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108TH CONGRESS
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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2003

Received; read twice and referred to the Committee on Finance

OCTOBER 3, 2003

Reported by Mr. GRASSLEY, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

AN ACT

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Personal Responsi-
5 bility, Work, and Family Promotion Act of 2003”.

1 SEC. 2. TABLE OF CONTENTS.

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

- Sec. 1. Short title.
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- Sec. 402. Elimination of limitation on number of waivers.
- Sec. 403. Elimination of limitation on number of States that may be granted waivers to conduct demonstration projects on same topic.
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- Sec. 405. Streamlined process for consideration of amendments to and extensions of demonstration projects requiring waivers.
- Sec. 406. Availability of reports.
- Sec. 407. Technical correction.

TITLE V—SUPPLEMENTAL SECURITY INCOME

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

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

TITLE VII—ABSTINENCE EDUCATION

- Sec. 701. Extension of abstinence education program.

TITLE VIII—TRANSITIONAL MEDICAL ASSISTANCE

- Sec. 801. Extension of medicaid transitional medical assistance program through fiscal year 2004.
- Sec. 802. Adjustment to payments for medicaid administrative costs to prevent duplicative payments and to fund extension of transitional medical assistance.

TITLE IX—EFFECTIVE DATE

- Sec. 901. Effective date.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, wherever in
3 this Act an amendment or repeal is expressed in terms

1 of an amendment to, or repeal of, a section or other provi-
 2 sion, the amendment or repeal shall be considered to be
 3 made to a section or other provision of the Social Security
 4 Act.

5 **SEC. 4. FINDINGS.**

6 The Congress makes the following findings:

7 (1) The Temporary Assistance for Needy Fami-
 8 lies (TANF) Program established by the Personal
 9 Responsibility and Work Opportunity Reconciliation
 10 Act of 1996 (Public Law 104–193) has succeeded in
 11 moving families from welfare to work and reducing
 12 child poverty.

13 (A) There has been a dramatic increase in
 14 the employment of current and former welfare
 15 recipients. The percentage of working recipients
 16 reached an all-time high in fiscal year 1999 and
 17 continued steady in fiscal years 2000 and 2001.
 18 In fiscal year 2001, 33 percent of adult recipi-
 19 ents were working, compared to less than 7 per-
 20 cent in fiscal year 1992, and 11 percent in fis-
 21 cal year 1996. All States met the overall par-
 22 ticipation rate standard in fiscal year 2001, as
 23 did the District of Columbia and Puerto Rico.

24 (B) Earnings for welfare recipients re-
 25 maining on the rolls have also increased signifi-

1 cantly, as have earnings for female-headed
2 households. The increases have been particu-
3 larly large for the bottom 2 income quintiles,
4 that is, those women who are most likely to be
5 former or present welfare recipients.

6 (C) Welfare dependency has plummeted.
7 As of June 2002, 2,025,000 families and
8 5,008,000 individuals were receiving assistance.
9 Accordingly, the number of families in the wel-
10 fare caseload and the number of individuals re-
11 ceiving cash assistance declined 54 percent and
12 58 percent, respectively, since the enactment of
13 TANF. These declines have persisted even as
14 unemployment rates have increased: unemploy-
15 ment rates nationwide rose 50 percent, from
16 3.9 percent in September 2000 to 6 percent in
17 November 2002, while welfare caseloads contin-
18 ued to decline.

19 (D) The child poverty rate continued to de-
20 cline between 1996 and 2001, falling 20 percent
21 from 20.5 to 16.3 percent. The 2001 child pov-
22 erty rate remains at the lowest level since 1979.
23 Child poverty rates for African-American and
24 Hispanic children have also fallen dramatically
25 during the past 6 years. African-American child

1 poverty is at the lowest rate on record and His-
2 panic child poverty is at the lowest level re-
3 ported in over 20 years.

4 (E) Despite these gains, States have had
5 mixed success in fully engaging welfare recipi-
6 ents in work activities. While all States have
7 met the overall work participation rates re-
8 quired by law, in 2001, in an average month,
9 only just over 1/3 of all families with an adult
10 participated in work activities that were count-
11 able toward the State's participation rate. Five
12 jurisdictions failed to meet the more rigorous 2-
13 parent work requirements, and 19 jurisdictions
14 (States and territories) are not subject to the 2-
15 parent requirements, most because they moved
16 their 2-parent cases to separate State programs
17 where they are not subject to a penalty for fail-
18 ing the 2-parent rates.

19 (2) As a Nation, we have made substantial
20 progress in reducing teen pregnancies and births,
21 slowing increases in nonmarital childbearing, and
22 improving child support collections and paternity es-
23 tablishment.

24 (A) The teen birth rate has fallen continu-
25 ously since 1991, down a dramatic 22 percent

1 by 2000. During the period of 1991–2000,
2 teenage birth rates fell in all States and the
3 District of Columbia, Puerto Rico, and the Vir-
4 gin Islands. Declines also have spanned age, ra-
5 cial, and ethnic groups. There has been success
6 in lowering the birth rate for both younger and
7 older teens. The birth rate for those 15–17
8 years of age is down 29 percent since 1991, and
9 the rate for those 18 and 19 is down 16 per-
10 cent. Between 1991 and 2000, teen birth rates
11 declined for all women ages 15–19—white, Afri-
12 can American, American Indian, Asian or Pa-
13 cific Islander, and Hispanic women ages 15–19.
14 The rate for African American teens—until re-
15 cently the highest—experienced the largest de-
16 cline, down 31 percent from 1991 to 2000, to
17 reach the lowest rate ever reported for this
18 group. Most births to teens are nonmarital; in
19 2000, about 73 percent of the births to teens
20 aged 15–19 occurred outside of marriage.

21 (B) Nonmarital childbearing continued to
22 increase slightly in 2001, however not at the
23 sharp rates of increase seen in recent decades.
24 The birth rate among unmarried women in
25 2001 was 4 percent lower than its peak reached

1 in 1994, while the proportion of births occur-
2 ring outside of marriage has remained at ap-
3 proximately 33 percent since 1998.

4 (C) The negative consequences of out-of-
5 wedlock birth on the mother, the child, the fam-
6 ily, and society are well documented. These in-
7 clude increased likelihood of welfare depend-
8 ency, increased risks of low birth weight, poor
9 cognitive development, child abuse and neglect,
10 and teen parenthood, and decreased likelihood
11 of having an intact marriage during adulthood.

12 (D) An estimated 24,500,000 children do
13 not live with their biological fathers, and
14 7,100,000 children do not live with their bio-
15 logical mothers. These facts are attributable
16 largely to declining marriage rates, increasing
17 divorce rates, and increasing rates of nonmar-
18 ital births during the latter part of the 20th
19 century.

20 (E) There has been a dramatic rise in co-
21 habitation as marriages have declined. Only 40
22 percent of children of cohabiting couples will
23 see their parents marry. Those who do marry
24 experience a 50 percent higher divorce rate.
25 Children in single-parent households and cohab-

1 iting households are at much higher risk of
2 child abuse than children in intact married and
3 stepparent families.

4 (F) Children who live apart from their bio-
5 logical fathers, on average, are more likely to be
6 poor, experience educational, health, emotional,
7 and psychological problems, be victims of child
8 abuse, engage in criminal behavior, and become
9 involved with the juvenile justice system than
10 their peers who live with their married, biologi-
11 cal mother and father. A child living in a single-
12 parent family is nearly 5 times as likely to be
13 poor as a child living in a married-couple fam-
14 ily. In 2001, in married-couple families, the
15 child poverty rate was 8 percent, and in house-
16 holds headed by a single mother, the poverty
17 rate was 39.3 percent.

18 (G) Since the enactment of the Personal
19 Responsibility and Work Opportunity Reconcili-
20 ation Act of 1996, child support collections
21 within the child support enforcement system
22 have grown every year, increasing from
23 \$12,000,000,000 in fiscal year 1996 to nearly
24 \$19,000,000,000 in fiscal year 2001. The num-
25 ber of paternities established or acknowledged

1 in fiscal year 2002 reached an historic high of
2 over 1,500,000—which includes more than a
3 100 percent increase through in-hospital ac-
4 knowledgement programs to 790,595 in 2001
5 from 324,652 in 1996. Child support collections
6 were made in well over 7,000,000 cases in fiscal
7 year 2000, significantly more than the almost
8 4,000,000 cases having a collection in 1996.

9 ~~(3) The Personal Responsibility and Work Op-~~
10 ~~portunity Reconciliation Act of 1996 gave States~~
11 ~~great flexibility in the use of Federal funds to de-~~
12 ~~velop innovative programs to help families leave wel-~~
13 ~~fare and begin employment and to encourage the~~
14 ~~formation of 2-parent families.~~

15 ~~(A) Total Federal and State TANF ex-~~
16 ~~penditures in fiscal year 2001 were~~
17 ~~\$25,500,000,000, up from \$24,000,000,000 in~~
18 ~~fiscal year 2000 and \$22,600,000,000 in fiscal~~
19 ~~year 1999. This increased spending is attrib-~~
20 ~~utable to significant new investments in sup-~~
21 ~~portive services in the TANF program, such as~~
22 ~~child care and activities to support work.~~

23 ~~(B) Since the welfare reform effort began~~
24 ~~there has been a dramatic increase in work par-~~
25 ~~ticipation (including employment, community~~

1 service, and work experience) among welfare re-
2 cipients, as well as an unprecedented reduction
3 in the caseload because recipients have left wel-
4 fare for work.

5 (C) States are making policy choices and
6 investment decisions best suited to the needs of
7 their citizens.

8 (i) To expand aid to working families,
9 all States disregard a portion of a family's
10 earned income when determining benefit
11 levels.

12 (ii) Most States increased the limits
13 on countable assets above the former Aid
14 to Families with Dependent Children
15 (AFDC) program. Every State has in-
16 creased the vehicle asset level above the
17 prior AFDC limit for a family's primary
18 automobile.

19 (iii) States are experimenting with
20 programs to promote marriage and father
21 involvement. Over half the States have
22 eliminated restrictions on 2-parent fami-
23 lies. Many States use TANF, child sup-
24 port, or State funds to support community-
25 based activities to help fathers become

1 more involved in their children's lives or
 2 strengthen relationships between mothers
 3 and fathers.

4 (4) Therefore, it is the sense of the Congress
 5 that increasing success in moving families from wel-
 6 fare to work, as well as in promoting healthy mar-
 7 riage and other means of improving child well-being,
 8 are very important Government interests and the
 9 policy contained in part A of title IV of the Social
 10 Security Act (as amended by this Act) is intended
 11 to serve these ends.

12 **TITLE I—TANF**

13 **SEC. 101. PURPOSES.**

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

15 (1) in the matter preceding paragraph (1), by
 16 striking “increase” and inserting “improve child
 17 well-being by increasing”;

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

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

23 (4) in paragraph (4), by striking “two-parent
 24 families” and inserting “healthy, 2-parent married
 25 families, and encourage responsible fatherhood”.

1 **SEC. 102. FAMILY ASSISTANCE GRANTS.**

2 (a) **EXTENSION OF AUTHORITY.**—Section
3 403(a)(1)(A) (42 U.S.C. 603(a)(1)(A)) is amended—

4 (1) by striking “1996, 1997, 1998, 1999, 2000,
5 2001, and 2002” and inserting “2004 through
6 2008”; and

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

9 (b) **STATE FAMILY ASSISTANCE GRANT.**—Section
10 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking
11 subparagraphs (B) through (E) and inserting the fol-
12 lowing:

13 “(B) **STATE FAMILY ASSISTANCE**
14 **GRANT.**—The State family assistance grant
15 payable to a State for a fiscal year shall be the
16 amount that bears the same ratio to the
17 amount specified in subparagraph (C) of this
18 paragraph as the amount required to be paid to
19 the State under this paragraph for fiscal year
20 2002 (determined without regard to any reduc-
21 tion pursuant to section 409 or 412(a)(1))
22 bears to the total amount required to be paid
23 under this paragraph for fiscal year 2002 (as so
24 determined).

25 “(C) **APPROPRIATION.**—Out of any money
26 in the Treasury of the United States not other-

1 wise appropriated, there are appropriated for
 2 each of fiscal years 2004 through 2008
 3 \$16,566,542,000 for grants under this para-
 4 graph.”.

5 (c) MATCHING GRANTS FOR THE TERRITORIES.—
 6 Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by
 7 striking “1997 through 2002” and inserting “2004
 8 through 2008”.

9 **SEC. 103. PROMOTION OF FAMILY FORMATION AND**
 10 **HEALTHY MARRIAGE.**

11 (a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C.
 12 602(a)(1)(A)) is amended by adding at the end the fol-
 13 lowing:

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

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

21 “(2) HEALTHY MARRIAGE PROMOTION
 22 GRANTS.—

23 “(A) AUTHORITY.—The Secretary shall
 24 award competitive grants to States, territories,
 25 and tribal organizations for not more than 50

1 percent of the cost of developing and imple-
2 menting innovative programs to promote and
3 support healthy, married, 2-parent families.

4 “(B) ~~HEALTHY MARRIAGE PROMOTION AC-~~
5 ~~TIVITIES.~~—Funds provided under subparagraph
6 (A) shall be used to support any of the fol-
7 lowing programs or activities:

8 “(i) Public advertising campaigns on
9 the value of marriage and the skills needed
10 to increase marital stability and health.

11 “(ii) Education in high schools on the
12 value of marriage, relationship skills, and
13 budgeting.

14 “(iii) Marriage education, marriage
15 skills, and relationship skills programs,
16 that may include parenting skills, financial
17 management, conflict resolution, and job
18 and career advancement, for non-married
19 pregnant women and non-married expect-
20 ant fathers.

21 “(iv) Pre-marital education and mar-
22 riage skills training for engaged couples
23 and for couples or individuals interested in
24 marriage.

1 “(v) Marriage enhancement and mar-
 2 riage skills training programs for married
 3 couples.

4 “(vi) Divorce reduction programs that
 5 teach relationship skills.

6 “(vii) Marriage mentoring programs
 7 which use married couples as role models
 8 and mentors in at-risk communities.

9 “(viii) Programs to reduce the dis-
 10 incentives to marriage in means-tested aid
 11 programs, if offered in conjunction with
 12 any activity described in this subpara-
 13 graph.

14 “(C) APPROPRIATION.—

15 “(i) IN GENERAL.—Out of any money
 16 in the Treasury of the United States not
 17 otherwise appropriated, there are appro-
 18 priated for each of fiscal years 2003
 19 through 2008 \$100,000,000 for grants
 20 under this paragraph.

21 “(ii) EXTENDED AVAILABILITY OF
 22 FY2003 FUNDS.—Funds appropriated
 23 under clause (i) for fiscal year 2003 shall
 24 remain available to the Secretary through

1 fiscal year 2004, for grants under this
2 paragraph for fiscal year 2003.”.

3 ~~(c) COUNTING OF SPENDING ON NON-ELIGIBLE~~
4 ~~FAMILIES TO PREVENT AND REDUCE INCIDENCE OF~~
5 ~~OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION~~
6 ~~AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED~~
7 ~~FAMILIES, OR ENCOURAGE RESPONSIBLE FATHER-~~
8 ~~HOOD.—Section 409(a)(7)(B)(i) (42 U.S.C.~~
9 ~~609(a)(7)(B)(i)) is amended by adding at the end the fol-~~
10 ~~lowing:~~

11 ~~“(V) COUNTING OF SPENDING~~
12 ~~ON NON-ELIGIBLE FAMILIES TO PRE-~~
13 ~~VENT AND REDUCE INCIDENCE OF~~
14 ~~OUT-OF-WEDLOCK BIRTHS, ENCOUR-~~
15 ~~AGE FORMATION AND MAINTENANCE~~
16 ~~OF HEALTHY, 2-PARENT MARRIED~~
17 ~~FAMILIES, OR ENCOURAGE RESPON-~~
18 ~~SIBLE FATHERHOOD.—The term~~
19 ~~‘qualified State expenditures’ includes~~
20 ~~the total expenditures by the State~~
21 ~~during the fiscal year under all State~~
22 ~~programs for a purpose described in~~
23 ~~paragraph (3) or (4) of section~~
24 ~~401(a).”.~~

1 **SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION IN-**
 2 **CREASES IN CERTAIN STATES.**

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

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

7 (2) in clause (i), by striking “fiscal year 2002”
 8 and inserting “each of fiscal years 2004 through
 9 2007”;

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

12 (4) in clause (iii), by striking “fiscal year
 13 2002” and inserting “each of fiscal years 2004
 14 through 2007”.

15 **SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVE-**
 16 **MENT.**

17 (a) REALLOCATION OF FUNDING.—

18 (1) IN GENERAL.—Section 403(a)(4) (42
 19 U.S.C. 603(a)(4)) is amended—

20 (A) in the paragraph heading, by striking
 21 “HIGH PERFORMANCE STATES” and inserting
 22 “EMPLOYMENT ACHIEVEMENT”;

23 (B) in subparagraph (D)(ii)—

24 (i) in subclause (I), by striking
 25 “equals \$200,000,000” and inserting
 26 “(other than 2003) equals \$200,000,000,

1 and for bonus year 2003 equals
2 \$100,000,000”; and

3 (ii) in subclause (H), by striking
4 “\$1,000,000,000” and inserting
5 “\$900,000,000”; and

6 (C) in subparagraph (F), by striking
7 “\$1,000,000,000” and inserting
8 “\$900,000,000”.

9 (2) EFFECTIVE DATE.—The amendments made
10 by paragraph (1) shall take effect on the date of the
11 enactment of this Act, or September 30, 2003,
12 whichever is earlier.

13 (b) BONUS TO REWARD EMPLOYMENT ACHIEVE-
14 MENT.—

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

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

22 “(B) AMOUNT OF GRANT.—

23 “(i) IN GENERAL.—Subject to clause
24 (ii) of this subparagraph, the Secretary
25 shall determine the amount of the grant

1 payable under this paragraph to an em-
 2 ployment achievement State for a bonus
 3 year, which shall be based on the perform-
 4 ance of the State as determined under sub-
 5 paragraph (D)(i) for the fiscal year that
 6 immediately precedes the bonus year.

7 “(ii) LIMITATION.—The amount pay-
 8 able to a State under this paragraph for a
 9 bonus year shall not exceed 5 percent of
 10 the State family assistance grant.

11 “(C) FORMULA FOR MEASURING STATE
 12 PERFORMANCE.—

13 “(i) IN GENERAL.—Subject to clause
 14 (ii), not later than October 1, 2003, the
 15 Secretary, in consultation with the States,
 16 shall develop a formula for measuring
 17 State performance in operating the State
 18 program funded under this part so as to
 19 achieve the goals of employment entry, job
 20 retention, and increased earnings from em-
 21 ployment for families receiving assistance
 22 under the program, as measured on an ab-
 23 solute basis and on the basis of improve-
 24 ment in State performance.

1 “(ii) ~~SPECIAL RULE FOR BONUS YEAR~~
2 2004.—For the purposes of awarding a
3 bonus under this paragraph for bonus year
4 2004, the Secretary may measure the per-
5 formance of a State in fiscal year 2003
6 using the job entry rate, job retention rate,
7 and earnings gain rate components of the
8 formula developed under section
9 403(a)(4)(C) as in effect immediately be-
10 fore the effective date of this paragraph.

11 “(D) ~~DETERMINATION OF STATE PER-~~
12 ~~FORMANCE.~~—For each bonus year, the Sec-
13 retary shall—

14 “(i) use the formula developed under
15 subparagraph (C) to determine the per-
16 formance of each eligible State for the fis-
17 cal year that precedes the bonus year; and

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

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

1 “(H) the total amount of grants
2 to be made under this paragraph for
3 all bonus years equals \$600,000,000.

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

5 “(i) BONUS YEAR.—The term ‘bonus
6 year’ means each of fiscal years 2004
7 through 2009.

8 “(ii) EMPLOYMENT ACHIEVEMENT
9 STATE.—The term ‘employment achieve-
10 ment State’ means, with respect to a bonus
11 year, an eligible State whose performance
12 determined pursuant to subparagraph
13 (D)(i) for the fiscal year preceding the
14 bonus year equals or exceeds the perform-
15 ance standards prescribed under subpara-
16 graph (D)(ii) for such preceding fiscal
17 year.

18 “(F) APPROPRIATION.—

19 “(i) IN GENERAL.—Out of any money
20 in the Treasury of the United States not
21 otherwise appropriated, there are appro-
22 priated for fiscal years 2004 through 2009
23 \$600,000,000 for grants under this para-
24 graph.

1 “(ii) EXTENDED AVAILABILITY OF
 2 PRIOR APPROPRIATION.—Amounts appro-
 3 priated under section 403(a)(4)(F) of the
 4 Social Security Act (as in effect before the
 5 date of the enactment of this clause) that
 6 have not been expended as of such date of
 7 enactment shall remain available through
 8 fiscal year 2004 for grants under section
 9 403(a)(4) of such Act (as in effect before
 10 such date of enactment) for bonus year
 11 2003.

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

20 “(2) EFFECTIVE DATE.—The amendment made
 21 by paragraph (1), except for section 403(a)(4)(F)(ii)
 22 of the Social Security Act as inserted by the amend-
 23 ment, shall take effect on October 1, 2003.

1 **SEC. 106. CONTINGENCY FUND.**

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

4 (1) by striking “1997, 1998, 1999, 2000, 2001,
5 and 2002” and inserting “2004 through 2008”; and

6 (2) by striking all that follows
7 “\$2,000,000,000” and inserting a period.

8 (b) **GRANTS.**—Section 403(b)(3)(C)(ii) (42 U.S.C.
9 603(b)(3)(C)(ii)) is amended by striking “fiscal years
10 1997 through 2002” and inserting “fiscal years 2004
11 through 2008”.

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

18 (d) **ANNUAL RECONCILIATION: FEDERAL MATCHING**
19 **OF STATE EXPENDITURES ABOVE “MAINTENANCE OF**
20 **EFFORT” LEVEL.**—Section 403(b)(6) (42 U.S.C.
21 603(b)(6)) is amended—

22 (1) in subparagraph (A)(ii)—

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

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

1 (C) by striking subclause (III);

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

5 (3) by amending subparagraph (B)(ii)(I) to
6 read as follows:

7 “(I) the qualified State expendi-
8 tures (as defined in section
9 409(a)(7)(B)(i)) for the fiscal year;
10 plus”; and

11 (4) by striking subparagraph (C).

12 (c) CONSIDERATION OF CERTAIN CHILD CARE EX-
13 PENDITURES IN DETERMINING STATE COMPLIANCE
14 WITH CONTINGENCY FUND MAINTENANCE OF EFFORT
15 REQUIREMENT.—Section 409(a)(10) (42 U.S.C.
16 609(a)(10)) is amended—

17 (1) by striking “(other than the expenditures
18 described in subclause (I)(bb) of that paragraph))
19 under the State program funded under this part”
20 and inserting a close parenthesis; and

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

1 (f) ~~EFFECTIVE DATE.~~—The amendments made by
2 this section shall take effect on October 1, 2003.

3 **SEC. 107. USE OF FUNDS.**

4 (a) ~~GENERAL RULES.~~—Section 404(a)(2) (42 U.S.C.
5 604(a)(2)) is amended by striking “in any manner that”
6 and inserting “for any purposes or activities for which”.

7 (b) ~~TREATMENT OF INTERSTATE IMMIGRANTS.~~—

8 (1) ~~STATE PLAN PROVISION.~~—Section
9 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended
10 by striking clause (i) and redesignating clauses (ii)
11 through (iv) as clauses (i) through (iii), respectively.

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

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

17 (d) ~~INCREASE IN AMOUNT TRANSFERABLE TO TITLE~~
18 ~~XX PROGRAMS.~~—Section 404(d)(2)(B) (42 U.S.C.
19 604(d)(2)(B)) is amended to read as follows:

20 “(B) ~~APPLICABLE PERCENT.~~—For pur-
21 poses of subparagraph (A), the applicable per-
22 cent is 10 percent for fiscal year 2004 and each
23 succeeding fiscal year.”.

24 (e) ~~CLARIFICATION OF AUTHORITY OF STATES TO~~
25 ~~USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS~~

1 TO PROVIDE TANF BENEFITS AND SERVICES.—Section
 2 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

3 “(e) AUTHORITY TO CARRYOVER OR RESERVE CER-
 4 TAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FU-
 5 TURE CONTINGENCIES.—

6 “(1) CARRYOVER.—A State or tribe may use a
 7 grant made to the State or tribe under this part for
 8 any fiscal year to provide, without fiscal year limita-
 9 tion, any benefit or service that may be provided
 10 under the State or tribal program funded under this
 11 part.

12 “(2) CONTINGENCY RESERVE.—A State or tribe
 13 may designate any portion of a grant made to the
 14 State or tribe under this part as a contingency re-
 15 serve for future needs, and may use any amount so
 16 designated to provide, without fiscal year limitation,
 17 any benefit or service that may be provided under
 18 the State or tribal program funded under this part.
 19 If a State or tribe so designates a portion of such
 20 a grant, the State shall, on an annual basis, include
 21 in its report under section 411(a) the amount so
 22 designated.”

1 **SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE**
 2 **PROGRAMS.**

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

5 (b) CONFORMING AMENDMENTS.—

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

8 (2) Section 412 (42 U.S.C. 612) is amended by
 9 striking subsection (f) and redesignating subsections
 10 (g) through (i) as subsections (f) through (h), re-
 11 spectively.

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

14 **SEC. 109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-**
 15 **SUFFICIENCY PLAN REQUIREMENTS.**

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

20 “(ii) Require a parent or caretaker re-
 21 ceiving assistance under the program to
 22 engage in work or alternative self-suffi-
 23 ciency activities (as defined by the State),
 24 consistent with section 407(c)(2).

25 “(iii) Require families receiving assist-
 26 ance under the program to engage in ac-

1 activities in accordance with family self-suffi-
 2 ciency plans developed pursuant to section
 3 408(b).”.

4 (b) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY
 5 PLANS.—

6 (1) IN GENERAL.—Section 408(b) (42 U.S.C.
 7 608(b)) is amended to read as follows:

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

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

11 “(A) assess, in the manner deemed appro-
 12 priate by the State, the skills, prior work expe-
 13 rience, and employability of each work-eligible
 14 individual (as defined in section 407(b)(2)(C))
 15 receiving assistance under the State program
 16 funded under this part;

17 “(B) establish for each family that in-
 18 cludes such an individual, in consultation as the
 19 State deems appropriate with the individual, a
 20 self-sufficiency plan that specifies appropriate
 21 activities described in the State plan submitted
 22 pursuant to section 402, including direct work
 23 activities as appropriate designed to assist the
 24 family in achieving their maximum degree of
 25 self-sufficiency, and that provides for the ongo-

1 ing participation of the individual in the activi-
 2 ties;

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

6 “(D) monitor the participation of each
 7 such individual in the activities specified in the
 8 self sufficiency plan, and regularly review the
 9 progress of the family toward self-sufficiency;

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

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

15 “(A) in the case of a family that, as of Oc-
 16 tober 1, 2003, is not receiving assistance from
 17 the State program funded under this part, not
 18 later than 60 days after the family first receives
 19 assistance on the basis of the most recent appli-
 20 cation for the assistance; or

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

1 ~~“(3) STATE DISCRETION.—A State shall have~~
 2 sole discretion, consistent with section 407, to define
 3 and design activities for families for purposes of this
 4 subsection, to develop methods for monitoring and
 5 reviewing progress pursuant to this subsection, and
 6 to make modifications to the plan as the State
 7 deems appropriate to assist the individual in increas-
 8 ing their degree of self-sufficiency.

9 ~~“(4) RULE OF INTERPRETATION.—Nothing in~~
 10 this part shall preclude a State from requiring par-
 11 ticipation in work and any other activities the State
 12 deems appropriate for helping families achieve self-
 13 sufficiency and improving child well-being.”.

14 ~~(2) PENALTY FOR FAILURE TO ESTABLISH~~
 15 FAMILY SELF-SUFFICIENCY PLAN.—Section
 16 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

17 (A) in the paragraph heading, by inserting
 18 ~~“OR ESTABLISH FAMILY SELF-SUFFICIENCY~~
 19 PLAN” after “RATES”; and

20 (B) in subparagraph (A), by inserting ~~“or~~
 21 408(b)” after “407(a)”.

22 **SEC. 110. WORK PARTICIPATION REQUIREMENTS.**

23 (a) ~~ELIMINATION OF SEPARATE PARTICIPATION~~
 24 RATE REQUIREMENTS FOR 2-PARENT FAMILIES.—

25 (1) IN GENERAL.—

1 (A) Section 407 (42 U.S.C. 607) is amend-
 2 ed in each of subsections (a) and (b) by striking
 3 paragraph (2).

4 (B) Section 407(b)(4) (42 U.S.C.
 5 607(b)(4)) is amended by striking “paragraphs
 6 (1)(B) and (2)(B)” and inserting “paragraph
 7 (1)(B)”.

8 (C) Section 407(e)(1) (42 U.S.C.
 9 607(e)(1)) is amended by striking subparagraph
 10 (B).

11 (D) Section 407(e)(2)(D) (42 U.S.C.
 12 607(e)(2)(D)) is amended by striking “para-
 13 graphs (1)(B)(i) and (2)(B) of subsection (b)”
 14 and inserting “subsection (b)(1)(B)(i)”.

15 (2) ~~EFFECTIVE DATE.~~—The amendments made
 16 by paragraph (1) shall take effect on October 1,
 17 2002.

18 (b) ~~WORK PARTICIPATION REQUIREMENTS.~~—Section
 19 407 (42 U.S.C. 607) is amended by striking all that pre-
 20 cedes subsection (b)(3) and inserting the following:

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

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

1 “(1) 50 percent for fiscal year 2004;
 2 “(2) 55 percent for fiscal year 2005;
 3 “(3) 60 percent for fiscal year 2006;
 4 “(4) 65 percent for fiscal year 2007; and
 5 “(5) 70 percent for fiscal year 2008 and each
 6 succeeding fiscal year.

7 “(b) CALCULATION OF PARTICIPATION RATES.—

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

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

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

17 “(i) the total number of countable
 18 hours (as defined in subsection (c)) with
 19 respect to the counted families for the
 20 State for the month; divided by

21 “(ii) 160 multiplied by the number of
 22 counted families for the State for the
 23 month.

24 “(B) COUNTED FAMILIES DEFINED.—

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

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

12 “(I) a family in the first month
 13 for which the family receives assist-
 14 ance from a State program funded
 15 under this part on the basis of the
 16 most recent application for such as-
 17 sistance; or

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

21 “(iii) ~~STATE OPTION TO INCLUDE IN-~~
 22 ~~DIVIDUALS RECEIVING ASSISTANCE UNDER~~
 23 ~~A TRIBAL FAMILY ASSISTANCE PLAN OR~~
 24 ~~TRIBAL WORK PROGRAM.~~—At the option of
 25 a State, the term ‘counted family’ may in-

1 clude families in the State that are receiv-
 2 ing assistance under a tribal family assist-
 3 ance plan approved under section 412 or
 4 under a tribal work program to which
 5 funds are provided under this part.

6 “(C) ~~WORK-ELIGIBLE INDIVIDUAL DE-~~
 7 FINED.—In this section, the term ‘work-eligible
 8 individual’ means an individual—

9 “(i) who is married or a single head
 10 of household; and

11 “(ii) whose needs are (or, but for
 12 sanctions under this part that have been in
 13 effect for more than 3 months (whether or
 14 not consecutive) in the preceding 12
 15 months or under part D, would be) in-
 16 cluded in determining the amount of cash
 17 assistance to be provided to the family
 18 under the State program funded under this
 19 part.”.

20 (e) ~~RECALIBRATION OF CASELOAD REDUCTION~~
 21 CREDIT.—

22 (1) ~~IN GENERAL.~~—Section 407(b)(3)(A)(ii) (42
 23 U.S.C. 607(b)(3)(A)(ii)) is amended to read as fol-
 24 lows:

1 “(ii) the average monthly number of
2 families that received assistance under the
3 State program funded under this part dur-
4 ing the base year.”.

5 (2) CONFORMING AMENDMENT.—Section
6 407(b)(3)(B) (42 U.S.C. 607(b)(3)(B)) is amended
7 by striking “and eligibility criteria” and all that fol-
8 lows through the close parenthesis and inserting
9 “and the eligibility criteria in effect during the then
10 applicable base year”.

11 (3) BASE YEAR DEFINED.—Section 407(b)(3)
12 (42 U.S.C. 607(b)(3)) is amended by adding at the
13 end the following:

14 “(C) BASE YEAR DEFINED.—In this para-
15 graph, the term ‘base year’ means, with respect
16 to a fiscal year—

17 “(I) if the fiscal year is fiscal
18 year 2004, fiscal year 1996;

19 “(H) if the fiscal year is fiscal
20 year 2005, fiscal year 1998;

21 “(III) if the fiscal year is fiscal
22 year 2006, fiscal year 2001; or

23 “(IV) if the fiscal year is fiscal
24 year 2007 or any succeeding fiscal

1 year, the then 4th preceding fiscal
2 year.”.

3 (d) ~~SUPERACHIEVER CREDIT.~~—Section 407(b) (42
4 U.S.C. 607(b)) is amended by striking paragraphs (4) and
5 (5) and inserting the following:

6 “(4) ~~SUPERACHIEVER CREDIT.~~—

7 “(A) ~~IN GENERAL.~~—The participation
8 rate, determined under paragraphs (1) and (2)
9 of this subsection, of a superachiever State for
10 a fiscal year shall be increased by the lesser
11 of—

12 “(i) the amount (if any) of the super-
13 achiever credit applicable to the State; or

14 “(ii) the number of percentage points
15 (if any) by which the minimum participa-
16 tion rate required by subsection (a) for the
17 fiscal year exceeds 50 percent.

18 “(B) ~~SUPERACHIEVER STATE.~~—For pur-
19 poses of subparagraph (A), a State is a super-
20 achiever State if the State caseload for fiscal
21 year 2001 has declined by at least 60 percent
22 from the State caseload for fiscal year 1995.

23 “(C) ~~AMOUNT OF CREDIT.~~—The super-
24 achiever credit applicable to a State is the num-
25 ber of percentage points (if any) by which the

decline referred to in subparagraph (B) exceeds
60 percent.

“(D) DEFINITIONS.—In this paragraph:

“(i) STATE CASELOAD FOR FISCAL
YEAR 2001.—The term ‘State caseload for
fiscal year 2001’ means the average
monthly number of families that received
assistance during fiscal year 2001 under
the State program funded under this part.

“(ii) STATE CASELOAD FOR FISCAL
YEAR 1995.—The term ‘State caseload for
fiscal year 1995’ means the average
monthly number of families that received
aid under the State plan approved under
part A (as in effect on September 30,
1995) during fiscal year 1995.”.

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

“(e) COUNTABLE HOURS.—

“(1) DEFINITION.—In subsection (b)(2), the
term ‘countable hours’ means, with respect to a fam-
ily for a month, the total number of hours in the
month in which any member of the family who is a
work-eligible individual is engaged in a direct work

1 activity or other activities specified by the State (ex-
 2 cluding an activity that does not address a purpose
 3 specified in section 401(a)), subject to the other pro-
 4 visions of this subsection.

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

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

15 “(B) MAXIMUM WEEKLY AVERAGE OF 16
 16 HOURS OF OTHER ACTIVITIES.—An average of
 17 not more than 16 hours per week of activities
 18 specified by the State (subject to the exclusion
 19 described in paragraph (1)) may be considered
 20 countable hours in a month with respect to a
 21 family.

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

24 “(A) PARTICIPATION IN QUALIFIED AC-
 25 TIVITIES.—

1 “(i) IN GENERAL.—If, with the ap-
 2 proval of the State, the work-eligible indi-
 3 viduals in a family are engaged in 1 or
 4 more qualified activities for an average
 5 total of at least 24 hours per week in a
 6 month, then all such engagement in the
 7 month shall be considered engagement in a
 8 direct work activity, subject to clause (iii).

9 “(ii) QUALIFIED ACTIVITY DE-
 10 FINED.—The term ‘qualified activity’
 11 means an activity specified by the State
 12 (subject to the exclusion described in para-
 13 graph (1)) that meets such standards and
 14 criteria as the State may specify, includ-
 15 ing—

16 “(I) substance abuse counseling
 17 or treatment;

18 “(II) rehabilitation treatment
 19 and services;

20 “(III) work-related education or
 21 training directed at enabling the fam-
 22 ily member to work;

23 “(IV) job search or job readiness
 24 assistance; and

1 “(V) any other activity that ad-
2 dresses a purpose specified in section
3 401(a).
4

5 “(iii) LIMITATION.—

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

11 “(H) SPECIAL RULE APPLICABLE
12 TO EDUCATION AND TRAINING.—A
13 State may, on a case-by-case basis,
14 apply clause (i) to a work-eligible indi-
15 vidual so that participation by the in-
16 dividual in education or training, if
17 needed to permit the individual to
18 complete a certificate program or
19 other work-related education or train-
20 ing directed at enabling the individual
21 to fill a known job need in a local
22 area, may be considered countable
23 hours with respect to the family of the
24 individual for not more than 4 months
25 in any period of 24 consecutive
 months.

1 ~~“(B) SCHOOL ATTENDANCE BY TEEN~~
 2 ~~HEAD OF HOUSEHOLD.—~~The work-eligible
 3 members of a family shall be considered to be
 4 engaged in a direct work activity for an average
 5 of 40 hours per week in a month if the family
 6 includes an individual who is married, or is a
 7 single head of household, who has not attained
 8 20 years of age, and the individual—

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

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

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

17 ~~“(1) unsubsidized employment;~~
 18 ~~“(2) subsidized private sector employment;~~
 19 ~~“(3) subsidized public sector employment;~~
 20 ~~“(4) on-the-job training;~~
 21 ~~“(5) supervised work experience; or~~
 22 ~~“(6) supervised community service.”.~~

23 ~~(f) PENALTIES AGAINST INDIVIDUALS.—~~Section
 24 ~~407(c)(1) (42 U.S.C. 607(c)(1))~~ is amended to read as
 25 follows:

1 “(1) REDUCTION OR TERMINATION OF ASSIST-
2 ANCE.—

3 “(A) IN GENERAL.—Except as provided in
4 paragraph (2), if an individual in a family re-
5 ceiving assistance under a State program fund-
6 ed under this part fails to engage in activities
7 required in accordance with this section, or
8 other activities required by the State under the
9 program, and the family does not otherwise en-
10 gage in activities in accordance with the self-
11 sufficiency plan established for the family pur-
12 suant to section 408(b), the State shall—

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

15 “(I) reduce the amount of assist-
16 ance otherwise payable to the family
17 pro rata (or more, at the option of the
18 State) with respect to any period dur-
19 ing a month in which the failure oc-
20 curs; or

21 “(II) terminate all assistance to
22 the family, subject to such good cause
23 exceptions as the State may establish;
24 or

1 “(ii) if the failure is total and persists
 2 for at least 2 consecutive months, termi-
 3 nate all cash payments to the family in-
 4 cluding qualified State expenditures (as de-
 5 fined in section 409(a)(7)(B)(i)) for at
 6 least 1 month and thereafter until the
 7 State determines that the individual has
 8 resumed full participation in the activities,
 9 subject to such good cause exceptions as
 10 the State may establish.

11 “(B) SPECIAL RULE.—

12 “(i) IN GENERAL.—In the event of a
 13 conflict between a requirement of clause
 14 (i)(II) or (ii) of subparagraph (A) and a
 15 requirement of a State constitution, or of
 16 a State statute that, before 1966, obligated
 17 local government to provide assistance to
 18 needy parents and children, the State con-
 19 stitutional or statutory requirement shall
 20 control.

21 “(ii) LIMITATION.—Clause (i) of this
 22 subparagraph shall not apply after the 1-
 23 year period that begins with the date of
 24 the enactment of this subparagraph.”.

