth who are sex trafficking victims;

(35) provides that—

(A) not later than 1 year after the date of the enactment of this paragraph, the State shall develop and implement specific protocols for—

(i) expeditiously locating any child missing from foster care;

(ii) determining the primary factors that contributed to the child's running away or otherwise being absent from care, and to the extent possible and appropriate, responding to those factors in current and subsequent placements;

(iii) determining the child's experiences while absent from care, including screening the child to determine if the child is a possible sex trafficking victim (as defined in section 475(9)(A)); and

(iv) reporting such related information as required by the Secretary; and

(B) not later than 2 years after such date of enactment, for each child and youth described in paragraph (9)(C)(i)(I) of this subsection, the State agency shall report immediately, and in no case later than 24 hours after receiving, information on missing or abducted children or youth to the law enforcement authorities for entry into the National Crime Information Center (NCIC) database of the Federal Bureau of Investigation, established pursuant to section 534 of title 28, United States Code, and to the National Center for Missing and Exploited Children;

(36) provides that, not later than April 1, 2019, the State shall submit to the Secretary information addressing—

(A) whether the State licensing standards are in accord with model standards identified by the Secretary, and if not, the reason for the specific deviation and a description as to why having a standard that is reasonably in accord with the corresponding national model standards is not appropriate for the State;

(B) whether the State has elected to waive standards established in 471(a)(10)(A) for relative foster family homes (pursuant to waiver authority provided by 471(a)(10)(D)), a description of which standards the State most commonly

waives, and if the State has not elected to waive the standards, the reason for not waiving these standards;

(C) if the State has elected to waive standards specified in subparagraph (B), how caseworkers are trained to use the waiver authority and whether the State has developed a process or provided tools to assist caseworkers in waiving nonsafety standards per the authority provided in 471(a)(10)(D) to quickly place children with relatives; and

(D) a description of the steps the State is taking to improve caseworker training or the process, if any; and

(b) The Secretary shall approve any plan which complies with the provisions of subsection (a) of this section.

(c) USE OF CHILD WELFARE RECORDS IN STATE COURT PROCEEDINGS.—Subsection (a)(8) shall not be construed to limit the flexibility of a State in determining State policies relating to public access to court proceedings to determine child abuse and neglect or other court hearings held pursuant to part B or this part, except that such policies shall, at a minimum, ensure the safety and well-being of the child, parents, and family.

(d) ANNUAL REPORTS BY THE SECRETARY ON NUMBER OF CHILDREN AND YOUTH REPORTED BY STATES TO BE SEX TRAFFICKING VICTIMS.—Not later than 4 years after the date of the enactment of this subsection and annually thereafter, the Secretary shall report to the Congress and make available to the public on the Internet website of the Department of Health and Human Services the number of children and youth reported in accordance with subsection (a)(34)(B) of this section to be sex trafficking victims (as defined in section 475(9)(A)).

[Effective on October 1, 2018, section 50711(a)(2) of division E of Public Law 115–123 amends section 471 by adding at the end a new subsection (e). Section 4(b)(3) of H.R. 5861 (as reported) provides for an amendment to section 471(e)(7)(B)(i) of the Social Security Act "as in effect pursuant to the amendment made by section 50711(a)(2) of division E of the Bipartisan Budget Act of 2018 (Public Law 115–123)" as follow:**]**

(e) PREVENTION AND FAMILY SERVICES AND PROGRAMS.—

(1) * * *

* * * * * * *

(7) MAINTENANCE OF EFFORT FOR STATE FOSTER CARE PREVENTION EXPENDITURES.—

(A) IN GENERAL.—If a State elects to provide services and programs specified in paragraph (1) for a fiscal year, the State foster care prevention expenditures for the fiscal year shall not be less than the amount of the expenditures for fiscal year 2014 (or, at the option of a State described in subparagraph (E), fiscal year 2015 or fiscal year 2016 (whichever the State elects)).