25 (g) CONFORMING AMENDMENTS.—

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

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

9 (h) EFFECTIVE DATE.—The amendments made by
 10 this section (other than subsection (a)) shall take effect
 11 on October 1, 2003.

12 **SEC. 111. MAINTENANCE OF EFFORT.**

13 (a) IN GENERAL.—Section 409(a)(7) (42 U.S.C.
 14 609(a)(7)) is amended—

15 (1) in subparagraph (A) by striking “fiscal year
 16 1998, 1999, 2000, 2001, 2002, or 2003” and insert-
 17 ing “fiscal year 2003, 2004, 2005, 2006, 2007,
 18 2008, or 2009”; and

19 (2) in subparagraph (B)(ii)—

20 (A) by inserting “preceding” before “fiscal
 21 year”; and

22 (B) by striking “for fiscal years 1997
 23 through 2002,”.

24 (b) STATE SPENDING ON PROMOTING HEALTHY
 25 MARRIAGE.—

1 (1) ~~IN GENERAL.—Section 404 (42 U.S.C. 604)~~

2 is amended by adding at the end the following:

3 “~~(1) MARRIAGE PROMOTION.—A State, territory, or~~
 4 tribal organization to which a grant is made under section
 5 403(a)(2) may use a grant made to the State, territory,
 6 or tribal organization under any other provision of section
 7 403 for marriage promotion activities; and the amount of
 8 any such grant so used shall be considered State funds
 9 for purposes of section 403(a)(2).”.

10 (2) ~~FEDERAL TANF FUNDS USED FOR MAR-~~
 11 riage promotion disregarded for purposes of
 12 maintenance of effort requirement.—Section
 13 409(a)(7)(B)(i) ~~(42 U.S.C. 609(a)(7)(B)(i))~~, as
 14 amended by section 103(e) of this Act, is amended
 15 by adding at the end the following:

16 “~~(VI) EXCLUSION OF FEDERAL~~
 17 TANF FUNDS USED FOR MARRIAGE
 18 PROMOTION ACTIVITIES.—Such term
 19 does not include the amount of any
 20 grant made to the State under section
 21 403 that is expended for a marriage
 22 promotion activity.”.

23 **SEC. 112. PERFORMANCE IMPROVEMENT.**

24 (a) ~~STATE PLANS.—Section 402(a) (42 U.S.C.~~
 25 602(a)) is amended—

1 ~~(1)~~ in paragraph ~~(1)~~—

2 ~~(A)~~ in subparagraph ~~(A)~~—

3 ~~(i)~~ by redesignating clause ~~(vi)~~ and
4 clause ~~(vii)~~ (as added by section 103(a) of
5 this Act) as clauses ~~(vii)~~ and ~~(viii)~~, respec-
6 tively; and

7 ~~(ii)~~ by striking clause ~~(v)~~ and insert-
8 ing the following:

9 “~~(v)~~ The document shall—

10 “~~(I)~~ describe how the State will
11 pursue ending dependence of needy
12 families on government benefits and
13 reducing poverty by promoting job
14 preparation and work;

15 “~~(II)~~ describe how the State will
16 encourage the formation and mainte-
17 nance of healthy 2-parent married
18 families; encourage responsible father-
19 hood; and prevent and reduce the inci-
20 dence of out-of-wedlock pregnancies;

21 “~~(III)~~ include specific, numerical,
22 and measurable performance objec-
23 tives for accomplishing subclauses ~~(I)~~
24 and ~~(II)~~; and with respect to sub-
25 clause ~~(I)~~, include objectives con-

1 sistent with the criteria used by the
2 Secretary in establishing performance
3 targets under section 403(a)(4)(B) if
4 available; and

5 “(IV) describe the methodology
6 that the State will use to measure
7 State performance in relation to each
8 such objective.

9 “(vi) Describe any strategies and pro-
10 grams the State may be undertaking to ad-
11 dress—

12 “(I) employment retention and
13 advancement for recipients of assist-
14 ance under the program, including
15 placement into high-demand jobs, and
16 whether the jobs are identified using
17 labor market information;

18 “(II) efforts to reduce teen preg-
19 nancy;

20 “(III) services for struggling and
21 noncompliant families, and for clients
22 with special problems; and

23 “(IV) program integration, in-
24 cluding the extent to which employ-
25 ment and training services under the

1 program are provided through the
2 One-Stop delivery system created
3 under the Workforce Investment Act
4 of 1998, and the extent to which
5 former recipients of such assistance
6 have access to additional core, inten-
7 sive, or training services funded
8 through such Act.”; and

9 (B) in subparagraph (B), by striking
10 clause (iii) (as so redesignated by section
11 107(b)(1) of this Act) and inserting the fol-
12 lowing:

13 “(iii) The document shall describe
14 strategies and programs the State is un-
15 dertaking to engage religious organizations
16 in the provision of services funded under
17 this part and efforts related to section 104
18 of the Personal Responsibility and Work
19 Opportunity Reconciliation Act of 1996.

20 “(iv) The document shall describe
21 strategies to improve program manage-
22 ment and performance.”; and

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

1 (b) CONSULTATION WITH STATE REGARDING PLAN
 2 AND DESIGN OF TRIBAL PROGRAMS.—Section 412(b)(1)
 3 (42 U.S.C. 612(b)(1)) is amended—

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

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

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

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

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

15 “(k) PERFORMANCE IMPROVEMENT.—The Secretary,
 16 in consultation with the States, shall develop uniform per-
 17 formance measures designed to assess the degree of effec-
 18 tiveness, and the degree of improvement, of State pro-
 19 grams funded under this part in accomplishing the pur-
 20 poses of this part.”.

21 (d) ANNUAL RANKING OF STATES.—Section
 22 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking
 23 “long-term private sector jobs” and inserting “private sec-
 24 tor jobs, the success of the recipients in retaining employ-
 25 ment, the ability of the recipients to increase their wages”.

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

2 (a) CONTENTS OF REPORT.—Section 411(a)(1)(A)
 3 (~~42 U.S.C. 611(a)(1)(A)~~) is amended—

4 (1) in the matter preceding clause (i), by insert-
 5 ing “and on families receiving assistance under
 6 State programs funded with other qualified State ex-
 7 penditures (as defined in section 409(a)(7)(B))” be-
 8 fore the colon;

9 (2) in clause (vii), by inserting “and minor par-
 10 ent” after “of each adult”;

11 (~~3~~) in clause (viii), by striking “and educational
 12 level”;

13 (4) in clause (ix), by striking “, and if the lat-
 14 ter 2, the amount received”;

15 (~~5~~) in clause (x)—

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

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

20 (~~6~~) in clause (xi), by striking the subclauses
 21 and inserting the following:

22 “(I) Subsidized private sector
 23 employment.

24 “(II) Unsubsidized employment.

1 “(III) Public sector employment,
2 supervised work experience, or super-
3 vided community service.

4 “(IV) On-the-job training.

5 “(V) Job search and placement.

6 “(VI) Training.

7 “(VII) Education.

8 “(VIII) Other activities directed
9 at the purposes of this part, as speci-
10 fied in the State plan submitted pur-
11 suant to section 402.”;

12 (7) in clause (xii), by inserting “and progress
13 toward universal engagement” after “participation
14 rates”;

15 (8) in clause (xiii), by striking “type and” be-
16 fore “amount of assistance”;

17 (9) in clause (xvi), by striking subclause (II)
18 and redesignating subclauses (III) through (V) as
19 subclauses (II) through (IV), respectively; and

20 (10) by adding at the end the following:

21 “(xviii) The date the family first re-
22 ceived assistance from the State program
23 on the basis of the most recent application
24 for such assistance.

1 ~~“(xix) Whether a self-sufficiency plan~~
 2 ~~is established for the family in accordance~~
 3 ~~with section 408(b).~~

4 ~~“(xx) With respect to any child in the~~
 5 ~~family, the marital status of the parents at~~
 6 ~~the birth of the child, and if the parents~~
 7 ~~were not then married, whether the pater-~~
 8 ~~nity of the child has been established.”.~~

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

11 ~~(1) in clause (i)—~~

12 ~~(A) by striking “a sample” and inserting~~
 13 ~~“samples”; and~~

14 ~~(B) by inserting before the period “, except~~
 15 ~~that the Secretary may designate core data ele-~~
 16 ~~ments that must be reported on all families”; and~~
 17 ~~and~~

18 ~~(2) in clause (ii), by striking “funded under this~~
 19 ~~part” and inserting “described in subparagraph~~
 20 ~~(A)”.~~

21 ~~(c) REPORT ON FAMILIES THAT BECOME INELI-~~
 22 ~~GIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42~~
 23 ~~U.S.C. 611(a)) is amended—~~

24 ~~(1) by striking paragraph (5);~~

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

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

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

16 (d) REGULATIONS.—Section 411(a)(7) (42 U.S.C.
17 611(a)(7)) is amended—

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

20 (2) by striking “subsection” and inserting “sec-
21 tion”; and

22 (3) by striking “in defining the data elements”
23 and all that follows and inserting “; the National
24 Governors’ Association, the American Public Human
25 Services Association, the National Conference of

1 State Legislatures, and others in defining the data
2 elements.”.

3 ~~(c) ADDITIONAL REPORTS BY STATES.—Section 411~~
4 ~~(42 U.S.C. 611) is amended—~~

5 (1) by redesignating subsection (b) as sub-
6 section (e); and

7 (2) by inserting after subsection (a) the fol-
8 lowing:

9 “~~(b) ANNUAL REPORTS ON PROGRAM CHARACTERIS-~~
10 ~~TICS.—Not later than 90 days after the end of fiscal year~~
11 ~~2004 and each succeeding fiscal year, each eligible State~~
12 ~~shall submit to the Secretary a report on the characteris-~~
13 ~~ties of the State program funded under this part and other~~
14 ~~State programs funded with qualified State expenditures~~
15 ~~(as defined in section 409(a)(7)(B)(i)). The report shall~~
16 ~~include, with respect to each such program, the program~~
17 ~~name, a description of program activities, the program~~
18 ~~purpose, the program eligibility criteria, the sources of~~
19 ~~program funding, the number of program beneficiaries,~~
20 ~~sanction policies, and any program work requirements.~~

21 “~~(c) MONTHLY REPORTS ON CASELOAD.—Not later~~
22 ~~than 3 months after the end of a calendar month that~~
23 ~~begins 1 year or more after the enactment of this sub-~~
24 ~~section, each eligible State shall submit to the Secretary~~
25 ~~a report on the number of families and total number of~~

1 individuals receiving assistance in the calendar month
 2 under the State program funded under this part.

3 “(d) ANNUAL REPORT ON PERFORMANCE IMPROVE-
 4 MENT.—Beginning with fiscal year 2005, not later than
 5 January 1 of each fiscal year, each eligible State shall sub-
 6 mit to the Secretary a report on achievement and improve-
 7 ment during the preceding fiscal year under the numerical
 8 performance goals and measures under the State program
 9 funded under this part with respect to each of the matters
 10 described in section 402(a)(1)(A)(v).”.

11 (f) ANNUAL REPORTS TO CONGRESS BY THE SEC-
 12 RETARY.—Section 411(c), as so redesignated by sub-
 13 section (c) of this section, is amended—

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

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

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

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

4 ~~“(f)~~ INCREASED ANALYSIS OF STATE SINGLE AUDIT
 5 REPORTS.—

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

17 ~~“(2)~~ INCLUSION OF PROGRAM OVERSIGHT SEC-
 18 TION IN ANNUAL REPORT TO THE CONGRESS.—The
 19 Secretary shall include in each report under sub-
 20 section (e) a section on oversight of State programs
 21 funded under this part, including findings on the ex-
 22 tent and nature of the problems referred to in para-
 23 graph (1), actions taken to resolve the problems, and
 24 to the extent the Secretary deems appropriate make

1 recommendations on changes needed to resolve the
2 problems.”.

3 **SEC. 114. DIRECT FUNDING AND ADMINISTRATION BY IN-**
4 **DIAN TRIBES.**

5 (a) TRIBAL FAMILY ASSISTANCE GRANT.—Section
6 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by
7 striking “1997, 1998, 1999, 2000, 2001, and 2002” and
8 inserting “2004 through 2008”.

9 (b) GRANTS FOR INDIAN TRIBES THAT RECEIVED
10 JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C.
11 612(a)(2)(A)) is amended by striking “1997, 1998, 1999,
12 2000, 2001, and 2002” and inserting “2004 through
13 2008”.

14 **SEC. 115. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
15 **IES.**

16 (a) SECRETARY’S FUND FOR RESEARCH, DEM-
17 ONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section
18 413 (42 U.S.C. 613), as amended by section 112(e) of
19 this Act, is further amended by adding at the end the fol-
20 lowing:

21 “(1) FUNDING FOR RESEARCH, DEMONSTRATIONS,
22 AND TECHNICAL ASSISTANCE.—

23 “(1) APPROPRIATION.—

24 “(A) IN GENERAL.—Out of any money in
25 the Treasury of the United States not otherwise

1 appropriated, there are appropriated
 2 \$102,000,000 for each of fiscal years 2003
 3 through 2008, which shall be available to the
 4 Secretary for the purpose of conducting and
 5 supporting research and demonstration projects
 6 by public or private entities, and providing tech-
 7 nical assistance to States, Indian tribal organi-
 8 zations, and such other entities as the Secretary
 9 may specify that are receiving a grant under
 10 this part, which shall be expended primarily on
 11 activities described in section 403(a)(2)(B), and
 12 which shall be in addition to any other funds
 13 made available under this part.

14 “(B) EXTENDED AVAILABILITY OF FY 2003
 15 FUNDS.—Funds appropriated under this para-
 16 graph for fiscal year 2003 shall remain avail-
 17 able to the Secretary through fiscal year 2004,
 18 for use in accordance with this paragraph for
 19 fiscal year 2003.

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

24 “(A) IN GENERAL.—Of the amounts made
 25 available under paragraph (1) for a fiscal year,

1 \$2,000,000 shall be awarded on a competitive
2 basis to fund demonstration projects designed
3 to test the effectiveness of tribal governments
4 or tribal consortia in coordinating the provision
5 to tribal families at risk of child abuse or ne-
6 glect of child welfare services and services
7 under tribal programs funded under this part.

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

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

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

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

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

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

3 (b) FUNDING OF STUDIES AND DEMONSTRATIONS.—

4 Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in
5 the matter preceding subparagraph (A) by striking “1997
6 through 2002” and inserting “2004 through 2008”.

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

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

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

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

5 (a) CENSUS BUREAU STUDY.—

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

8 “(a) IN GENERAL.—The Bureau of the Census shall
 9 implement or enhance a longitudinal survey of program
 10 participation, developed in consultation with the Secretary
 11 and made available to interested parties, to allow for the
 12 assessment of the outcomes of continued welfare reform
 13 on the economic and child well-being of low-income fami-
 14 lies with children, including those who received assistance
 15 or services from a State program funded under this part,
 16 and, to the extent possible, shall provide State representa-
 17 tive samples. The content of the survey should include
 18 such information as may be necessary to examine the
 19 issues of out-of-wedlock childbearing, marriage, welfare
 20 dependency and compliance with work requirements, the
 21 beginning and ending of spells of assistance, work, earn-
 22 ings and employment stability, and the well-being of chil-
 23 dren.”.

24 (2) APPROPRIATION.—Section 414(b) (42
 25 U.S.C. 614(b)) is amended—

1 (A) by striking “1996,” and all that fol-
 2 lows through “2002” and inserting “2004
 3 through 2008”; and

4 (B) by adding at the end the following:
 5 “Funds appropriated under this subsection
 6 shall remain available through fiscal year 2008
 7 to carry out subsection (a).”.

8 (b) GAO STUDY.—

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

19 (2) REPORT.—Not later than 1 year after the
 20 date of the enactment of this subsection, the Comp-
 21 troller General shall submit a report to Congress
 22 containing the results of the study conducted under
 23 this section and, as appropriate, any recommenda-
 24 tions consistent with the results.

1 **SEC. 117. DEFINITION OF ASSISTANCE.**

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

4 “(6) ASSISTANCE.—

5 “(A) ~~IN GENERAL.~~—The term ‘assistance’
6 means payment, by cash, voucher, or other
7 means, to or for an individual or family for the
8 purpose of meeting a subsistence need of the in-
9 dividual or family (including food, clothing,
10 shelter, and related items, but not including
11 costs of transportation or child care).

12 “(B) ~~EXCEPTION.~~—The term ‘assistance’
13 does not include a payment described in sub-
14 paragraph (A) to or for an individual or family
15 on a short-term, nonrecurring basis (as defined
16 by the State in accordance with regulations pre-
17 scribed by the Secretary).”.

18 (b) ~~CONFORMING AMENDMENTS.~~—

19 (1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is
20 amended by striking “assistance” and inserting
21 “aid”.

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

1 ~~(3)~~ Section 408(a)(5)(B)(i) (42 U.S.C.
2 608(a)(5)(B)(i)) is amended in the heading by strik-
3 ing “ASSISTANCE” and inserting “AID”.

4 ~~(4)~~ Section 413(d)(2) (42 U.S.C. 613(d)(2)) is
5 amended by striking “assistance” and inserting
6 “aid”.

7 **SEC. 118. TECHNICAL CORRECTIONS.**

8 ~~(a)~~ Section 409(e)(2) (42 U.S.C. 609(e)(2)) is
9 amended by inserting a comma after “appropriate”.

10 ~~(b)~~ Section 411(a)(1)(A)(ii)(III) (42 U.S.C.
11 611(a)(1)(A)(ii)(III)) is amended by striking the last close
12 parenthesis.

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

15 ~~(d)(1)~~ Section 413 (42 U.S.C. 613) is amended by
16 striking subsection ~~(g)~~ and redesignating subsections ~~(h)~~
17 through ~~(j)~~ and subsections ~~(k)~~ and ~~(l)~~ (as added by sec-
18 tions 112(e) and 115(a) of this Act, respectively) as sub-
19 sections ~~(g)~~ through ~~(k)~~, respectively.

20 ~~(2)~~ Each of the following provisions is amended by
21 striking “413(j)” and inserting “413(i)”.

22 ~~(A)~~ Section 403(a)(5)(A)(ii)(III) (42 U.S.C.
23 603(a)(5)(A)(ii)(III)).

24 ~~(B)~~ Section 403(a)(5)(F) (42 U.S.C.
25 603(a)(5)(F)).

1 ~~(C) Section 403(a)(5)(G)(ii) (42 U.S.C.~~
 2 ~~603(a)(5)(G)(ii)).~~

3 ~~(D) Section 412(a)(3)(B)(iv) (42 U.S.C.~~
 4 ~~612(a)(3)(B)(iv)).~~

5 **SEC. 119. FATHERHOOD PROGRAM.**

6 ~~(a) SHORT TITLE.—This section may be cited as the~~
 7 ~~“Promotion and Support of Responsible Fatherhood and~~
 8 ~~Healthy Marriage Act of 2003”.~~

9 ~~(b) FATHERHOOD PROGRAM.—~~

10 ~~(1) IN GENERAL.—Title I of the Personal Re-~~
 11 ~~sponsibility and Work Opportunity Reconciliation~~
 12 ~~Act of 1996 (Public Law 104–193) is amended by~~
 13 ~~adding at the end the following:~~

14 **“SEC. 117. FATHERHOOD PROGRAM.**

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

17 **“PART C—FATHERHOOD PROGRAM**

18 **“SEC. 441. FINDINGS AND PURPOSES.**

19 ~~“(a) FINDINGS.—The Congress finds that there is~~
 20 ~~substantial evidence strongly indicating the urgent need~~
 21 ~~to promote and support involved, committed, and respon-~~
 22 ~~sible fatherhood, and to encourage and support healthy~~
 23 ~~marriages between parents raising children, including data~~
 24 ~~demonstrating the following:~~

1 “(1) In approximately 90 percent of cases
2 where a parent is absent, that parent is the father.

3 “(2) By some estimates, 60 percent of children
4 born in the 1990’s will spend a significant portion
5 of their childhood in a home without a father.

6 “(3) Nearly 75 percent of children in single-
7 parent homes will experience poverty before they are
8 11 years old, compared with only 20 percent of chil-
9 dren in 2-parent families.

10 “(4) Low income is positively correlated with
11 children’s difficulties with education, social adjust-
12 ment, and delinquency, and single-parent households
13 constitute a disproportionate share of low-income
14 households.

15 “(5) Where families (whether intact or with a
16 parent absent) are living in poverty, a significant
17 factor is the father’s lack of job skills.

18 “(6) Children raised in 2-parent married fami-
19 lies, on average, fare better as a group in key areas,
20 including better school performance, reduced rates of
21 substance abuse, crime, and delinquency, fewer
22 health, emotional, and behavioral problems, lower
23 rates of teenage sexual activity, less risk of abuse or
24 neglect, and lower risk of teen suicide.

1 “(7) Committed and responsible fathering dur-
2 ing infancy and early childhood contributes to the
3 development of emotional security, curiosity, and
4 math and verbal skills.

5 “(8) An estimated 24,000,000 children (33.5
6 percent) live apart from their biological father.

7 “(9) A recent national survey indicates that of
8 children under age 18 not living with their biological
9 father, 37 percent had not seen their father even
10 once in the last 12 months.

11 “(b) PURPOSES.—The purposes of this part are:

12 “(1) To provide for projects and activities by
13 public entities and by nonprofit community entities,
14 including religious organizations, designed to test
15 promising approaches to accomplishing the following
16 objectives:

17 “(A) Promoting responsible, caring, and
18 effective parenting through counseling, men-
19 toring, and parenting education; dissemination
20 of educational materials and information on
21 parenting skills; encouragement of positive fa-
22 ther involvement; including the positive involve-
23 ment of nonresident fathers; and other meth-
24 ods.

1 “(B) Enhancing the abilities and commit-
2 ment of unemployed or low-income fathers to
3 provide material support for their families and
4 to avoid or leave welfare programs by assisting
5 them to take full advantage of education, job
6 training, and job search programs, to improve
7 work habits and work skills, to secure career
8 advancement by activities such as outreach and
9 information dissemination, coordination, as ap-
10 propriate, with employment services and job
11 training programs, including the One-Stop de-
12 livery system established under title I of the
13 Workforce Investment Act of 1998, encourage-
14 ment and support of timely payment of current
15 child support and regular payment toward past
16 due child support obligations in appropriate
17 cases, and other methods.

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

1 “(D) Encouraging and supporting healthy
2 marriages and married fatherhood through such
3 activities as premarital education, including the
4 use of premarital inventories, marriage prepara-
5 tion programs, skills-based marriage education
6 programs, marital therapy, couples counseling,
7 divorce education and reduction programs, di-
8 vorce mediation and counseling, relationship
9 skills enhancement programs, including those
10 designed to reduce child abuse and domestic vi-
11 olence, and dissemination of information about
12 the benefits of marriage for both parents and
13 children.

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

23 “(3) To evaluate the effectiveness of various
24 approaches and to disseminate findings concerning
25 outcomes and other information in order to encour-

1 age and facilitate the replication of effective ap-
 2 proaches to accomplishing these objectives.

3 ~~“SEC. 442. DEFINITIONS.~~

4 ~~“‘In this part, the terms “Indian tribe” and “tribal~~
 5 ~~organization” have the meanings given them in sub-~~
 6 ~~sections (e) and (f), respectively, of section 4 of the Indian~~
 7 ~~Self-Determination and Education Assistance Act.~~

8 ~~“SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.~~

9 ~~“‘(a) IN GENERAL.—The Secretary may make~~
 10 ~~grants for fiscal years 2004 through 2008 to public and~~
 11 ~~nonprofit community entities, including religious organiza-~~
 12 ~~tions, and to Indian tribes and tribal organizations, for~~
 13 ~~demonstration service projects and activities designed to~~
 14 ~~test the effectiveness of various approaches to accomplish~~
 15 ~~the objectives specified in section 441(b)(1).~~

16 ~~“‘(b) ELIGIBILITY CRITERIA FOR FULL SERVICE~~
 17 ~~GRANTS.—In order to be eligible for a grant under this~~
 18 ~~section, except as specified in subsection (e), an entity~~
 19 ~~shall submit an application to the Secretary containing the~~
 20 ~~following:~~

21 ~~“‘(1) PROJECT DESCRIPTION.—A statement in-~~
 22 ~~cluding—~~

23 ~~“‘(A) a description of the project and how~~
 24 ~~it will be carried out, including the geographical~~
 25 ~~area to be covered and the number and charac-~~

1 teristics of clients to be served, and how it will
 2 address each of the 4 objectives specified in sec-
 3 tion 441(b)(1); and

4 ““(B) a description of the methods to be
 5 used by the entity or its contractor to assess
 6 the extent to which the project was successful
 7 in accomplishing its specific objectives and the
 8 general objectives specified in section 441(b)(1).

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

18 ““(3) ADDRESSING CHILD ABUSE AND NE-
 19 GLECT AND DOMESTIC VIOLENCE.—A description of
 20 how the entity will assess for the presence of, and
 21 intervene to resolve, domestic violence and child
 22 abuse and neglect, including how the entity will co-
 23 ordinate with State and local child protective service
 24 and domestic violence programs.

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

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

19 “(6) RECORDS, REPORTS, AND AUDITS.—An
20 agreement to maintain such records, make such re-
21 ports, and cooperate with such reviews or audits as
22 the Secretary may find necessary for purposes of
23 oversight of project activities and expenditures.

24 “(7) SELF-INITIATED EVALUATION.—If the
25 entity elects to contract for independent evaluation

1 of the project (part or all of the cost of which may
 2 be paid for using grant funds); a commitment to
 3 submit to the Secretary a copy of the evaluation re-
 4 port within 30 days after completion of the report
 5 and not more than 1 year after completion of the
 6 project.

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

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

21 “‘(1) PROJECT DESCRIPTION.—A description of
 22 the project and how it will be carried out, including
 23 the number and characteristics of clients to be
 24 served, the proposed duration of the project, and

1 how it will address at least 1 of the 4 objectives
2 specified in section 441(b)(1).

3 “(2) QUALIFICATIONS.—Such information as
4 the Secretary may require as to the capacity of the
5 entity to carry out the project, including any pre-
6 vious experience with similar activities.

7 “(3) COORDINATION WITH RELATED PRO-
8 GRAMS.—As required by the Secretary in appro-
9 priate cases, an undertaking to coordinate and co-
10 operate with State and local entities responsible for
11 specific programs relating to the objectives of the
12 project including, as appropriate, jobs programs and
13 programs serving children and families.

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

19 “(5) COOPERATION WITH SECRETARY’S OVER-
20 SIGHT AND EVALUATION.—An agreement to cooper-
21 ate with the Secretary’s evaluation of projects as-
22 sisted under this section, by means including afford-
23 ing the Secretary access to the project and to
24 project-related records and documents, staff, and eli-
25 ents.

1 “(d) CONSIDERATIONS IN AWARDING GRANTS.—

2 “(1) DIVERSITY OF PROJECTS.—In awarding
3 grants under this section, the Secretary shall seek to
4 achieve a balance among entities of differing sizes;
5 entities in differing geographic areas; entities in
6 urban and in rural areas; and entities employing dif-
7 fering methods of achieving the purposes of this sec-
8 tion, including working with the State agency re-
9 sponsible for the administration of part D to help fa-
10 thers satisfy child support arrearage obligations.

11 “(2) PREFERENCE FOR PROJECTS SERVING
12 LOW-INCOME FATHERS.—In awarding grants under
13 this section, the Secretary may give preference to
14 applications for projects in which a majority of the
15 clients to be served are low-income fathers.

16 “(e) FEDERAL SHARE.—

17 “(1) IN GENERAL.—Grants for a project under
18 this section for a fiscal year shall be available for a
19 share of the cost of such project in such fiscal year
20 equal to—

21 “(A) up to 80 percent (or up to 90 per-
22 cent, if the entity demonstrates to the Sec-
23 retary’s satisfaction circumstances limiting the
24 entity’s ability to secure non-Federal resources)

1 in the case of a project under subsection (b);
 2 and

3 ““(B) up to 100 percent, in the case of a
 4 project under subsection (c).

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

10 “**SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION**
 11 **PROJECTS.**

12 ““(a) IN GENERAL.—The Secretary may make
 13 grants under this section for fiscal years 2004 through
 14 2008 to eligible entities (as specified in subsection (b)) for
 15 2 multicity, multistate projects demonstrating approaches
 16 to achieving the objectives specified in section 441(b)(1).
 17 One of the projects shall test the use of married couples
 18 to deliver program services.

19 ““(b) ELIGIBLE ENTITIES.—An entity eligible for a
 20 grant under this section must be a national nonprofit fa-
 21 therhood promotion organization that meets the following
 22 requirements:

23 ““(1) EXPERIENCE WITH FATHERHOOD PRO-
 24 GRAMS.—The organization must have substantial ex-
 25 perience in designing and successfully conducting

1 programs that meet the purposes described in sec-
 2 tion 441.

3 ““(2) EXPERIENCE WITH MULTICITY,
 4 MULTISTATE PROGRAMS AND GOVERNMENT COORDI-
 5 NATION.—The organization must have experience in
 6 simultaneously conducting such programs in more
 7 than 1 major metropolitan area in more than 1
 8 State and in coordinating such programs, where ap-
 9 propriate, with State and local government agencies
 10 and private, nonprofit agencies (including commu-
 11 nity-based and religious organizations), including
 12 State or local agencies responsible for child support
 13 enforcement and workforce development.

14 ““(c) APPLICATION REQUIREMENTS.—In order to be
 15 eligible for a grant under this section, an entity must sub-
 16 mit to the Secretary an application that includes the fol-
 17 lowing:

18 ““(1) QUALIFICATIONS.—

19 ““(A) ELIGIBLE ENTITY.—A demonstra-
 20 tion that the entity meets the requirements of
 21 subsection (b).

22 ““(B) OTHER.—Such other information as
 23 the Secretary may find necessary to dem-
 24 onstrate the entity’s capacity to carry out the

1 project, including the entity's ability to provide
 2 the non-Federal share of project resources.

3 ““(2) PROJECT DESCRIPTION.—A description of
 4 and commitments concerning the project design, in-
 5 cluding the following:

6 ““(A) IN GENERAL.—A detailed descrip-
 7 tion of the proposed project design and how it
 8 will be carried out, which shall—

9 ““(i) provide for the project to be con-
 10 ducted in at least 3 major metropolitan
 11 areas;

12 ““(ii) state how it will address each of
 13 the 4 objectives specified in section
 14 441(b)(1);

15 ““(iii) demonstrate that there is a suf-
 16 ficient number of potential clients to allow
 17 for the random selection of individuals to
 18 participate in the project and for compari-
 19 sons with appropriate control groups com-
 20 posed of individuals who have not partici-
 21 pated in such projects; and

22 ““(iv) demonstrate that the project is
 23 designed to direct a majority of project re-
 24 sources to activities serving low-income fa-

thers (but the project need not make services available on a means-tested basis).

“(B) OVERSIGHT, EVALUATION, AND ADJUSTMENT COMPONENT.—An agreement that the entity—

“(i) in consultation with the evaluator selected pursuant to section 445, and as required by the Secretary, will modify the project design, initially and (if necessary) subsequently throughout the duration of the project, in order to facilitate ongoing and final oversight and evaluation of project operation and outcomes (by means including, to the maximum extent feasible, random assignment of clients to service recipient and control groups); and to provide for mid-course adjustments in project design indicated by interim evaluations;

“(ii) will submit to the Secretary revised descriptions of the project design as modified in accordance with clause (i); and

“(iii) will cooperate fully with the Secretary’s ongoing oversight and ongoing and final evaluation of the project, by means including affording the Secretary

1 access to the project and to project-related
 2 records and documents; staff; and clients.

3 ““(3) ADDRESSING CHILD ABUSE AND NE-
 4 GLECT AND DOMESTIC VIOLENCE.—A description of
 5 how the entity will assess for the presence of, and
 6 intervene to resolve, domestic violence and child
 7 abuse and neglect, including how the entity will co-
 8 ordinate with State and local child protective service
 9 and domestic violence programs.

10 ““(4) ADDRESSING CONCERNS RELATING TO
 11 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
 12 mitment to make available to each individual partici-
 13 pating in the project education about alcohol, to-
 14 bacco, and other drugs, and about the health risks
 15 associated with abusing such substances, and infor-
 16 mation about diseases and conditions transmitted
 17 through substance abuse and sexual contact, includ-
 18 ing HIV/AIDS, and to coordinate with providers of
 19 services addressing such problems, as appropriate.

20 ““(5) COORDINATION WITH SPECIFIED PRO-
 21 GRAMS.—An undertaking to coordinate, as appro-
 22 priate, with State and local entities responsible for
 23 the programs funded under parts A, B, and D of
 24 this title, programs under title I of the Workforce
 25 Investment Act of 1998 (including the One-Stop de-

1 livery system), and such other programs as the Sec-
 2 retary may require.

3 “(6) RECORDS, REPORTS, AND AUDITS.—An
 4 agreement to maintain such records, make such re-
 5 ports, and cooperate with such reviews or audits (in
 6 addition to those required under the preceding provi-
 7 sions of paragraph (2)) as the Secretary may find
 8 necessary for purposes of oversight of project activi-
 9 ties and expenditures.

10 “(d) FEDERAL SHARE.—

11 “(1) IN GENERAL.—Grants for a project under
 12 this section for a fiscal year shall be available for up
 13 to 80 percent of the cost of such project in such fis-
 14 cal year.

15 “(2) NON-FEDERAL SHARE.—The non-Federal
 16 share may be in cash or in kind. In determining the
 17 amount of the non-Federal share, the Secretary may
 18 attribute fair market value to goods, services, and
 19 facilities contributed from non-Federal sources.

20 “**SEC. 445. EVALUATION.**

21 “(a) IN GENERAL.—The Secretary, directly or by
 22 contract or cooperative agreement, shall evaluate the effec-
 23 tiveness of service projects funded under sections 443 and
 24 444 from the standpoint of the purposes specified in sec-
 25 tion 441(b)(1).

1 “‘(b) EVALUATION METHODOLOGY.—Evaluations
2 under this section shall—

3 “‘(1) include, to the maximum extent feasible,
4 random assignment of clients to service delivery and
5 control groups and other appropriate comparisons of
6 groups of individuals receiving and not receiving
7 services;

8 “‘(2) describe and measure the effectiveness of
9 the projects in achieving their specific project goals;
10 and

11 “‘(3) describe and assess, as appropriate, the
12 impact of such projects on marriage, parenting, do-
13 mestic violence, child abuse and neglect, money man-
14 agement, employment and earnings, payment of
15 child support, and child well-being, health, and edu-
16 cation.

17 “‘(c) EVALUATION REPORTS.—The Secretary shall
18 publish the following reports on the results of the evalua-
19 tion:

20 “‘(1) An implementation evaluation report cov-
21 ering the first 24 months of the activities under this
22 part to be completed by 36 months after initiation
23 of such activities.

24 “‘(2) A final report on the evaluation to be
25 completed by September 30, 2011.

1 “**SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.**

2 “ ‘The Secretary is authorized, by grant, contract, or
3 cooperative agreement, to carry out projects and activities
4 of national significance relating to fatherhood promotion,
5 including—

6 “ ‘(1) **COLLECTION AND DISSEMINATION OF IN-**
7 **FORMATION.**—Assisting States, communities, and
8 private entities, including religious organizations, in
9 efforts to promote and support marriage and respon-
10 sible fatherhood by collecting, evaluating, developing,
11 and making available (through the Internet and by
12 other means) to all interested parties information re-
13 garding approaches to accomplishing the objectives
14 specified in section 441(b)(1).

15 “ ‘(2) **MEDIA CAMPAIGN.**—Developing, pro-
16 moting, and distributing to interested States, local
17 governments, public agencies, and private nonprofit
18 organizations, including charitable and religious or-
19 ganizations, a media campaign that promotes and
20 encourages involved, committed, and responsible fa-
21 therhood and married fatherhood.

22 “ ‘(3) **TECHNICAL ASSISTANCE.**—Providing
23 technical assistance, including consultation and
24 training, to public and private entities, including
25 community organizations and faith-based organiza-

1 tions, in the implementation of local fatherhood pro-
2 motion programs.

3 “~~“(4) RESEARCH.—~~Conducting research related
4 to the purposes of this part.

5 **“SEC. 447. NONDISCRIMINATION.**

6 “~~“~~The projects and activities assisted under this part
7 shall be available on the same basis to all fathers and ex-
8 pectant fathers able to benefit from such projects and ac-
9 tivities, including married and unmarried fathers and cus-
10 todial and noncustodial fathers, with particular attention
11 to low-income fathers, and to mothers and expectant
12 mothers on the same basis as to fathers.

13 **“SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RES-**
14 **ERVATION FOR CERTAIN PURPOSE.**

15 “~~“(a) AUTHORIZATION.—~~There are authorized to be
16 appropriated \$20,000,000 for each of fiscal years 2004
17 through 2008 to carry out the provisions of this part.

18 “~~“(b) RESERVATION.—~~Of the amount appropriated
19 under this section for each fiscal year, not more than 15
20 percent shall be available for the costs of the multicounty,
21 multicounty, multistate demonstration projects under sec-
22 tion 444, evaluations under section 445, and projects of
23 national significance under section 446.”.

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

4 (2) ~~CLERICAL AMENDMENT.~~—Section 2 of such
 5 Act is amended in the table of contents by inserting
 6 after the item relating to section 116 the following
 7 new item:

“Sec. 117. Fatherhood program.”.

8 **~~SEC. 120. STATE OPTION TO MAKE TANF PROGRAMS MAN-~~**
 9 **~~DATORY PARTNERS WITH ONE-STOP EMPLOY-~~**
 10 **~~MENT TRAINING CENTERS.~~**

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

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

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

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

4 **SEC. 122. EXTENSION THROUGH FISCAL YEAR 2003.**

5 Except as otherwise provided in this Act and the
6 amendments made by this Act, activities authorized by
7 part A of title IV of the Social Security Act, and by section
8 1108(b) of the Social Security Act, shall continue through
9 September 30, 2003, in the manner authorized, and at
10 the level provided, for fiscal year 2002.

11 **TITLE II—CHILD CARE**

12 **SEC. 201. SHORT TITLE.**

13 This title may be cited as the “Caring for Children
14 Act of 2003”.

15 **SEC. 202. GOALS.**

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

19 (1) in paragraph (3) by striking “encourage”
20 and inserting “assist”;

21 (2) by amending paragraph (4) to read as fol-
22 lows:

23 “(4) to assist States to provide child care to
24 low-income parents;”;

25 (3) by redesignating paragraph (5) as para-
26 graph (7); and

1 (4) by inserting after paragraph (4) the fol-
2 lowing:

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

5 “(6) to promote school readiness by encour-
6 aging the exposure of young children in child care to
7 nurturing environments and developmentally-appro-
8 priate activities, including activities to foster early
9 cognitive and literacy development; and”.

10 (b) CONFORMING AMENDMENT.—Section
11 658E(c)(3)(B) of the Child Care and Development Block
12 Grant Act of 1990 (42 U.S.C. 9858e(c)(3)(B)) is amended
13 by striking “through (5)” and inserting “through (7)”.

14 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

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

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

18 (2) by striking “\$1,000,000,000 for each of the
19 fiscal years 1996 through 2002” and inserting
20 “\$2,100,000,000 for fiscal year 2003,
21 \$2,300,000,000 for fiscal year 2004,
22 \$2,500,000,000 for fiscal year 2005,
23 \$2,700,000,000 for fiscal year 2006,
24 \$2,900,000,000 for fiscal year 2007, and
25 \$3,100,000,000 for fiscal year 2008”.

1 **SEC. 204. APPLICATION AND PLAN.**

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

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

7 “(D) CONSUMER AND CHILD CARE PRO-
8 VIDER EDUCATION INFORMATION.—Certify that
9 the State will collect and disseminate, through
10 resource and referral services and other means
11 as determined by the State, to parents of eligi-
12 ble children, child care providers, and the gen-
13 eral public, information regarding—

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

18 “(ii) research and best practices on
19 children’s development, including early cog-
20 nitive development;

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

23 “(iv) other programs for which fami-
24 lies that receive child care services for
25 which financial assistance is provided
26 under this subchapter may be eligible, in-

cluding the food stamp program, the WIC program under section 17 of the Child Nutrition Act of 1966, the child and adult care food program under section 17 of the Richard B. Russell National School Lunch Act, and the medicaid and SCHIP programs under titles XIX and XXI of the Social Security Act.”, and

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

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

“(J) PUBLIC-PRIVATE PARTNERSHIPS.—Demonstrate how the State encourages partnerships with private and other public entities to

1 leverage existing service delivery systems of
 2 early childhood education and increase the sup-
 3 ply and quality of child care services.

4 “(K) CHILD CARE SERVICE QUALITY.—

5 “(i) CERTIFICATION.—For each fiscal
 6 year after fiscal year 2004, certify that
 7 during the then preceding fiscal year the
 8 State was in compliance with section 658G
 9 and describe how funds were used to com-
 10 ply with such section during such pre-
 11 ceeding fiscal year.

12 “(ii) STRATEGY.—For each fiscal year
 13 after fiscal year 2004, contain an outline
 14 of the strategy the State will implement
 15 during such fiscal year for which the State
 16 plan is submitted, to address the quality of
 17 child care services in the State available to
 18 low-income parents from eligible child care
 19 providers, and include in such strategy—

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

24 “(II) a description of quantifi-
 25 able, objective measures for evaluating

1 the quality of child care services sepa-
 2 rately with respect to the activities
 3 listed in each of such paragraphs that
 4 the State will use to evaluate its
 5 progress in improving the quality of
 6 such child care services;

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

11 “(IV) for each fiscal year after
 12 fiscal year 2004, a report on the
 13 progress made to achieve such targets
 14 during the then preceding fiscal year.

15 “(iii) RULE OF CONSTRUCTION.—
 16 Nothing in this subparagraph shall be con-
 17 strued to require that the State apply
 18 measures for evaluating quality to specific
 19 types of child care providers.

20 “(L) ACCESS TO CARE FOR CERTAIN POPU-
 21 LATIONS.—Demonstrate how the State is ad-
 22 dressing the child care needs of parents eligible
 23 for child care services for which financial assist-
 24 ance is provided under this subchapter who
 25 have children with special needs; work nontradi-

1 tional hours, or require child care services for
 2 infants or toddlers.”.

3 **SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
 4 **CARE.**

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

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

10 “A State that receives funds to carry out this sub-
 11 chapter for a fiscal year, shall use not less than 6 percent
 12 of the amount of such funds for activities provided
 13 through resource and referral services or other means,
 14 that are designed to improve the quality of child care serv-
 15 ices in the State available to low-income parents from eli-
 16 gible child care providers. Such activities include—

17 “(1) programs that provide training, education,
 18 and other professional development activities to en-
 19 hance the skills of the child care workforce, includ-
 20 ing training opportunities for caregivers in informal
 21 care settings;

22 “(2) activities within child care settings to en-
 23 hance early learning for young children, to promote
 24 early literacy, and to foster school readiness;

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

5 “(4) other activities deemed by the State to im-
 6 prove the quality of child care services provided in
 7 such State.”.

8 **SEC. 206. REPORT BY SECRETARY.**

9 Section 658L of the Child Care and Development
 10 Block Grant Act of 1990 (42 U.S.C. 9858j) is amended
 11 to read as follows:

12 **“SEC. 658L. REPORT BY SECRETARY.**

13 “(a) **REPORT REQUIRED.**—Not later than October 1,
 14 2005, and biennially thereafter, the Secretary shall pre-
 15 pare and submit to the Committee on Education and the
 16 Workforce of the House of Representatives and the Com-
 17 mittee on Health, Education, Labor and Pensions of the
 18 Senate a report that contains the following:

19 “(1) A summary and analysis of the data and
 20 information provided to the Secretary in the State
 21 reports submitted under section 658K.

22 “(2) Aggregated statistics on the supply of, de-
 23 mand for, and quality of child care, early education,
 24 and non-school-hours programs.

1 “(3) An assessment, and where appropriate,
 2 recommendations for the Congress concerning ef-
 3 forts that should be undertaken to improve the ac-
 4 cess of the public to quality and affordable child care
 5 in the United States.

6 “(b) COLLECTION OF INFORMATION.—The Secretary
 7 may utilize the national child care data system available
 8 through resource and referral organizations at the local,
 9 State, and national level to collect the information re-
 10 quired by subsection (a)(2).

11 **SEC. 207. DEFINITIONS.**

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

17 **SEC. 208. ENTITLEMENT FUNDING.**

18 Section 418(a)(3) (42 U.S.C. 618(a)(3)) is amend-
 19 ed—

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

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

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

1 “(G) \$2,917,000,000 for each of fiscal
2 years 2004 through 2008.”.

3 **TITLE III—CHILD SUPPORT**

4 **SEC. 301. FEDERAL MATCHING FUNDS FOR LIMITED PASS** 5 **THROUGH OF CHILD SUPPORT PAYMENTS TO** 6 **FAMILIES RECEIVING TANF.**

7 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
8 657(a)) is amended—

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

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

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

20 “(A) the State distributes the amount to
21 the family;

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

24 “(i) exceeds the amount (if any) that,
25 as of December 31, 2001, was required

1 under State law to be distributed to a fam-
 2 ily under paragraph (1)(B); and

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

4 “(I) \$100; or

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

7 “(C) the amount is disregarded in deter-
 8 mining the amount and type of assistance pro-
 9 vided to the family under the State program
 10 funded under part A.”.

11 (b) EFFECTIVE DATE.—The amendments made by
 12 subsection (a) shall apply to amounts distributed on or
 13 after October 1, 2005.

14 **SEC. 302. STATE OPTION TO PASS THROUGH ALL CHILD**
 15 **SUPPORT PAYMENTS TO FAMILIES THAT**
 16 **FORMERLY RECEIVED TANF.**

17 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
 18 657(a)); as amended by section 301(a) of this Act, is
 19 amended—

20 (1) in paragraph (2)(B), in the matter pre-
 21 ceeding clause (i), by inserting “; except as provided
 22 in paragraph (8),” after “shall”; and

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

24 “(8) STATE OPTION TO PASS THROUGH ALL
 25 CHILD SUPPORT PAYMENTS TO FAMILIES THAT FOR-

1 MERLY RECEIVED TANF.—In lieu of applying para-
 2 graph (2) to any family described in paragraph (2),
 3 a State may distribute to the family any amount col-
 4 lected during a month on behalf of the family.”.

5 (b) EFFECTIVE DATE.—The amendments made by
 6 subsection (a) shall apply to amounts distributed on or
 7 after October 1, 2005.

8 **SEC. 303. MANDATORY REVIEW AND ADJUSTMENT OF**
 9 **CHILD SUPPORT ORDERS FOR FAMILIES RE-**
 10 **CEIVING TANF.**

11 (a) IN GENERAL.—Section 466(a)(10)(A)(i) (42
 12 U.S.C. 666(a)(10)(A)(i)) is amended—

13 (1) by striking “parent, or,” and inserting
 14 “parent or”; and

15 (2) by striking “upon the request of the State
 16 agency under the State plan or of either parent,”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 subsection (a) shall take effect on October 1, 2005.

19 **SEC. 304. MANDATORY FEE FOR SUCCESSFUL CHILD SUP-**
 20 **PORT COLLECTION FOR FAMILY THAT HAS**
 21 **NEVER RECEIVED TANF.**

22 (a) IN GENERAL.—Section 454(6)(B) (42 U.S.C.
 23 654(6)(B)) is amended—

24 (1) by inserting “(i)” after “(B)”;

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

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

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

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

22 (b) CONFORMING AMENDMENT.—Section 457(a)(3)
23 (42 U.S.C. 657(a)(3)) is amended to read as follows:

24 “(3) FAMILIES THAT NEVER RECEIVED ASSIST-
25 ANCE.—In the case of any other family, the State

1 shall distribute to the family the portion of the
2 amount so collected that remains after withholding
3 any fee pursuant to section 454(6)(B)(ii).”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect on October 1, 2004.

6 **SEC. 305. REPORT ON UNDISTRIBUTED CHILD SUPPORT**
7 **PAYMENTS.**

8 Not later than 6 months after the date of the enact-
9 ment of this Act, the Secretary of Health and Human
10 Services shall submit to the Committee on Ways and
11 Means of the House of Representatives and the Committee
12 on Finance of the Senate a report on the procedures that
13 the States use generally to locate custodial parents for
14 whom child support has been collected but not yet distrib-
15 uted. The report shall include an estimate of the total
16 amount of undistributed child support and the average
17 length of time it takes undistributed child support to be
18 distributed. To the extent the Secretary deems appro-
19 priate, the Secretary shall include in the report rec-
20 ommendations as to whether additional procedures should
21 be established at the State or Federal level to expedite
22 the payment of undistributed child support.

1 **SEC. 306. USE OF NEW HIRE INFORMATION TO ASSIST IN**
2 **ADMINISTRATION OF UNEMPLOYMENT COM-**
3 **PENSATION PROGRAMS.**

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

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

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

21 “(B) CONDITION ON DISCLOSURE.—The
22 Secretary shall make a disclosure under sub-
23 paragraph (A) only to the extent that the Sec-
24 retary determines that the disclosure would not
25 interfere with the effective operation of the pro-
26 gram under this part.

1 “(C) USE OF INFORMATION.—A State
2 agency may use information provided under this
3 paragraph only for purposes of administering a
4 program referred to in subparagraph (A).”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 subsection (a) shall take effect on October 1, 2004.

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

9 (a) IN GENERAL.—Section 452(k)(1) (42 U.S.C.
10 652(k)(1)) is amended by striking “\$5,000” and inserting
11 “\$2,500”.

12 (b) CONFORMING AMENDMENT.—Section 454(31)
13 (42 U.S.C. 654(31)) is amended by striking “\$5,000” and
14 inserting “\$2,500”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall take effect on October 1, 2004.

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

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

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

25 (2) in subsection (c)—

1 (A) in paragraph (1)—

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

5 (ii) by inserting “(whether or not a
6 minor)” after “a child” each place it ap-
7 pears; and

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

9 (b) **EFFECTIVE DATE.**—The amendments made by
10 subsection (a) shall take effect on October 1, 2005.

11 **SEC. 309. GARNISHMENT OF COMPENSATION PAID TO VET-**
12 **ERANS FOR SERVICE-CONNECTED DISABIL-**
13 **ITIES IN ORDER TO ENFORCE CHILD SUP-**
14 **PORT OBLIGATIONS.**

15 (a) **IN GENERAL.**—Section 459(h) (42 U.S.C.
16 659(h)) is amended—

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

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

21 “**(3) LIMITATIONS WITH RESPECT TO COM-**
22 **PENSATION PAID TO VETERANS FOR SERVICE-CON-**
23 **NECTED DISABILITIES.**—Notwithstanding any other
24 provision of this section:

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

4 “(i) for payment of alimony; or

5 “(ii) for payment of child support if
6 the individual is fewer than 60 days in ar-
7 rears in payment of the support.

8 “(B) Not more than 50 percent of any
9 payment of compensation described in para-
10 graph (1)(A)(ii)(V) may be withheld pursuant
11 to this section.”.

12 (b) **EFFECTIVE DATE.**—The amendments made by
13 subsection (a) shall take effect on October 1, 2005.

14 **SEC. 310. IMPROVING FEDERAL DEBT COLLECTION PRAC-**
15 **TICES.**

16 (a) **IN GENERAL.**—Section 3716(h)(3) of title 31,
17 United States Code, is amended to read as follows:

18 “(3) In applying this subsection with respect to any
19 debt owed to a State, other than past due support being
20 enforced by the State, subsection (c)(3)(A) shall not apply.
21 Subsection (c)(3)(A) shall apply with respect to past due
22 support being enforced by the State notwithstanding any
23 other provision of law, including sections 207 and
24 1631(d)(1) of the Social Security Act (42 U.S.C. 407 and
25 1383(d)(1)), section 413(b) of Public law 91–173 (30

1 U.S.C. 923(b)), and section 14 of the Act of August 29,
 2 1935 (45 U.S.C. 231m).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
 4 subsection (a) shall take effect on October 1, 2004.

5 **SEC. 311. MAINTENANCE OF TECHNICAL ASSISTANCE**
 6 **FUNDING.**

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

11 **SEC. 312. MAINTENANCE OF FEDERAL PARENT LOCATOR**
 12 **SERVICE FUNDING.**

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

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

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

20 **TITLE IV—CHILD WELFARE**

21 **SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEM-**
 22 **ONSTRATION PROJECTS.**

23 Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is
 24 amended by striking “2002” and inserting “2008”.

1 **SEC. 402. ELIMINATION OF LIMITATION ON NUMBER OF**
 2 **WAIVERS.**

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

5 **SEC. 403. ELIMINATION OF LIMITATION ON NUMBER OF**
 6 **STATES THAT MAY BE GRANTED WAIVERS TO**
 7 **CONDUCT DEMONSTRATION PROJECTS ON**
 8 **SAME TOPIC.**

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

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

20 **SEC. 404. ELIMINATION OF LIMITATION ON NUMBER OF**
 21 **WAIVERS THAT MAY BE GRANTED TO A SIN-**
 22 **GLE STATE FOR DEMONSTRATION PROJECTS.**

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

25 “(i) NO LIMIT ON NUMBER OF WAIVERS GRANTED
 26 TO, OR DEMONSTRATION PROJECTS THAT MAY BE CON-

1 ~~DUCTED BY, A SINGLE STATE.~~—The Secretary shall not
 2 impose any limit on the number of waivers that may be
 3 granted to a State, or the number of demonstration
 4 projects that a State may be authorized to conduct, under
 5 this section.”.

6 **SEC. 405. STREAMLINED PROCESS FOR CONSIDERATION OF**
 7 **AMENDMENTS TO AND EXTENSIONS OF DEM-**
 8 **ONSTRATION PROJECTS REQUIRING WAIV-**
 9 **ERS.**

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

12 “(j) **STREAMLINED PROCESS FOR CONSIDERATION**
 13 **OF AMENDMENTS AND EXTENSIONS.**—The Secretary
 14 shall develop a streamlined process for consideration of
 15 amendments and extensions proposed by States to dem-
 16 onstration projects conducted under this section.”.

17 **SEC. 406. AVAILABILITY OF REPORTS.**

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

20 “(k) **AVAILABILITY OF REPORTS.**—The Secretary
 21 shall make available to any State or other interested party
 22 any report provided to the Secretary under subsection
 23 (f)(2), and any evaluation or report made by the Secretary
 24 with respect to a demonstration project conducted under

1 this section, with a focus on information that may promote
 2 best practices and program improvements.”.

3 **SEC. 407. TECHNICAL CORRECTION.**

4 Section 1130(b)(1) (42 U.S.C. 1320a-9(b)(1)) is
 5 amended by striking “422(b)(9)” and inserting
 6 “422(b)(10)”.

7 **TITLE V—SUPPLEMENTAL**
 8 **SECURITY INCOME**

9 **SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DIS-**
 10 **ABILITY DETERMINATIONS.**

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

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

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

23 “(i) at least 20 percent of all determinations re-
 24 ferred to in paragraph (1) that are made in fiscal
 25 year 2004;

1 “(ii) at least 40 percent of all such determina-
2 tions that are made in fiscal year 2005; and

3 “(iii) at least 50 percent of all such determina-
4 tions that are made in fiscal year 2006 or thereafter.

5 “(B) In carrying out subparagraph (A), the Commis-
6 sioner of Social Security shall, to the extent feasible, select
7 for review the determinations which the Commissioner of
8 Social Security identifies as being the most likely to be
9 incorrect.”.

10 **TITLE VI—STATE AND LOCAL** 11 **FLEXIBILITY**

12 **SEC. 601. PROGRAM COORDINATION DEMONSTRATION** 13 **PROJECTS.**

14 (a) **PURPOSE.**—The purpose of this section is to es-
15 tablish a program of demonstration projects in a State or
16 portion of a State to coordinate multiple public assistance,
17 workforce development, and other programs, for the pur-
18 pose of supporting working individuals and families, help-
19 ing families escape welfare dependency, promoting child
20 well-being, or helping build stronger families, using inno-
21 vative approaches to strengthen service systems and pro-
22 vide more coordinated and effective service delivery.

23 (b) **DEFINITIONS.**—In this section:

24 (1) **ADMINISTERING SECRETARY.**—The term
25 “administering Secretary” means, with respect to a

1 qualified program, the head of the Federal agency
2 responsible for administering the program.

3 ~~(2) QUALIFIED PROGRAM.~~—The term “qualified
4 program” means—

5 (A) a program under part A of title IV of
6 the Social Security Act;

7 (B) the program under title XX of such
8 Act;

9 (C) activities funded under title I of the
10 Workforce Investment Act of 1998, except sub-
11 title C of such title;

12 (D) a demonstration project authorized
13 under section 505 of the Family Support Act of
14 1988;

15 (E) activities funded under the Wagner-
16 Peyser Act;

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

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

21 (H) activities funded under the United
22 States Housing Act of 1937 (42 U.S.C. 1437 et
23 seq.); except that such term shall not include—

1 (i) any program for rental assistance
 2 under section 8 of such Act (42 U.S.C.
 3 1437f); and

4 (ii) the program under section 7 of
 5 such Act (42 U.S.C. 1437e) for design-
 6 nating public housing for occupancy by
 7 certain populations;

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

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

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

24 (1) PROGRAMS INCLUDED.—A statement identi-
 25 fying each qualified program to be included in the

1 project, and describing how the purposes of each
2 such program will be achieved by the project.

3 ~~(2) POPULATION SERVED.~~—A statement identi-
4 fying the population to be served by the project and
5 specifying the eligibility criteria to be used.

6 ~~(3) DESCRIPTION AND JUSTIFICATION.~~—A de-
7 tailed description of the project, including—

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

13 (B) a description of the performance objec-
14 tives for the project, including any proposed
15 modifications to the performance measures and
16 reporting requirements used in the programs.

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

22 ~~(5) COST NEUTRALITY.~~—Such information and
23 assurances as necessary to establish to the satisfac-
24 tion of the administering Secretary, in consultation
25 with the Director of the Office of Management and

1 Budget, that the proposed project is reasonably ex-
 2 pected to meet the applicable cost neutrality require-
 3 ments of subsection (d)(4).

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

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

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

21 (B) any resident advisory board rec-
 22 ommendations, and other information, relating
 23 to the project that, pursuant to section
 24 5A(e)(2) of the United States Housing Act of
 25 1937 (42 U.S.C. 1437e–1(e)(2)), is required to

1 be included in the public housing agency plan of
2 any public housing agency affected by the
3 project.

4 ~~(8) OTHER INFORMATION AND ASSURANCES.—~~
5 Such other information and assurances as the ad-
6 ministering Secretary may require.

7 ~~(d) APPROVAL OF APPLICATIONS.—~~

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

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

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

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

3 ~~(2) PROVISIONS EXCLUDED FROM WAIVER AU-~~
4 ~~THORITY.—~~A waiver shall not be granted under
5 paragraph (1)—

6 (A) with respect to any provision of law re-
7 lating to—

8 (i) civil rights or prohibition of dis-
9 crimination;

10 (ii) purposes or goals of any program;

11 (iii) maintenance of effort require-
12 ments;

13 (iv) health or safety;

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

16 (vi) environmental protection;

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

19 (C) in the case of a program under the
20 United States Housing Act of 1937 (42 U.S.C.
21 1437 et seq.); with respect to any requirement
22 under section 5A of such Act (42 U.S.C.
23 1437e-1; relating to public housing agency
24 plans and resident advisory boards);

1 (D) in the case of a program under the
 2 Workforce Investment Act, with respect to any
 3 requirement the waiver of which would violate
 4 section 189(i)(4)(A)(i) of such Act;

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

9 (i) section 6 (if waiving a requirement
 10 under such section would have the effect of
 11 expanding eligibility for the program); 7(b)
 12 or 16(e) of the Food Stamp Act of 1977
 13 (7 U.S.C. 2011 et seq.); or

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

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

20 (G) if the waiver would waive any funding
 21 restriction or limitation provided in an appro-
 22 priations Act, or would have the effect of trans-
 23 ferring appropriated funds from 1 appropria-
 24 tions account to another; or

1 (H) except as otherwise provided by stat-
2 ute, if the waiver would waive any funding re-
3 striction applicable to a program authorized
4 under an Act which is not an appropriations
5 Act (but not including program requirements
6 such as application procedures, performance
7 standards, reporting requirements, or eligibility
8 standards), or would have the effect of transfer-
9 ring funds from a program for which there is
10 direct spending (as defined in section 250(c)(8)
11 of the Balanced Budget and Emergency Deficit
12 Control Act of 1985) to another program.

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

15 (A) IN GENERAL.—An applicant may not
16 conduct a demonstration project under this sec-
17 tion unless each administering Secretary with
18 respect to any program proposed to be included
19 in the project has approved the application to
20 conduct the project.

21 (B) AGREEMENT WITH RESPECT TO FUND-
22 ING AND IMPLEMENTATION.—Before approving
23 an application to conduct a demonstration
24 project under this section, an administering
25 Secretary shall have in place an agreement with

1 the applicant with respect to the payment of
2 funds and responsibilities required of the ad-
3 ministering Secretary with respect to the
4 project.

5 (4) ~~COST-NEUTRALITY REQUIREMENT.~~—

6 (A) ~~GENERAL~~ RULE.—Notwithstanding
7 any other provision of law (except subparagraph
8 (B)), the total of the amounts that may be paid
9 by the Federal Government for a fiscal year
10 with respect to the programs in the State in
11 which an entity conducting a demonstration
12 project under this section is located that are af-
13 fected by the project shall not exceed the esti-
14 mated total amount that the Federal Govern-
15 ment would have paid for the fiscal year with
16 respect to the programs if the project had not
17 been conducted, as determined by the Director
18 of the Office of Management and Budget.

19 (B) ~~SPECIAL~~ RULE.—If an applicant sub-
20 mits to the Director of the Office of Manage-
21 ment and Budget a request to apply the rules
22 of this subparagraph to the programs in the
23 State in which the applicant is located that are
24 affected by a demonstration project proposed in
25 an application submitted by the applicant pur-

1 suant to this section, during such period of not
2 more than 5 consecutive fiscal years in which
3 the project is in effect, and the Director deter-
4 mines, on the basis of supporting information
5 provided by the applicant, to grant the request,
6 then, notwithstanding any other provision of
7 law, the total of the amounts that may be paid
8 by the Federal Government for the period with
9 respect to the programs shall not exceed the es-
10 timated total amount that the Federal Govern-
11 ment would have paid for the period with re-
12 spect to the programs if the project had not
13 been conducted.

14 ~~(5) 90-DAY APPROVAL DEADLINE.—~~

15 ~~(A) IN GENERAL.—~~If an administering
16 Secretary receives an application to conduct a
17 demonstration project under this section and
18 does not disapprove the application within 90
19 days after the receipt, then—

20 (i) the administering Secretary is
21 deemed to have approved the application
22 for such period as is requested in the ap-
23 plication, except to the extent inconsistent
24 with subsection (c); and

1 (ii) any waiver requested in the appli-
 2 cation which applies to a qualified program
 3 that is identified in the application and is
 4 administered by the administering Sec-
 5 retary is deemed to be granted, except to
 6 the extent inconsistent with paragraph (2)
 7 or (4) of this subsection.

8 (B) DEADLINE EXTENDED IF ADDITIONAL
 9 INFORMATION IS SOUGHT.—The 90-day period
 10 referred to in subparagraph (A) shall not in-
 11 clude any period that begins with the date the
 12 Secretary requests the applicant to provide ad-
 13 ditional information with respect to the applica-
 14 tion and ends with the date the additional in-
 15 formation is provided.

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

19 (f) REPORTS TO CONGRESS.—

20 (1) REPORT ON DISPOSITION OF APPLICA-
 21 TIONS.—Within 90 days after an administering Sec-
 22 retary receives an application submitted pursuant to
 23 this section, the administering Secretary shall sub-
 24 mit to each Committee of the Congress which has
 25 jurisdiction over a qualified program identified in

1 the application notice of the receipt, a description
 2 of the decision of the administering Secretary with
 3 respect to the application, and the reasons for ap-
 4 proving or disapproving the application.

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

9 (A) the projects approved for each appli-
 10 cant;

11 (B) the number of waivers granted under
 12 this section, and the specific statutory provi-
 13 sions waived;

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

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

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

24 (F) to the extent the administering Sec-
 25 retary deems appropriate, recommendations for

1 modification of programs based on outcomes of
2 the projects.

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

6 (1) by redesignating paragraph (18) as para-
7 graph (19); and

8 (2) by inserting after paragraph (17) the fol-
9 lowing new paragraph:

10 “(18) PROGRAM COORDINATION DEMONSTRA-
11 TION PROJECTS.—In the case of an agency that ad-
12 ministers an activity referred to in section
13 701(b)(2)(H) of the Personal Responsibility, Work,
14 and Family Promotion Act of 2003 that, during
15 such fiscal year, will be included in a demonstration
16 project under section 701 of such Act, the informa-
17 tion that is required to be included in the application
18 for the project pursuant to paragraphs (1) through
19 (4) of section 701(b) of such Act.”.

20 **SEC. 602. STATE FOOD ASSISTANCE BLOCK GRANT DEM-**
21 **ONSTRATION PROJECT.**

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

1 **“SEC. 28. STATE FOOD ASSISTANCE BLOCK GRANT DEM-**
 2 **ONSTRATION PROJECT.**

3 “(a) **ESTABLISHMENT.**—The Secretary shall estab-
 4 lish a program to make grants to States in accordance
 5 with this section to provide—

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

8 “(2) funds to operate an employment and train-
 9 ing program under subsection (g) for needy individ-
 10 uals under the program; and

11 “(3) funds for administrative costs incurred in
 12 providing the assistance.

13 “(b) **ELECTION.**—

14 “(1) **IN GENERAL.**—A State may elect to par-
 15 ticipate in the program established under subsection
 16 (a).

17 “(2) **ELECTION REVOCABLE.**—A State that
 18 elects to participate in the program established
 19 under subsection (a) may subsequently reverse the
 20 election of the State only once thereafter. Following
 21 the reversal, the State shall only be eligible to par-
 22 ticipate in the food stamp program in accordance
 23 with the other sections of this Act and shall not re-
 24 ceive a block grant under this section.

25 “(3) **PROGRAM EXCLUSIVE.**—A State that is
 26 participating in the program established under sub-

1 section (a) shall not be subject to, or receive any
 2 benefit under, this Act except as provided in this
 3 section.

4 “(c) LEAD AGENCY.—

5 “(1) DESIGNATION.—A State desiring to par-
 6 ticipate in the program established under subsection
 7 (a) shall designate, in an application submitted to
 8 the Secretary under subsection (d)(1), an appro-
 9 priate State agency that complies with paragraph
 10 (2) to act as the lead agency for the State.

11 “(2) DUTIES.—The lead agency shall—

12 “(A) administer, either directly, through
 13 other State agencies, or through local agencies,
 14 the assistance received under this section by the
 15 State;

16 “(B) develop the State plan to be sub-
 17 mitted to the Secretary under subsection (d)(1);
 18 and

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

22 “(d) APPLICATION AND PLAN.—

23 “(1) APPLICATION.—To be eligible to receive
 24 assistance under this section, a State shall prepare
 25 and submit to the Secretary an application at such

1 time, in such manner, and containing such informa-
 2 tion as the Secretary shall by regulation require, in-
 3 cluding—

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

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

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

11 “(2) REQUIREMENTS OF PLAN.—

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

14 “(B) USE OF BLOCK GRANT FUNDS.—The
 15 State plan shall provide that the State shall use
 16 the amounts provided to the State for each fis-
 17 cal year under this section—

18 “(i) to provide food assistance to
 19 needy individuals and families residing in
 20 the State, other than residents of institu-
 21 tions who are ineligible for food stamps
 22 under section 3(i);

23 “(ii) to administer an employment
 24 and training program under subsection (g)
 25 for needy individuals under the program

1 and to provide reimbursements to needy
2 individuals and families as would be al-
3 lowed under section 16(h)(3); and

4 “(iii) to pay administrative costs in-
5 curred in providing the assistance.

6 “(C) ASSISTANCE FOR ENTIRE STATE.—

7 The State plan shall provide that benefits under
8 this section shall be available throughout the
9 entire State.

10 “(D) NOTICE AND HEARINGS.—The State

11 plan shall provide that an individual or family
12 who applies for, or receives, assistance under
13 this section shall be provided with notice of, and
14 an opportunity for a hearing on, any action
15 under this section that adversely affects the in-
16 dividual or family.

17 “(E) OTHER ASSISTANCE.—

18 “(i) COORDINATION.—The State plan
19 may coordinate assistance received under
20 this section with assistance provided under
21 the State program funded under part A of
22 title IV of the Social Security Act (42
23 U.S.C. 601 et seq.).

24 “(ii) PENALTIES.—If an individual or
25 family is penalized for violating part A of

1 title IV of the Act, the State plan may re-
 2 duce the amount of assistance provided
 3 under this section or otherwise penalize the
 4 individual or family.

5 “(F) ELIGIBILITY LIMITATIONS.—The
 6 State plan shall describe the income and re-
 7 source eligibility limitations that are established
 8 for the receipt of assistance under this section.

9 “(G) RECEIVING BENEFITS IN MORE THAN
 10 1 JURISDICTION.—The State plan shall estab-
 11 lish a system to verify and otherwise ensure
 12 that no individual or family shall receive bene-
 13 fits under this section in more than 1 jurisdic-
 14 tion within the State.

15 “(H) PRIVACY.—The State plan shall pro-
 16 vide for safeguarding and restricting the use
 17 and disclosure of information about any indi-
 18 vidual or family receiving assistance under this
 19 section.

20 “(I) OTHER INFORMATION.—The State
 21 plan shall contain such other information as
 22 may be required by the Secretary.

23 “(3) APPROVAL OF APPLICATION AND PLAN.—
 24 During fiscal years 2004 through 2008, the Sec-
 25 retary may approve the applications and State plans

1 that satisfy the requirements of this section of not
 2 more than 5 States for a term of not more than 5
 3 years.

4 “(e) CONSTRUCTION OF FACILITIES.—No funds
 5 made available under this section shall be expended for
 6 the purchase or improvement of land, or for the purchase,
 7 construction, or permanent improvement of any building
 8 or facility.

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

15 “(g) EMPLOYMENT AND TRAINING.—Each State
 16 shall implement an employment and training program for
 17 needy individuals under the program.

18 “(h) ENFORCEMENT.—

19 “(1) REVIEW OF COMPLIANCE WITH STATE
 20 PLAN.—The Secretary shall review and monitor
 21 State compliance with this section and the State
 22 plan approved under subsection (d)(3).

23 “(2) NONCOMPLIANCE.—

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

4 “(i) there has been a failure by the
5 State to comply substantially with any pro-
6 vision or requirement set forth in the State
7 plan approved under subsection (d)(2); or

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

23 “(B) OTHER SANCTIONS.—In the case of a
24 finding of noncompliance made pursuant to
25 subparagraph (A), the Secretary may, in addi-

tion to, or in lieu of, imposing the sanctions described in subparagraph (A), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

“(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

“(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

“(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

“(B) imposing sanctions under this section.

“(i) PAYMENTS.—

“(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (d)(3) an amount that is equal to the allotment of the State under subsection (1)(2) for the fiscal year.

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

7 “(3) SPENDING OF FUNDS BY STATE.—

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

13 “(B) CARRYOVER.—The State may reserve
 14 up to 10 percent of an allotment under sub-
 15 section (1)(2) for a fiscal year to provide assist-
 16 ance under this section in subsequent fiscal
 17 years, except that the reserved funds may not
 18 exceed 30 percent of the total allotment re-
 19 ceived under this section for a fiscal year.

20 “(4) PROVISION OF FOOD ASSISTANCE.—A
 21 State may provide food assistance under this section
 22 in any manner determined appropriate by the State
 23 to provide food assistance to needy individuals and
 24 families in the State, such as electronic benefits
 25 transfer limited to food purchases, coupons limited

1 to food purchases, or direct provision of commod-
 2 ities.

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

7 ~~“(j) AUDITS.—~~

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

12 ~~“(2) INDEPENDENT AUDITOR.—~~An audit under
 13 this section shall be conducted by an entity that is
 14 independent of any agency administering activities
 15 that receive assistance under this section and be in
 16 accordance with generally accepted auditing prin-
 17 ciples.

18 ~~“(3) PAYMENT ACCURACY.—~~Each annual audit
 19 under this section shall include an audit of payment
 20 accuracy under this section that shall be based on a
 21 statistically valid sample of the caseload in the
 22 State.

23 ~~“(4) SUBMISSION.—~~Not later than 30 days
 24 after the completion of an audit under this section,

1 the State shall submit a copy of the audit to the
2 legislature of the State and to the Secretary.

3 ~~“(5) REPAYMENT OF AMOUNTS.—~~Each State
4 shall repay to the United States any amounts deter-
5 mined through an audit under this section to have
6 not been expended in accordance with this section or
7 to have not been expended in accordance with the
8 State plan, or the Secretary may offset the amounts
9 against any other amount paid to the State under
10 this section.

11 ~~“(k) NONDISCRIMINATION.—~~

12 ~~“(1) IN GENERAL.—~~The Secretary shall not
13 provide financial assistance for any program,
14 project, or activity under this section if any person
15 with responsibilities for the operation of the pro-
16 gram, project, or activity discriminates with respect
17 to the program, project, or activity because of race,
18 religion, color, national origin, sex, or disability.

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

23 ~~“(l) ALLOTMENTS.—~~

24 ~~“(1) DEFINITION OF STATE.—~~In this section,
25 the term ‘State’ means each of the 50 States, the

1 District of Columbia, Guam, and the Virgin Islands
2 of the United States.

3 ~~“(2) STATE ALLOTMENT.—~~

4 ~~“(A) IN GENERAL.—Except as provided in~~
5 ~~subparagraph (B), from the amounts made~~
6 ~~available under section 18 of this Act for each~~
7 ~~fiscal year, the Secretary shall allot to each~~
8 ~~State participating in the program established~~
9 ~~under subsection (a) an amount that is equal to~~
10 ~~the sum of—~~

11 ~~“(i) the greater of, as determined by~~
12 ~~the Secretary—~~

13 ~~“(I) the total dollar value of all~~
14 ~~benefits issued under the food stamp~~
15 ~~program established under this Act by~~
16 ~~the State during fiscal year 2003; or~~

17 ~~“(II) the average per fiscal year~~
18 ~~of the total dollar value of all benefits~~
19 ~~issued under the food stamp program~~
20 ~~by the State during each of fiscal~~
21 ~~years 2001 through 2003; and~~

22 ~~“(ii) the greater of, as determined by~~
23 ~~the Secretary—~~

24 ~~“(I) the total amount received by~~
25 ~~the State for administrative costs and~~

1 the employment and training program
2 under subsections (a) and (h), respec-
3 tively, of section 16 of this Act for fis-
4 cal year 2003; or

5 “(II) the average per fiscal year
6 of the total amount received by the
7 State for administrative costs and the
8 employment and training program
9 under subsections (a) and (h), respec-
10 tively, of section 16 of this Act for
11 each of fiscal years 2001 through
12 2003.

13 “(B) INSUFFICIENT FUNDS.—If the Sec-
14 retary finds that the total amount of allotments
15 to which States would otherwise be entitled for
16 a fiscal year under subparagraph (A) will ex-
17 ceed the amount of funds that will be made
18 available to provide the allotments for the fiscal
19 year, the Secretary shall reduce the allotments
20 made to States under this subsection, on a pro
21 rata basis, to the extent necessary to allot
22 under this subsection a total amount that is
23 equal to the funds that will be made available.”.

TITLE VII—ABSTINENCE EDUCATION

SEC. 701. EXTENSION OF ABSTINENCE EDUCATION PROGRAM.

(a) EXTENSION OF APPROPRIATIONS.—Section 510(d) (42 U.S.C. 710(d)) is amended by striking “2002” and inserting “2008”.

(b) ALLOTMENT OF FUNDS.—Section 510(a) (42 U.S.C. 710(a)) is amended—

(1) in the matter preceding paragraph (1), by striking “an application for the fiscal year under section 505(a)” and inserting “, for the fiscal year, an application under section 505(a), and an application under this section (in such form and meeting such terms and conditions as determined appropriate by the Secretary),”; and

(2) in paragraph (2), to read as follows:

“(2) the percentage that would be determined for the State under section 502(c)(1)(B)(ii) if the calculation under such section took into consideration only those States that transmitted both such applications for such fiscal year.”.

(c) REALLOTMENT OF FUNDS.—Section 510 (42 U.S.C. 710(a)) is amended by adding at the end the following new subsection:

1 “(c)(1) With respect to allotments under subsection
2 (a) for fiscal year 2004 and subsequent fiscal years, the
3 amount of any allotment to a State for a fiscal year that
4 the Secretary determines will not be required to carry out
5 a program under this section during such fiscal year or
6 the succeeding fiscal year shall be available for reallocation
7 from time to time during such fiscal years on such dates
8 as the Secretary may fix, to other States that the Sec-
9 retary determines—

10 “(A) require amounts in excess of amounts pre-
11 viously allotted under subsection (a) to carry out a
12 program under this section; and

13 “(B) will use such excess amounts during such
14 fiscal years.

15 “(2) Reallocations under paragraph (1) shall be made
16 on the basis of such States’ applications under this sec-
17 tion, after taking into consideration the population of low-
18 income children in each such State as compared with the
19 population of low-income children in all such States with
20 respect to which a determination under paragraph (1) has
21 been made by the Secretary.

22 “(3) Any amount reallocated under paragraph (1) to
23 a State is deemed to be part of its allotment under sub-
24 section (a).”.

1 (d) **EFFECTIVE DATE.**—The amendments made by
 2 this section shall be effective with respect to the program
 3 under section 510 for fiscal years 2004 and succeeding
 4 fiscal years.

5 **TITLE VIII—TRANSITIONAL**
 6 **MEDICAL ASSISTANCE**

7 **SEC. 801. EXTENSION OF MEDICAID TRANSITIONAL MED-**
 8 **ICAL ASSISTANCE PROGRAM THROUGH FIS-**
 9 **CAL YEAR 2004.**

10 (a) **IN GENERAL.**—Section 1925(f) (42 U.S.C.
 11 1396r-6(f)) is amended by striking “2002” and inserting
 12 “2004”.

13 (b) **CONFORMING AMENDMENT.**—Section
 14 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by
 15 striking “September 30, 2002” and inserting “the last
 16 date (if any) on which section 1925 applies under sub-
 17 section (f) of that section”.

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

20 **SEC. 802. ADJUSTMENT TO PAYMENTS FOR MEDICAID AD-**
 21 **MINISTRATIVE COSTS TO PREVENT DUPLICA-**
 22 **TIVE PAYMENTS AND TO FUND EXTENSION**
 23 **OF TRANSITIONAL MEDICAL ASSISTANCE.**

24 Section 1903 (42 U.S.C. 1396b) is amended—

1 (1) in subsection (a)(7), by striking “section
2 1919(g)(3)(B)” and inserting “subsection (x) and
3 section 1919(g)(3)(C)”; and

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

5 “(x) ADJUSTMENTS TO PAYMENTS FOR ADMINISTRA-
6 TIVE COSTS TO FUND EXTENSION OF TRANSITIONAL
7 MEDICAL ASSISTANCE.—

8 “(1) REDUCTIONS IN PAYMENTS FOR ADMINIS-
9 TRATIVE COSTS.—Effective for each calendar quar-
10 ter in fiscal year 2004 and fiscal year 2005, the Sec-
11 retary shall reduce the amount paid under sub-
12 section (a)(7) to each State by an amount equal to
13 45 percent for fiscal year 2004, and 80 percent for
14 fiscal year 2005, of one-quarter of the annualized
15 amount determined for the medicaid program under
16 section 16(k)(2)(B) of the Food Stamp Act of 1977
17 (7 U.S.C. 2025(k)(2)(B)).