(B) STATE FOSTER CARE PREVENTION EXPENDITURES.—The term "State foster care prevention expenditures" means the following:

(i) **[**TANF**]** *JOBS*; IV–B; SSBG.—State expenditures for foster care prevention services and activities under the State program funded under part A (including from amounts made available by the Federal Government), under the State plan developed under part B

(including any such amounts), or under the Social Services Block Grant Programs under subtitle A of title XX (including any such amounts).

(ii) OTHER STATE PROGRAMS.—State expenditures for foster care prevention services and activities under any State program that is not described in clause (i) (other than any State expenditures for foster care prevention services and activities under the State program under this part (including under a waiver of the program)).

(C) STATE EXPENDITURES.—The term "State expenditures" means all State or local funds that are expended by the State or a local agency including State or local funds that are matched or reimbursed by the Federal Government and State or local funds that are not matched or reimbursed by the Federal Government.

(D) DETERMINATION OF PREVENTION SERVICES AND ACTIVITIES.—The Secretary shall require each State that elects to provide services and programs specified in paragraph (1) to report the expenditures specified in subparagraph (B) for fiscal year 2014 and for such fiscal years thereafter as are necessary to determine whether the State is complying with the maintenance of effort requirement in subparagraph (A). The Secretary shall specify the specific services and activities under each program referred to in subparagraph (B) that are "prevention services and activities" for purposes of the reports.

(E) STATE DESCRIBED.—For purposes of subparagraph (A), a State is described in this subparagraph if the population of children in the State in 2014 was less than 200,000 (as determined by the United States Census Bureau).

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TITLE XI—GENERAL PROVISIONS, PEER REVIEW, AND ADMINISTRATIVE SIMPLIFICATION

PART A—GENERAL PROVISIONS

* * * * * * *

SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS.

(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act (except for paragraph (2) of this subsection), the total amount certified by the Secretary of Health and Human Services under titles I, X, XIV, and XVI, under parts A and E of title IV, and under subsection (b) of this section, for payment to any territory for a fiscal year shall not exceed the ceiling amount for the territory for the fiscal year.

(2) CERTAIN PAYMENTS DISREGARDED.—Paragraph (1) of this subsection shall be applied without regard to any payment made under section 403(a)(2), ⟦403(a)(4), 403(a)(5), 406,⟧ or 413(f).

(b) ENTITLEMENT TO MATCHING GRANT.—

(1) IN GENERAL.—Each territory shall be entitled to receive from the Secretary for each fiscal year a grant in an amount equal to 75 percent of the amount (if any) by which—

(A) the total expenditures of the territory during the fiscal year under the territory programs funded under parts A and E of title IV, including any amount paid to the State under part A of title IV that is transferred in accordance with section 404(d) and expended under the program to which transferred; exceeds

(B) the sum of—

(i) the amount of the family assistance grant payable to the territory without regard to section 409; and

(ii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A and F of title IV (as so in effect), other than for child care.

(2) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years ⟦2017 and 2018⟧ *2019 through 2023*, such sums as are necessary for grants under this paragraph.

(c) DEFINITIONS.—As used in this section:

(1) TERRITORY.—The term "territory" means Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(2) CEILING AMOUNT.—The term "ceiling amount" means, with respect to a territory and a fiscal year, the mandatory ceiling amount with respect to the territory, reduced for the fiscal year in accordance with subsection (e), and reduced by the amount of any penalty imposed on the territory under any provision of law specified in subsection (a) during the fiscal year.

(3) FAMILY ASSISTANCE GRANT.—The term "family assistance grant" has the meaning given such term by section 403(a)(1)(B).

(4) MANDATORY CEILING AMOUNT.—The term "mandatory ceiling amount" means—

(A) $107,255,000 with respect to Puerto Rico;

(B) $4,686,000 with respect to Guam;

(C) $3,554,000 with respect to the Virgin Islands; and

(D) $1,000,000 with respect to American Samoa.