18 “(2) ALLOCATION OF ADMINISTRATIVE
19 COSTS.—None of the funds or expenditures de-
20 scribed in section 16(k)(5)(B) of the Food Stamp
21 Act of 1977 (7 U.S.C. 2025(k)(5)(B)) may be used
22 to pay for costs—

23 “(A) eligible for reimbursement under sub-
24 section (a)(7) (or costs that would have been el-

1 igible for reimbursement but for this sub-
2 section); and

3 “(B) allocated for reimbursement to the
4 program under this title under a plan submitted
5 by a State to the Secretary to allocate adminis-
6 trative costs for public assistance programs;
7 except that, for purposes of subparagraph (A), the
8 reference in clause (iii) of that section to ‘subsection
9 (a)’ is deemed a reference to subsection (a)(7) and
10 clause (iv)(II) of that section shall be applied as if
11 ‘medicaid program’ were substituted for ‘food stamp
12 program’.”.

13 **TITLE IX—EFFECTIVE DATE**

14 **SEC. 901. EFFECTIVE DATE.**

15 (a) **IN GENERAL.**—Except as otherwise provided, the
16 amendments made by this Act shall take effect on the date
17 of the enactment of this Act.

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

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

7 **SECTION 1. SHORT TITLE.**

8 *This Act may be cited as the “Personal Responsibility*
 9 *and Individual Development for Everyone Act” or the*
 10 *“PRIDE Act”.*

11 **SEC. 2. TABLE OF CONTENTS.**

12 *The table of contents of this Act is as follows:*

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. References.

TITLE I—TANF

Sec. 101. State plan.

Sec. 102. Family assistance grants.

Sec. 103. Promotion of family formation and healthy marriage.

Sec. 104. Supplemental grant for population increases in certain States.

Sec. 105. Bonus to reward employment achievement.

Sec. 106. Contingency fund.

Sec. 107. Use of funds.

Sec. 108. Repeal of Federal loan for State welfare programs.

Sec. 109. Work participation requirements.

Sec. 110. Universal engagement and family self-sufficiency plan requirements;
other prohibitions and requirements.

Sec. 111. Penalties.

Sec. 112. Data collection and reporting.

Sec. 113. Direct funding and administration by Indian tribes.

Sec. 114. Research, evaluations, and national studies.

Sec. 115. Study by the Census Bureau.

Sec. 116. Funding for child care.

Sec. 117. Definitions.

Sec. 118. Responsible fatherhood program.

Sec. 119. Additional grants.

Sec. 120. Technical corrections.

TITLE II—ABSTINENCE EDUCATION

Sec. 201. Extension of abstinence education program.

TITLE III—CHILD SUPPORT

Sec. 301. Distribution of child support collected by States on behalf of children receiving certain welfare benefits.

Sec. 302. Mandatory review and adjustment of child support orders for families receiving TANF.

Sec. 303. Report on undistributed child support payments.

Sec. 304. Use of new hire information to assist in administration of unemployment compensation programs.

Sec. 305. Decrease in amount of child support arrearage triggering passport denial.

Sec. 306. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.

Sec. 307. Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce obligations.

Sec. 308. Improving Federal debt collection practices.

Sec. 309. Maintenance of technical assistance funding.

Sec. 310. Maintenance of Federal parent locator service funding.

Sec. 311. Identification and seizure of assets held by multistate financial institutions.

Sec. 312. Information comparisons with insurance data.

Sec. 313. Tribal access to the Federal parent locator service.

Sec. 314. Reimbursement of Secretary's costs of information comparisons and disclosure for enforcement of obligations on Higher Education Act loans and grants.

Sec. 315. Technical amendment relating to cooperative agreements between States and Indian tribes.

Sec. 316. Claims upon longshore and harbor workers' compensation for child support.

Sec. 317. State option to use statewide automated data processing and information retrieval system for interstate cases.

Sec. 318. Interception of gambling winnings for child support.

Sec. 319. State law requirement concerning the Uniform Interstate Family Support Act (UIFSA).

Sec. 320. Grants to States for access and visitation programs.

Sec. 321. Timing of corrective action year for State noncompliance with child support enforcement program requirements.

TITLE IV—CHILD WELFARE

Sec. 401. Extension of authority to approve demonstration projects.

Sec. 402. Removal of Commonwealth of Puerto Rico foster care funds from limitation on payments.

Sec. 403. Technical correction.

TITLE V—SUPPLEMENTAL SECURITY INCOME

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

TITLE VI—TRANSITIONAL MEDICAL ASSISTANCE

Sec. 601. Extension and simplification of the transitional medical assistance program (TMA).

Sec. 602. Prohibition against covering childless adults with SCHIP funds.

TITLE VII—EFFECTIVE DATE

Sec. 701. Effective date.

1 SEC. 3. REFERENCES.

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

7 TITLE I—TANF

8 SEC. 101. STATE PLAN.

9 *(a) PERFORMANCE IMPROVEMENT.—Section 402(a)*
 10 *(42 U.S.C. 602(a)) is amended—*

11 *(1) in paragraph (1)—*

12 *(A) in subparagraph (A)—*

13 *(i) by redesignating clause (vi) as*
 14 *clause (vii); and*

15 *(ii) by striking clause (v) and insert-*
 16 *ing the following:*

17 *“(v) Establish specific measurable per-*
 18 *formance objectives for pursuing the pur-*
 19 *poses of the program under this part as de-*
 20 *scribed in section 401(a), including by—*

21 *“(I) establishing objectives con-*
 22 *sistent (as determined by the State)*
 23 *with the criteria used by the Secretary*

1 *in establishing performance targets*
2 *under section 403(a)(4)(C) (including*
3 *with respect to workplace attachment*
4 *and advancement), and with such ad-*
5 *ditional criteria related to other pur-*
6 *poses of the program under this part*
7 *as described in section 401(a) as the*
8 *Secretary, in consultation with the Na-*
9 *tional Governors' Association and the*
10 *American Public Human Services As-*
11 *sociation, shall establish; and*

12 *“(II) describing the methodology*
13 *that the State will use to measure*
14 *State performance in relation to each*
15 *such objective.*

16 *“(vi) Describe any strategies and pro-*
17 *grams the State plans to use to address—*

18 *“(I) employment retention and*
19 *advancement for recipients of assist-*
20 *ance under the program, including*
21 *placement into high-demand jobs, and*
22 *whether the jobs are identified using*
23 *labor market information;*

24 *“(II) efforts to reduce teen preg-*
25 *nancy;*

1 “(III) services for struggling and
2 noncompliant families, and for clients
3 with special problems; and

4 “(IV) program integration, in-
5 cluding the extent to which employ-
6 ment and training services under the
7 program are provided through the One-
8 Stop delivery system created under the
9 Workforce Investment Act of 1998, and
10 the extent to which former recipients of
11 such assistance have access to addi-
12 tional core, intensive, or training serv-
13 ices funded through such Act.”; and

14 (B) in subparagraph (B)—

15 (i) by striking clauses (i) and (iv);

16 (ii) by redesignating clauses (ii) and
17 (iii) as clauses (i) and (ii), respectively;
18 and

19 (iii) by inserting after clause (ii) (as
20 so redesignated by clause (ii)) the following:

21 “(iii) If the State is undertaking any
22 strategies or programs to engage faith-based
23 organizations in the provision of services
24 funded under this part, or that otherwise re-
25 late to section 104 of the Personal Responsi-

1 *bility and Work Opportunity Reconciliation*
 2 *Act of 1996, the document shall describe*
 3 *such strategies and programs.*

4 “(iv) *The document shall describe*
 5 *strategies to improve program management*
 6 *and performance.*

7 “(v) *The document shall include a per-*
 8 *formance report which details State*
 9 *progress toward full engagement for all*
 10 *adult or minor child head of household re-*
 11 *cipients of assistance.”;*

12 (2) *in paragraph (4), by inserting “and tribal”*
 13 *after “that local”; and*

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

15 “(8) *CERTIFICATION OF CONSULTATION ON PRO-*
 16 *VISION OF TRANSPORTATION AID.—In the case of a*
 17 *State that provides transportation aid under the*
 18 *State program, a certification by the chief executive*
 19 *officer of the State that State and local transportation*
 20 *agencies and planning bodies have been consulted in*
 21 *the development of the plan.”.*

22 (b) *PROCEDURES FOR SUBMITTING AND AMENDING*
 23 *STATE PLANS.—*

24 (1) *IN GENERAL.—Subsection (b) of section 402*
 25 *(42 U.S.C. 602(b)) is amended to read as follows:*

1 “(b) *PROCEDURES FOR SUBMITTING AND AMENDING*
2 *STATE PLANS.*—

3 “(1) *STANDARD STATE PLAN FORMAT.*—*The Sec-*
4 *retary shall, after notice and public comment, develop*
5 *a proposed Standard State Plan Form to be used by*
6 *States under subsection (a). Such form shall be final-*
7 *ized by the Secretary for use by States not later than*
8 *9 months after the date of enactment of the Personal*
9 *Responsibility and Individual Development for Ev-*
10 *eryone Act.*

11 “(2) *REQUIREMENT FOR COMPLETED PLAN*
12 *USING STANDARD STATE PLAN FORMAT BY FISCAL*
13 *YEAR 2005.*—*Notwithstanding any other provision of*
14 *law, each State shall submit a complete State plan,*
15 *using the Standard State Plan Form developed under*
16 *paragraph (1), not later than October 1, 2004.*

17 “(3) *PUBLIC NOTICE AND COMMENT.*—*Prior to*
18 *submitting a State plan to the Secretary under this*
19 *section, the State shall—*

20 “(A) *make the proposed State plan avail-*
21 *able to the public through an appropriate State*
22 *maintained Internet website and through other*
23 *means as the State determines appropriate;*

24 “(B) *allow for a reasonable public comment*
25 *period of not less than 45 days; and*

1 “(C) make comments received concerning
 2 such plan or, at the discretion of the State, a
 3 summary of the comments received available to
 4 the public through such website and through
 5 other means as the State determines appropriate.

6 “(4) *PUBLIC AVAILABILITY OF STATE PLAN.*—A
 7 State shall ensure that the State plan that is in effect
 8 for any fiscal year is available to the public through
 9 an appropriate State maintained Internet website
 10 and through other means as the State determines ap-
 11 propriate.

12 “(5) *AMENDING THE STATE PLAN.*—A State shall
 13 file an amendment to the State plan with the Sec-
 14 retary if the State determines that there has been a
 15 material change in any information required to be
 16 included in the State plan or any other information
 17 that the State has included in the plan, including
 18 substantial changes in the use of funding. Prior to
 19 submitting an amendment to the State plan to the
 20 Secretary, the State shall—

21 “(A) make the proposed amendment avail-
 22 able to the public as provided for in paragraph
 23 (3)(A);

24 “(B) allow for a reasonable public comment
 25 period of not less than 45 days; and

1 “(C) *make the comments available as pro-*
2 *vided for in paragraph (3)(C).*”.

3 (2) *CONFORMING AMENDMENT.*—Section 402 (42
4 U.S.C. 602) *is amended by striking subsection (c).*

5 (c) *CONSULTATION WITH STATE REGARDING PLAN*
6 *AND DESIGN OF TRIBAL PROGRAMS.*—Section 412(b)(1)
7 (42 U.S.C. 612(b)(1)) *is amended—*

8 (1) *in subparagraph (E), by striking “and” at*
9 *the end;*

10 (2) *in subparagraph (F), by striking the period*
11 *at the end and inserting “; and”; and*

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

13 “(G) *provides an assurance that the State*
14 *in which the tribe is located has been consulted*
15 *regarding the plan and its design.*”.

16 (d) *PERFORMANCE MEASURES.*—Section 413 (42
17 U.S.C. 613) *is amended by adding at the end the following:*

18 “(k) *PERFORMANCE IMPROVEMENT.*—*The Secretary,*
19 *in consultation with the States, shall develop uniform per-*
20 *formance measures designed to assess the degree of effective-*
21 *ness, and the degree of improvement, of State programs*
22 *funded under this part in accomplishing the purposes of*
23 *this part.*”.

24 (e) *ANNUAL RANKING OF STATES.*—Section 413(d)(1)
25 (42 U.S.C. 613(d)(1)) *is amended to read as follows:*

1 “(1) *ANNUAL RANKING OF STATES.*—

2 “(A) *IN GENERAL.*—*The Secretary shall*
 3 *rank annually the States to which grants are*
 4 *paid under section 403 in the order of their suc-*
 5 *cess in—*

6 “(i) *placing recipients of assistance*
 7 *under the State program funded under this*
 8 *part into private sector jobs;*

9 “(ii) *the success of the recipients in re-*
 10 *taining employment;*

11 “(iii) *the ability of the recipients to in-*
 12 *crease their wages;*

13 “(iv) *the degree to which recipients*
 14 *have workplace attachment and advance-*
 15 *ment;*

16 “(v) *reducing the overall welfare case-*
 17 *load; and*

18 “(vi) *when a practicable method for*
 19 *calculating this information becomes avail-*
 20 *able, diverting individuals from formally*
 21 *applying to the State program and receiv-*
 22 *ing assistance.*

23 “(B) *CONSIDERATION OF OTHER FAC-*
 24 *TORS.*—*In ranking States under this paragraph,*
 25 *the Secretary shall take into account the average*

1 *number of minor children living at home in fam-*
 2 *ilies in the State that have incomes below the*
 3 *poverty line and the amount of funding provided*
 4 *each State under this part for such families.”.*

5 **SEC. 102. FAMILY ASSISTANCE GRANTS.**

6 (a) *EXTENSION OF AUTHORITY.*—Section 403(a)(1)
 7 (42 U.S.C. 603(a)(1)(A)), as amended by section 3(a) of
 8 the Welfare Reform Extension Act of 2003 (Public Law
 9 108–040, 117 Stat. 836), is amended—

10 (1) *in subparagraph (A)—*

11 (A) *by striking “1996, 1997, 1998, 1999,*
 12 *2000, 2001, 2002, and 2003” and inserting*
 13 *“2004 through 2008”; and*

14 (B) *by inserting “payable to the State for*
 15 *the fiscal year” before the period; and*

16 (2) *in subparagraph (C), by striking “for fiscal*
 17 *year 2003” and all that follows through the period,*
 18 *and inserting “for each of fiscal years 2004 through*
 19 *2008, \$16,566,542,000 for grants under this para-*
 20 *graph.”.*

21 (b) *MATCHING GRANTS FOR THE TERRITORIES.*—Sec-
 22 tion 1108(b)(2) (42 U.S.C. 1308(b)(2)), as amended by sec-
 23 tion 3(b) of the Welfare Reform Extension Act of 2003 (Pub-
 24 lic Law 108–040, 117 Stat. 836), is amended by striking
 25 “1997 through 2003” and inserting “2004 through 2008”.

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

3 (a) *STATE PLANS.*—Section 402(a)(1)(A) (42 U.S.C.
 4 602(a)(1)(A)), as amended by section 101(a), is amended
 5 by adding at the end the following:

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

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

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

15 “(A) *AUTHORITY.*—

16 “(i) *IN GENERAL.*—*The Secretary shall*
 17 *award competitive grants to States, terri-*
 18 *tories, and Indian tribes and tribal organi-*
 19 *zations for not more than 50 percent of the*
 20 *cost of developing and implementing inno-*
 21 *vative programs to promote and support*
 22 *healthy 2-parent married families.*

23 “(ii) *USE OF OTHER TANF FUNDS.*—*A*
 24 *State or Indian tribe with an approved*
 25 *tribal family assistance plan may use funds*
 26 *provided under other grants made under*

1 *this part for all or part of the expenditures*
2 *incurred for the remainder of the costs de-*
3 *scribed in clause (i). In the case of a State,*
4 *any such funds expended shall not be con-*
5 *sidered qualified State expenditures for pur-*
6 *poses of section 409(a)(7).*

7 “(B) *HEALTHY MARRIAGE PROMOTION AC-*
8 *TIVITIES.—Funds provided under subparagraph*
9 *(A) shall be used to support any of the following*
10 *programs or activities:*

11 “(i) *Public advertising campaigns on*
12 *the value of marriage and the skills needed*
13 *to increase marital stability and health.*

14 “(ii) *Education in high schools on the*
15 *value of marriage, relationship skills, and*
16 *budgeting.*

17 “(iii) *Marriage education, marriage*
18 *skills, and relationship skills programs, that*
19 *may include parenting skills, financial*
20 *management, conflict resolution, and job*
21 *and career advancement, for non-married*
22 *pregnant women, non-married expectant fa-*
23 *thers, and non-married recent parents.*

24 “(iv) *Pre-marital education and mar-*
25 *riage skills training for engaged couples and*

1 *for couples or individuals interested in*
2 *marriage.*

3 “(v) *Marriage enhancement and mar-*
4 *riage skills training programs for married*
5 *couples.*

6 “(vi) *Divorce reduction programs that*
7 *teach relationship skills.*

8 “(vii) *Marriage mentoring programs*
9 *which use married couples as role models*
10 *and mentors.*

11 “(viii) *Programs to reduce the dis-*
12 *incentives to marriage in means-tested aid*
13 *programs, if offered in conjunction with*
14 *any activity described in this subpara-*
15 *graph.*

16 “(C) *VOLUNTARY PARTICIPATION.—Partici-*
17 *pation in programs or activities described in*
18 *any of clauses (iii) through (vii) shall be vol-*
19 *untary.*

20 “(D) *GENERAL RULES GOVERNING USE OF*
21 *FUNDS.—The rules of section 404, other than*
22 *subsection (b) of that section, shall not apply to*
23 *a grant made under this paragraph.*

24 “(E) *REQUIREMENTS FOR RECEIPT OF*
25 *FUNDS.—A State, territory, or Indian tribe or*

1 *tribal organization may not be awarded a grant*
2 *under this paragraph unless the State, territory,*
3 *Indian tribe or tribal organization, as a condi-*
4 *tion of receiving funds under such a grant—*

5 *“(i) consults with experts in domestic*
6 *violence or with relevant community domes-*
7 *tic violence coalitions in developing such*
8 *programs or activities; and*

9 *“(ii) describes in the application for a*
10 *grant under this paragraph—*

11 *“(I) how the programs or activi-*
12 *ties proposed to be conducted will ad-*
13 *dress, as appropriate, issues of domes-*
14 *tic violence; and*

15 *“(II) what the State, territory, or*
16 *Indian tribe or tribal organization,*
17 *will do, to the extent relevant, to en-*
18 *sure that participation in such pro-*
19 *grams or activities is voluntary, and to*
20 *inform potential participants that*
21 *their involvement is voluntary.*

22 *“(F) APPROPRIATION.—*

23 *“(i) IN GENERAL.—Out of any money*
24 *in the Treasury of the United States not*
25 *otherwise appropriated, there are appro-*

1 *priated for each of fiscal years 2004 through*
 2 *2008, \$100,000,000 for grants under this*
 3 *paragraph.*

4 “(ii) *EXTENDED AVAILABILITY OF*
 5 *FUNDS.—*

6 “(I) *IN GENERAL.—Funds appro-*
 7 *priated under clause (i) for each of fis-*
 8 *cal years 2004 through 2008 shall re-*
 9 *main available to the Secretary until*
 10 *expended.*

11 “(II) *AUTHORITY FOR GRANT RE-*
 12 *CIPIENTS.—A State, territory, or In-*
 13 *dian tribe or tribal organization may*
 14 *use funds made available under a*
 15 *grant awarded under this paragraph*
 16 *without fiscal year limitation pursu-*
 17 *ant to the terms of the grant.”.*

18 (c) *COUNTING OF SPENDING ON NON-ELIGIBLE FAMI-*
 19 *LIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-*
 20 *WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY 2-PARENT MARRIED FAMILIES, OR*
 21 *ENCOURAGE RESPONSIBLE FATHERHOOD.—Section*
 22 *409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by*
 23 *adding at the end the following:*
 24

1 “(V) COUNTING OF SPENDING ON
 2 NON-ELIGIBLE FAMILIES TO PREVENT
 3 AND REDUCE INCIDENCE OF OUT-OF-
 4 WEDLOCK BIRTHS, ENCOURAGE FORMA-
 5 TION AND MAINTENANCE OF HEALTHY
 6 2-PARENT MARRIED FAMILIES, OR EN-
 7 COURAGE RESPONSIBLE FATHER-
 8 HOOD.—Subject to subclauses (II) and
 9 (III), the term ‘qualified State expend-
 10 itures’ includes the total expenditures
 11 by the State during the fiscal year
 12 under all State programs for a purpose
 13 described in paragraph (3) or (4) of
 14 section 401(a).”.

15 (d) PURPOSES.—Section 401(a)(4) (42 U.S.C.
 16 601(a)(4)) is amended by striking “two-parent families”
 17 and inserting “healthy 2-parent married families, and en-
 18 courage responsible fatherhood”.

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

21 Section 403(a)(3)(H) (42 U.S.C. 603(a)(3)(H)), as
 22 amended by section 3(d) of the Welfare Reform Extension
 23 Act of 2003 (Public Law 108–040), 117 Stat. 837), is
 24 amended—

1 (1) in clause (i), by striking “2002 and 2003”
2 and inserting “2004 through 2007”;

3 (2) in clause (ii), by striking “2003” and insert-
4 ing “2007”; and

5 (3) in clause (iii), by striking “2002 and 2003”
6 and inserting “2004 through 2007”.

7 **SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.**

8 (a) *BONUS TO REWARD EMPLOYMENT ACHIEVE-*
9 *MENT.*—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amend-
10 *ed to read as follows:*

11 “(4) *BONUS TO REWARD EMPLOYMENT ACHIEVE-*
12 *MENT.*—

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

17 “(B) *AMOUNT OF GRANT.*—

18 “(i) *IN GENERAL.*—Subject to clause
19 (ii), the Secretary shall determine the
20 amount of the grant payable under this
21 paragraph to an employment achievement
22 State for a bonus year, which shall be based
23 on the performance of the State as deter-
24 mined under subparagraph (D)(i) for the

1 *fiscal year that immediately precedes the*
2 *bonus year.*

3 “(ii) *LIMITATION.—The amount pay-*
4 *able to a State under this paragraph for a*
5 *bonus year shall not exceed 5 percent of the*
6 *State family assistance grant.*

7 “(C) *FORMULA FOR MEASURING STATE PER-*
8 *FORMANCE.—*

9 “(i) *IN GENERAL.—Subject to clause*
10 *(ii), not later than October 1, 2004, the Sec-*
11 *retary, in consultation with the States, shall*
12 *develop a formula for measuring State per-*
13 *formance in operating the State program*
14 *funded under this part so as to achieve the*
15 *goals of employment entry, job retention,*
16 *increased earnings from employment, and*
17 *workplace attachment and advancement for*
18 *families receiving assistance under the pro-*
19 *gram, as measured on an absolute basis and*
20 *on the basis of improvement in State per-*
21 *formance.*

22 “(ii) *SPECIAL RULE FOR BONUS YEARS*
23 *2004 AND 2005.—For the purposes of award-*
24 *ing a bonus under this paragraph for bonus*
25 *year 2004 or 2005, the Secretary may*

1 *measure the performance of a State in fiscal*
 2 *year 2003 or 2004 (as the case may be)*
 3 *using the job entry rate, job retention rate,*
 4 *and earnings gain rate components of the*
 5 *formula developed under section*
 6 *403(a)(4)(C) as in effect immediately before*
 7 *the effective date of this paragraph.*

8 “(D) *DETERMINATION OF STATE PERFORM-*
 9 *ANCE.—For each bonus year, the Secretary*
 10 *shall—*

11 “(i) *use the formula developed under*
 12 *subparagraph (C) to determine the perform-*
 13 *ance of each eligible State for the fiscal year*
 14 *that precedes the bonus year; and*

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

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

21 “(II) *the total amount of grants to*
 22 *be made under this paragraph for all*
 23 *bonus years equals \$600,000,000.*

24 “(E) *DEFINITIONS.—In this paragraph:*

1 “(i) *BONUS YEAR.*—*The term ‘bonus*
 2 *year’ means each of fiscal years 2004*
 3 *through 2009.*

4 “(ii) *EMPLOYMENT ACHIEVEMENT*
 5 *STATE.*—*The term ‘employment achievement*
 6 *State’ means, with respect to a bonus year,*
 7 *an eligible State whose performance deter-*
 8 *mined pursuant to subparagraph (D)(i) for*
 9 *the fiscal year preceding the bonus year*
 10 *equals or exceeds the performance standards*
 11 *prescribed under subparagraph (D)(ii) for*
 12 *such preceding fiscal year.*

13 “(F) *APPROPRIATION.*—*Out of any money*
 14 *in the Treasury of the United States not other-*
 15 *wise appropriated, there are appropriated for the*
 16 *period of fiscal years 2004 through 2009,*
 17 *\$600,000,000 for grants under this paragraph.*

18 “(G) *GRANTS FOR TRIBAL ORGANIZA-*
 19 *TIONS.*—*This paragraph shall apply with respect*
 20 *to tribal organizations in the same manner in*
 21 *which this paragraph applies with respect to*
 22 *States. In determining the criteria under which*
 23 *to make grants to tribal organizations under this*
 24 *paragraph, the Secretary shall consult with trib-*
 25 *al organizations.”.*

1 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
 2 *section (a) shall take effect on October 1, 2003.*

3 **SEC. 106. CONTINGENCY FUND.**

4 (a) *CONTINGENCY FUNDING AVAILABLE TO NEEDY*
 5 *STATES.*—*Section 403(b) (42 U.S.C. 603(b)) is amended—*
 6 (1) *by striking paragraphs (1) through (3) and*
 7 *inserting the following:*

8 “(1) *CONTINGENCY FUND GRANTS.*—

9 “(A) *PAYMENTS.*—*Subject to subparagraph*
 10 *(C), and out of funds appropriated under sub-*
 11 *paragraph (E), each State shall receive a contin-*
 12 *gency fund grant for each eligible month in*
 13 *which the State is a needy State under para-*
 14 *graph (3).*

15 “(B) *MONTHLY CONTINGENCY FUND GRANT*
 16 *AMOUNT.*—*For each eligible month in which a*
 17 *State is a needy State, the State shall receive a*
 18 *contingency fund grant equal to the product of—*

19 “(i) *the applicable percentage (as de-*
 20 *finied under subparagraph (D)(i)) of the ap-*
 21 *plicable benefit level (as defined in subpara-*
 22 *graph (D)(ii)); and*

23 “(ii) *the amount by which the total*
 24 *number of families that received assistance*
 25 *under the State program funded under this*

1 *part in the most recently concluded 3-month*
 2 *period for which data are available from the*
 3 *State exceeds a 5-percent increase in the*
 4 *number of such families in the cor-*
 5 *responding 3-month period in either of the*
 6 *2 most recent preceding fiscal years and*
 7 *that was due, in large measure, to economic*
 8 *conditions rather than State policy changes.*

9 “(C) *LIMITATION.*—*The total amount paid*
 10 *to a single State under subparagraph (A) during*
 11 *a fiscal year shall not exceed the amount equal*
 12 *to 10 percent of the State family assistance grant*
 13 *(as defined under subparagraph (B) of subsection*
 14 *(a)(1)).*

15 “(D) *DEFINITIONS.*—*In this paragraph:*

16 “(i) *APPLICABLE PERCENTAGE.*—*The*
 17 *term ‘applicable percentage’ means the Fed-*
 18 *eral medical assistance percentage for the*
 19 *State (as defined in section 1905(b)).*

20 “(ii) *APPLICABLE BENEFIT LEVEL.*—

21 “(I) *IN GENERAL.*—*Subject to*
 22 *subclause (II), the term ‘applicable*
 23 *benefit level’ means the amount equal*
 24 *to the maximum cash assistance grant*
 25 *for a family consisting of 3 individuals*

1 *under the State program funded under*
2 *this part.*

3 “(II) *RULE FOR STATES WITH*
4 *MORE THAN 1 MAXIMUM LEVEL.—In*
5 *the case of a State that has more than*
6 *1 maximum cash assistance grant level*
7 *for families consisting of 3 individuals,*
8 *the basic assistance cost shall be the*
9 *amount equal to the maximum cash*
10 *assistance grant level applicable to the*
11 *largest number of families consisting of*
12 *3 individuals receiving assistance*
13 *under the State program funded under*
14 *this part.*

15 “(E) *APPROPRIATION.—Out of any money*
16 *in the Treasury of the United States not other-*
17 *wise appropriated, there is appropriated for the*
18 *period of fiscal years 2004 through 2008, such*
19 *sums as are necessary for making contingency*
20 *fund grants under this subsection in a total*
21 *amount not to exceed \$2,000,000,000.”;*

22 (2) *by redesignating paragraph (4) as para-*
23 *graph (2); and*

24 (3) *in paragraph (2), as so redesignated—*

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

3 (B) by striking “2-month period that begins
4 with any” and inserting “fiscal year quarter
5 that includes a”.

6 (b) *MODIFICATION OF DEFINITION OF NEEDY*
7 *STATE.*—Section 403(b), as amended by subsection (a), (42
8 *U.S.C. 603(b)) is further amended—*

9 (1) by striking paragraphs (5) and (6);

10 (2) by redesignating paragraphs (7) and (8) as
11 paragraphs (5) and (6), respectively; and

12 (3) by inserting after paragraph (2) (as redesign-
13 ated by subsection (a)(2)) the following:

14 “(3) *INITIAL DETERMINATION OF WHETHER A*
15 *STATE QUALIFIES AS A NEEDY STATE.*—

16 “(A) *IN GENERAL.*—For purposes of para-
17 graph (1), subject to paragraph (4), a State will
18 be initially determined to be a needy State for
19 a month if, as determined by the Secretary—

20 “(i) the monthly average of the
21 unduplicated number of families that re-
22 ceived assistance under the State program
23 funded under this part in the most recently
24 concluded 3-month period for which data
25 are available from the State increased by at

1 *least 5 percent over the number of such fam-*
2 *ilies that received such benefits in the cor-*
3 *responding 3-month period in either of the*
4 *2 most recent preceding fiscal years;*

5 *“(ii) the increase in the number of*
6 *such families for the State was due, in large*
7 *measure, to economic conditions rather than*
8 *State policy changes; and*

9 *“(iii) the State satisfies any of the fol-*
10 *lowing criteria:*

11 *“(I) The average rate of total un-*
12 *employment in the State (seasonally*
13 *adjusted) for the period consisting of*
14 *the most recent 3 months for which*
15 *data are available has increased by the*
16 *lesser of 1.5 percentage points or by 50*
17 *percent over the corresponding 3-month*
18 *period in either of the 2 most recent*
19 *preceding fiscal years.*

20 *“(II) The average insured unem-*
21 *ployment rate for the most recent 13*
22 *weeks for which data are available has*
23 *increased by 1 percentage point over*
24 *the corresponding 13-week period in ei-*

1 *ther of the 2 most recent preceding fis-*
2 *cal years.*

3 *“(III) As determined by the Sec-*
4 *retary of Agriculture, the monthly av-*
5 *erage number of households (as of the*
6 *last day of each month) that partici-*
7 *pated in the food stamp program in*
8 *the State in the then most recently con-*
9 *cluded 3-month period for which data*
10 *are available exceeds by at least 15*
11 *percent the monthly average number of*
12 *households (as of the last day of each*
13 *month) in the State that participated*
14 *in the food stamp program in the cor-*
15 *responding 3-month period in either of*
16 *the 2 most recent preceding fiscal*
17 *years, but only if the Secretary and the*
18 *Secretary of Agriculture concur in the*
19 *determination that the State’s in-*
20 *creased caseload was due, in large*
21 *measure, to economic conditions rather*
22 *than changes in Federal or State poli-*
23 *cies related to the food stamp program.*

24 *“(B) DURATION.—A State that qualifies as*
25 *a needy State—*

1 “(i) under subclause (I) or (II) of sub-
 2 paragraph (A)(iii), shall be considered a
 3 needy State until the State’s average rate of
 4 total unemployment or the State’s insured
 5 unemployment rate, respectively, falls below
 6 the level attained in the applicable period
 7 that was first used to determine that the
 8 State qualified as a needy State under that
 9 subparagraph (and in the case of the in-
 10 sured unemployment rate, without regard to
 11 any declines in the rate that are the result
 12 of seasonal variation); and

13 “(ii) under subclause (III) of subpara-
 14 graph (A)(iii), shall be considered a needy
 15 State so long as the State meets the criteria
 16 for being considered a needy State under
 17 that subparagraph.

18 “(4) *EXCEPTIONS.*—

19 “(A) *UNEXPENDED BALANCES.*—

20 “(i) *IN GENERAL.*—Notwithstanding
 21 paragraph (3), a State that has unexpended
 22 TANF balances in an amount that exceeds
 23 30 percent of the total amount of grants re-
 24 ceived by the State under subsection (a) for
 25 the most recently completed fiscal year

1 *(other than welfare-to-work grants made*
 2 *under paragraph (5) of that subsection*
 3 *prior to fiscal year 2000), shall not be a*
 4 *needy State under this subsection.*

5 “(ii) *DEFINITION OF UNEXPENDED*
 6 *TANF BALANCES.—In clause (i), the term*
 7 *‘unexpended TANF balances’ means the les-*
 8 *sor of—*

9 *“(I) the total amount of grants*
 10 *made to the State (regardless of the fis-*
 11 *cal year in which such funds were*
 12 *awarded) under subsection (a) (other*
 13 *than welfare-to-work grants made*
 14 *under paragraph (5) of that subsection*
 15 *prior to fiscal year 2000) but not yet*
 16 *expended as of the end of the fiscal*
 17 *year preceding the fiscal year for*
 18 *which the State would, in the absence*
 19 *of this subparagraph, be considered a*
 20 *needy State under this subsection; and*

21 *“(II) the total amount of grants*
 22 *made to the State under subsection (a)*
 23 *(other than welfare-to-work grants*
 24 *made under paragraph (5) of that sub-*
 25 *section prior to fiscal year 2000) but*

1 *not yet expended as of the end of such*
 2 *preceding fiscal year, plus the dif-*
 3 *ference between—*

4 *“(aa) the pro rata share of*
 5 *the current fiscal year grant to be*
 6 *made under subsection (a) to the*
 7 *State; and*

8 *“(bb) current year expendi-*
 9 *tures of the total amount of grants*
 10 *made to the State under sub-*
 11 *section (a) (regardless of the fiscal*
 12 *year in which such funds were*
 13 *awarded) (other than such wel-*
 14 *fare-to-work grants) through the*
 15 *end of the most recent calendar*
 16 *quarter.*

17 *“(B) FAILURE TO SATISFY MAINTENANCE*
 18 *OF EFFORT REQUIREMENT.—Notwithstanding*
 19 *paragraph (3), a State that fails to satisfy the*
 20 *requirement of section 409(a)(7) with respect to*
 21 *a fiscal year shall not be a needy State under*
 22 *this subsection for that fiscal year.”.*

23 *(c) CLARIFICATION OF REPORTING REQUIREMENTS.—*

24 *Paragraph (6) of section 403(b) (42 U.S.C. 603(b)), as re-*
 25 *designated by subsection (b)(2), is amended by striking “on*

1 *the status of the Fund” and inserting “on the States that*
 2 *qualified for contingency funds and the amount of funding*
 3 *awarded under this subsection”.*

4 *(d) ELIMINATION OF PENALTY FOR FAILURE TO MAIN-*
 5 *TAIN 100 PERCENT MAINTENANCE OF EFFORT.—*

6 *(1) IN GENERAL.—Section 409(a) (42 U.S.C.*
 7 *609(a)) is amended—*

8 *(A) by striking paragraph (10); and*

9 *(B) by redesignating paragraphs (11)*
 10 *through (14) as paragraphs (10) through (13),*
 11 *respectively.*

12 *(2) CONFORMING AMENDMENTS.—Section 409*
 13 *(42 U.S.C. 609) is amended—*

14 *(A) in subsection (a)(7)(B)(i)(III), by strik-*
 15 *ing “(12)” and inserting “(11)”;*

16 *(B) in subsection (b)(2), by striking “(10),*
 17 *(12), or (13)” and inserting “(11), or (12)”;* and

18 *(C) in subsection (c)(4), by striking “(10),*
 19 *(12), or (13)” and inserting “(11), or (12)”.*

20 **SEC. 107. USE OF FUNDS.**

21 *(a) TREATMENT OF INTERSTATE IMMIGRANTS.—Sec-*
 22 *tion 404 (42 U.S.C. 604) is amended by striking subsection*
 23 *(c).*

24 *(b) RESTORATION OF AUTHORITY TO TRANSFER UP*
 25 *TO 10 PERCENT OF TANF FUNDS TO THE SOCIAL SERV-*

1 *ICES BLOCK GRANT.—Section 404(d)(2) (42 U.S.C.*
 2 *604(d)(2)) is amended to read as follows:*

3 “(2) *LIMITATION ON AMOUNT TRANSFERABLE TO*
 4 *TITLE XX PROGRAMS.—A State may use not more*
 5 *than 10 percent of the amount of any grant made to*
 6 *the State under section 403(a) for a fiscal year to*
 7 *carry out State programs pursuant to title XX.”.*

8 “(c) *CLARIFICATION OF AUTHORITY OF STATES TO USE*
 9 *TANF FUNDS CARRIED OVER FROM PRIOR YEARS TO*
 10 *PROVIDE TANF BENEFITS AND SERVICES.—Section 404(e)*
 11 *(42 U.S.C. 604(e)) is amended to read as follows:*

12 “(e) *AUTHORITY TO CARRYOVER OR RESERVE CER-*
 13 *TAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FU-*
 14 *TURE CONTINGENCIES.—*

15 “(1) *CARRYOVER.—A State or tribe may use a*
 16 *grant made to the State or tribe under this part for*
 17 *any fiscal year to provide, without fiscal year limita-*
 18 *tion, any benefit or service that may be provided*
 19 *under the State or tribal program funded under this*
 20 *part.*

21 “(2) *CONTINGENCY RESERVE.—A State or tribe*
 22 *may designate any portion of a grant made to the*
 23 *State or tribe under this part as a contingency re-*
 24 *serve for future needs, and may use any amount so*
 25 *designated to provide, without fiscal year limitation,*

1 *any benefit or service that may be provided under the*
 2 *State or tribal program funded under this part. If a*
 3 *State or tribe so designates a portion of such a grant,*
 4 *the State or tribe shall include in its report under*
 5 *section 411(a) the amount so designated.”.*

6 *(d) STATE OPTION TO ESTABLISH UNDERGRADUATE*
 7 *POSTSECONDARY OR VOCATIONAL EDUCATIONAL PRO-*
 8 *GRAM.—*

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

11 *“(l) AUTHORITY TO ESTABLISH UNDERGRADUATE*
 12 *POSTSECONDARY OR VOCATIONAL EDUCATIONAL PRO-*
 13 *GRAM.—*

14 *“(1) IN GENERAL.—Subject to the succeeding*
 15 *paragraphs of this subsection, a State to which a*
 16 *grant is made under section 403 may use the grant*
 17 *to establish a program under which an eligible partic-*
 18 *ipant (as defined in paragraph (5)) may be provided*
 19 *support services described in paragraph (7) and, sub-*
 20 *ject to paragraph (8), may have hours of participa-*
 21 *tion in such program counted as being engaged in*
 22 *work for purposes of determining monthly participa-*
 23 *tion rates under section 407(b)(1)(B)(i).*

24 *“(2) STATE PLAN REQUIREMENT.—In order to*
 25 *establish a program under this subsection, a State*

1 *shall describe (in an addendum to the State plan sub-*
2 *mitted under section 402) the applicable eligibility*
3 *criteria that is designed to limit participation in the*
4 *program to only those individuals—*

5 “(A) *whose past earnings indicate that the*
6 *individuals cannot qualify for employment that*
7 *pays enough to allow them to obtain self-suffi-*
8 *ciency (as determined by the State); and*

9 “(B) *for whom enrollment in the program*
10 *will prepare the individuals for higher-paying*
11 *occupations in demand in the State.*

12 “(3) *LIMITATION ON ENROLLMENT.—The number*
13 *of eligible participants in a program established*
14 *under this subsection may not exceed 10 percent of the*
15 *total number of families receiving assistance under*
16 *the State program funded under this part.*

17 “(4) *NO FEDERAL FUNDS FOR TUITION.—A State*
18 *may not use Federal funds provided under a grant*
19 *made under section 403 to pay tuition for an eligible*
20 *participant.*

21 “(5) *DEFINITION OF ELIGIBLE PARTICIPANT.—In*
22 *this subsection, the term ‘eligible participant’ means*
23 *an individual who receives assistance under the State*
24 *program funded under this part and satisfies the fol-*
25 *lowing requirements:*

1 “(i) *The individual is enrolled in a*
2 *postsecondary 2- or 4-year degree program*
3 *or in a vocational educational training pro-*
4 *gram.*

5 “(ii) *During the period the individual*
6 *participates in the program, the individual*
7 *maintains satisfactory academic progress,*
8 *as defined by the institution operating the*
9 *undergraduate postsecondary or vocational*
10 *educational program in which the indi-*
11 *vidual is enrolled.*

12 “(6) *REQUIRED TIME PERIODS FOR COMPLETION*
13 *OF DEGREE OR VOCATIONAL EDUCATIONAL TRAINING*
14 *PROGRAM.—*

15 “(A) *IN GENERAL.—Subject to subpara-*
16 *graph (B), an eligible participant participating*
17 *in a program established under this subsection*
18 *shall be required to complete the requirements of*
19 *a degree or vocational educational training pro-*
20 *gram within the normal timeframe for full-time*
21 *students seeking the particular degree or com-*
22 *pleting the vocational educational training pro-*
23 *gram.*

24 “(B) *EXCEPTION.—For good cause, the*
25 *State may allow an eligible participant to com-*

plete their degree requirements or vocational educational training program within a period not to exceed 1½ times the normal timeframe established under subparagraph (A) (unless further modification is required by the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)) and may modify the requirements applicable to an individual participating in the program. For purposes of the preceding sentence, good cause includes the case of an eligible participant with 1 or more significant barriers to normal participation, as determined by the State, such as the need to care for a family member with special needs.

“(7) *SUPPORT SERVICES DESCRIBED.*—For purposes of paragraph (1), the support services described in this paragraph include any or all of the following during the period the eligible participant is in the program established under this subsection:

“(A) *Child care.*

“(B) *Transportation services.*

“(C) *Payment for books and supplies.*

“(D) *Other services provided under policies determined by the State to ensure coordination*

1 *and lack of duplication with other programs*
2 *available to provide support services.*

3 “(8) *RULES FOR INCLUSION IN MONTHLY WORK*
4 *PARTICIPATION RATES.—*

5 “(A) *FAMILIES COUNTED AS PARTICIPATING*
6 *IF THEY MEET THE REQUIREMENTS OF SUB-*
7 *PARAGRAPHS (B) OR (C).—For each eligible par-*
8 *ticipant, a State may elect, for purposes of deter-*
9 *mining monthly participation rates under sec-*
10 *tion 407(b)(1)(B)(i), to include such participant*
11 *in the determination of such rates in accordance*
12 *with subparagraph (B) or (C).*

13 “(B) *FULL OR PARTIAL CREDIT FOR HOURS*
14 *OF PARTICIPATION IN EDUCATIONAL OR RELATED*
15 *ACTIVITIES.—*

16 “(i) *IN GENERAL.—Subject to clause*
17 *(iv), an eligible participant who partici-*
18 *pates in educational or related activities (as*
19 *determined by the State) under a program*
20 *established under this subsection shall be*
21 *given credit for the number of hours of such*
22 *participation to the extent that an adult re-*
23 *cipient or minor child head of household*
24 *would be given credit under section 407(c)*
25 *for being engaged in the same number of*

1 *hours of work activities described in para-*
2 *graph (1), (2), (3), (4), (5), (6), (7), (8), or*
3 *(12) of section 407(d).*

4 “(ii) *RELATED ACTIVITIES.—For pur-*
5 *poses of clause (i), related activities shall*
6 *include—*

7 “(I) *work activities described in*
8 *paragraph (1), (2), (3), (4), (5), (6),*
9 *(7), (8), or (12) of section 407(d);*

10 “(II) *work study, practicums, in-*
11 *ternships, clinical placements, labora-*
12 *tory or field work, or such other activi-*
13 *ties as will enhance the eligible partici-*
14 *pant’s employability in the partici-*
15 *pant’s field of study, as determined by*
16 *the State; or*

17 “(III) *subject to clause (iii), study*
18 *time.*

19 “(iii) *LIMITATION ON INCLUSION OF*
20 *STUDY TIME.—For purposes of determining*
21 *hours per week of participation by an eligi-*
22 *ble participant under a program established*
23 *under this subsection, a State may not*
24 *count study time of less than 1 hour for*

every hour of class time or more than 2 hours for every hour of class time.

“(iv) *TOTAL NUMBER OF HOURS LIMITED TO BEING COUNTED AS 1 FAMILY.*—In no event may hours per week of participation by an eligible participant under a program established under this subsection be counted as more than 1 family for purposes of determining monthly participation rates under section 407(b)(1)(B)(i).

“(C) *FULL CREDIT FOR BEING ENGAGED IN DIRECT WORK ACTIVITIES FOR CERTAIN HOURS PER WEEK.*—

“(i) *IN GENERAL.*—A family that includes an eligible participant who, in addition to complying with the full-time educational participation requirements of the degree or vocational educational training program they are enrolled in, participates in an activity described in subclause (I), (II), or (III) of subparagraph (B)(ii) for not less than the number of hours required per week under clause (ii) shall be counted as 1 family.

1 “(ii) *REQUIRED HOURS PER WEEK.*—

2 *For purposes of clause (i), subject to clause*

3 *(iii), the number of hours per week are—*

4 “(I) *6 hours per week during the*

5 *first 12-month period that an eligible*

6 *participant participates in a program*

7 *established under this subsection;*

8 “(II) *8 hours per week during the*

9 *second 12-month period of such par-*

10 *ticipation;*

11 “(II) *10 hours per week during*

12 *the third 12-month period of such par-*

13 *ticipation; and*

14 “(II) *12 hours per week during*

15 *the fourth or any other succeeding 12-*

16 *month period of such participation.*

17 “(iii) *MODIFICATION OF REQUIRE-*

18 *MENTS FOR GOOD CAUSE.—A State may*

19 *modify the number of hours per week re-*

20 *quired under clause (ii) for good cause. For*

21 *purposes of the preceding sentence, good*

22 *cause includes the case of an eligible partic-*

23 *ipant with 1 or more significant barriers to*

24 *normal participation, as determined by the*

1 *State, such as the need to care for a family*
 2 *member with special needs.”.*

3 (2) CONFORMING AMENDMENT.—Section
 4 407(d)(8) (42 U.S.C. 607(d)(8)) is amended by insert-
 5 ing “other than an individual participating in a pro-
 6 gram established under section 404(l)” after “indi-
 7 vidual”.

8 **SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE**
 9 **PROGRAMS.**

10 (a) REPEAL.—Section 406 (42 U.S.C. 606) is repealed.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 409 (42 U.S.C. 609), as amended by
 13 section 106(d)(2), is amended—

14 (A) in subsection (a), by striking paragraph

15 (6);

16 (B) in subsection (b)(2), by striking “(6),”;

17 and

18 (C) in subsection (c)(4), by striking “(6),”.

19 (2) Section 412 (42 U.S.C. 612) is amended by
 20 striking subsection (f) and redesignating subsections
 21 (g) through (i) as subsections (f) through (h), respec-
 22 tively.

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

1 **SEC. 109. WORK PARTICIPATION REQUIREMENTS.**

2 (a) *ELIMINATION OF SEPARATE WORK PARTICIPATION*
 3 *RATE FOR 2-PARENT FAMILIES BEGINNING WITH FISCAL*
 4 *YEAR 2003.—*

5 (1) *IN GENERAL.—Section 407 (42 U.S.C. 607)*
 6 *is amended—*

7 (A) *in subsection (a)—*

8 (i) *in the heading, by striking “PAR-*
 9 *TICIPATION RATE REQUIREMENTS” and all*
 10 *that follows through “A State” and insert-*
 11 *ing “PARTICIPATION RATE REQUIRE-*
 12 *MENTS.—A State”; and*

13 (ii) *by striking paragraph (2);*

14 (B) *in subsection (b)—*

15 (i) *by striking paragraph (2);*

16 (ii) *in paragraph (4), by striking*
 17 *“paragraphs (1)(B) and (2)(B)” and insert-*
 18 *ing “determining monthly participation*
 19 *rates under paragraph (1)(B)”;* and

20 (iii) *in paragraph (5), by striking*
 21 *“rates” and inserting “rate”; and*

22 (C) *in subsection (c)—*

23 (i) *in paragraph (1)—*

24 (I) *by striking “GENERAL*
 25 *RULES.—” and all that follows through*
 26 *“For purposes” in subparagraph (A)*

1 and inserting “GENERAL RULE.—For
2 purposes”; and

3 (II) by striking subparagraph
4 (B); and
5 (ii) in paragraph (2)(D)—

6 (I) by striking “paragraphs
7 (1)(B)(i) and (2)(B) of subsection (b)”
8 and inserting “subsection
9 (b)(1)(B)(i)”; and

10 (II) by striking “and in 2-parent
11 families, respectively,”.

12 (2) *EFFECTIVE DATE.*—The amendments made
13 by paragraph (1) shall take effect as if enacted on Oc-
14 tober 1, 2002.

15 (b) *MINIMUM PARTICIPATION RATES.*—Section 407(a)
16 (42 U.S.C. 607(a)), as amended by subsection (a)(1)(A), is
17 amended to read as follows:

18 “(a) *PARTICIPATION RATE REQUIREMENTS.*—

19 “(1) *IN GENERAL.*—A State to which a grant is
20 made under section 403 for a fiscal year shall achieve
21 a minimum participation rate with respect to all
22 families receiving assistance under the State program
23 funded under this part that is equal to not less
24 than—

25 “(A) 50 percent for fiscal year 2004;

1 “(B) 55 percent for fiscal year 2005;

2 “(C) 60 percent for fiscal year 2006;

3 “(D) 65 percent for fiscal year 2007; and

4 “(E) 70 percent for fiscal year 2008 and
5 each succeeding fiscal year.”.

6 (c) *LIMITATION ON REDUCTION OF PARTICIPATION*
7 *RATE THROUGH APPLICATION OF CREDITS.*—Section
8 407(a) (42 U.S.C. 607(b)), as amended by subsection (b),
9 is amended by adding at the end the following:

10 “(2) *LIMITATION ON REDUCTION OF PARTICIPA-*
11 *TION RATE THROUGH APPLICATION OF CREDITS.*—
12 *Notwithstanding any other provision of this part, the*
13 *net effect of any percentage reduction in the min-*
14 *imum participation rate otherwise required under*
15 *this section with respect to families receiving assist-*
16 *ance under the State program funded under this part*
17 *as a result of the application of any employment*
18 *credit, caseload reduction credit, or other credit*
19 *against such rate for a fiscal year, shall not exceed—*

20 “(A) 40 percentage points, in the case of fis-
21 cal year 2004;

22 “(B) 35 percentage points, in the case of fis-
23 cal year 2005;

24 “(C) 30 percentage points, in the case of fis-
25 cal year 2006;

1 “(D) 25 percentage points, in the case of fis-
2 cal year 2007; or

3 “(E) 20 percentage points, in the case of fis-
4 cal year 2008 or any fiscal year thereafter.”.

5 (d) *REPLACEMENT OF CASELOAD REDUCTION CREDIT*
6 *WITH EMPLOYMENT CREDIT.*—

7 (1) *EMPLOYMENT CREDIT TO REWARD STATES IN*
8 *WHICH FAMILIES LEAVE WELFARE FOR WORK; ADDI-*
9 *TIONAL CREDIT FOR FAMILIES WITH HIGHER EARN-*
10 *INGS.*—

11 (A) *IN GENERAL.*—Section 407(b) (42
12 U.S.C. 607(b)), as amended by subsection
13 (a)(1)(B)(i), is amended by inserting after para-
14 graph (1) the following:

15 “(2) *EMPLOYMENT CREDIT.*—

16 “(A) *IN GENERAL.*—Subject to subsection
17 (a)(2), the Secretary shall, by regulation, reduce
18 the minimum participation rate otherwise appli-
19 cable to a State under this subsection for a fiscal
20 year by the number of percentage points in the
21 employment credit for the State for the fiscal
22 year, as determined by the Secretary—

23 “(i) using information in the National
24 Directory of New Hires;

1 “(ii) *with respect to a recipient of as-*
 2 *sistance or former recipient of assistance*
 3 *under the State program funded under this*
 4 *part who is placed with an employer whose*
 5 *hiring information is not reported to the*
 6 *National Directory of New Hires, using*
 7 *quarterly wage information submitted by*
 8 *the State to the Secretary not later than*
 9 *such date as the Secretary shall prescribe in*
 10 *regulations; or*

11 “(iii) *with respect to families described*
 12 *in subclause (II) or (III) of subparagraph*
 13 *(B)(ii), using such other data as the Sec-*
 14 *retary may require in order to determine*
 15 *the employment credit for a State under*
 16 *this paragraph.*

17 “(B) *CALCULATION OF CREDIT.—*

18 “(i) *IN GENERAL.—The employment*
 19 *credit for a State for a fiscal year is an*
 20 *amount equal to the sum of the amounts de-*
 21 *termined under clause (ii), divided by the*
 22 *amount determined under clause (iii).*

23 “(ii) *NUMERATOR.—For purposes of*
 24 *clause (i), the amounts determined under*
 25 *this clause are the following:*

1 “(I) *Twice the quarterly average*
2 *unduplicated number of families that*
3 *include an adult or minor child head*
4 *of household recipient of assistance*
5 *under the State program funded under*
6 *this part, that ceased to receive such*
7 *assistance for at least 2 consecutive*
8 *months following the date of the case*
9 *closure for the family during the appli-*
10 *cable period (as defined in clause (v)),*
11 *that did not receive assistance under a*
12 *separate State-funded program during*
13 *such 2-month period, and that were*
14 *employed during the calendar quarter*
15 *immediately succeeding the quarter in*
16 *which the assistance under the State*
17 *program funded under this part*
18 *ceased.*

19 “(II) *At the option of the State,*
20 *twice the quarterly average number of*
21 *families that received a nonrecurring*
22 *short-term benefit under the State pro-*
23 *gram funded under this part during*
24 *the applicable period (as so defined),*
25 *that were employed during the cal-*

1 *endar quarter immediately succeeding*
2 *the quarter in which the nonrecurring*
3 *short-term benefit was so received, and*
4 *that earned at least \$1,000 during the*
5 *applicable period (as so defined).*

6 *“(III) At the option of the State,*
7 *twice the quarterly average number of*
8 *families that includes an adult who is*
9 *receiving substantial child care or*
10 *transportation assistance (as defined*
11 *by the Secretary, in consultation with*
12 *directors of State programs funded*
13 *under this part, which definition shall*
14 *specify for each type of assistance a*
15 *threshold which is a dollar value or a*
16 *length of time over which the assistance*
17 *is received, and which takes account of*
18 *large one-time transition payments))*
19 *during the applicable period (as so de-*
20 *fined).*

21 *“(iii) DENOMINATOR.—For purposes of*
22 *clause (i), the amount determined under*
23 *this clause is the amount equal to the sum*
24 *of the following:*

1 “(I) *The average monthly number*
2 *of families that include an adult or*
3 *minor child head of household who re-*
4 *ceived assistance under the State pro-*
5 *gram funded under this part during*
6 *the applicable period (as defined under*
7 *clause (v)).*

8 “(II) *If the State elected the op-*
9 *tion under clause (ii)(II), twice the*
10 *quarterly average number of families*
11 *that received a nonrecurring short-term*
12 *benefit under the State program funded*
13 *under this part during the applicable*
14 *period (as so defined).*

15 “(III) *If the State elected the op-*
16 *tion under clause (ii)(III), twice the*
17 *quarterly average number of families*
18 *that includes an adult who is receiving*
19 *substantial child care or transpor-*
20 *tation assistance during the applicable*
21 *period (as so defined).*

22 “(iv) *SPECIAL RULE FOR FORMER RE-*
23 *CIPIENTS WITH HIGHER EARNINGS.—In cal-*
24 *culating the employment credit for a State*
25 *for a fiscal year, in the case of a family*

1 that includes an adult or a minor child
 2 head of household that is to be included in
 3 the amount determined under clause (ii)(I)
 4 and that, with respect to the quarter in
 5 which the family's earnings was examined
 6 during the applicable period, earned at
 7 least 33 percent of the average quarterly
 8 earnings in the State (determined on the
 9 basis of State unemployment data), the
 10 family shall be considered to be 1.5 families.

11 “(v) *DEFINITION OF APPLICABLE PE-*
 12 *RIOD.*—For purposes of this paragraph, the
 13 term ‘applicable period’ means, with respect
 14 to a fiscal year, the most recent 4 quarters
 15 for which data are available to the Sec-
 16 retary providing information on the work
 17 status of—

18 “(I) individuals in the quarter
 19 after the individuals ceased receiving
 20 assistance under the State program
 21 funded under this part;

22 “(II) at State option, individuals
 23 in the quarter after the individuals re-
 24 ceived a short-term, nonrecurring ben-
 25 efit; and

1 “(III) at State option, individuals
 2 in the quarter after the individuals
 3 ceased receiving substantial child care
 4 or transportation assistance.

5 “(C) NOTIFICATION TO STATE.—Not later
 6 than August 30 of each fiscal year, the Secretary
 7 shall—

8 “(i) determine, on the basis of the ap-
 9 plicable period, the amount of the employ-
 10 ment credit that will be used in deter-
 11 mining the minimum participation rate for
 12 a State under subsection (a) for the imme-
 13 diately succeeding fiscal year; and

14 “(ii) notify each State conducting a
 15 State program funded under this part of the
 16 amount of the employment credit for such
 17 program for the succeeding fiscal year.”.

18 (B) AUTHORITY OF SECRETARY TO USE IN-
 19 FORMATION IN NATIONAL DIRECTORY OF NEW
 20 HIRES.—Section 453(i) (42 U.S.C. 653(i)) is
 21 amended by adding at the end the following:

22 “(5) CALCULATION OF EMPLOYMENT CREDIT FOR
 23 PURPOSES OF DETERMINING STATE WORK PARTICIPA-
 24 TION RATES UNDER TANF.—The Secretary may use
 25 the information in the National Directory of New

1 *Hires for purposes of calculating State employment*
 2 *credits pursuant to section 407(b)(2).”.*

3 (2) *ELIMINATION OF CASELOAD REDUCTION*
 4 *CREDIT.—Section 407(b) (42 U.S.C. 607(b)) is*
 5 *amended by striking paragraph (3) and redesignating*
 6 *paragraphs (4) and (5) as paragraphs (3) and (4),*
 7 *respectively.*

8 (3) *EFFECTIVE DATES.—*

9 (A) *IN GENERAL.—Except as provided in*
 10 *subparagraphs (B) and (C), the amendments*
 11 *made by this subsection shall take effect on Octo-*
 12 *ber 1, 2005.*

13 (B) *STATE OPTION TO PHASE-IN REPLACE-*
 14 *MENT OF CASELOAD REDUCTION CREDIT WITH*
 15 *EMPLOYMENT CREDIT AND DELAY APPLICABILITY*
 16 *OF OTHER PROVISIONS.—A State may elect to*
 17 *have the amendments made by this subsection*
 18 *not apply to the State program funded under*
 19 *part A of title IV of the Social Security Act until*
 20 *October 1, 2006, and if the State makes the elec-*
 21 *tion, then, in determining the participation rate*
 22 *of the State for purposes of section 407 of the So-*
 23 *cial Security Act for fiscal year 2006, the State*
 24 *shall be credited with 1/2 of the reduction in the*
 25 *rate that would otherwise result from applying*

1 *section 407(b)(2) of the Social Security Act (as*
 2 *added by paragraph (1)(A)) to the State for fis-*
 3 *cal year 2006 and ¹/₂ of the reduction in the rate*
 4 *that would otherwise result from applying sec-*
 5 *tion 407(b)(3) of the Social Security Act (as in*
 6 *effect with respect to fiscal year 2003) to the*
 7 *State for fiscal year 2006.*

8 *(C) AUTHORITY TO USE INFORMATION IN*
 9 *THE NATIONAL DIRECTORY OF NEW HIRES.—The*
 10 *amendment made by paragraph (1)(B) shall take*
 11 *effect on October 1, 2003.*

12 *(e) STATE OPTIONS FOR PARTICIPATION REQUIRE-*
 13 *MENT EXEMPTIONS.—Section 407(b)(4) (42 U.S.C.*
 14 *607(b)(4)), as amended by subsection (a)(1)(B)(iii) and re-*
 15 *designated by subsection (d)(2), is amended to read as fol-*
 16 *lows:*

17 *“(4) STATE OPTIONS FOR PARTICIPATION RE-*
 18 *QUIREMENT EXEMPTIONS.—At the option of a State,*
 19 *a State may, on a case-by-case basis—*

20 *“(A) not include a family in the determina-*
 21 *tion of the monthly participation rate for the*
 22 *State in the first month for which the family re-*
 23 *ceives assistance from the State program funded*
 24 *under this part on the basis of the most recent*
 25 *application for such assistance; or*

1 “(B) not require a family in which the
 2 youngest child has not attained 12 months of age
 3 to engage in work, and may disregard that fam-
 4 ily in determining the minimum participation
 5 rate under subsection (a) for the State for not
 6 more than 12 months.”.

7 (f) *DETERMINATION OF COUNTABLE HOURS ENGAGED*
 8 *IN WORK.*—

9 (1) *IN GENERAL.*—Section 407(c) (42 U.S.C.
 10 607(c)) is amended to read as follows:

11 “(c) *DETERMINATION OF COUNTABLE HOURS EN-*
 12 *GAGED IN WORK.*—

13 “(1) *SINGLE PARENT OR RELATIVE WITH A*
 14 *CHILD OVER AGE 6.*—

15 “(A) *MINIMUM AVERAGE NUMBER OF*
 16 *HOURS PER WEEK.*—Subject to the succeeding
 17 paragraphs of this subsection, a family in which
 18 an adult recipient or minor child head of house-
 19 hold in the family is participating in work ac-
 20 tivities described in subsection (d) shall be treat-
 21 ed as engaged in work for purposes of deter-
 22 mining monthly participation rates under sub-
 23 section (b)(1)(B)(i) as follows:

24 “(i) In the case of a family in which
 25 the total number of hours in which any

1 *adult recipient or minor child head of*
2 *household in the family is participating in*
3 *such work activities for an average of at*
4 *least 20, but less than 24, hours per week in*
5 *a month, as 0.675 of a family.*

6 “(ii) *In the case of a family in which*
7 *the total number of hours in which any*
8 *adult recipient or minor child head of*
9 *household in the family is participating in*
10 *such work activities for an average of at*
11 *least 24, but less than 30, hours per week in*
12 *a month, as 0.75 of a family.*

13 “(iii) *In the case of a family in which*
14 *the total number of hours in which any*
15 *adult recipient or minor child head of*
16 *household in the family is participating in*
17 *such work activities for an average of at*
18 *least 30, but less than 34, hours per week in*
19 *a month, as 0.875 of a family.*

20 “(iv) *In the case of a family in which*
21 *the total number of hours in which any*
22 *adult recipient or minor child head of*
23 *household in the family is participating in*
24 *such work activities for an average of at*

1 least 34, but less than 35, hours per week in
2 a month, as 1 family.

3 “(v) In the case of a family in which
4 the total number of hours in which any
5 adult recipient or minor child head of
6 household in the family is participating in
7 such work activities for an average of at
8 least 35, but less than 38, hours per week in
9 a month, as 1.05 families.

10 “(vi) In the case of a family in which
11 the total number of hours in which any
12 adult recipient or minor child head of
13 household in the family is participating in
14 such work activities for an average of at
15 least 38 hours per week in a month, as 1.08
16 families.

17 “(B) DIRECT WORK ACTIVITIES REQUIRED
18 FOR AN AVERAGE OF 24 HOURS PER WEEK.—Ex-
19 cept as provided in subparagraph (C)(i), a State
20 may not count any hours of participation in
21 work activities specified in paragraph (9), (10),
22 or (11) of subsection (d) of any adult recipient
23 or minor child head of household in a family be-
24 fore the total number of hours of participation
25 by any adult recipient or minor child head of

household in the family in work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) for the family for the month averages at least 24 hours per week.

“(C) STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—

“(i) QUALIFIED ACTIVITIES FOR 3-MONTHS IN ANY 24-MONTH PERIOD.—

“(I) 24-HOURS PER WEEK REQUIRED.—Subject to subclauses (III) and (IV), for purposes of determining hours under subparagraph (A), a State may count the total number of hours any adult recipient or minor child head of household in a family engages in qualified activities described in subclause (II) as a work activity described in subsection (d), without regard to whether the recipient has satisfied the requirement of subparagraph (B), but only if—

“(aa) the total number of hours of participation in such qualified activities for the family

1 *for the month average at least 24*
2 *hours per week; and*

3 *“(bb) engaging in such quali-*
4 *fied activities is a requirement of*
5 *the family self-sufficiency plan.*

6 *“(II) QUALIFIED ACTIVITIES DE-*
7 *SCRIBED.—For purposes of subclause*
8 *(I), qualified activities described in*
9 *this subclause are any of the following:*

10 *“(aa) Postsecondary edu-*
11 *cation.*

12 *“(bb) Adult literacy pro-*
13 *grams or activities.*

14 *“(cc) Substance abuse coun-*
15 *seling or treatment.*

16 *“(dd) Programs or activities*
17 *designed to remove barriers to*
18 *work, as defined by the State.*

19 *“(ee) Work activities author-*
20 *ized under any waiver for any*
21 *State that was continued under*
22 *section 415 before the date of en-*
23 *actment of the Personal Responsi-*
24 *bility and Individual Develop-*
25 *ment for Everyone Act.*

1 “(III) *LIMITATION.*—*Except as*
2 *provided in clause (ii), subclause (I)*
3 *shall not apply to a family for more*
4 *than 3 months in any period of 24*
5 *consecutive months.*

6 “(IV) *CERTAIN ACTIVITIES.*—*The*
7 *Secretary may allow a State to count*
8 *the total hours of participation in*
9 *qualified activities described in sub-*
10 *clause (II) for an adult recipient or*
11 *minor child head of household without*
12 *regard to the minimum 24 hour aver-*
13 *age per week of participation require-*
14 *ment under subclause (I) if the State*
15 *has demonstrated conclusively that*
16 *such activity is part of a substantial*
17 *and supervised program whose effec-*
18 *tiveness in moving families to self-suf-*
19 *ficiency is superior to any alternative*
20 *activity and the effectiveness of the*
21 *program in moving families to self-suf-*
22 *ficiency would be substantially im-*
23 *paired if participating individuals*
24 *participated in additional, concurrent*
25 *qualified activities that enabled the in-*

dividuals to achieve an average of at least 24 hours per week of participation.

“(ii) *ADDITIONAL 3-MONTH PERIOD PERMITTED FOR CERTAIN ACTIVITIES.*—

“(I) *SELF-SUFFICIENCY PLAN REQUIREMENT COMBINED WITH MINIMUM NUMBER OF HOURS.*—A State may extend the 3-month period under clause (i) for an additional 3 months in the same period of 24 consecutive months in the case of an adult recipient or minor child head of household who is receiving qualified rehabilitative services described in subclause (II) if—

“(aa) the total number of hours that the adult recipient or minor child head of household engages in such qualified rehabilitative services and, subject to subclause (III), a work activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) for the month aver-

age at least 24 hours per week;
and

“(bb) engaging in such qualified rehabilitative services is a requirement of the family self-sufficiency plan.

“(II) *QUALIFIED REHABILITATIVE SERVICES DESCRIBED.*—For purposes of subclause (I), qualified rehabilitative services described in this subclause are any of the following:

“(aa) Adult literacy programs or activities.

“(bb) Participation in a program designed to increase proficiency in the English language.

“(cc) In the case of an adult recipient or minor child head of household who has been certified by a qualified medical, mental health, or social services professional (as defined by the State) as having a physical or mental disability, substance abuse problem, or other problem that requires a

1 *rehabilitative service, substance*
2 *abuse treatment, or mental health*
3 *treatment, the service or treatment*
4 *determined necessary by the pro-*
5 *fessional.*

6 “(III) *NONAPPLICATION OF LIM-*
7 *TATIONS ON JOB SEARCH AND VOCA-*
8 *TIONAL EDUCATIONAL TRAINING.*—*An*
9 *adult recipient or minor child head of*
10 *household who is receiving qualified re-*
11 *habilitative services described in sub-*
12 *clause (II) may engage in a work ac-*
13 *tivity described in paragraph (6) or*
14 *(8) of subsection (d) for purposes of*
15 *satisfying the minimum 24 hour aver-*
16 *age per week of participation require-*
17 *ment under subclause (I)(aa) without*
18 *regard to any limit that otherwise ap-*
19 *plies to the activity (including the 30*
20 *percent limitation on participation in*
21 *vocational educational training under*
22 *paragraph (6)(C)).*

23 “(iii) *HOURS IN EXCESS OF AN AVER-*
24 *AGE OF 24 WORK ACTIVITY HOURS PER*
25 *WEEK.*—*If the total number of hours that*

1 *any adult recipient or minor child head of*
 2 *household in a family has participated in a*
 3 *work activity described in paragraph (1),*
 4 *(2), (3), (4), (5), (6), (7), (8), or (12) of*
 5 *subsection (d) averages at least 24 hours per*
 6 *week in a month, a State, for purposes of*
 7 *determining hours under subparagraph (A),*
 8 *may count any hours an adult recipient or*
 9 *minor child head of household in the family*
 10 *engages in—*

11 *“(I) any work activity described*
 12 *in subsection (d), without regard to*
 13 *any limit that otherwise applies to the*
 14 *activity (including the 30 percent limi-*
 15 *tation on participation in vocational*
 16 *educational training under paragraph*
 17 *(6)(C)); and*

18 *“(II) any qualified activity de-*
 19 *scribed in clause (i)(II), as a work ac-*
 20 *tivity described in subsection (d).*

21 “(2) *SINGLE PARENT OR RELATIVE WITH A*
 22 *CHILD UNDER AGE 6.—*

23 *“(A) IN GENERAL.—A family in which an*
 24 *adult recipient or minor child head of household*
 25 *in the family is the only parent or caretaker rel-*

1 *ative in the family of a child who has not at-*
2 *tained 6 years of age and who is participating*
3 *in work activities described in subsection (d)*
4 *shall be treated as engaged in work for purposes*
5 *of determining monthly participation rates*
6 *under subsection (b)(1)(B)(i) as follows:*

7 *“(i) In the case of such a family in*
8 *which the total number of hours in which*
9 *the adult recipient or minor child head of*
10 *household in the family is participating in*
11 *such work activities for an average of at*
12 *least 20, but less than 24, hours per week in*
13 *a month, as 0.675 of a family.*

14 *“(ii) In the case of such a family in*
15 *which the total number of hours in which*
16 *the adult recipient or minor child head of*
17 *household in the family is participating in*
18 *such work activities for an average of at*
19 *least 24, but less than 35, hours per week in*
20 *a month, as 1 family.*

21 *“(iii) In the case of such a family in*
22 *which the total number of hours in which*
23 *the adult recipient or minor child head of*
24 *household in the family is participating in*
25 *such work activities for an average of at*

1 *least 35, but less than 38, hours per week in*
2 *a month, as 1.05 families.*

3 “(iv) *In the case of such a family in*
4 *which the total number of hours in which*
5 *the adult recipient or minor child head of*
6 *household in the family is participating in*
7 *such work activities for an average of at*
8 *least 38 hours per week in a month, as 1.08*
9 *families.*

10 “(B) *APPLICATION OF RULES REGARDING*
11 *DIRECT WORK ACTIVITIES AND STATE FLEXI-*
12 *BILITY TO COUNT PARTICIPATION IN CERTAIN AC-*
13 *TIVITIES.—Subparagraphs (B) and (C) of para-*
14 *graph (1) apply to a family described in sub-*
15 *paragraph (A) in the same manner as such sub-*
16 *paragraphs apply to a family described in para-*
17 *graph (1)(A).*

18 “(3) *2-PARENT FAMILIES.—*

19 “(A) *IN GENERAL.—Subject to paragraph*
20 *(6)(A), a 2-parent family in which an adult re-*
21 *cipient or minor child head of household in the*
22 *family is participating in work activities de-*
23 *scribed in subsection (d) shall be treated as en-*
24 *gaged in work for purposes of determining*

1 *monthly participation rates under subsection*
2 *(b)(1)(B)(i) as follows:*

3 “(i) *In the case of such a family in*
4 *which the total number of hours in which*
5 *any adult recipient or minor child head of*
6 *household in the family is participating in*
7 *such work activities for an average of at*
8 *least 26, but less than 30, hours per week in*
9 *a month, as 0.675 of a family.*

10 “(ii) *In the case of such a family in*
11 *which the total number of hours in which*
12 *any adult recipient or minor child head of*
13 *household in the family is participating in*
14 *such work activities for an average of at*
15 *least 30, but less than 35, hours per week in*
16 *a month, as 0.75 of a family.*

17 “(iii) *In the case of such a family in*
18 *which the total number of hours in which*
19 *any adult recipient or minor child head of*
20 *household in the family is participating in*
21 *such work activities for an average of at*
22 *least 35, but less than 39, hours per week in*
23 *a month, as 0.875 of a family.*

24 “(iv) *In the case of such a family in*
25 *which the total number of hours in which*

1 *any adult recipient or minor child head of*
2 *household in the family is participating in*
3 *such work activities for an average of at*
4 *least 39, but less than 40, hours per week in*
5 *a month, as 1 family.*

6 “(v) *In the case of such a family in*
7 *which the total number of hours in which*
8 *any adult recipient or minor child head of*
9 *household in the family is participating in*
10 *such work activities for an average of at*
11 *least 40, but less than 43, hours per week in*
12 *a month, as 1.05 families.*

13 “(vi) *In the case of such a family in*
14 *which the total number of hours in which*
15 *any adult recipient or minor child head of*
16 *household in the family is participating in*
17 *such work activities for an average of at*
18 *least 43 hours per week in a month, as 1.08*
19 *families.*

20 “(B) *APPLICATION OF RULES REGARDING*
21 *DIRECT WORK ACTIVITIES AND STATE FLEXI-*
22 *BILITY TO COUNT PARTICIPATION IN CERTAIN AC-*
23 *TIVITIES.—Subparagraphs (B) and (C) of para-*
24 *graph (1) apply to a 2-parent family described*
25 *in subparagraph (A) in the same manner as*

1 *such subparagraphs apply to a family described*
2 *in paragraph (1)(A), except that subparagraph*
3 *(B) of paragraph (1) shall be applied to a such*
4 *a 2-parent family by substituting ‘34’ for ‘24’*
5 *each place it appears.*

6 *“(4) 2-PARENT FAMILIES THAT RECEIVE FEDER-*
7 *ALLY FUNDED CHILD CARE.—*

8 *“(A) IN GENERAL.—Subject to paragraph*
9 *(6)(A), if a 2-parent family receives federally*
10 *funded child care assistance, an adult recipient*
11 *or minor child head of household in the family*
12 *participating in work activities described in sub-*
13 *section (d) shall be treated as engaged in work*
14 *for purposes of determining monthly participa-*
15 *tion rates under subsection (b)(1)(B)(i) as fol-*
16 *lows:*

17 *“(i) In the case of such a family in*
18 *which the total number of hours in which*
19 *any adult recipient or minor child head of*
20 *household in the family is participating in*
21 *such work activities for an average of at*
22 *least 40, but less than 45, hours per week in*
23 *a month, as 0.675 of a family.*

24 *“(ii) In the case of such a family in*
25 *which the total number of hours in which*

1 *any adult recipient or minor child head of*
2 *household in the family is participating in*
3 *such work activities for an average of at*
4 *least 45, but less than 51, hours per week in*
5 *a month, as 0.75 of a family.*

6 “(iii) *In the case of such a family in*
7 *which the total number of hours in which*
8 *any adult recipient or minor child head of*
9 *household in the family is participating in*
10 *such work activities for an average of at*
11 *least 51, but less than 55, hours per week in*
12 *a month, as 0.875 of a family.*

13 “(iv) *In the case of such a family in*
14 *which the total number of hours in which*
15 *any adult recipient or minor child head of*
16 *household in the family is participating in*
17 *such work activities for an average of at*
18 *least 55, but less than 56, hours per week in*
19 *a month, as 1 family.*

20 “(v) *In the case of such a family in*
21 *which the total number of hours in which*
22 *any adult recipient or minor child head of*
23 *household in the family is participating in*
24 *such work activities for an average of at*

1 least 56, but less than 59, hours per week in
2 a month, as 1.05 families.

3 “(vi) In the case of such a family in
4 which the total number of hours in which
5 any adult recipient or minor child head of
6 household in the family is participating in
7 such work activities for an average of at
8 least 59 hours per week in a month, as 1.08
9 families.

10 “(B) APPLICATION OF RULES REGARDING
11 DIRECT WORK ACTIVITIES AND STATE FLEXI-
12 BILITY TO COUNT PARTICIPATION IN CERTAIN AC-
13 TIVITIES.—Subparagraphs (B) and (C) of para-
14 graph (1) apply to a 2-parent family described
15 in subparagraph (A) in the same manner as
16 such subparagraphs apply to a family described
17 in paragraph (1)(A), except that subparagraph
18 (B) of paragraph (1) shall be applied to a such
19 a 2-parent family by substituting ‘50’ for ‘24’
20 each place it appears.

21 “(5) CALCULATION OF HOURS PER WEEK.—The
22 number of hours per week that a family is engaged
23 in work is the quotient of—

24 “(A) the total number of hours per month
25 that the family is engaged in work; divided by

1 “(B) 4.