(5) TOTAL AMOUNT EXPENDED BY THE TERRITORY.—The term "total amount expended by the territory"—

(A) does not include expenditures during the fiscal year from amounts made available by the Federal Government; and

(B) when used with respect to fiscal year 1995, also does not include—

(i) expenditures during fiscal year 1995 under subsection (g) or (i) of section 402 (as in effect on September 30, 1995); or

(ii) any expenditures during fiscal year 1995 for which the territory (but for section 1108, as in effect on September 30, 1995) would have received reimbursement from the Federal Government.

(d) AUTHORITY TO TRANSFER FUNDS TO CERTAIN PROGRAMS.—A territory to which an amount is paid under subsection (b) of this section may use the amount in accordance with section 404(d).

(f) Subject to subsection (g) and section 1935(e)(1)(B), the total amount certified by the Secretary under title XIX with respect to a fiscal year for payment to—

(1) Puerto Rico shall not exceed (A) $116,500,000 for fiscal year 1994 and (B) for each succeeding fiscal year the amount provided in this paragraph for the preceding fiscal year increased by the percentage increase in the medical care component of the consumer price index for all urban consumers (as published by the Bureau of Labor Statistics) for the twelve-month period ending in March preceding the beginning of the fiscal year, rounded to the nearest $100,000;

(2) the Virgin Islands shall not exceed (A) $3,837,500 for fiscal year 1994, and (B) for each succeeding fiscal year the amount provided in this paragraph for the preceding fiscal year increased by the percentage increase referred to in paragraph (1)(B), rounded to the nearest $10,000;

(3) Guam shall not exceed (A) $3,685,000 for fiscal year 1994, and (B) for each succeeding fiscal year the amount provided in this paragraph for the preceding fiscal year increased by the percentage increase referred to in paragraph (1)(B), rounded to the nearest $10,000;

(4) Northern Mariana Islands shall not exceed (A) $1,110,000 for fiscal year 1994, and (B) for each succeeding fiscal year the amount provided in this paragraph for the preceding fiscal year increased by the percentage increase referred to in paragraph (1)(B), rounded to the nearest $10,000; and

(5) American Samoa shall not exceed (A) $2,140,000 for fiscal year 1994, and (B) for each succeeding fiscal year the amount provided in this paragraph for the preceding fiscal year increased by the percentage increase referred to in paragraph (1)(B), rounded to the nearest $10,000.

(g) MEDICAID PAYMENTS TO TERRITORIES FOR FISCAL YEAR 1998 AND THEREAFTER.—

(1) FISCAL YEAR 1998.—With respect to fiscal year 1998, the amounts otherwise determined for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under subsection (f) for such fiscal year shall be increased by the following amounts:

(A) For Puerto Rico, $30,000,000.

(B) For the Virgin Islands, $750,000.

(C) For Guam, $750,000.

(D) For the Northern Mariana Islands, $500,000.

(E) For American Samoa, $500,000.

(2) FISCAL YEAR 1999 AND THEREAFTER.—Notwithstanding subsection (f) and subject to and section 1323(a)(2) of the Patient Protection and Affordable Care Act paragraphs (3) and (5), with respect to fiscal year 1999 and any fiscal year thereafter, the total amount certified by the Secretary under title XIX for payment to—

(A) Puerto Rico shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase in the medical care

component of the Consumer Price Index for all urban consumers (as published by the Bureau of Labor Statistics) for the 12-month period ending in March preceding the beginning of the fiscal year, rounded to the nearest $100,000;

(B) the Virgin Islands shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest $10,000;

(C) Guam shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest $10,000;

(D) the Northern Mariana Islands shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest $10,000; and

(E) American Samoa shall not exceed the sum of the amount provided in this subsection for the preceding fiscal year increased by the percentage increase referred to in subparagraph (A), rounded to the nearest $10,000.

(3) FISCAL YEARS 2006 AND 2007 FOR CERTAIN INSULAR AREAS.—The amounts otherwise determined under this subsection for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa for fiscal year 2006 and fiscal year 2007 shall be increased by the following amounts:

(A) For Puerto Rico, $12,000,000 for fiscal year 2006 and $12,000,000 for fiscal year 2007.

(B) For the Virgin Islands, $2,500,000 for fiscal year 2006 and $5,000,000 for fiscal year 2007.

(C) For Guam, $2,500,000 for fiscal year 2006 and $5,000,000 for fiscal year 2007.

(D) For the Northern Mariana Islands, $1,000,000 for fiscal year 2006 and $2,000,000 for fiscal year 2007.

(E) For American Samoa, $2,000,000 for fiscal year 2006 and $4,000,000 for fiscal year 2007.

Such amounts shall not be taken into account in applying paragraph (2) for fiscal year 2007 but shall be taken into account in applying such paragraph for fiscal year 2008 and subsequent fiscal years.

(4) EXCLUSION OF CERTAIN EXPENDITURES FROM PAYMENT LIMITS.—With respect to fiscal years beginning with fiscal year 2009, if Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, or American Samoa qualify for a payment under subparagraph (A)(i), (B), or (F) of section 1903(a)(3) for a calendar quarter of such fiscal year, and with respect to fiscal years beginning with fiscal year 2017, if Puerto Rico qualifies for a payment under section 1903(a)(6) for a calendar quarter (beginning on or after July 1, 2017) of such fiscal year, and with respect to fiscal years beginning with fiscal year 2018, if the Virgin Islands qualifies for a payment under section 1903(a)(6) for a calendar quarter (beginning on or after January 1, 2018) of such fiscal year, the payment shall not be taken into account in applying subsection (f) (as increased in accord-

ance with paragraphs (1), (2), (3), and (4) of this subsection) to such commonwealth or territory for such fiscal year.

(5) ADDITIONAL INCREASE.—(A) Subject to subparagraphs (B), (C), (D), and (E), the Secretary shall increase the amounts otherwise determined under this subsection for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa (after the application of subsection (f) and the preceding paragraphs of this subsection) for the period beginning July 1, 2011, and ending on September 30, 2019, by such amounts that the total additional payments under title XIX to such territories equals $6,300,000,000 for such period. The Secretary shall increase such amounts in proportion to the amounts applicable to such territories under this subsection and subsection (f) on the date of enactment of this paragraph.

(B) The amount of the increase otherwise provided under subparagraph (A) for Puerto Rico shall be further increased by $295,900,000.

(C) Subject to subparagraphs (D) and (E), for the period beginning January 1, 2018, and ending September 30, 2019—

(i) the amount of the increase otherwise provided under subparagraphs (A) and (B) for Puerto Rico shall be further increased by $3,600,000,000; and

(ii) the amount of the increase otherwise provided under subparagraph (A) for the Virgin Islands shall be further increased by $106,931,000.

(D) For the period described in subparagraph (C), the amount of the increase otherwise provided under subparagraph (A)—

(i) for Puerto Rico shall be further increased by $1,200,000,000 if the Secretary certifies that Puerto Rico has taken reasonable and appropriate steps during such period, in accordance with a timeline established by the Secretary, to—

(I) implement methods, satisfactory to the Secretary, for the collection and reporting of reliable data to the Transformed Medicaid Statistical Information System (T–MSIS) (or a successor system); and

(II) demonstrate progress in establishing a State medicaid fraud control unit described in section 1903(q); and

(ii) for the Virgin Islands shall be further increased by $35,644,000 if the Secretary certifies that the Virgin Islands has taken reasonable and appropriate steps during such period, in accordance with a timeline established by the Secretary, to meet the conditions for certification specified in subclauses (I) and (II) of clause (i).

(E) Notwithstanding any other provision of title XIX, during the period in which the additional funds provided under subparagraphs (C) and (D) are available for Puerto Rico and the Virgin Islands, respectively, with respect to payments from such additional funds for amounts expended by Puerto Rico and the Virgin Islands under such title, the Secretary shall increase the Federal medical assistance percentage or other rate that would otherwise apply to such payments to 100 percent.