2 “(6) *SPECIAL RULES.*—

3 “(A) *FAMILY WITH A DISABLED PARENT*
4 *NOT TREATED AS A 2-PARENT FAMILY.*—*A family*
5 *that includes a disabled parent shall not be con-*
6 *sidered a 2-parent family for purposes of para-*
7 *graph (3) or (4).*

8 “(B) *NUMBER OF WEEKS FOR WHICH JOB*
9 *SEARCH COUNTS AS WORK.*—*An individual shall*
10 *not be considered to be engaged in work for a*
11 *month by virtue of participation in an activity*
12 *described in subsection (d)(6) of a State program*
13 *funded under this part, after the individual has*
14 *participated in such an activity for 6 weeks (or,*
15 *if the unemployment rate of the State is at least*
16 *50 percent greater than the unemployment rate*
17 *of the United States, or the State meets the cri-*
18 *teria of subclause (I), (II), or (III) of section*
19 *403(b)(3)(A)(iii) or satisfies the applicable dura-*
20 *tion requirement of section 403(b)(3)(B)), 12*
21 *weeks).*

22 “(C) *SINGLE TEEN HEAD OF HOUSEHOLD*
23 *OR MARRIED TEEN WHO MAINTAINS SATISFAC-*
24 *TORY SCHOOL ATTENDANCE DEEMED TO COUNT*
25 *AS 1 FAMILY.*—*For purposes of determining*

hours under the preceding paragraphs of this subsection, with respect to a month, a State shall count a recipient who is married or a head of household and who has not attained 20 years of age as 1 family 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.—Except as provided in paragraph (1)(C)(ii)(I), for purposes of subsection (b)(1)(B)(i), not more than 30 percent of the number of individuals in all families in a State who are treated as engaged in work for a month may consist of individuals who are—

“(i) determined (without regard to individuals participating in a program established under section 404(l)) to be engaged in work for the month by reason of participation in vocational educational training (but

1 *only with respect to such training that does*
2 *not exceed 12 months with respect to any*
3 *individual); or*

4 “(ii) *deemed to be engaged in work for*
5 *the month by reason of subparagraph (C) of*
6 *this paragraph.*

7 “(E) *STATE OPTION TO DEEM SINGLE PAR-*
8 *ENT CARING FOR A CHILD OR ADULT DEPENDENT*
9 *FOR CARE WITH A PHYSICAL OR MENTAL IMPAIR-*
10 *MENT TO BE MEETING ALL OR PART OF A FAM-*
11 *ILY’S WORK PARTICIPATION REQUIREMENTS FOR*
12 *A MONTH.—*

13 “(i) *IN GENERAL.—A State may count*
14 *the number of hours per week that an adult*
15 *recipient or minor child head of household*
16 *who is the only parent or caretaker relative*
17 *for a child or adult dependent for care with*
18 *a physical or mental impairment engages*
19 *in providing substantial ongoing care for*
20 *such child or adult dependent for care if the*
21 *State determines that—*

22 “(I) *the child or adult dependent*
23 *for care has been verified through a*
24 *medically acceptable clinical or diag-*
25 *nostic technique as having a signifi-*

1 cant physical or mental impairment or
2 combination of impairments that re-
3 quire substantial ongoing care;

4 “(II) the adult recipient or minor
5 child head of household providing such
6 care is the most appropriate means, as
7 determined by the State, by which such
8 care can be provided to the child or
9 adult dependent for care;

10 “(III) for each month in which
11 this subparagraph applies to the adult
12 recipient or minor child head of house-
13 hold, the adult recipient or minor child
14 head of household is in compliance
15 with the requirements of the family’s
16 self-sufficiency plan; and

17 “(IV) the recipient is unable to
18 participate fully in work activities,
19 after consideration of whether there are
20 supports accessible and available to the
21 family for the care of the child or adult
22 dependent for care.

23 “(ii) TOTAL NUMBER OF HOURS LIM-
24 ITED TO BEING COUNTED AS 1 FAMILY.—In
25 no event may a family that includes a re-

1 *recipient to which clause (i) applies be count-*
 2 *ed as more than 1 family for purposes of*
 3 *determining monthly participation rates*
 4 *under subsection (b)(1)(B)(i).*

5 “(iii) *STATE REQUIREMENTS.—In the*
 6 *case of a recipient to which clause (i) ap-*
 7 *plies, the State shall—*

8 “(I) *conduct regular, periodic*
 9 *evaluations of the family of the adult*
 10 *recipient or minor child head of house-*
 11 *hold; and*

12 “(II) *include as part of the fam-*
 13 *ily’s self-sufficiency plan, regular up-*
 14 *dates on what special needs of the child*
 15 *or the adult dependent for care, includ-*
 16 *ing substantial ongoing care, could be*
 17 *accommodated either by individuals*
 18 *other than the adult recipient or minor*
 19 *child head of household outside of the*
 20 *home.*

21 “(iv) *RULE OF CONSTRUCTION.—Noth-*
 22 *ing in this subparagraph shall be construed*
 23 *as prohibiting a State from including in a*
 24 *recipient’s self-sufficiency plan a require-*

1 ment to engage in work activities described
2 in subsection (d).

3 “(F) *OPTIONAL MODIFICATION OF WORK RE-*
4 *QUIREMENTS FOR RECIPIENTS RESIDING IN*
5 *AREAS OF INDIAN COUNTRY OR AN ALASKAN NA-*
6 *TIVE VILLAGE WITH HIGH JOBLESSNESS.—If a*
7 *State has included in the State plan a descrip-*
8 *tion of the State’s policies in areas of Indian*
9 *country or an Alaskan Native village described*
10 *in section 408(a)(7)(D), the State may define the*
11 *activities that the State will treat as being work*
12 *activities described in subsection (d) that a re-*
13 *cipient who resides in such an area and who is*
14 *participating in such activities in accordance*
15 *with a self-sufficiency plan under section 408(b)*
16 *may engage in for purposes of satisfying work*
17 *requirements under the State program and for*
18 *purposes of determining monthly participation*
19 *rates under subsection (b)(1)(B)(i).”.*

20 (2) *CONFORMING AMENDMENT RELATING TO AU-*
21 *THORITY TO DEEM SINGLE PARENT OF A CHILD OR*
22 *ADULT DEPENDENT FOR CARE WITH A PHYSICAL OR*
23 *MENTAL IMPAIRMENT DEEMED TO BE MEETING ALL*
24 *OR PART OF A FAMILY’S WORK PARTICIPATION RE-*
25 *QUIREMENTS FOR A MONTH.—Section 402(a)(1)(B)*

(42 U.S.C. 602(a)(1)(B)), as amended by section 101(a)(1)(B), is amended by adding at the end the following:

“(vi) The document shall set forth the criteria for applying section 407(c)(6)(E) to an adult recipient or minor child head of household who is the only parent or caretaker relative for a child or adult dependent for care.”.

SEC. 110. UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS; OTHER PROHIBITIONS AND REQUIREMENTS.

(a) *UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.*—

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

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

“(iii) Require families receiving assistance under the program to engage in activi-

1 *ties in accordance with family self-suffi-*
 2 *ciency plans developed pursuant to section*
 3 *408(b).”.*

4 (2) *ESTABLISHMENT OF FAMILY SELF-SUFFI-*
 5 *CIENCY PLANS.—*

6 (A) *IN GENERAL.—Section 408(b) (42*
 7 *U.S.C. 608(b)) is amended to read as follows:*

8 “(b) *FAMILY SELF-SUFFICIENCY PLANS.—*

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

11 “(A) *make an initial screening and assess-*
 12 *ment, in the manner deemed appropriate by the*
 13 *State, of the skills, prior work experience, edu-*
 14 *cation obtained, work readiness, barriers to*
 15 *work, and employability of each adult or minor*
 16 *child head of household recipient of assistance in*
 17 *the family who—*

18 “(i) *has attained age 18; or*

19 “(ii) *has not completed high school or*
 20 *obtained a certificate of high school equiva-*
 21 *lency and is not attending secondary school;*

22 “(B) *assess, in the manner deemed appro-*
 23 *priate by the State, the work support and other*
 24 *assistance and family support services for which*
 25 *each family receiving assistance is eligible; and*

1 “(C) assess, in the manner deemed appro-
2 priate by the State, the well-being of the children
3 in the family, and, where appropriate, activities
4 or resources to improve the well-being of the chil-
5 dren.

6 “(2) CONTENTS OF PLANS.—The State shall, in
7 the manner deemed appropriate by the State—

8 “(A) establish for each family that includes
9 an individual described in paragraph (1)(A), in
10 consultation as the State deems appropriate with
11 the individual, a self-sufficiency plan that—

12 “(i) specifies activities described in the
13 State plan submitted pursuant to section
14 402, including work activities described in
15 paragraph (1), (2), (3), (4), (5), (6), (7),
16 (8), or (12) of section 407(d), as appro-
17 priate;

18 “(ii) is designed to assist the family in
19 achieving their maximum degree of self-suf-
20 ficiency, and

21 “(iii) provides for the ongoing partici-
22 pation of the individual in the activities
23 specified in the plan;

1 “(B) requires, at a minimum, each such in-
2 dividual to participate in activities in accord-
3 ance with the self-sufficiency plan;

4 “(C) sets forth the appropriate supportive
5 services the State intends to provide for the fam-
6 ily;

7 “(D) establishes for the family a plan that
8 addresses the issue of child well-being and, when
9 appropriate, adolescent well-being, and that may
10 include services such as domestic violence coun-
11 seling, mental health referrals, and parenting
12 courses; and

13 “(E) includes a section designed to assist
14 the family by informing the family, in such
15 manner as deemed appropriate by the State, of
16 the work support and other assistance for which
17 the family may be eligible including (but not
18 limited to)—

19 “(i) the food stamp program estab-
20 lished under the Food Stamp Act of 1977 (7
21 U.S.C. 2011 et seq.);

22 “(ii) the medicaid program funded
23 under title XIX;

24 “(iii) the State children’s health insur-
25 ance program funded under title XXI;

1 “(iv) *Federal or State funded child*
2 *care, including child care funded under the*
3 *Child Care Development Block Grant Act of*
4 *1990 (42 U.S.C. 9858 et seq.) and funds*
5 *made available under this title or title XX;*

6 “(v) *the earned income tax credit*
7 *under section 32 of the Internal Revenue*
8 *Code of 1986;*

9 “(vi) *the low-income home energy as-*
10 *sistance program established under the Low-*
11 *Income Home Energy Assistance Act of*
12 *1981 (42 U.S.C. 8621 et seq.);*

13 “(vii) *the special supplemental nutri-*
14 *tion program for women, infants, and chil-*
15 *dren established under section 17 of the*
16 *Child Nutrition Act of 1966 (42 U.S.C.*
17 *1786);*

18 “(viii) *programs conducted under the*
19 *Workforce Investment Act of 1998 (29*
20 *U.S.C. 2801 et seq.); and*

21 “(ix) *low-income housing assistance*
22 *programs.*

23 “(3) *REVIEW.—*

24 “(A) *REGULAR REVIEW.—A State to which*
25 *a grant is made under section 403 shall—*

1 “(i) monitor the participation of each
2 adult recipient or minor child head of
3 household in the activities specified in the
4 self-sufficiency plan, and regularly review
5 the progress of the family toward self-suffi-
6 ciency; and

7 “(ii) upon such a review, revise the
8 plan and activities required under the plan
9 as the State deems appropriate in consulta-
10 tion with the family.

11 “(B) *PRIOR TO THE IMPOSITION OF A SANC-*
12 *TION.—Prior to imposing a sanction against an*
13 *adult recipient, minor child head of household,*
14 *or a family for failure to comply with a require-*
15 *ment of the self-sufficiency plan or the State pro-*
16 *gram funded under this part, the State shall, to*
17 *the extent determined appropriate by the State—*

18 “(i) review the self-sufficiency plan;
19 and

20 “(ii) make a good faith effort (as de-
21 fined by the State) to consult with the fam-
22 ily.

23 “(4) *STATE DISCRETION.—A State shall have*
24 *sole discretion, consistent with section 407, to define*
25 *and design activities for families for purposes of this*

1 subsection, to develop methods for monitoring and re-
 2 viewing progress pursuant to this subsection, and to
 3 make modifications to the plan as the State deems
 4 appropriate to assist the individual in increasing
 5 their degree of self-sufficiency.

6 “(5) *APPLICATION TO PARTIALLY-SANCTIONED*
 7 *FAMILIES.*—The requirements of this subsection shall
 8 apply in the case of a family that includes an adult
 9 or minor child head of household recipient of assist-
 10 ance who is subject to a partial sanction.

11 “(6) *TIMING.*—The State shall initiate screening
 12 and assessment and the establishment of a family self-
 13 sufficiency plan in accordance with the requirements
 14 of this subsection—

15 “(A) in the case of a family that, as of the
 16 date of enactment of the Personal Responsibility
 17 and Individual Development for Everyone Act, is
 18 not receiving assistance from the State program
 19 funded under this part, not later than the later
 20 of—

21 “(i) 1 year after such date of enact-
 22 ment; or

23 “(ii) 60 days after the family first re-
 24 ceives assistance on the basis of the most re-
 25 cent application for assistance; and

1 “(B) in the case of a family that, as of such
2 date, is receiving assistance under the State pro-
3 gram funded under this part, not later than 1
4 year after such date of enactment.

5 “(7) *RULE OF INTERPRETATION.*—Nothing in
6 this subsection shall preclude a State from—

7 “(A) requiring participation in work and
8 any other activities the State deems appropriate
9 for helping families achieve self-sufficiency and
10 improving child well-being; or

11 “(B) using job search or other appropriate
12 job readiness or work activities to assess the em-
13 ployability of individuals and to determine ap-
14 propriate future engagement activities.”.

15 (B) *PENALTY FOR FAILURE TO COMPLY*
16 *WITH FAMILY SELF-SUFFICIENCY PLAN REQUIRE-*
17 *MENTS.*—

18 (i) *IN GENERAL.*—Section 409(a)(3)
19 (42 U.S.C. 609(a)(3)) is amended—

20 (I) in the paragraph heading, by
21 inserting “OR COMPLY WITH FAMILY
22 SELF-SUFFICIENCY PLAN REQUIRE-
23 MENTS” after “RATES”;

24 (II) in subparagraph (A), by in-
25 serting “or 408(b)” after “407(a)”; and

1 (III) *by striking subparagraph*
2 (C) *and inserting the following:*

3 “(C) *PENALTY BASED ON SEVERITY OF*
4 *FAILURE.—*

5 “(i) *FAILURE TO SATISFY MINIMUM*
6 *PARTICIPATION RATE.—If, with respect to*
7 *fiscal year 2005 or any fiscal year there-*
8 *after, the Secretary finds that a State has*
9 *failed or is failing to substantially comply*
10 *with the requirements of section 407(a) for*
11 *that fiscal year, the Secretary shall impose*
12 *reductions under subparagraph (A) with re-*
13 *spect to the immediately succeeding fiscal*
14 *year based on the degree of substantial non-*
15 *compliance. In assessing the degree of sub-*
16 *stantial noncompliance under section*
17 *407(a) for a fiscal year, the Secretary shall*
18 *take into account factors such as—*

19 “(I) *the degree to which the State*
20 *missed the minimum participation*
21 *rate for that fiscal year;*

22 “(II) *the change in the number of*
23 *individuals who are engaged in work*
24 *in the State since the prior fiscal year;*
25 *and*

1 “(III) the number of consecutive
2 fiscal years in which the State failed to
3 reach the minimum participation rate.

4 “(ii) *FAILURE TO COMPLY WITH SELF-*
5 *SUFFICIENCY PLAN REQUIREMENTS.—If,*
6 *with respect to fiscal year 2005 or any fis-*
7 *cal year thereafter, the Secretary finds that*
8 *a State has failed or is failing to substan-*
9 *tially comply with the requirements of sec-*
10 *tion 408(b) for that fiscal year, the Sec-*
11 *retary shall impose reductions under sub-*
12 *paragraph (A) with respect to the imme-*
13 *diately succeeding fiscal year based on the*
14 *degree of substantial noncompliance. In as-*
15 *sessing the degree of substantial noncompli-*
16 *ance under section 408(b), the Secretary*
17 *shall take into account factors such as—*

18 “(I) the number or percentage of
19 families for which a self-sufficiency
20 plan is not established in a timely
21 fashion for that fiscal year;

22 “(II) the duration of the delays in
23 establishing a self-sufficiency plan dur-
24 ing that fiscal year;

1 “(III) whether the failures are iso-
2 lated and nonrecurring; and

3 “(IV) the existence of systems de-
4 signed to ensure that self-sufficiency
5 plans are established for all families in
6 a timely fashion and that families’
7 progress under such plans is mon-
8 itored.

9 “(iii) *AUTHORITY TO REDUCE THE*
10 *PENALTY.—The Secretary may reduce the*
11 *penalty that would otherwise apply under*
12 *this paragraph if the substantial non-*
13 *compliance is due to circumstances that*
14 *caused the State to meet the criteria of sub-*
15 *clause (I), (II), or (III) of section*
16 *403(b)(3)(A)(iii) or to satisfy the applicable*
17 *duration requirement of section*
18 *403(b)(3)(B) during the fiscal year, or if the*
19 *noncompliance is due to extraordinary cir-*
20 *cumstances such as a natural disaster or re-*
21 *gional recession. The Secretary shall pro-*
22 *vide a written report to Congress to justify*
23 *any waiver or penalty reduction due to*
24 *such extraordinary circumstances.”.*

1 (ii) *EFFECTIVE DATE.*—*The amend-*
 2 *ments made by this subparagraph take ef-*
 3 *fect on October 1, 2004.*

4 (3) *GAO EVALUATION AND REPORT.*—*Not later*
 5 *than September 30, 2005, the Comptroller General of*
 6 *the United States shall submit a report to the Com-*
 7 *mittee on Ways and Means of the House of Represent-*
 8 *atives and the Committee on Finance of the Senate*
 9 *evaluating the implementation of the universal en-*
 10 *gagement provisions under the temporary assistance*
 11 *to needy families program under part A of title IV*
 12 *of the Social Security Act (42 U.S.C. 601 et seq.), as*
 13 *added by the amendments made by this subsection.*

14 (4) *RULES OF CONSTRUCTION.*—*Nothing in this*
 15 *subsection or the amendments made by this subsection*
 16 *shall be construed—*

17 (A) *as establishing a private right or cause*
 18 *of action against a State for failure to comply*
 19 *with the requirements imposed under this sub-*
 20 *section or the amendments made by this sub-*
 21 *section; or*

22 (B) *as limiting claims that may be avail-*
 23 *able under other Federal or State laws.*

24 (b) *TRANSITIONAL COMPLIANCE FOR TEEN PAR-*
 25 *ENTS.*—

1 (1) *IN GENERAL.*—Section 408(a)(5) (42 U.S.C.
2 608(a)(5)) is amended—

3 (A) in subparagraph (A)(i), by striking
4 “subparagraph (B)” and inserting “subpara-
5 graphs (B) and (C)”; and

6 (B) by adding at the end the following:

7 “(C) *AUTHORITY TO PROVIDE TEMPORARY*
8 *ASSISTANCE.*—A State may use any part of a
9 grant made under section 403 to provide assist-
10 ance to an individual described in clause (ii) of
11 subparagraph (A) who would otherwise be pro-
12 hibited from receiving such assistance under
13 clause (i) of that subparagraph, subparagraph
14 (B), or section 408(a)(4) for not more than a
15 single 60-day period in order to assist the indi-
16 vidual in meeting the requirement of clause (i)
17 of subparagraph (A), subparagraph (B), or sec-
18 tion 408(a)(4) for receipt of such assistance.”.

19 (2) *INCLUSION OF TRANSITIONAL LIVING YOUTH*
20 *PROJECTS AS A FORM OF ADULT-SUPERVISED SET-*
21 *TING.*—Clause (i) of section 408(a)(5)(A) (42 U.S.C.
22 608(a)(5)(A)(i)), as amended by paragraph (1), is
23 amended—

24 (A) by striking “do not reside in a place of”
25 and inserting “do not reside in a—

1 “(I) place of”;

2 (B) by striking the period and inserting “;

3 or”; and

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

5 “(II) transitional living youth

6 project funded under a grant made

7 under section 321 of the Runaway and

8 Homeless Youth Act (42 U.S.C. 5714–

9 1).”.

10 **SEC. 111. PENALTIES.**

11 Section 409(a)(7) (42 U.S.C. 609(a)(7)), as amended

12 by section 3(g) of the Welfare Reform Extension Act of 2003

13 (Public Law 108–040, 117 Stat. 837) is amended—

14 (1) in subparagraph (A) by striking “fiscal year

15 1998, 1999, 2000, 2001, 2002, 2003, or 2004” and in-

16 serting “fiscal year 2004, 2005, 2006, 2007, 2008, or

17 2009”; and

18 (2) in subparagraph (B)(ii)—

19 (A) by inserting “preceding” before “fiscal

20 year”; and

21 (B) by striking “for fiscal years 1997

22 through 2003,”.

23 **SEC. 112. DATA COLLECTION AND REPORTING.**

24 (a) CONTENTS OF REPORT.—Section 411(a)(1)(A) (42

25 U.S.C. 611(a)(1)(A)) is amended—

1 (1) *in the matter preceding clause (i), by insert-*
 2 *ing “and on families receiving assistance under State*
 3 *programs funded with other qualified State expendi-*
 4 *tures (as defined in section 409(a)(7)(B)(i))” before*
 5 *the colon;*

6 (2) *in clause (vii), by inserting “and minor par-*
 7 *ent” after “of each adult”;*

8 (3) *in clause (viii), by striking “and educational*
 9 *level”;*

10 (4) *in clause (ix), by striking “, and if the latter*
 11 *2, the amount received”;*

12 (5) *in clause (x)—*

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

14 (B) *by inserting before the period “and, if*
 15 *applicable, the reason for receipt of the assistance*
 16 *for a total of more than 60 months”;*

17 (6) *in clause (xi), by striking subclauses (I)*
 18 *through (VII) and inserting the following:*

19 “(I) *Subsidized private sector em-*
 20 *ployment.*

21 “(II) *Unsubsidized employment.*

22 “(III) *Public sector employment,*
 23 *supervised work experience, or super-*
 24 *vised community service.*

25 “(IV) *On-the-job training.*

1 “(V) *Job search and placement.*

2 “(VI) *Training.*

3 “(VII) *Education.*

4 “(VIII) *Other activities directed*
5 *at the purposes of this part, as speci-*
6 *fied in the State plan submitted pursu-*
7 *ant to section 402.”;*

8 (7) *in clause (xii), by inserting “and progress to-*
9 *ward universal engagement” after “participation*
10 *rates”;*

11 (8) *in clause (xiii), by striking “type and” before*
12 *“amount of assistance”;*

13 (9) *in clause (xvi), by striking subclause (II)*
14 *and redesignating subclauses (III) through (V) as sub-*
15 *clauses (II) through (IV), respectively; and*

16 (10) *by adding at the end the following:*

17 “(xviii) *The date the family first re-*
18 *ceived assistance from the State program on*
19 *the basis of the most recent application for*
20 *such assistance.*

21 “(xix) *Whether a self-sufficiency plan*
22 *is established for the family in accordance*
23 *with section 408(b).*

24 “(xx) *With respect to any child in the*
25 *family, the marital status of the parents at*

1 *the birth of the child, and if the parents*
 2 *were not then married, whether the pater-*
 3 *nity of the child has been established.”.*

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

6 (1) in clause (i)—

7 (A) by striking “a sample” and inserting
 8 “samples”; and

9 (B) by inserting before the period “, except
 10 that the Secretary may designate core data ele-
 11 ments that must be reported on all families”;
 12 and

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

15 **(c) REPORT ON FAMILIES THAT BECOME INELIGIBLE**
 16 **TO RECEIVE ASSISTANCE.**—Section 411(a) (42 U.S.C.
 17 611(a)) is amended—

18 (1) by striking paragraph (5);

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

21 (3) by inserting after paragraph (5) (as so redes-
 22 ignated) the following:

23 “(6) **REPORT ON FAMILIES THAT BECOME INELI-**
 24 **GIBLE TO RECEIVE ASSISTANCE.**—The report required
 25 by paragraph (1) for a fiscal quarter shall include for

1 *each month in the quarter the number of families and*
 2 *total number of individuals that, during the month,*
 3 *became ineligible to receive assistance under the State*
 4 *program funded under this part (broken down by the*
 5 *number of families that become so ineligible due to*
 6 *earnings, changes in family composition that result*
 7 *in increased earnings, sanctions, time limits, or other*
 8 *specified reasons).”.*

9 (d) *REGULATIONS.*—Section 411(a)(7) (42 U.S.C.
 10 611(a)(7)) *is amended—*

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

13 (2) *by striking “subsection” and inserting “sec-*
 14 *tion”;* *and*

15 (3) *by striking “in defining the data elements”*
 16 *and all that follows and inserting “, the National*
 17 *Governors’ Association, the American Public Human*
 18 *Services Association, the National Conference of State*
 19 *Legislatures, and others in defining the data ele-*
 20 *ments.”.*

21 (e) *ADDITIONAL REPORTS BY STATES.*—Section 411
 22 (42 U.S.C. 611) *is amended—*

23 (1) *by redesignating subsection (b) as subsection*
 24 *(e); and*

1 (2) *by inserting after subsection (a) the fol-*
2 *lowing:*

3 “(b) *ANNUAL REPORTS ON PROGRAM CHARACTERIS-*
4 *TICS.—Not later than 90 days after the end of fiscal year*
5 *2004 and each succeeding fiscal year, each eligible State*
6 *shall submit to the Secretary a report on the characteristics*
7 *of the State program funded under this part and other State*
8 *programs funded with qualified State expenditures (as de-*
9 *finied in section 409(a)(7)(B)(i)). The report shall include,*
10 *with respect to each such program, the program name, a*
11 *description of program activities, the program purpose, the*
12 *program eligibility criteria, the sources of program funding,*
13 *the number of program beneficiaries, sanction policies, and*
14 *any program work requirements.*

15 “(c) *MONTHLY REPORTS ON CASELOAD.—Not later*
16 *than 3 months after the end of each calendar month that*
17 *begins 1 year or more after the date of enactment of this*
18 *subsection, each eligible State shall submit to the Secretary*
19 *a report on the number of families and total number of in-*
20 *dividuals receiving assistance in the calendar month under*
21 *the State program funded under this part and under other*
22 *State programs funded with qualified State expenditures*
23 *(as defined in section 409(a)(7)(B)(i)).*

24 “(d) *ANNUAL REPORT ON PERFORMANCE IMPROVE-*
25 *MENT.—Beginning with fiscal year 2005, not later than*

1 *January 1 of each fiscal year, each eligible State shall sub-*
 2 *mit to the Secretary a report on achievement and improve-*
 3 *ment during the preceding fiscal year under the perform-*
 4 *ance goals and measures under the State program funded*
 5 *under this part with respect to each of the matters described*
 6 *in section 402(a)(1)(A)(v).”.*

7 (f) *ANNUAL REPORTS TO CONGRESS BY THE SEC-*
 8 *RETARY.—Section 411(e) (42 U.S.C. 611(e)), as so redesign-*
 9 *ated by subsection (e) of this section, is amended—*

10 (1) *in the matter preceding paragraph (1), by*
 11 *striking “and each fiscal year thereafter” and insert-*
 12 *ing “and not later than July 1 of each fiscal year*
 13 *thereafter”;*

14 (2) *in paragraph (2), by striking “families ap-*
 15 *plying for assistance,” and by striking the last*
 16 *comma; and*

17 (3) *in paragraph (3), by inserting “and other*
 18 *programs funded with qualified State expenditures*
 19 *(as defined in section 409(a)(7)(B)(i))” before the*
 20 *semicolon.*

21 **SEC. 113. DIRECT FUNDING AND ADMINISTRATION BY IN-**
 22 **DIAN TRIBES.**

23 (a) *FUNDING FOR TRIBAL TANF PROGRAMS.—*

24 (1) *REAUTHORIZATION OF TRIBAL FAMILY AS-*
 25 *SISTANCE GRANTS.—Section 412(a)(1)(A) (42 U.S.C.*

1 612(a)(1)(A)), as amended by section 3(h) of the Wel-
 2 fare Reform Extension Act of 2003, is amended by
 3 striking “1997, 1998, 1999, 2000, 2001, 2002, and
 4 2003” and inserting “2004 through 2008”.

5 (2) GRANTS FOR INDIAN TRIBES THAT RECEIVED
 6 JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C.
 7 612(a)(2)(A)), as so amended, is amended by striking
 8 “1997, 1998, 1999, 2000, 2001, 2002, and 2003” and
 9 inserting “2004 through 2008”.

10 (b) TRIBAL TANF IMPROVEMENT FUND.—Section
 11 412(a) (42 U.S.C. 612(a)) is amended by adding at the end
 12 the following:

13 “(4) TRIBAL TANF IMPROVEMENT FUND.—

14 “(A) ESTABLISHMENT.—The Secretary shall
 15 establish a fund for purposes of carrying out any
 16 of the following activities:

17 “(i) Providing technical assistance to
 18 Indian tribes considering applying to carry
 19 out, or that are carrying out, a tribal fam-
 20 ily assistance plan under this section in
 21 order to help such tribes establish and oper-
 22 ate strong and effective tribal family assist-
 23 ance plans under this section that will
 24 allow families receiving assistance under

1 *such plans achieve the highest measure of*
2 *self-sufficiency.*

3 *“(ii) Awarding competitive grants di-*
4 *rectly to Indian tribes carrying out a tribal*
5 *family assistance plan under this section*
6 *for purposes of conducting programs and*
7 *activities that would substantially improve*
8 *the operation and effectiveness of such plans*
9 *and the ability of such tribes to achieve the*
10 *purposes of the program under this part as*
11 *described in section 401(a).*

12 *“(iii) Awarding competitive grants di-*
13 *rectly to Indian tribes carrying out a tribal*
14 *family assistance plan under this section to*
15 *support tribal economic development activi-*
16 *ties that would significantly assist families*
17 *receiving assistance under the State pro-*
18 *gram funded under this part or a tribal*
19 *family assistance plan obtain employment*
20 *and achieve self-sufficiency.*

21 *“(iv) Conducting, directly or through*
22 *grants, contracts, or interagency agree-*
23 *ments, research and development to improve*
24 *knowledge about tribal family assistance*
25 *programs conducted under this section and*

1 *challenges faced by such programs in order*
 2 *to improve the effectiveness of such pro-*
 3 *grams.*

4 “(B) *AUTHORIZATION OF APPROPRIA-*
 5 *TIONS.—There are authorized to be appropriated*
 6 *to the Secretary to carry out this paragraph,*
 7 *\$100,000,000 for each of fiscal years 2004*
 8 *through 2008.”.*

9 **SEC. 114. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
 10 **IES.**

11 (a) *SECRETARY’S FUND FOR RESEARCH, DEMONSTRA-*
 12 *TIONS, AND TECHNICAL ASSISTANCE.—Section 413 (42*
 13 *U.S.C. 613), as amended by section 101(d), is further*
 14 *amended by adding at the end the following:*

15 “(l) *FUNDING FOR RESEARCH, DEMONSTRATIONS, AND*
 16 *TECHNICAL ASSISTANCE.—*

17 “(1) *APPROPRIATION.—*

18 “(A) *IN GENERAL.—Out of any money in*
 19 *the Treasury of the United States not otherwise*
 20 *appropriated, there are appropriated*
 21 *\$100,000,000 for each of fiscal years 2004*
 22 *through 2008, which shall remain available to*
 23 *the Secretary until expended.*

24 “(B) *USE OF FUNDS.—*

1 “(i) *IN GENERAL.—Funds appro-*
2 *priated under subparagraph (A) shall be*
3 *used for the purpose of—*

4 “(I) *conducting or supporting re-*
5 *search and demonstration projects by*
6 *public or private entities; or*

7 “(II) *providing technical assist-*
8 *ance in connection with a purpose of*
9 *the program funded under this part, as*
10 *described in section 401(a), to States,*
11 *Indian tribal organizations, sub-State*
12 *entities, and such other entities as the*
13 *Secretary may specify.*

14 “(ii) *REQUIREMENT.—Not less than 80*
15 *percent of the funds appropriated under*
16 *subparagraph (A) for a fiscal year shall be*
17 *expended for the purpose of conducting or*
18 *supporting research and demonstration*
19 *projects, or for providing technical assist-*
20 *ance, in connection with activities described*
21 *in section 403(a)(2)(B). Funds appro-*
22 *priated under subparagraph (A) and ex-*
23 *pended in accordance with this clause shall*
24 *be in addition to any other funds made*

1 *available under this part for activities de-*
2 *scribed in section 403(a)(2)(B).*

3 “(2) *SECRETARY’S AUTHORITY.*—*The Secretary*
4 *may conduct activities authorized by this subsection*
5 *directly or through grants, contracts, or interagency*
6 *agreements with public or private entities.*

7 “(3) *REQUIREMENT FOR USE OF FUNDS.*—*The*
8 *Secretary shall not pay any funds appropriated*
9 *under paragraph (1)(A) to an entity for the purpose*
10 *of conducting or supporting research and demonstra-*
11 *tion projects involving activities described in section*
12 *403(a)(2)(B) unless the entity complies with the re-*
13 *quirements of section 403(a)(2)(E).”.*

14 “(b) *FUNDING OF STUDIES AND DEMONSTRATIONS.*—
15 *Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in the*
16 *matter preceding subparagraph (A) by striking “1997*
17 *through 2002” and inserting “2004 through 2008”.*

18 “(c) *PROGRAM COORDINATION DEMONSTRATION*
19 *PROJECTS.*—

20 “(1) *PURPOSE.*—*The purpose of this subsection is*
21 *to establish a program of demonstration projects in a*
22 *State or portion of a State to coordinate assistance*
23 *provided under qualified programs for the purpose of*
24 *supporting working individuals and families, helping*
25 *families escape welfare dependency, promoting child*

1 *well-being, or helping build stronger families, using*
 2 *innovative approaches to strengthen service systems*
 3 *and provide more coordinated and effective service de-*
 4 *livery.*

5 (2) *DEFINITIONS.—In this subsection:*

6 (A) *QUALIFIED PROGRAM.—The term*
 7 *“qualified program” means—*

8 (i) *a program under part A of title IV*
 9 *of the Social Security Act (42 U.S.C. 601 et*
 10 *seq.);*

11 (ii) *the program under title XX of the*
 12 *Social Security Act (42 U.S.C. 1397 et*
 13 *seq.); and*

14 (iii) *child care assistance funded under*
 15 *section 418 of the Social Security Act (42*
 16 *U.S.C. 618).*

17 (B) *SECRETARY.—The term “Secretary”*
 18 *means the Secretary of Health and Human Serv-*
 19 *ices.*

20 (3) *APPLICATION REQUIREMENTS.—The head of*
 21 *a State entity or of a sub-State entity administering*
 22 *2 or more qualified programs proposed to be included*
 23 *in a demonstration project under this subsection shall*
 24 *(or, if the project is proposed to include qualified pro-*
 25 *grams administered by 2 or more such entities, the*

1 *heads of the administering entities (each of whom*
2 *shall be considered an applicant for purposes of this*
3 *subsection) shall jointly) submit to the Secretary an*
4 *application that contains the following:*

5 (A) *PROGRAMS INCLUDED.—A statement*
6 *identifying each qualified program to be in-*
7 *cluded in the project, and describing how the*
8 *purposes of each such program will be achieved*
9 *by the project.*

10 (B) *POPULATION SERVED.—A statement*
11 *identifying the population to be served by the*
12 *project and specifying the eligibility criteria to*
13 *be used.*

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

16 (i) *a description of how the project is*
17 *expected to improve or enhance achievement*
18 *of the purposes of the programs to be in-*
19 *cluded in the project, from the standpoint of*
20 *quality, of cost-effectiveness, or of both; and*

21 (ii) *a description of the performance*
22 *objectives for the project, including any pro-*
23 *posed modifications to the performance*
24 *measures and reporting requirements used*
25 *in the programs.*

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

6 (E) *COST NEUTRALITY.*—*Such information*
7 *and assurances as necessary to establish to the*
8 *satisfaction of the Secretary, in consultation*
9 *with the Director of the Office of Management*
10 *and Budget, that the proposed project is reason-*
11 *ably expected to meet the applicable cost neu-*
12 *trality requirements of paragraph (4)(E).*

13 (F) *EVALUATION AND REPORTS.*—*An assur-*
14 *ance that the applicant will—*

15 (i) *obtain an evaluation by an inde-*
16 *pendent contractor of the effectiveness of the*
17 *project using an evaluation design that, to*
18 *the maximum extent feasible, includes ran-*
19 *dom assignment of clients (or entities serv-*
20 *ing such clients) to service delivery and con-*
21 *trol groups; and*

22 (ii) *make interim and final reports to*
23 *the Secretary, at such times and in such*
24 *manner as the Secretary may require.*

1 (G) *OTHER INFORMATION AND ASSUR-*
2 *ANCES.—Such other information and assurances*
3 *as the Secretary may require.*

4 (4) *APPROVAL OF APPLICATIONS.—*

5 (A) *IN GENERAL.—The Secretary with re-*
6 *spect to a qualified program that is identified in*
7 *an application submitted pursuant to subsection*
8 *(c) may approve the application and, except as*
9 *provided in subparagraph (B), waive any re-*
10 *quirement applicable to the program, to the ex-*
11 *tent consistent with this subsection and necessary*
12 *and appropriate for the conduct of the dem-*
13 *onstration project proposed in the application, if*
14 *the Secretary determines that the project—*

15 (i) *has a reasonable likelihood of*
16 *achieving the objectives of the programs to*
17 *be included in the project;*

18 (ii) *may reasonably be expected to*
19 *meet the applicable cost neutrality require-*
20 *ments of subparagraph (E), as determined*
21 *by the Director of the Office of Management*
22 *and Budget;*

23 (iii) *includes the coordination of 2 or*
24 *more qualified programs; and*

1 (iv) provides for an independent eval-
2 uation that includes random assignment to
3 the maximum extent feasible, as described
4 in paragraph (3)(F), and which the Sec-
5 retary determines to be appropriate for as-
6 sessing the effectiveness of the project.

7 (B) PROVISIONS EXCLUDED FROM WAIVER
8 AUTHORITY.—A waiver shall not be granted
9 under subparagraph (A)—

10 (i) with respect to any provision of law
11 relating to—

12 (I) civil rights or prohibition of
13 discrimination;

14 (II) purposes or goals of any pro-
15 gram;

16 (III) maintenance of effort re-
17 quirements;

18 (IV) health or safety;

19 (V) labor standards under the
20 Fair Labor Standards Act of 1938; or

21 (VI) environmental protection;

22 (ii) in the case of child care assistance
23 funded under section 418 of the Social Secu-
24 rity Act (42 U.S.C. 618), with respect to the
25 requirement under the first sentence of sub-

1 *section (b)(1) of that section that funds re-*
2 *ceived by a State under that section shall*
3 *only be used to provide child care assist-*
4 *ance;*

5 *(iii) with respect to any requirement*
6 *that a State pass through to a sub-State en-*
7 *tity part or all of an amount paid to the*
8 *State;*

9 *(iv) if the waiver would waive any*
10 *funding restriction or limitation provided*
11 *in an appropriations Act, or would have the*
12 *effect of transferring appropriated funds*
13 *from 1 appropriations account to another;*
14 *or*

15 *(v) except as otherwise provided by*
16 *statute, if the waiver would waive any*
17 *funding restriction applicable to a program*
18 *authorized under an Act which is not an*
19 *appropriations Act (but not including pro-*
20 *gram requirements such as application pro-*
21 *cedures, performance standards, reporting*
22 *requirements, or eligibility standards), or*
23 *would have the effect of transferring funds*
24 *from a program for which there is direct*
25 *spending (as defined in section 250(c)(8) of*

1 *the Balanced Budget and Emergency Def-*
2 *icit Control Act of 1985) to another pro-*
3 *gram.*

4 (C) 10 STATE LIMITATION.—*The Director of*
5 *the Office of Management and Budget shall es-*
6 *tablish a procedure for ensuring that not more*
7 *than 10 States (including any portion of a*
8 *State) conduct a demonstration project under*
9 *this subsection.*

10 (D) AGREEMENT OF SECRETARY RE-
11 QUIRED.—

12 (i) IN GENERAL.—*An applicant may*
13 *not conduct a demonstration project under*
14 *this subsection unless the Secretary, with re-*
15 *spect to each qualified program proposed to*
16 *be included in the project, has approved the*
17 *application to conduct the project.*

18 (ii) AGREEMENT WITH RESPECT TO
19 FUNDING AND IMPLEMENTATION.—*Before*
20 *approving an application to conduct a dem-*
21 *onstration project under this subsection, the*
22 *Secretary shall have in place an agreement*
23 *with the applicant with respect to the pay-*
24 *ment of funds and responsibilities required*
25 *of the Secretary with respect to the project.*

1 (E) *COST-NEUTRALITY REQUIREMENT.*—

2 (i) *GENERAL RULE.*—Notwithstanding
3 any other provision of law (except as pro-
4 vided in clause (ii)), the total of the
5 amounts that may be paid by the Federal
6 Government for a fiscal year with respect to
7 the programs in the State in which an enti-
8 ty conducting a demonstration project
9 under this subsection is located that are af-
10 fected by the project shall not exceed the es-
11 timated total amount that the Federal Gov-
12 ernment would have paid for the fiscal year
13 with respect to the programs if the project
14 had not been conducted, as determined by
15 the Director of the Office of Management
16 and Budget.