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VII. DISSENTING VIEWS

DISSENTING VIEWS ON JOBS AND OPPORTUNITY WITH BENEFITS AND SERVICES FOR SUCCESS ACT (H.R. 5861)

Committee Democrats oppose H.R. 5861. This legislation represents a missed opportunity to help close the skills gap and help struggling parents get good jobs that will lift their families out of poverty. The bill makes zero new investments in education, training, apprenticeships, or career pathways programs that have been demonstrated to lead to good jobs.

Millions of good jobs are going unfilled now, or will in the future, because workers lack the skills and supports to fill them. This bill does not provide a single penny of new investment in education, job training, or career pathways. Instead, the bill continues the freeze on Temporary Assistance for Needy Families (TANF) funding, which the Congressional Research Services estimates is 35 percent lower, in real terms, than it was in 1996. On average, states currently spend less than four percent of TANF funds on education and training. This bill gives them no reason to change that, since it would not measure how effective states are at increasing educational attainment needed for work. The TANF funding gap is not made up by other programs—formula funding for education and training provided through the Workforce Investment and Opportunity Act (WIOA) is currently $700 million below the authorized level, and fewer than a million Americans received job training or intensive career services in 2017.

Democrats know that parents in our states and communities want to make better lives for their children. So, if they're not taking advantage of good jobs that are available, it's because they cannot. It is our job to give those parents real opportunities to get ahead.

Instead of investing in helping families enter the middle class, the bill classifies nearly all parents and caregivers, including new moms and grandparents, as "work-eligible" and gives states expanded authority to reduce or eliminate benefits for the entire family if the adult does not fully comply with every provision of a plan developed by the state. Also, the bill's very modest increase in child care funding is paid for by making TANF cuts in some states, making it a net loss for those states.

Over 90 percent of families receiving TANF are single-parent households, and access to quality child care is critical to help them balance work and parenting. This legislation fails to even restore the number of child care slots to its 2006 level, and it limits the amount of TANF funding states can use to pay for quality child care.

Even though over 13 million American children live in poverty, only 20 percent receive help from TANF. This bill does not even re-

quire states to measure how effectively they are reducing poverty or helping poor children, let alone develop a plan to do so.

At our Committee markup, Democrats offered a number of amendments that would have invested in effective local workforce development programs, quality child care, assistance for vulnerable children and grandparents, modernizing and expanding responsible fatherhood programs, and creating an emergency reserve fund to prepare for economic downturns. Those investments were fully paid for by very slightly reducing the windfall Republicans provided to corporations under their recent tax bill, which will add $2.3 trillion to our national debt over the next decade. The Majority refused to allow votes on the amendments. Democrats also offered amendments to remove the bill's limits on state child care spending, develop a plan to eliminate child poverty, target more funding to work, child care, and family assistance, and measure state effectiveness in stabilizing families and helping parents get the degrees and credentials necessary for good jobs.

Particularly at a time when Republicans are working diligently to cut off basic necessities like food, housing, and health care for millions of American parents, children, seniors, and people with disabilities, Committee Democrats cannot support TANF legislation that gives states more authority to cut off basic necessities and no additional resources to help families get ahead.

RICHARD E. NEAL.
SANDER M. LEVIN.
JOHN LEWIS.
MIKE THOMPSON.
JOHN B. LARSON.
EARL BLUMENAUER.
BILL PASCRELL, Jr.
JOSEPH CROWLEY.
DANNY K. DAVIS.
LINDA T. SÁNCHEZ.
BRIAN HIGGINS.
TERRI A. SEWELL.
SUZAN DELBENE.
JUDY CHU.

ADDITIONAL DISSENTING VIEWS ON JOBS AND OPPORTUNITY WITH BENEFITS AND SERVICES FOR SUCCESS ACT (H.R. 5861)

In addition to the overall concerns outlined in the Democratic Dissenting Views that H.R. 5861 neglects to help struggling parents get good jobs to lift their families out of poverty, we express deep concerns that this bill: (1) ignores the needs of children—the primary beneficiaries of TANF; (2) fails to help vulnerable families with multiple barriers to employment, including parents with children with chronic health problems, parents struggling with addiction, returning citizens, grandparent caregivers, domestic and sexual violence victims, parents experiencing trauma, teen parents, and noncustodial fathers; and (3) lacks important safeguard to protect parents from inappropriate sanctions.

This past April marked the 50th anniversary of the assassination of Dr. Martin Luther King, Jr. At the time of his assassination, Dr. King was focusing the civil rights movement on economic justice and the opportunity gap that exists in this country. If communities lack quality education, economic opportunity is limited. If communities lack transportation, affordable housing, and employers offering good jobs, economic opportunity is limited. If communities lack substance abuse services or job training programs economic opportunity is limited. It is our obligation to help states knock down the obstacles keeping people from work, not to vilify workers who have fallen on hard times and who need our help to overcome barriers.

The needs of children. Aside from an empty promise to reduce child poverty, this bill ignores the children who are the primary TANF beneficiaries. Over two-thirds of TANF recipients are children and most are children under the age of 12, with a very large percent being young children under age 6. In 2017, only 1.4 million families received income support, and almost half of TANF cases were child-only. Millions of children live in poverty and receive nothing from TANF at all. It is inexcusable that nearly 20 percent of our children are condemned to grow up in poverty, with one out of every three Black, Latino, and Native American children living in poverty. The injustice of high child poverty rates in our nation is magnified by the tremendous suffering poverty inflicts on our youth, families, communities, and nation and by the reality that poverty exacts a greater toll on children of color. These disparities in early childhood have cumulative negative effects on lifelong learning, earnings, and health well into adulthood. New research finds that child poverty costs our economy over $1 trillion dollars each year. Reducing child poverty makes both moral and economic sense.

Yet H.R. 5861 fails to advance meaningful efforts to reduce child poverty. Republicans rejected a no-cost amendment to enact evidence-based policies coordinated at the federal, state, and local lev-

els to alleviate child poverty. Using this approach, the United Kingdom reduced their child poverty rate by 50 percent in a decade. By contrast, during this same time period, the U.S. child poverty rate increased by over 20 percent.

Republicans also rejected an amendment to reduce child poverty by incenting states to provide basic assistance levels and supports to help stabilize struggling families with children. Research shows that an increase in family income of as little as $3,000 per year when a child is developing is associated with a 17 percent increase in the children's future earnings. However, only one state provides basic assistance above the level of extreme poverty—or 50 percent of the Federal poverty level. Approximately half of states provide basic assistance at or below 25 percent of Federal poverty level. Further, many states immediately reduce benefits once parents begin working, pulling the rug out from under them and contributing to continued instability rather than giving families the foundation needed to enter and succeed in the workforce. Encouraging states to invest in assistance levels that help families work makes common sense and promises to improve child well-being and reduce child poverty.

The needs of vulnerable families. In addition, H.R. 5861 fails to focus states on helping vulnerable families with significant barriers to employment, such as parents caring for children with chronic health conditions, parents struggling with addiction, returning citizens, grandparent caregivers, domestic and sexual violence victims, parents experiencing trauma, teen parents, and noncustodial fathers.

Child health is a significant barrier to employment for poor, single mothers. For example, children in poverty are significantly more likely to experience chronic health problems, leading to unexpected and costly doctor visits that undermine work, especially low-level entry jobs. A recent study documents that children in poverty are much more likely to experience chronic health problems, such as asthma and Attention Deficit Hyperactivity Disorder (ADHD). Further, children living in extreme poverty who have asthma or ADHD are about twice as likely to have another chronic condition—like developmental delays, autism, depression, behavioral issues, speech/language difficulties, or epilepsy. Republicans rejected an amendment to give states the authority to develop modified employment plans for recipients caring for a family member with a disability or chronic health condition as well as to prohibit sanctions for caregivers if the work difficulties stemmed directly from their children's health problems. A single mom does not decide when an asthma attack, diabetic complication, or sickle cell episode occurs. Allowing greater flexibility for caregivers to meet their children's health needs without sanction is humane and helps parents remain engaged in the workforce.