17 (ii) *SPECIAL RULE.*—If an applicant
18 submits to the Director of the Office of Man-
19 agement and Budget a request to apply the
20 rules of this clause to the programs in the
21 State in which the applicant is located that
22 are affected by a demonstration project pro-
23 posed in an application submitted by the
24 applicant pursuant to this section, during
25 such period of not more than 5 consecutive

1 *fiscal years in which the project is in effect,*
2 *and the Director determines, on the basis of*
3 *supporting information provided by the ap-*
4 *plicant, to grant the request, then, notwith-*
5 *standing any other provision of law, the*
6 *total of the amounts that may be paid by*
7 *the Federal Government for the period with*
8 *respect to the programs shall not exceed the*
9 *estimated total amount that the Federal*
10 *Government would have paid for the period*
11 *with respect to the programs if the project*
12 *had not been conducted.*

13 *(F) 90-DAY APPROVAL DEADLINE.—*

14 *(i) IN GENERAL.—If the Secretary re-*
15 *ceives an application to conduct a dem-*
16 *onstration project under this subsection and*
17 *does not disapprove the application within*
18 *90 days after the receipt, then, subject to the*
19 *10 State limitation under paragraph (3)—*

20 *(I) the Secretary is deemed to*
21 *have approved the application for such*
22 *period as is requested in the applica-*
23 *tion, except to the extent inconsistent*
24 *with paragraph (5); and*

1 (II) any waiver requested in the
2 application which applies to a quali-
3 fied program that is identified in the
4 application and is administered by the
5 Secretary is deemed to be granted, ex-
6 cept to the extent inconsistent with
7 subparagraph (B) or (E) of this para-
8 graph.

9 (ii) *DEADLINE EXTENDED IF ADDI-*
10 *TIONAL INFORMATION IS SOUGHT.*—The 90-
11 day period referred to in clause (i) shall not
12 include any period that begins with the date
13 the Secretary requests the applicant to pro-
14 vide additional information with respect to
15 the application and ends with the date the
16 additional information is provided.

17 (5) *DURATION OF PROJECTS.*—A demonstration
18 project under this subsection may be approved for a
19 term of not more than 5 years.

20 (6) *REPORTS TO CONGRESS.*—

21 (A) *REPORT ON DISPOSITION OF APPLICA-*
22 *TIONS.*—Within 90 days after the date the Sec-
23 retary receives an application submitted pursu-
24 ant to this subsection, the Secretary shall submit
25 to the Committee on Finance of the Senate and

1 *the Committee on Ways and Means of the House*
2 *of Representatives notice of the receipt, a de-*
3 *scription of the decision of the Secretary with re-*
4 *spect to the application, and the reasons for ap-*
5 *proving or disapproving the application.*

6 *(B) REPORTS ON PROJECTS.—The Sec-*
7 *retary shall provide annually to Congress a re-*
8 *port concerning demonstration projects approved*
9 *under this subsection, including—*

10 *(i) the projects approved for each ap-*
11 *plicant;*

12 *(ii) the number of waivers granted*
13 *under this subsection, and the specific statu-*
14 *tory provisions waived;*

15 *(iii) how well each project for which a*
16 *waiver is granted is improving or enhanc-*
17 *ing program achievement from the stand-*
18 *point of quality, cost-effectiveness, or both;*

19 *(iv) how well each project for which a*
20 *waiver is granted is meeting the perform-*
21 *ance objectives specified in paragraph*
22 *(3)(C)(ii);*

23 *(v) how each project for which a waiv-*
24 *er is granted is conforming with the cost-*

1 neutrality requirements of paragraph
2 (4)(E); and
3 (vi) to the extent the Secretary deems
4 appropriate, recommendations for modifica-
5 tion of programs based on outcomes of the
6 projects.

7 **SEC. 115. STUDY BY THE CENSUS BUREAU.**

8 (a) *IN GENERAL*.—Section 414(a) (42 U.S.C. 614(a))
9 is amended to read as follows:

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

1 **(b) REPORTS ON THE WELL-BEING OF CHILDREN AND**
 2 **FAMILIES.**—Section 414 (42 U.S.C. 614), as amended by
 3 subsection (a), is amended—

4 (1) by redesignating subsection (b) as subsection
 5 (c); and

6 (2) by inserting after subsection (a) the fol-
 7 lowing:

8 **“(b) REPORTS ON THE WELL-BEING OF CHILDREN**
 9 **AND FAMILIES.**—

10 **“(1) IN GENERAL.**—Not later than 24 months
 11 after the date of enactment of the Personal Responsi-
 12 bility and Individual Development for Everyone Act,
 13 the Secretary of Commerce shall prepare and submit
 14 to the Committee on Ways and Means of the House
 15 of Representatives and the Committee on Finance of
 16 the Senate a report on the well-being of children and
 17 families using data collected under subsection (a).

18 **“(2) SECOND REPORT.**—Not later than 60
 19 months after such date of enactment, the Secretary of
 20 Commerce shall submit a second report to the Com-
 21 mittee on Ways and Means of the House of Represent-
 22 atives and the Committee on Finance of the Senate on
 23 the well-being of children and families using data col-
 24 lected under subsection (a).

1 “(3) *INCLUSION OF COMPARABLE MEASURES.*—
 2 *Where comparable measures for data collected under*
 3 *subsection (a) exist in surveys previously adminis-*
 4 *tered by the Bureau of the Census, appropriate com-*
 5 *parisons shall be made and included in each report*
 6 *required under this subsection on the well-being of*
 7 *children and families to assess changes in such meas-*
 8 *ures.*”.

9 (c) *APPROPRIATION.*—Section 414(c) (42 U.S.C.
 10 614(c)), as redesignated by subsection (b)(1) and as amend-
 11 ed by section 3(i) of the Welfare Reform Extension Act of
 12 2003 (Public Law 108–040, 117 Stat. 837), is amended by
 13 striking “1996,” and all that follows through the period and
 14 inserting “2004 through 2008 for payment to the Bureau
 15 of the Census to carry out this section. Funds appropriated
 16 under this subsection for a fiscal year shall remain avail-
 17 able through fiscal year 2008 to carry out this section.”.

18 **SEC. 116. FUNDING FOR CHILD CARE.**

19 (a) *INCREASE IN MANDATORY FUNDING.*—Section
 20 418(a)(3) (42 U.S.C. 618(a)(3)), as amended by section 4
 21 of the Welfare Reform Extension Act of 2003 (Public Law
 22 108–040, 117 Stat. 837), is amended—

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

(2) *by striking the period at the end of subparagraph (F) and inserting “; and”; and*

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

“(G) \$2,917,000,000 for each of fiscal years 2004 through 2008.”.

(b) *INCLUSION OF COMMONWEALTH OF PUERTO RICO IN RESERVATION OF CHILD CARE FUNDS.—*

(1) *IN GENERAL.—Section 418(a)(4) (42 U.S.C. 618(a)(4)) is amended—*

(A) *in the paragraph heading, by striking “INDIAN TRIBES” and inserting “AMOUNTS RESERVED”;*

(B) *by striking “The Secretary” and inserting the following:*

“(A) *INDIAN TRIBES.—The Secretary”; and*

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

“(B) *PUERTO RICO.—The Secretary shall reserve \$10,000,000 of the amount appropriated under paragraph (3) for each fiscal year for payments to the Commonwealth of Puerto Rico for each such fiscal year for the purpose of providing child care assistance.”.*

(2) *CONFORMING AMENDMENT.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by*

1 *section 108(b)(3), is amended by striking “or 413(f)”*
 2 *and inserting “413(f), or 418(a)(4)(B)”.*

3 **SEC. 117. DEFINITIONS.**

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

6 *“(6) ASSISTANCE.—*

7 *“(A) IN GENERAL.—The term ‘assistance’*
 8 *means payment, by cash, voucher, or other*
 9 *means, to or for an individual or family for the*
 10 *purpose of meeting a subsistence need of the in-*
 11 *dividual or family (including food, clothing,*
 12 *shelter, and related items, but not including costs*
 13 *of transportation or child care).*

14 *“(B) EXCEPTION.—The term ‘assistance’*
 15 *does not include a payment described in sub-*
 16 *paragraph (A) to or for an individual or family*
 17 *on a short-term, nonrecurring basis (as defined*
 18 *by the State in accordance with regulations pre-*
 19 *scribed by the Secretary).”.*

20 *(b) CONFORMING AMENDMENTS.—*

21 *(1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is*
 22 *amended by striking “assistance” and inserting*
 23 *“aid”.*

1 (2) Section 404(f) (42 U.S.C. 604(f)) is amended
2 by striking “assistance” and inserting “benefits or
3 services”.

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

7 (4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is
8 amended by striking “assistance” and inserting
9 “aid”.

10 (5) Section 5(g)(2)(D) of the Food Stamp Act of
11 1977 (7 U.S.C. 2014(g)(2)(D)) is amended—

12 (A) by striking “If the vehicle allowance”
13 and inserting the following:

14 “(i) *IN GENERAL.*—If the vehicle allow-
15 ance”; and

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

17 “(ii) *DEFINITION OF ASSISTANCE.*—In
18 clause (i), the term ‘assistance’ shall have
19 the meaning given such term in section
20 260.31 of title 45 of the Code of Federal
21 Regulations, as in effect on June 1, 2002.”.

22 **SEC. 118. RESPONSIBLE FATHERHOOD PROGRAM.**

23 (a) *RESPONSIBLE FATHERHOOD PROGRAM.*—

24 (1) *FINDINGS.*—Congress makes the following
25 findings:

1 (A) Nearly 24,000,000 children in the
2 United States, or 34 percent of all such children,
3 live apart from their biological father.

4 (B) Sixty percent of couples who divorce
5 have at least 1 child.

6 (C) The number of children living with only
7 a mother increased from just over 5,000,000 in
8 1960 to 17,000,000 in 1999, and between 1981
9 and 1991 the percentage of children living with
10 only 1 parent increased from 19 percent to 25
11 percent.

12 (D) Forty percent of children who live in
13 households without a father have not seen their
14 father in at least 1 year and 50 percent of such
15 children have never visited their father's home.

16 (E) The most important factor in a child's
17 upbringing is whether the child is brought up in
18 a loving, healthy, supportive environment.

19 (F) Children who live without contact with
20 their biological father are, in comparison to chil-
21 dren who have such contact—

22 (i) 5 times more likely to live in pov-
23 erty;

24 (ii) more likely to bring weapons and
25 drugs into the classroom;

1 (iii) twice as likely to commit crime;

2 (iv) twice as likely to drop out of
3 school;

4 (v) more likely to commit suicide;

5 (vi) more than twice as likely to abuse
6 alcohol or drugs; and

7 (vii) more likely to become pregnant as
8 teenagers.

9 (G) Violent criminals are overwhelmingly
10 males who grew up without fathers.

11 (H) Between 20 and 30 percent of families
12 in poverty are headed by women who have suf-
13 fered domestic violence during the past year, and
14 between 40 and 60 percent of women with chil-
15 dren receiving welfare were abused sometime
16 during their life.

17 (I) Responsible fatherhood includes active
18 participation in financial support and child
19 care, as well as the formation and maintenance
20 of a positive, healthy, and nonviolent relation-
21 ship between father and child and a cooperative
22 relationship between parents.

23 (J) States should be encouraged to imple-
24 ment programs that provide support for respon-
25 sible fatherhood, promote marriage, and increase

1 *the incidence of marriage, and should not be re-*
2 *stricted from implementing such programs.*

3 *(K) Fatherhood programs should promote*
4 *and provide support services for—*

5 *(i) loving and healthy relationships be-*
6 *tween parents and children; and*

7 *(ii) cooperative parenting.*

8 *(L) There is a social need to reconnect chil-*
9 *dren and fathers.*

10 *(M) The promotion of responsible fatherhood*
11 *and encouragement of healthy 2-parent married*
12 *families should not—*

13 *(i) denigrate the standing or parenting*
14 *efforts of single mothers or other caregivers;*

15 *(ii) lessen the protection of children*
16 *from abusive parents; or*

17 *(iii) compromise the safety or health of*
18 *the custodial parent;*

19 *but should increase the chance that children will*
20 *have 2 caring parents to help them grow up*
21 *healthy and secure.*

22 *(N) The promotion of responsible fatherhood*
23 *must always recognize and promote the values of*
24 *nonviolence.*

1 (O) *For the future of the United States and*
 2 *the future of our children, Congress, States, and*
 3 *local communities should assist parents to be-*
 4 *come more actively involved in their children's*
 5 *lives.*

6 (P) *Child support is an important means*
 7 *by which a parent can take financial responsi-*
 8 *bility for a child and emotional support is an*
 9 *important means by which a parent can take so-*
 10 *cial responsibility for a child.*

11 (2) *FATHERHOOD PROGRAM.—Title I of the Per-*
 12 *sonal Responsibility and Work Opportunity Rec-*
 13 *onciliation Act of 1996 (Public Law 104–193) is*
 14 *amended by adding at the end the following:*

15 **“SEC. 117. FATHERHOOD PROGRAM.**

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

18 **“PART C—RESPONSIBLE FATHERHOOD**
 19 **PROGRAM**

20 **“SEC. 441. RESPONSIBLE FATHERHOOD GRANTS.**

21 “(a) *GRANTS TO STATES TO CONDUCT DEMONSTRA-*
 22 *TION PROGRAMS.—*

23 “(1) *AUTHORITY TO AWARD GRANTS.—*

24 “(A) *IN GENERAL.—The Secretary shall*
 25 *award grants to up to 10 eligible States to con-*

1 *duct demonstration programs to carry out the*
2 *purposes described in paragraph (2).*

3 ““(B) *ELIGIBLE STATE.*—*For purposes of*
4 *this subsection, an eligible State is a State that*
5 *submits to the Secretary the following:*

6 ““(i) *APPLICATION.*—*An application*
7 *for a grant under this subsection, at such*
8 *time, in such manner, and containing such*
9 *information as the Secretary may require.*

10 ““(ii) *STATE PLAN.*—*A State plan that*
11 *includes the following:*

12 ““(I) *PROJECT DESCRIPTION.*—*A*
13 *description of the programs or activi-*
14 *ties the State will fund under the*
15 *grant, including a good faith estimate*
16 *of the number and characteristics of*
17 *clients to be served under such projects*
18 *and how the State intends to achieve*
19 *at least 2 of the purposes described in*
20 *paragraph (2).*

21 ““(II) *COORDINATION EFFORTS.*—
22 *A description of how the State will co-*
23 *ordinate and cooperate with State and*
24 *local entities responsible for carrying*
25 *out other programs that relate to the*

1 *purposes intended to be achieved under*
2 *the demonstration program, including*
3 *as appropriate, entities responsible for*
4 *carrying out jobs programs and pro-*
5 *grams serving children and families.*

6 “(III) *RECORDS, REPORTS, AND*
7 *AUDITS.—An agreement to maintain*
8 *such records, submit such reports, and*
9 *cooperate with such reviews and audits*
10 *as the Secretary finds necessary for*
11 *purposes of oversight of the demonstra-*
12 *tion program.*

13 “(iii) *CERTIFICATIONS.—The fol-*
14 *lowing certifications from the chief executive*
15 *officer of the State:*

16 “(I) *A certification that the State*
17 *will use funds provided under the*
18 *grant to promote at least 2 of the pur-*
19 *poses described in paragraph (2).*

20 “(II) *A certification that the*
21 *State will return any unused funds to*
22 *the Secretary in accordance with the*
23 *reconciliation process under paragraph*
24 *(5).*

1 “(III) A certification that the
2 funds provided under the grant will be
3 used for programs and activities that
4 target low-income participants and
5 that not less than 50 percent of the
6 participants in each program or activ-
7 ity funded under the grant shall be—

8 “(aa) parents of a child who
9 is, or within the past 24 months
10 has been, a recipient of assistance
11 or services under a State program
12 funded under part A, D, or E of
13 this title, title XIX, or the Food
14 Stamp Act of 1977; or

15 “(bb) parents, including an
16 expectant parent or a married
17 parent, whose income (after ad-
18 justment for court-ordered child
19 support paid or received) does not
20 exceed 150 percent of the poverty
21 line.

22 “(IV) A certification that the
23 State has or will comply with the re-
24 quirements of paragraph (4).

1 “(V) *A certification that funds*
2 *provided to a State under this sub-*
3 *section shall not be used to supplement*
4 *or supplant other Federal, State, or*
5 *local funds that are used to support*
6 *programs or activities that are related*
7 *to the purposes described in paragraph*
8 *(2).*

9 “(C) *PREFERENCES AND FACTORS OF CON-*
10 *SIDERATION.—In awarding grants under this*
11 *subsection, the Secretary shall take into consider-*
12 *ation the following:*

13 “(i) *DIVERSITY OF ENTITIES USED TO*
14 *CONDUCT PROGRAMS AND ACTIVITIES.—The*
15 *Secretary shall, to the extent practicable,*
16 *achieve a balance among the eligible States*
17 *awarded grants under this subsection with*
18 *respect to the size, urban or rural location,*
19 *and employment of differing or unique*
20 *methods of the entities that the eligible*
21 *States intend to use to conduct the pro-*
22 *grams and activities funded under the*
23 *grants.*

24 “(ii) *PRIORITY FOR CERTAIN*
25 *STATES.—The Secretary shall give priority*

1 to awarding grants to eligible States that
2 have—

3 “(I) demonstrated progress in
4 achieving at least 1 of the purposes de-
5 scribed in paragraph (2) through pre-
6 vious State initiatives; or

7 “(II) demonstrated need with re-
8 spect to reducing the incidence of out-
9 of-wedlock births or absent fathers in
10 the State.

11 “(2) PURPOSES.—The purposes described in
12 this paragraph are the following:

13 “(A) PROMOTING RESPONSIBLE FATHER-
14 HOOD THROUGH MARRIAGE PROMOTION.—To
15 promote marriage or sustain marriage through
16 activities such as counseling, mentoring, dissemi-
17 nating information about the benefits of mar-
18 riage and 2-parent involvement for children, en-
19 hancing relationship skills, education regarding
20 how to control aggressive behavior, disseminating
21 information on the causes of domestic violence
22 and child abuse, marriage preparation pro-
23 grams, premarital counseling, marital inven-
24 tories, skills-based marriage education, financial
25 planning seminars, including improving a fam-

1 *ily’s ability to effectively manage family business*
2 *affairs by means such as education, counseling,*
3 *or mentoring on matters related to family fi-*
4 *nances, including household management, budg-*
5 *eting, banking, and handling of financial trans-*
6 *actions and home maintenance, and divorce edu-*
7 *cation and reduction programs, including medi-*
8 *ation and counseling.*

9 “(B) *PROMOTING RESPONSIBLE FATHER-*
10 *HOOD THROUGH PARENTING PROMOTION.—To*
11 *promote responsible parenting through activities*
12 *such as counseling, mentoring, and mediation,*
13 *disseminating information about good parenting*
14 *practices, skills-based parenting education, en-*
15 *couraging child support payments, and other*
16 *methods.*

17 “(C) *PROMOTING RESPONSIBLE FATHER-*
18 *HOOD THROUGH FOSTERING ECONOMIC STA-*
19 *BILITY OF FATHERS.—To foster economic sta-*
20 *bility by helping fathers improve their economic*
21 *status by providing activities such as work first*
22 *services, job search, job training, subsidized em-*
23 *ployment, job retention, job enhancement, and*
24 *encouraging education, including career-advanc-*
25 *ing education, dissemination of employment ma-*

1 *terials, coordination with existing employment*
 2 *services such as welfare-to-work programs, refer-*
 3 *rals to local employment training initiatives,*
 4 *and other methods.*

5 ““(3) *RESTRICTION ON USE OF FUNDS.—No*
 6 *funds provided under this subsection may be used for*
 7 *costs attributable to court proceedings regarding mat-*
 8 *ters of child visitation or custody, or for legislative*
 9 *advocacy.*

10 ““(4) *REQUIREMENTS FOR RECEIPT OF*
 11 *FUNDS.—A State may not be awarded a grant under*
 12 *this section unless the State, as a condition of receiv-*
 13 *ing funds under such a grant—*

14 ““(A) *consults with experts in domestic vio-*
 15 *lence or with relevant community domestic vio-*
 16 *lence coalitions in developing such programs or*
 17 *activities; and*

18 ““(B) *describes in the application for a*
 19 *grant under this section—*

20 ““(i) *how the programs or activities*
 21 *proposed to be conducted will address, as*
 22 *appropriate, issues of domestic violence; and*

23 ““(ii) *what the State will do, to the ex-*
 24 *tent relevant, to ensure that participation*
 25 *in such programs or activities is voluntary,*

1 *and to inform potential participants that*
2 *their involvement is voluntary.*

3 “‘(5) *RECONCILIATION PROCESS.*—

4 “‘(A) *3-YEAR AVAILABILITY OF AMOUNTS*
5 *ALLOTTED.*—*Each eligible State that receives a*
6 *grant under this subsection for a fiscal year shall*
7 *return to the Secretary any unused portion of*
8 *the grant for such fiscal year not later than the*
9 *last day of the second succeeding fiscal year, to-*
10 *gether with any earnings on such unused por-*
11 *tion.*

12 “‘(B) *PROCEDURE FOR REDISTRIBUTION.*—
13 *The Secretary shall establish an appropriate*
14 *procedure for redistributing to eligible States*
15 *that have expended the entire amount of a grant*
16 *made under this subsection for a fiscal year any*
17 *amount that is returned to the Secretary by eli-*
18 *gible States under subparagraph (A).*

19 “‘(6) *AMOUNT OF GRANTS.*—

20 “‘(A) *IN GENERAL.*—*Subject to subpara-*
21 *graph (B), the amount of each grant awarded*
22 *under this subsection shall be an amount suffi-*
23 *cient to implement the State plan submitted*
24 *under paragraph (1)(B)(ii).*

1 “(B) *MINIMUM AMOUNTS.*—No eligible
2 *State shall—*

3 “(i) *in the case of the District of Co-*
4 *lumbia or a State other than the Common-*
5 *wealth of Puerto Rico, the United States*
6 *Virgin Islands, Guam, American Samoa,*
7 *and the Commonwealth of the Northern*
8 *Mariana Islands, receive a grant for a fiscal*
9 *year in an amount that is less than*
10 *\$1,000,000; and*

11 “(ii) *in the case of the Commonwealth*
12 *of Puerto Rico, the United States Virgin Is-*
13 *lands, Guam, American Samoa, and the*
14 *Commonwealth of the Northern Mariana Is-*
15 *lands, receive a grant for a fiscal year in*
16 *an amount that is less than \$500,000.*

17 “(7) *DEFINITION OF STATE.*—*In this subsection*
18 *the term ‘State’ means each of the 50 States, the Dis-*
19 *trict of Columbia, the Commonwealth of Puerto Rico,*
20 *the United States Virgin Islands, Guam, American*
21 *Samoa, and the Commonwealth of the Northern Mar-*
22 *iana Islands.*

23 “(8) *AUTHORIZATION OF APPROPRIATIONS.*—
24 *There is authorized to be appropriated \$20,000,000*
25 *for each of fiscal years 2004 through 2008 for pur-*

1 *poses of making grants to eligible States under this*
 2 *subsection.*

3 “‘(b) *GRANTS TO ELIGIBLE ENTITIES TO CONDUCT*
 4 *DEMONSTRATION PROGRAMS.*—

5 “‘(1) *AUTHORITY TO AWARD GRANTS.*—

6 “‘(A) *IN GENERAL.*—*The Secretary shall*
 7 *award grants to eligible entities to conduct dem-*
 8 *onstration programs to carry out the purposes*
 9 *described in subsection (a)(2).*

10 “‘(B) *ELIGIBLE ENTITY.*—*For purposes of*
 11 *this subsection, an eligible entity is a local gov-*
 12 *ernment, local public agency, community-based*
 13 *or nonprofit organization, or private entity, in-*
 14 *cluding any charitable or faith-based organiza-*
 15 *tion, or an Indian tribe (as defined in section*
 16 *419(4)), that submits to the Secretary the fol-*
 17 *lowing:*

18 “‘(i) *APPLICATION.*—*An application*
 19 *for a grant under this subsection, at such*
 20 *time, in such manner, and containing such*
 21 *information as the Secretary may require.*

22 “‘(ii) *PROJECT DESCRIPTION.*—*A de-*
 23 *scription of the programs or activities the*
 24 *entity intends to carry out with funds pro-*
 25 *vided under the grant, including a good*

1 *faith estimate of the number and character-*
2 *istics of clients to be served under such pro-*
3 *grams or activities and how the entity in-*
4 *tends to achieve at least 2 of the purposes*
5 *described in subsection (a)(2).*

6 “(iii) *COORDINATION EFFORTS.—A*
7 *description of how the entity will coordinate*
8 *and cooperate with State and local entities*
9 *responsible for carrying out other programs*
10 *that relate to the purposes intended to be*
11 *achieved under the demonstration program,*
12 *including as appropriate, entities respon-*
13 *sible for carrying out jobs programs and*
14 *programs serving children and families.*

15 “(iv) *RECORDS, REPORTS, AND AU-*
16 *DITS.—An agreement to maintain such*
17 *records, submit such reports, and cooperate*
18 *with such reviews and audits as the Sec-*
19 *retary finds necessary for purposes of over-*
20 *sight of the demonstration program.*

21 “(v) *CERTIFICATIONS.—The following*
22 *certifications:*

23 “(I) *A certification that the enti-*
24 *ty will use funds provided under the*

1 *grant to promote at least 2 of the pur-*
2 *poses described in subsection (a)(2).*

3 *“(II) A certification that the en-*
4 *tity will return any unused funds to*
5 *the Secretary in accordance with the*
6 *reconciliation process under paragraph*
7 *(3).*

8 *“(III) A certification that the*
9 *funds provided under the grant will be*
10 *used for programs and activities that*
11 *target low-income participants and*
12 *that not less than 50 percent of the*
13 *participants in each program or activ-*
14 *ity funded under the grant shall be—*

15 *“(aa) parents of a child who*
16 *is, or within the past 24 months*
17 *has been, a recipient of assistance*
18 *or services under a State program*
19 *funded under part A, D, or E of*
20 *this title, title XIX, or the Food*
21 *Stamp Act of 1977; or*

22 *“(bb) parents, including an*
23 *expectant parent or a married*
24 *parent, whose income (after ad-*
25 *justment for court-ordered child*

1 support paid or received) does not
2 exceed 150 percent of the poverty
3 line.

4 ““(IV) A certification that the en-
5 tity has or will comply with the re-
6 quirements of paragraph (3).

7 ““(V) A certification that funds
8 provided to an entity under this sub-
9 section shall not be used to supplement
10 or supplant other Federal, State, or
11 local funds provided to the entity that
12 are used to support programs or activi-
13 ties that are related to the purposes de-
14 scribed in subsection (a)(2).

15 ““(C) PREFERENCES AND FACTORS OF CON-
16 sideration.—In awarding grants under this
17 subsection, the Secretary shall, to the extent
18 practicable, achieve a balance among the eligible
19 entities awarded grants under this subsection
20 with respect to the size, urban or rural location,
21 and employment of differing or unique methods
22 of the entities.

23 ““(2) RESTRICTION ON USE OF FUNDS.—No
24 funds provided under this subsection may be used for
25 costs attributable to court proceedings regarding mat-

1 *ters of child visitation or custody, or for legislative*
2 *advocacy.*

3 ““(3) *REQUIREMENTS FOR USE OF FUNDS.—The*
4 *Secretary may not award a grant under this sub-*
5 *section to an eligible entity unless the entity, as a*
6 *condition of receiving funds under such a grant—*

7 ““(A) *consults with experts in domestic vio-*
8 *lence or with relevant community domestic vio-*
9 *lence coalitions in developing the programs or*
10 *activities to be conducted with such funds*
11 *awarded under the grant; and*

12 ““(B) *describes in the application for a*
13 *grant under this section—*

14 ““(i) *how the programs or activities*
15 *proposed to be conducted will address, as*
16 *appropriate, issues of domestic violence; and*

17 ““(ii) *what the entity will do, to the*
18 *extent relevant, to ensure that participation*
19 *in such programs or activities is voluntary,*
20 *and to inform potential participants that*
21 *their involvement is voluntary.*

22 ““(4) *RECONCILIATION PROCESS.—*

23 ““(A) *3-YEAR AVAILABILITY OF AMOUNTS*
24 *ALLOTTED.—Each eligible entity that receives a*
25 *grant under this subsection for a fiscal year shall*

1 *return to the Secretary any unused portion of*
 2 *the grant for such fiscal year not later than the*
 3 *last day of the second succeeding fiscal year, to-*
 4 *gether with any earnings on such unused por-*
 5 *tion.*

6 ““(B) *PROCEDURE FOR REDISTRIBUTION.—*
 7 *The Secretary shall establish an appropriate*
 8 *procedure for redistributing to eligible entities*
 9 *that have expended the entire amount of a grant*
 10 *made under this subsection for a fiscal year any*
 11 *amount that is returned to the Secretary by eli-*
 12 *gible entities under subparagraph (A).*

13 ““(5) *AUTHORIZATION OF APPROPRIATIONS.—*
 14 *There is authorized to be appropriated \$30,000,000*
 15 *for each of fiscal years 2004 through 2008 for pur-*
 16 *poses of making grants to eligible entities under this*
 17 *subsection.*

18 **““SEC. 442. NATIONAL CLEARINGHOUSE FOR RESPONSIBLE**
 19 **FATHERHOOD PROGRAMS.**

20 ““(a) *MEDIA CAMPAIGN NATIONAL CLEARINGHOUSE*
 21 *FOR RESPONSIBLE FATHERHOOD.—*

22 ““(1) *IN GENERAL.—From any funds appro-*
 23 *priated under subsection (c), the Secretary shall con-*
 24 *tract with a nationally recognized, nonprofit father-*

1 *hood promotion organization described in subsection*
2 *(b) to—*

3 “‘(A) *develop, promote, and distribute to*
4 *interested States, local governments, public agen-*
5 *cies, and private entities a media campaign that*
6 *encourages the appropriate involvement of par-*
7 *ents in the life of any child, with a priority for*
8 *programs that specifically address the issue of re-*
9 *sponsible fatherhood; and*

10 “‘(B) *develop a national clearinghouse to*
11 *assist States and communities in efforts to pro-*
12 *mote and support marriage and responsible fa-*
13 *therhood by collecting, evaluating, and making*
14 *available (through the Internet and by other*
15 *means) to other States information regarding the*
16 *media campaigns established under section 443.*

17 “‘(2) *COORDINATION WITH DOMESTIC VIOLENCE*
18 *PROGRAMS.—The Secretary shall ensure that the na-*
19 *tionally recognized nonprofit fatherhood promotion*
20 *organization with a contract under paragraph (1) co-*
21 *ordinates the media campaign developed under sub-*
22 *paragraph (A) of such paragraph and the national*
23 *clearinghouse developed under subparagraph (B) of*
24 *such paragraph with national, State, or local domes-*
25 *tic violence programs.*

1 “(b) *NATIONALLY RECOGNIZED, NONPROFIT FATHER-*
2 *HOOD PROMOTION ORGANIZATION DESCRIBED.*—*The na-*
3 *tionally recognized, nonprofit fatherhood promotion organi-*
4 *zation described in this subsection is an organization that*
5 *has at least 4 years of experience in—*

6 “(1) *designing and disseminating a national*
7 *public education campaign, as evidenced by the pro-*
8 *duction and successful placement of television, radio,*
9 *and print public service announcements that promote*
10 *the importance of responsible fatherhood, a track*
11 *record of service to Spanish-speaking populations and*
12 *historically underserved or minority populations, the*
13 *capacity to fulfill requests for information and a*
14 *proven history of fulfilling such requests, and a mech-*
15 *anism through which the public can request addi-*
16 *tional information about the campaign; and*

17 “(2) *providing consultation and training to*
18 *community-based organizations interested in imple-*
19 *menting fatherhood outreach, support, or skill devel-*
20 *opment programs with an emphasis on promoting*
21 *married fatherhood as the ideal.*

22 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
23 *authorized to be appropriated \$5,000,000 for each of fiscal*
24 *years 2004 through 2008 to carry out this section.*

1 “**SEC. 443. BLOCK GRANTS TO STATES TO ENCOURAGE**
2 **MEDIA CAMPAIGNS.**

3 “(a) *DEFINITIONS.—In this section:*

4 “(1) *BROADCAST ADVERTISEMENT.—The term*
5 *‘broadcast advertisement’ means a communication in-*
6 *tended to be aired by a television or radio broadcast*
7 *station, including a communication intended to be*
8 *transmitted through a cable channel.*

9 “(2) *CHILD AT RISK.—The term ‘child at risk’*
10 *means each young child whose family income does not*
11 *exceed the poverty line.*

12 “(3) *POVERTY LINE.—The term ‘poverty line’*
13 *has the meaning given such term in section 673(2) of*
14 *the Community Services Block Grant Act (42 U.S.C.*
15 *9902(2)), including any revision required by such sec-*
16 *tion, that is applicable to a family of the size in-*
17 *volved.*

18 “(4) *PRINTED OR OTHER ADVERTISEMENT.—*
19 *The term ‘printed or other advertisement’ includes*
20 *any communication intended to be distributed*
21 *through a newspaper, magazine, outdoor advertising*
22 *facility, mailing, or any other type of general public*
23 *advertising, but does not include any broadcast adver-*
24 *tisement.*

25 “(5) *STATE.—The term ‘State’ means each of*
26 *the 50 States, the District of Columbia, the Common-*

1 *wealth of Puerto Rico, the United States Virgin Is-*
2 *lands, Guam, American Samoa, and the Common-*
3 *wealth of the Northern Mariana Islands.*

4 “(6) *YOUNG CHILD.*—*The term ‘young child’*
5 *means an individual under age 5.*

6 “(b) *STATE CERTIFICATIONS.*—*Not later than Octo-*
7 *ber 1 of each of fiscal year for which a State desires to*
8 *receive an allotment under this section, the chief executive*
9 *officer of the State shall submit to the Secretary a certifi-*
10 *cation that the State shall—*

11 “(1) *use such funds to promote the formation*
12 *and maintenance of healthy 2-parent married fami-*
13 *lies, strengthen fragile families, and promote respon-*
14 *sible fatherhood through media campaigns conducted*
15 *in accordance with the requirements of subsection (d);*

16 “(2) *return any unused funds to the Secretary*
17 *in accordance with the reconciliation process under*
18 *subsection (e); and*

19 “(3) *comply with the reporting requirements*
20 *under subsection (f).*

21 “(c) *PAYMENTS TO STATES.*—*For each of fiscal years*
22 *2004 through 2008, the Secretary shall pay to each State*
23 *that submits a certification under subsection (b), from any*
24 *funds appropriated under subsection (i), for the fiscal year*

1 *an amount equal to the amount of the allotment determined*
 2 *for the fiscal year under subsection (g).*

3 “(d) *ESTABLISHMENT OF MEDIA CAMPAIGNS.—Each*
 4 *State receiving an allotment under this section for a fiscal*
 5 *year shall use the allotment to conduct media campaigns*
 6 *as follows:*

7 “(1) *CONDUCT OF MEDIA CAMPAIGNS.—*

8 “(A) *RADIO AND TELEVISION MEDIA CAM-*
 9 *PAIGNS.—*

10 “(i) *PRODUCTION OF BROADCAST AD-*
 11 *VERTISEMENTS.—At the option of the State,*
 12 *to produce broadcast advertisements that*
 13 *promote the formation and maintenance of*
 14 *healthy 2-parent married families, strength-*
 15 *en fragile families, and promote responsible*
 16 *fatherhood.*

17 “(ii) *AIRTIME CHALLENGE PRO-*
 18 *GRAM.—At the option of the State, to estab-*
 19 *lish an airtime challenge program under*
 20 *which the State may spend amounts allotted*
 21 *under this section to purchase time from a*
 22 *broadcast station to air a broadcast adver-*
 23 *tisement produced under clause (i), but only*
 24 *if the State obtains an amount of time of*
 25 *the same class and during a comparable pe-*

1 *riod to air the advertisement using non-*
 2 *Federal contributions.*

3 “‘(B) *OTHER MEDIA CAMPAIGNS.*—*At the*
 4 *option of the State, to conduct a media cam-*
 5 *paign that consists of the production and dis-*
 6 *tribution of printed or other advertisements that*
 7 *promote the formation and maintenance of*
 8 *healthy 2-parent married families, strengthen*
 9 *fragile families, and promote responsible father-*
 10 *hood.*

11 “‘(2) *ADMINISTRATION OF MEDIA CAMPAIGNS.*—
 12 *A State may administer media campaigns funded*
 13 *under this section directly or through grants, con-*
 14 *tracts, or cooperative agreements with public agencies,*
 15 *local governments, or private entities, including char-*
 16 *itable and faith-based organizations.*

17 “‘(3) *CONSULTATION WITH DOMESTIC VIOLENCE*
 18 *ASSISTANCE CENTERS.*—*In developing broadcast and*
 19 *printed advertisements to be used in the media cam-*
 20 *paigns conducted under paragraph (1), the State or*
 21 *other entity administering the campaign shall consult*
 22 *with representatives of State and local domestic vio-*
 23 *lence centers.*

24 “‘(4) *NON-FEDERAL CONTRIBUTIONS.*—*In this*
 25 *section, the term ‘non-Federal contributions’ includes*

1 *contributions by the State and by public and private*
 2 *entities. Such contributions may be in cash or in*
 3 *kind. Such term does not include any amounts pro-*
 4 *vided by the Federal Government, or services assisted*
 5 *or subsidized to any significant extent by the Federal*
 6 *Government, or any amount expended by a State be-*
 7 *fore October 1, 2003.*

8 “(e) *RECONCILIATION PROCESS.*—

9 “(1) *3-YEAR AVAILABILITY OF AMOUNTS ALLOT-*
 10 *TED.*—*Each State that receives an allotment under*
 11 *this section shall return to the Secretary any unused*
 12 *portion of the amount allotted to a State for a fiscal*
 13 *year not later than the last day of the second suc-*
 14 *ceeding fiscal year together with any earnings on such*
 15 *unused portion.*

16 “(2) *PROCEDURE FOR REDISTRIBUTION OF UN-*
 17 *USED ALLOTMENTS.*—*The Secretary shall establish an*
 18 *appropriate procedure for redistributing to States*
 19 *that have expended the entire amount allotted under*
 20 *this section any amount that is—*

21 “(A) *returned to the Secretary by States*
 22 *under paragraph (1); or*

23 “(B) *not allotted to a State under this sec-*
 24 *tion because the State did not submit a certifi-*

1 *cation under subsection (b) by October 1 of a fis-*
 2 *cal year.*

3 “(f) *REPORTING REQUIREMENTS.*—

4 “(1) *MONITORING AND EVALUATION.*—*Each*
 5 *State receiving an allotment under this section for a*
 6 *fiscal year shall monitor and evaluate the media cam-*
 7 *paigns conducted using funds made available under*
 8 *this section in such manner as the Secretary, in con-*
 9 *sultation with the States, determines appropriate.*

10 “(2) *ANNUAL REPORTS.*—*Not less frequently*
 11 *than annually, each State receiving an allotment*
 12 *under this section for a fiscal year shall submit to the*
 13 *Secretary reports on the media campaigns conducted*
 14 *using funds made available under this section at such*
 15 *time, in such manner, and containing such informa-*
 16 *tion as the Secretary may require.*

17 “(g) *AMOUNT OF ALLOTMENTS.*—

18 “(1) *IN GENERAL.*—*Except as provided in*
 19 *paragraph (2), of the amount appropriated for the*
 20 *purpose of making allotments under this section for a*
 21 *fiscal year, the Secretary shall allot to each State that*
 22 *submits a certification under subsection (b) for the*
 23 *fiscal year an amount equal to the sum of—*

24 “(A) *the amount that bears the same ratio*
 25 *to 50 percent of such funds as the number of*

1 *young children in the State (as determined by*
2 *the Secretary based on the most current reliable*
3 *data available) bears to the number of such chil-*
4 *dren in all States; and*

5 *“(B) the amount that bears the same ratio*
6 *to 50 percent of such funds as the number of*
7 *children at risk in the State (as determined by*
8 *the Secretary based on the most current reliable*
9 *data available) bears to the number of such chil-*
10 *dren in all States.*

11 *“(2) MINIMUM ALLOTMENTS.—No allotment for*
12 *a fiscal year under this section shall be less than—*

13 *“(A) in the case of the District of Colum-*
14 *bia or a State other than the Commonwealth of*
15 *Puerto Rico, the United States Virgin Islands,*
16 *Guam, American Samoa, and the Common-*
17 *wealth of the Northern Mariana Islands, 1 per-*
18 *cent of the amount appropriated for the fiscal*
19 *year under subsection (i); and*

20 *“(B) in the case of the Commonwealth of*
21 *Puerto Rico, the United States Virgin Islands,*
22 *Guam, American Samoa, and the Common-*
23 *wealth of the Northern Mariana Islands, 0.5 per-*
24 *cent of such amount.*

1 “(3) *PRO RATA REDUCTIONS.*—*The Secretary*
 2 *shall make such pro rata reductions to the allotments*
 3 *determined under this subsection as are necessary to*
 4 *comply with the requirements of paragraph (2).*

5 “(h) *EVALUATION.*—

6 “(1) *IN GENERAL.*—*The Secretary shall conduct*
 7 *an evaluation of the impact of the media campaigns*
 8 *funded under this section.*

9 “(2) *REPORT.*—*Not later than December 31,*
 10 *2006, the Secretary shall report to Congress the re-*
 11 *sults of the evaluation under paragraph (1).*

12 “(3) *FUNDING.*—*Of the amount appropriated*
 13 *under subsection (i) for fiscal year 2004, \$1,000,000*
 14 *of such amount shall be transferred and made avail-*
 15 *able for purposes of conducting the evaluation re-*
 16 *quired under this subsection, and shall remain avail-*
 17 *able until expended.*

18 “(i) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 19 *authorized to be appropriated \$20,000,000 for each of fiscal*
 20 *years 2004 through 2008 for purposes of making allotments*
 21 *to States under this section.’.*

22 “(b) *INAPPLICABILITY OF EFFECTIVE DATE PROVI-*
 23 *SIONS.*—*Section 116 shall not apply to the amendment*
 24 *made by subsection (a) of this section.’.*

1 (b) *CLERICAL AMENDMENT.*—Section 2 of such Act is
 2 amended in the table of contents by inserting after the item
 3 relating to section 116 the following new item:

 “Sec. 117. Responsible fatherhood program.”.