When our country struggles with opioid addiction, the Republican bill continues to exclude many people with substance abuse convictions from TANF. Even though millions of parents experience addiction, H.R. 5861 continues the policy of making it easier for states to exclude them from assistance by maintaining the lifetime ban for individuals with a felony drug conviction rather than to help them move forward and support their families. The federal

government should take the lead to convey to states that assisting individuals who have struggled with addiction to find work is important for the economic well-being of families and our nation.

When we heard from witness after witness about the need to help returning citizens overcome their multiple barriers to employment, this bill fails to focus states on the complex needs of these potential workers.

Further, this bill fails to remove the barriers faced by millions of family caregivers—like unrealistic work requirements, time limits and asset tests meant for younger workers, not for nearly-retired grandparents. Many Members on this Committee live in states with large numbers of kinship caregivers—states like Illinois, Texas, North Carolina, South Carolina and Tennessee. This bill ignores these caregivers.

The Republican bill does not require states to improve their standards to address domestic and sexual violence among TANF participants. It also fails to acknowledge poverty-related traumas, such as discrimination, social isolation, housing instability, and community violence—often increasingly experienced by single, female-headed families. Nor does it lift the punitive bans on assistance to unwed teen parents who are not in school nor the ban on teens who are not living with an adult, leaving homeless youth and former foster youth out in the cold.

Despite clear need, Republicans rejected an amendment to focus states on helping these vulnerable parents overcome their barriers to employment to achieve economic security.

Although H.R. 5861 extends the authorization of the Fatherhood grants, the bill fails to modernize and expand these grants to provide workforce development to noncustodial fathers. Low-income fathers experience multiple challenges to contributing financially and emotionally to their children due to limited education and job skills, unstable employment opportunities, incarceration, and strained relationships with their children's mothers. Helping remove employment barriers for noncustodial parents promises to promote economic well-being, reduce poverty, and increase labor-force participation. Improving the economic well-being of noncustodial parents promotes responsible fatherhood and helps these workers provide for their families.

Fathers play a significant role in the development of their children, with research demonstrating that a supportive and involved father strengthens a child's emotional, physical, intellectual, and behavioral development. Children with positive relationships with fathers—even if they do not live in the same household—have stronger mental health, economic success, and academic achievement with lower rates of youth delinquency, school drop-out, and teen pregnancy. Father engagement does not depend on living in the same house as one's child, with many non-residential fathers being actively-involved with their children and supportive of their children's mothers. Despite the importance of fathers emotionally and economically, Republicans rejected an amendment to increase the upward economic mobility of custodial and noncustodial fathers so they can actively participate in financial support and child-rearing as well as maintain positive, healthy, and nonviolent relationships with their children and co-parents.

Protections for Families. H.R. 5861 also lacks essential due process protections to ensure that TANF recipients are not inappropriately denied, sanctioned, or kicked-off of benefits. Given that TANF primarily benefits children and given the severe consequences associated with denial or loss of benefits to impoverished families, it is reasonable to include basic protections to ensure fair treatment of applicants and recipients. For example, we should prohibit imposing life-time or whole-family sanctions in order to provide basic necessities to children. We should include a pre-sanction review process to ensure families will not lose benefits in error or due to lack of notice. Republicans rejected an amendment to include due process protections to safeguard fair treatment for vulnerable families with children.

Given these concerns, we strongly oppose H.R. 5861. This legislation is too incomplete and fails to address the substantial problems with TANF facing low-income children and families in our communities—problems that contribute to child poverty and suffering and problems that disproportionately harm communities of color. We cannot support TANF legislation that fails to increase the economic security of vulnerable children and families, especially when Republicans are working to undermine that same security by cutting the basic necessities of food, housing, and healthcare for millions of struggling families.

DANNY K. DAVIS.
JOHN LEWIS.
TERRI A. SEWELL.

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