4 **SEC. 119. ADDITIONAL GRANTS.**

5 (a) *GRANTS TO CAPITALIZE AND DEVELOP SUSTAIN-*
 6 *ABLE SOCIAL SERVICES.*—Section 403(a) (42 U.S.C.
 7 603(a)) is amended by adding at the end the following:

8 “(6) *GRANTS TO CAPITALIZE AND DEVELOP SUS-*
 9 *TAINABLE SOCIAL SERVICES.*—

10 “(A) *AUTHORITY TO AWARD GRANTS.*—The
 11 Secretary may award grants to entities for the
 12 purpose of capitalizing and developing the role of
 13 sustainable social services that are critical to the
 14 success of moving recipients of assistance under
 15 a State program funded under this part to work.

16 “(B) *APPLICATION.*—

17 “(i) *IN GENERAL.*—An entity desiring
 18 a grant under this paragraph shall submit
 19 an application to the Secretary, at such
 20 time, in such manner, and, subject to clause
 21 (ii), containing such information as the
 22 Secretary may require.

23 “(ii) *STRATEGY FOR GENERATION OF*
 24 *REVENUE.*—An application for a grant
 25 under this paragraph shall include a de-

1 *scription of the capitalization strategy that*
2 *the entity intends to follow to develop a pro-*
3 *gram that generates its own source of ongo-*
4 *ing revenue while assisting recipients of as-*
5 *istance under a State program funded*
6 *under this part.*

7 “(C) *USE OF FUNDS.—*

8 “(i) *IN GENERAL.—Funds made avail-*
9 *able under a grant made under this para-*
10 *graph may be used for the acquisition, con-*
11 *struction, or renovation of facilities or*
12 *buildings.*

13 “(ii) *GENERAL RULES GOVERNING USE*
14 *OF FUNDS.—The rules of section 404, other*
15 *than subsection (b) of that section, shall not*
16 *apply to a grant made under this para-*
17 *graph.*

18 “(D) *EVALUATION AND REPORT.—The Sec-*
19 *retary shall, by grant, contract, or interagency*
20 *agreement, conduct an evaluation of the pro-*
21 *grams developed with grants awarded under this*
22 *paragraph and shall submit a report to Congress*
23 *on the results of such evaluation.*

24 “(E) *AUTHORIZATION OF APPROPRIA-*
25 *TIONS.—Out of any money in the Treasury of*

1 *the United States not otherwise appropriated,*
 2 *there is appropriated to the Secretary for the*
 3 *purpose of carrying out this paragraph,*
 4 *\$40,000,000 for each of fiscal years 2004 through*
 5 *2008.”.*

6 **(b) GRANTS FOR LOW-INCOME CAR OWNERSHIP PRO-**
 7 **GRAMS.—***Section 403(a) (42 U.S.C. 603(a)), as amended*
 8 *by subsection (a), is further amended by adding at the end*
 9 *the following:*

10 **“(7) GRANTS FOR LOW-INCOME CAR OWNERSHIP**
 11 **PROGRAMS.—**

12 **“(A) PURPOSES.—***The purposes of this*
 13 *paragraph are to—*

14 **“(i) assist low-income families with**
 15 *children obtain dependable, affordable auto-*
 16 *mobiles to improve their employment oppor-*
 17 *tunities and access to training; and*

18 **“(ii) provide incentives to States, In-**
 19 *dian tribes, localities, and nonprofit entities*
 20 *to develop and administer programs that*
 21 *provide assistance with automobile owner-*
 22 *ship for low-income families.*

23 **“(B) DEFINITIONS.—***In this paragraph:*

24 **“(i) LOCALITY.—***The term ‘locality’*
 25 *means a municipality that does not admin-*

1 *ister a State program funded under this*
2 *part.*

3 “(ii) *LOW-INCOME FAMILY WITH CHIL-*
4 *DREN.—The term ‘low-income family with*
5 *children’ means a household that is eligible*
6 *for benefits or services funded under the*
7 *State program funded under this part or*
8 *under a program funded with qualified*
9 *State expenditures (as defined in section*
10 *409(a)(7)(B)(i)).*

11 “(iii) *NONPROFIT ENTITY.—The term*
12 *‘nonprofit entity’ means a school, local*
13 *agency, organization, or institution owned*
14 *and operated by 1 or more nonprofit cor-*
15 *porations or associations, no part of the net*
16 *earnings of which inures, or may lawfully*
17 *inure, to the benefit of any private share-*
18 *holder or individual.*

19 “(C) *AUTHORITY TO AWARD GRANTS.—The*
20 *Secretary may award grants to States, counties,*
21 *localities, Indian tribes, and nonprofit entities to*
22 *promote improving access to dependable, afford-*
23 *able automobiles by low-income families with*
24 *children.*

1 “(D) GRANT APPROVAL CRITERIA.—The
2 Secretary shall establish criteria for approval of
3 an application for a grant under this paragraph
4 that include consideration of—

5 “(i) the extent to which the proposal, if
6 funded, is likely to improve access to train-
7 ing and employment opportunities and
8 child care services by low-income families
9 with children by means of car ownership;

10 “(ii) the level of innovation in the ap-
11 plicant’s grant proposal; and

12 “(iii) any partnerships between the
13 public and private sector in the applicant’s
14 grant proposal.

15 “(E) USE OF FUNDS.—

16 “(i) IN GENERAL.—A grant awarded
17 under this paragraph shall be used to ad-
18 minister programs that assist low-income
19 families with children with dependable
20 automobile ownership, and maintenance of,
21 or insurance for, the purchased automobile.

22 “(ii) SUPPLEMENT NOT SUPPLANT.—
23 Funds provided to a State, Indian tribe,
24 county, or locality under a grant awarded
25 under this paragraph shall be used to sup-

1 *plement and not supplant other State, coun-*
2 *ty, or local public funds expended for car*
3 *ownership programs.*

4 “(iii) *GENERAL RULES GOVERNING*
5 *USE OF FUNDS.—The rules of section 404,*
6 *other than subsection (b) of that section,*
7 *shall not apply to a grant made under this*
8 *paragraph.*

9 “(F) *APPLICATION.—Each applicant desir-*
10 *ing a grant under this paragraph shall submit*
11 *an application to the Secretary at such time, in*
12 *such manner, and accompanied by such informa-*
13 *tion as the Secretary may reasonably require.*

14 “(G) *REVERSION OF FUNDS.—Any funds*
15 *not expended by a grantee within 3 years after*
16 *the date the grant is awarded under this para-*
17 *graph shall be available for redistribution among*
18 *other grantees in such manner and amount as*
19 *the Secretary may determine, unless the Sec-*
20 *retary extends by regulation the time period to*
21 *expend such funds.*

22 “(H) *LIMITATION ON ADMINISTRATIVE*
23 *COSTS OF THE SECRETARY.—Not more than an*
24 *amount equal to 5 percent of the funds appro-*
25 *priated to make grants under this paragraph for*

1 *a fiscal year shall be expended for administrative*
 2 *costs of the Secretary in carrying out this para-*
 3 *graph.*

4 “(I) *EVALUATION.*—*The Secretary shall, by*
 5 *grant, contract, or interagency agreement, con-*
 6 *duct an evaluation of the programs administered*
 7 *with grants awarded under this paragraph.*

8 “(J) *AUTHORIZATION OF APPROPRIA-*
 9 *TIONS.*—*There is authorized to be appropriated*
 10 *to the Secretary to make grants under this para-*
 11 *graph, \$25,000,000 for each of fiscal years 2004*
 12 *through 2008.”.*

13 **SEC. 120. TECHNICAL CORRECTIONS.**

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

16 *(b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C.*
 17 *611(a)(1)(A)(ii)(III)) is amended by striking the last close*
 18 *parenthesis.*

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

21 *(d)(1) Section 413 (42 U.S.C. 613) is amended by*
 22 *striking subsection (g) and redesignating subsections (h)*
 23 *through (j) and subsections (k) and (l) (as added by sections*
 24 *112(c) and 115(a) of this Act, respectively) as subsections*
 25 *(g) through (k), respectively.*

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

3 (A) *Section 403(a)(5)(A)(ii)(III) (42 U.S.C.*
 4 *603(a)(5)(A)(ii)(III)).*

5 (B) *Section 403(a)(5)(F) (42 U.S.C.*
 6 *603(a)(5)(F)).*

7 (C) *Section 403(a)(5)(G)(ii) (42 U.S.C.*
 8 *603(a)(5)(G)(ii)).*

9 (D) *Section 412(a)(3)(B)(iv) (42 U.S.C.*
 10 *612(a)(3)(B)(iv)).*

11 ***TITLE II—ABSTINENCE*** 12 ***EDUCATION***

13 ***SEC. 201. EXTENSION OF ABSTINENCE EDUCATION PRO-*** 14 ***GRAM.***

15 (a) *EXTENSION OF APPROPRIATIONS.—Section 510(d)*
 16 *(42 U.S.C. 710(d)), as amended by section 6 of the Welfare*
 17 *Reform Extension Act of 2003 (Public Law 108–040, 117*
 18 *Stat. 837), is amended by striking “2003” and inserting*
 19 *“2008”.*

20 (b) *ALLOTMENT OF FUNDS.—Section 510(a) (42*
 21 *U.S.C. 710(a)) is amended—*

22 (1) *in the matter preceding paragraph (1), by*
 23 *striking “an application for the fiscal year under sec-*
 24 *tion 505(a)” and inserting “, for the fiscal year, an*
 25 *application under section 505(a), and an application*

1 *under this section (in such form and meeting such*
2 *terms and conditions as determined appropriate by*
3 *the Secretary),”;* and

4 *(2) in paragraph (2), to read as follows:*

5 *“(2) the percentage described in section*
6 *502(c)(1)(B)(ii) that would be determined for the*
7 *State under section 502(c) if such determination took*
8 *into consideration only those States that transmitted*
9 *both such applications for such fiscal year.”.*

10 *(c) REALLOTMENT OF FUNDS.—Section 510 (42*
11 *U.S.C. 710(a)) is amended by adding at the end the fol-*
12 *lowing:*

13 *“(e)(1) With respect to allotments under subsection (a)*
14 *for fiscal year 2004 and subsequent fiscal years, the amount*
15 *of any allotment to a State for a fiscal year that the Sec-*
16 *retary determines will not be required to carry out a pro-*
17 *gram under this section during such fiscal year or the suc-*
18 *ceeding fiscal year shall be available for reallocation from*
19 *time to time during such fiscal years on such dates as the*
20 *Secretary may fix, to other States that the Secretary deter-*
21 *mines—*

22 *“(A) require amounts in excess of amounts pre-*
23 *viously allotted under subsection (a) to carry out a*
24 *program under this section; and*

1 “(B) will use such excess amounts during such
2 fiscal years.

3 “(2) Reallotments under paragraph (1) shall be made
4 on the basis of such States’ applications under this section,
5 after taking into consideration the population of low-in-
6 come children in each such State as compared with the pop-
7 ulation of low-income children in all such States with re-
8 spect to which a determination under paragraph (1) has
9 been made by the Secretary.

10 “(3) Any amount reallocated under paragraph (1) to
11 a State is deemed to be part of its allotment under sub-
12 section (a).”.

13 (d) *EFFECTIVE DATE.*—The amendments made by this
14 section shall be effective with respect to the program under
15 section 510 for fiscal years 2004 and succeeding fiscal years.

16 **TITLE III—CHILD SUPPORT**

17 **SEC. 301. DISTRIBUTION OF CHILD SUPPORT COLLECTED**

18 **BY STATES ON BEHALF OF CHILDREN RE-**

19 **CEIVING CERTAIN WELFARE BENEFITS.**

20 (a) *MODIFICATION OF RULE REQUIRING ASSIGNMENT*
21 *OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING*
22 *TANF.*—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is amend-
23 ed to read as follows:

24 “(3) *NO ASSISTANCE FOR FAMILIES NOT ASSIGN-*
25 *ING CERTAIN SUPPORT RIGHTS TO THE STATE.*—A

1 *State to which a grant is made under section 403*
 2 *shall require, as a condition of paying assistance to*
 3 *a family under the State program funded under this*
 4 *part, that a member of the family assign to the State*
 5 *any right the family member may have (on behalf of*
 6 *the family member or of any other person for whom*
 7 *the family member has applied for or is receiving*
 8 *such assistance) to support from any other person,*
 9 *not exceeding the total amount of assistance so paid*
 10 *to the family, which accrues during the period that*
 11 *the family receives assistance under the program.”.*

12 ***(b) INCREASING CHILD SUPPORT PAYMENTS TO FAMI-***
 13 ***LIES AND SIMPLIFYING CHILD SUPPORT DISTRIBUTION***
 14 ***RULES.—***

15 ***(1) DISTRIBUTION RULES.—***

16 ***(A) IN GENERAL.—****Section 457(a) (42*
 17 *U.S.C. 657(a)) is amended to read as follows:*

18 ***“(a) IN GENERAL.—****Subject to subsections (d) and (e),*
 19 *the amounts collected on behalf of a family as support by*
 20 *a State pursuant to a plan approved under this part shall*
 21 *be distributed as follows:*

22 ***“(1) FAMILIES RECEIVING ASSISTANCE.—****In the*
 23 *case of a family receiving assistance from the State,*
 24 *the State shall—*

1 “(A) pay to the Federal Government the
2 Federal share of the amount collected, subject to
3 paragraph (3)(A);

4 “(B) retain, or pay to the family, the State
5 share of the amount collected, subject to para-
6 graph (3)(B); and

7 “(C) pay to the family any remaining
8 amount.

9 “(2) *FAMILIES THAT FORMERLY RECEIVED AS-*
10 *SISTANCE.—In the case of a family that formerly re-*
11 *ceived assistance from the State:*

12 “(A) *CURRENT SUPPORT.—To the extent*
13 *that the amount collected does not exceed the cur-*
14 *rent support amount, the State shall pay the*
15 *amount to the family.*

16 “(B) *ARREARAGES.—Except as otherwise*
17 *provided in an election made under section*
18 *454(34), to the extent that the amount collected*
19 *exceeds the current support amount, the State—*

20 “(i) *shall first pay to the family the*
21 *excess amount, to the extent necessary to*
22 *satisfy support arrearages not assigned pur-*
23 *suant to section 408(a)(3);*

1 “(ii) if the amount collected exceeds the
2 amount required to be paid to the family
3 under clause (i), shall—

4 “(I) pay to the Federal Govern-
5 ment the Federal share of the excess
6 amount described in this clause, subject
7 to paragraph (3)(A); and

8 “(II) retain, or pay to the family,
9 the State share of the excess amount
10 described in this clause, subject to
11 paragraph (3)(B); and

12 “(iii) shall pay to the family any re-
13 maining amount.

14 “(3) LIMITATIONS.—

15 “(A) FEDERAL REIMBURSEMENTS.—The
16 total of the amounts paid by the State to the
17 Federal Government under paragraphs (1) and
18 (2) of this subsection with respect to a family
19 shall not exceed the Federal share of the amount
20 assigned with respect to the family pursuant to
21 section 408(a)(3).

22 “(B) STATE REIMBURSEMENTS.—The total
23 of the amounts retained by the State under para-
24 graphs (1) and (2) of this subsection with respect
25 to a family shall not exceed the State share of the

1 *amount assigned with respect to the family pur-*
 2 *suant to section 408(a)(3).*

3 “(4) *FAMILIES THAT NEVER RECEIVED ASSIST-*
 4 *ANCE.—In the case of any other family, the State*
 5 *shall pay the amount collected to the family.*

6 “(5) *FAMILIES UNDER CERTAIN AGREEMENTS.—*
 7 *Notwithstanding paragraphs (1) through (3), in the*
 8 *case of an amount collected for a family in accord-*
 9 *ance with a cooperative agreement under section*
 10 *454(33), the State shall distribute the amount col-*
 11 *lected pursuant to the terms of the agreement.*

12 “(6) *STATE FINANCING OPTIONS.—To the extent*
 13 *that the State’s share of the amount payable to a fam-*
 14 *ily pursuant to paragraph (2)(B) of this subsection*
 15 *exceeds the amount that the State estimates (under*
 16 *procedures approved by the Secretary) would have*
 17 *been payable to the family pursuant to former section*
 18 *457(a)(2)(B) (as in effect for the State immediately*
 19 *before the date this subsection first applies to the*
 20 *State) if such former section had remained in effect,*
 21 *the State may elect to have the payment considered*
 22 *a qualified State expenditure for purposes of section*
 23 *409(a)(7).*

1 “(7) *STATE OPTION TO PASS THROUGH ADDI-*
2 *TIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICI-*
3 *PATION.*—

4 “(A) *FAMILIES THAT FORMERLY RECEIVED*
5 *ASSISTANCE.*—*Notwithstanding paragraph (2), a*
6 *State shall not be required to pay to the Federal*
7 *Government the Federal share of an amount col-*
8 *lected on behalf of a family that formerly re-*
9 *ceived assistance from the State to the extent that*
10 *the State pays the amount to the family.*

11 “(B) *FAMILIES THAT CURRENTLY RECEIVE*
12 *ASSISTANCE.*—

13 “(i) *IN GENERAL.*—*Notwithstanding*
14 *paragraph (1), in the case of a family that*
15 *receives assistance from the State, a State*
16 *shall not be required to pay to the Federal*
17 *Government the Federal share of the ex-*
18 *cepted portion (as defined in clause (ii)) of*
19 *any amount collected on behalf of such fam-*
20 *ily during a month to the extent that—*

21 “(I) *the State pays the excepted*
22 *portion to the family; and*

23 “(II) *the excepted portion is dis-*
24 *regarded in determining the amount*

1 *and type of assistance provided to the*
2 *family under such program.*

3 “(ii) *EXCEPTED PORTION DEFINED.*—
4 *For purposes of this subparagraph, the term*
5 *‘excepted portion’ means that portion of the*
6 *amount collected on behalf of a family dur-*
7 *ing a month that does not exceed \$400 per*
8 *month, or in the case of a family that in-*
9 *cludes 2 or more children, that does not ex-*
10 *ceed an amount established by the State*
11 *that is not more than \$600 per month.*

12 “(8) *STATES WITH DEMONSTRATION WAIVERS.*—
13 *Notwithstanding the preceding paragraphs, in the*
14 *case of a State that, on the date of enactment of this*
15 *paragraph, has had in effect since October 1, 1997, a*
16 *waiver under section 1115 permitting passthrough*
17 *payments of child support collections—*

18 “(A) *the State may continue to distribute*
19 *such payments to families without regard to the*
20 *expiration date of such waiver; and*

21 “(B) *the requirement under paragraph (1)*
22 *to pay to the Federal Government the Federal*
23 *share of the amount collected on behalf of a fam-*
24 *ily shall not apply to the extent that—*

1 “(i) the State distributes such amount
2 to the family; and

3 “(ii) such amount is disregarded in de-
4 termining the amount and type of assist-
5 ance paid to the family.”.

6 (B) STATE PLAN TO INCLUDE ELECTION AS
7 TO WHICH RULES TO APPLY IN DISTRIBUTING
8 CHILD SUPPORT ARREARAGES COLLECTED ON
9 BEHALF OF FAMILIES FORMERLY RECEIVING AS-
10 SISTANCE.—Section 454 (42 U.S.C. 654) is
11 amended—

12 (i) by striking “and” at the end of
13 paragraph (32);

14 (ii) by striking the period at the end of
15 paragraph (33) and inserting “; and”; and

16 (iii) by inserting after paragraph (33)
17 the following:

18 “(34) include an election by the State to apply
19 section 457(a)(2)(B) of this Act or former section
20 457(a)(2)(B) of this Act (as in effect for the State im-
21 mediately before the date this paragraph first applies
22 to the State) to the distribution of the amounts which
23 are the subject of such sections and, for so long as the
24 State elects to so apply such former section, the
25 amendments made by section 301(d)(1) of the Per-

sonal Responsibility and Individual Development for Everyone Act shall not apply with respect to the State, notwithstanding section 301(e) of that Act.”.

(C) APPROVAL OF ESTIMATION PROCES-

DURES.—Not later than the date that is 6 months after the date of enactment of this Act, the Secretary of Health and Human Services, in consultation with the States (as defined for purposes of part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)), shall establish the procedures to be used to make the estimate described in section 457(a)(6) of such Act (42 U.S.C. 657(a)(6)).

(2) CURRENT SUPPORT AMOUNT DEFINED.—Sec-

tion 457(c) (42 U.S.C. 657(c)) is amended by adding at the end the following:

“(5) CURRENT SUPPORT AMOUNT.—The term

‘current support amount’ means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support.”.

(c) STATE OPTION TO DISCONTINUE OLDER SUPPORT

ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b)) is

amended to read as follows:

1 “(b) *CONTINUATION OF ASSIGNMENTS.*—

2 “(1) *STATE OPTION TO DISCONTINUE PRE-1997*
3 *SUPPORT ASSIGNMENTS.*—

4 “(A) *IN GENERAL.*—Any rights to support
5 obligations assigned to a State as a condition of
6 receiving assistance from the State under part A
7 and in effect on September 30, 1997 (or such
8 earlier date on or after August 22, 1996, as the
9 State may choose), may remain assigned after
10 such date.

11 “(B) *DISTRIBUTION OF AMOUNTS AFTER AS-*
12 *SIGNMENT DISCONTINUATION.*—If a State chooses
13 to discontinue the assignment of a support obli-
14 gation described in subparagraph (A), the State
15 may treat amounts collected pursuant to such as-
16 signment as if such amounts had never been as-
17 signed and may distribute such amounts to the
18 family in accordance with subsection (a)(4).

19 “(2) *STATE OPTION TO DISCONTINUE POST-1997*
20 *ASSIGNMENTS.*—

21 “(A) *IN GENERAL.*—Any rights to support
22 obligations accruing before the date on which a
23 family first receives assistance under part A that
24 are assigned to a State under that part and in

effect before the implementation date of this section may remain assigned after such date.

“(B) *DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION.*—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to such assignment as if such amounts had never been assigned and may distribute such amounts to the family in accordance with subsection (a)(4).”.

(d) *CONFORMING AMENDMENTS.*—

(1) Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended by section 103(c), is amended—

(A) in subclause (I)(aa), by striking “457(a)(1)(B)” and inserting “457(a)(1)”; and
(B) by adding at the end the following:

“(VI) *PORTIONS OF CERTAIN CHILD SUPPORT PAYMENTS COLLECTED ON BEHALF OF AND DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.*—Any amount paid by a State pursuant to clause (i) or (ii) of section 457(a)(2)(B), but only to the extent that the State properly elects

1 under section 457(a)(6) to have the
2 payment considered a qualified State
3 expenditure.”.

4 (2) Section 6402(c) of the Internal Revenue Code
5 of 1986 (relating to offset of past-due support against
6 overpayments) is amended—

7 (A) in the first sentence, by striking “the
8 Social Security Act.” and inserting “of such
9 Act.”; and

10 (B) by striking the third sentence and in-
11 serting the following: “The Secretary shall apply
12 a reduction under this subsection first to an
13 amount certified by the State as past due sup-
14 port under section 464 of the Social Security Act
15 before any other reductions allowed by law.”.

16 (e) *EFFECTIVE DATE.*—

17 (1) *IN GENERAL.*—The amendments made by
18 this section shall take effect on October 1, 2007, and
19 shall apply to payments under parts A and D of title
20 IV of the Social Security Act for calendar quarters be-
21 ginning on or after such date, and without regard to
22 whether regulations to implement such amendments
23 (in the case of State programs operated under such
24 part D) are promulgated by such date.

1 (2) *STATE OPTION TO ACCELERATE EFFECTIVE*
 2 *DATE.*—*In addition, a State may elect to have the*
 3 *amendments made by this section apply to the State*
 4 *and to amounts collected by the State (and such pay-*
 5 *ments under parts A and D), on and after such date*
 6 *as the State may select that is after the date of enact-*
 7 *ment of this Act and before October 1, 2007.*

8 **SEC. 302. MANDATORY REVIEW AND ADJUSTMENT OF**
 9 **CHILD SUPPORT ORDERS FOR FAMILIES RE-**
 10 **CEIVING TANF.**

11 (a) *IN GENERAL.*—Section 466(a)(10)(A)(i) (42
 12 *U.S.C. 666(a)(10)(A)(i)) is amended—*

13 (1) *by striking “parent, or,” and inserting “par-*
 14 *ent or”;* and

15 (2) *by striking “upon the request of the State*
 16 *agency under the State plan or of either parent,”.*

17 (b) *EFFECTIVE DATE.*—*The amendments made by sub-*
 18 *section (a) shall take effect on October 1, 2005.*

19 **SEC. 303. REPORT ON UNDISTRIBUTED CHILD SUPPORT**
 20 **PAYMENTS.**

21 *Not later than 6 months after the date of enactment*
 22 *of this Act, the Secretary of Health and Human Services*
 23 *shall submit to the Committee on Ways and Means of the*
 24 *House of Representatives and the Committee on Finance*
 25 *of the Senate a report on the procedures that the States use*

1 *generally to locate custodial parents for whom child support*
 2 *has been collected but not yet distributed. The report shall*
 3 *include an estimate of the total amount of undistributed*
 4 *child support and the average length of time it takes undis-*
 5 *tributed child support to be distributed. To the extent the*
 6 *Secretary deems appropriate, the Secretary shall include in*
 7 *the report recommendations as to whether additional proce-*
 8 *dures should be established at the Federal or State level to*
 9 *expedite the payment of undistributed child support.*

10 **SEC. 304. USE OF NEW HIRE INFORMATION TO ASSIST IN**
 11 **ADMINISTRATION OF UNEMPLOYMENT COM-**
 12 **PENSATION PROGRAMS.**

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

15 *“(7) INFORMATION COMPARISONS AND DISCLO-*
 16 *SURE TO ASSIST IN ADMINISTRATION OF UNEMPLOY-*
 17 *MENT COMPENSATION PROGRAMS.—*

18 *“(A) IN GENERAL.—If, for purposes of ad-*
 19 *ministering an unemployment compensation*
 20 *program under Federal or State law, a State*
 21 *agency responsible for the administration of such*
 22 *program transmits to the Secretary the name*
 23 *and social security account number of an indi-*
 24 *vidual, the Secretary shall disclose to the State*
 25 *agency information on the individual and the*

1 *individual's employer that is maintained in the*
2 *National Directory of New Hires, subject to the*
3 *succeeding provisions of this paragraph.*

4 “(B) *CONDITION ON DISCLOSURE BY THE*
5 *SECRETARY.—The Secretary shall make a disclo-*
6 *sure under subparagraph (A) only to the extent*
7 *that the Secretary determines that the disclosure*
8 *would not interfere with the effective operation of*
9 *the program under this part.*

10 “(C) *USE AND DISCLOSURE OF INFORMA-*
11 *TION BY STATE AGENCIES.—*

12 “(i) *IN GENERAL.—A State agency*
13 *may not use or disclose information pro-*
14 *vided under this paragraph except for pur-*
15 *poses of administering a program referred*
16 *to in subparagraph (A).*

17 “(ii) *INFORMATION SECURITY.—A*
18 *State agency to which information is pro-*
19 *vided under this paragraph shall have in ef-*
20 *fect data security and control policies that*
21 *the Secretary finds adequate to ensure the*
22 *security of information obtained under this*
23 *paragraph and to ensure that access to such*
24 *information is restricted to authorized per-*

1 sons for purposes of authorized uses and
2 disclosures.

3 “(iii) *PENALTY FOR MISUSE OF INFOR-*
4 *MATION.*—An officer or employee of a State
5 agency who fails to comply with this sub-
6 paragraph shall be subject to the sanctions
7 under subsection (l)(2) to the same extent as
8 if such officer or employee was an officer or
9 employee of the United States.

10 “(D) *PROCEDURAL REQUIREMENTS.*—A
11 State agency requesting information under this
12 paragraph shall adhere to uniform procedures es-
13 tablished by the Secretary governing information
14 requests and data matching under this para-
15 graph.

16 “(E) *REIMBURSEMENT OF COSTS.*—A State
17 agency shall reimburse the Secretary, in accord-
18 ance with subsection (k)(3), for the costs incurred
19 by the Secretary in furnishing the information
20 requested under this paragraph.”.

21 (b) *EFFECTIVE DATE.*—The amendment made by sub-
22 section (a) shall take effect on October 1, 2004.

1 **SEC. 305. DECREASE IN AMOUNT OF CHILD SUPPORT AR-**
 2 **REARAGE TRIGGERING PASSPORT DENIAL.**

3 (a) *IN GENERAL.*—Section 452(k)(1) (42 U.S.C.
 4 652(k)(1)) is amended by striking “\$5,000” and inserting
 5 “\$2,500”.

6 (b) *CONFORMING AMENDMENT.*—Section 454(31) (42
 7 U.S.C. 654(31)) is amended by striking “\$5,000” and in-
 8 serting “\$2,500”.

9 (c) *EFFECTIVE DATE.*—The amendments made by this
 10 section shall take effect on October 1, 2004.

11 **SEC. 306. USE OF TAX REFUND INTERCEPT PROGRAM TO**
 12 **COLLECT PAST-DUE CHILD SUPPORT ON BE-**
 13 **HALF OF CHILDREN WHO ARE NOT MINORS.**

14 (a) *IN GENERAL.*—Section 464 (42 U.S.C. 664) is
 15 amended—

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

19 (2) in subsection (c)—

20 (A) in paragraph (1)—

21 (i) by striking “(1) Except as provided
 22 in paragraph (2), as used in” and inserting
 23 “In”; and

24 (ii) by inserting “(whether or not a
 25 minor)” after “a child” each place it ap-
 26 pears; and

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

2 (b) *EFFECTIVE DATE.*—The amendments made by sub-
3 section (a) shall take effect on October 1, 2005.

4 **SEC. 307. GARNISHMENT OF COMPENSATION PAID TO VET-**
5 **ERANS FOR SERVICE-CONNECTED DISABIL-**
6 **ITIES IN ORDER TO ENFORCE OBLIGATIONS.**

7 (a) *IN GENERAL.*—Section 459(h)(1)(A)(ii)(V)) (42
8 U.S.C. 659(h)(1)(A)(ii)(V)) is amended by striking all that
9 follows “Armed Forces” and inserting “, except that such
10 compensation shall not be subject to withholding pursuant
11 to this section for payment of alimony unless the former
12 member to whom it is payable is in receipt of retired or
13 retainer pay and has waived a portion of such pay in order
14 to receive such compensation;”.

15 (b) *EFFECTIVE DATE.*—The amendment made by sub-
16 section (a) shall take effect on October 1, 2005.

17 **SEC. 308. IMPROVING FEDERAL DEBT COLLECTION PRAC-**
18 **TICES.**

19 (a) *IN GENERAL.*—Section 3716(h)(3) of title 31,
20 United States Code, is amended to read as follows:

21 “(3)(A) Except as provided in subparagraph (B), in
22 applying this subsection with respect to any debt owed to
23 a State, subsection (c)(3)(A) shall not apply.

24 “(B) Subparagraph (A) shall not apply with respect
25 to payments owed to an individual under title II of the

1 *Social Security Act, for purposes of an offset under this sec-*
 2 *tion of such payments against past-due support (as defined*
 3 *in section 464(c) of the Social Security Act, without regard*
 4 *to paragraphs (2) and (3) of such section 464(c)) that is*
 5 *being enforced by a State agency administering a program*
 6 *under part D of title IV of that Act.”.*

7 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
 8 *section (a) shall take effect on October 1, 2004.*

9 **SEC. 309. MAINTENANCE OF TECHNICAL ASSISTANCE FUND-**
 10 **ING.**

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

15 **SEC. 310. MAINTENANCE OF FEDERAL PARENT LOCATOR**
 16 **SERVICE FUNDING.**

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

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

22 (2) *in the second sentence, by striking “for each*
 23 *of fiscal years 1997 through 2001”.*

1 **SEC. 311. IDENTIFICATION AND SEIZURE OF ASSETS HELD**
2 **BY MULTISTATE FINANCIAL INSTITUTIONS.**

3 (a) *DUTIES OF THE SECRETARY.*—Section 452(l) (42
4 U.S.C. 652(l)) is amended to read as follows:

5 “(l) *IDENTIFICATION AND SEIZURE OF ASSETS HELD*
6 *BY MULTISTATE FINANCIAL INSTITUTIONS.*—

7 “(1) *IN GENERAL.*—The Secretary, through the
8 Federal Parent Locator Service, is authorized—

9 “(A) to assist State agencies operating pro-
10 grams under this part and financial institutions
11 doing business in 2 or more States in reaching
12 agreements regarding the receipt from such insti-
13 tutions, and the transfer to the State agencies, of
14 information that may be provided pursuant to
15 section 466(a)(17)(A)(i) or 469A(a);

16 “(B) to perform data matches comparing
17 information from such State agencies and finan-
18 cial institutions entering into such Agreements
19 with respect to individuals owing past-due sup-
20 port; and

21 “(C) to seize assets, held by such financial
22 institutions, of individuals identified through
23 such data matches who owe past-due support,
24 by—

25 “(i) issuing a notice of lien or levy to
26 such financial institutions requiring them

1 to encumber such assets for 30 calendar
2 days and to subsequently transfer such as-
3 sets to the Secretary (except that the Sec-
4 retary shall promptly release such lien or
5 levy within such 30-day period upon re-
6 quest of the State agencies responsible for
7 collecting past-due support from such indi-
8 viduals); and

9 “(ii) providing notice to such individ-
10 uals of the lien or levy upon their assets
11 and informing them—

12 “(I) of their procedural due proc-
13 ess rights, including the opportunity to
14 contest such lien or levy to the appro-
15 priate State agency; and

16 “(II) in the case of jointly owned
17 assets, of the process by which other
18 owners may secure their respective
19 share of such assets, according to such
20 policies and procedures as the Sec-
21 retary may specify with respect to sei-
22 zure of such assets.

23 “(2) *TRANSFER OF FUNDS TO STATES.*—Assets
24 seized from individuals under paragraph (1)(C) shall
25 be promptly transferred by the Secretary to the State

1 *agencies responsible for collecting past-due support*
 2 *from such individuals for distribution pursuant to*
 3 *section 457.*

4 “(3) *RELATIONSHIP TO STATE LAWS.*—*Notwith-*
 5 *standing any provision of State law, an individual*
 6 *receiving a notice under paragraph (1)(C) shall have*
 7 *21 calendar days from the date of such notice to con-*
 8 *test the lien or levy imposed under such paragraph by*
 9 *requesting an administrative review by the State*
 10 *agency responsible for collecting past-due support*
 11 *from such individual.*

12 “(4) *TREATMENT OF DISCLOSURES.*—*For pur-*
 13 *poses of section 1113(d) of the Right to Financial Pri-*
 14 *vacv Act of 1978, a disclosure pursuant to this sub-*
 15 *section shall be considered a disclosure pursuant to a*
 16 *Federal statute.”.*

17 (b) *STATE DUTIES.*—

18 (1) *INDIVIDUALS WITH ASSETS SUBJECT TO FED-*
 19 *ERAL SEIZURE.*—*Section 454 (42 U.S.C. 654), as*
 20 *amended by section 301(b)(1)(B)(iii), is amended—*

21 (A) *in paragraph (33), by striking “and”*
 22 *at the end;*

23 (B) *in paragraph (34), by striking the pe-*
 24 *riod and inserting “; and”; and*

1 (C) by inserting after paragraph (34), the
2 following:

3 “(35) provide that the State shall—

4 “(A) upon furnishing the Secretary with in-
5 formation under section 452(l) with respect to
6 individuals owing past-due support, provide no-
7 tice to such individuals that their assets held in
8 financial institutions shall be subject to seizure
9 to pay such past-due support, and shall—

10 “(i) instruct such individuals of the
11 steps which may be taken to contest the
12 State’s determination that past-due support
13 is owed or the amount of the past-due sup-
14 port; and

15 “(ii) include, in the case of jointly
16 owned assets, a description of the process by
17 which other owners may secure their share
18 of such assets, in accordance with such poli-
19 cies and procedures as the Secretary may
20 specify with respect to seizure of such assets;

21 “(B) promptly resolve cases in which such
22 individuals contest the State’s determination
23 with respect to past-due support, and provide for
24 expedited refund of any assets erroneously seized

1 *and transferred to the State under such section*
 2 *452(l); and*

3 “(C) *except as otherwise specified under this*
 4 *paragraph or by the Secretary, ensure that the*
 5 *due process protections afforded under this para-*
 6 *graph to individuals whose assets are subject to*
 7 *seizure under section 452(l) are generally con-*
 8 *sistent with, and to the extent practicable con-*
 9 *form to, the due process protections afforded by*
 10 *the State to individuals subject to offset of tax re-*
 11 *funds under section 464.”.*

12 (2) *REIMBURSEMENT OF FEDERAL COSTS.—Sec-*
 13 *tion 453(k)(3) (42 U.S.C. 653(k)(3)) is amended—*

14 (A) *in the paragraph heading, by inserting*
 15 *“AND ENFORCEMENT SERVICES” after “INFORMA-*
 16 *TION”*

17 (B) *by inserting “or enforcement services”*
 18 *after “that receives information”;*

19 (C) *by inserting “or section 452(l)” after*
 20 *“pursuant to this section”; and*

21 (D) *by striking “in furnishing the informa-*
 22 *tion” and inserting “in furnishing such informa-*
 23 *tion or enforcement services”.*

24 (c) *CONFORMING AMENDMENTS.—*

1 (1) *STATE LAW REQUIREMENTS.*—Section
2 466(a)(17) (42 U.S.C. 666(a)(17)) is amended—

3 (A) in subparagraph (A)—

4 (i) in clause (i), by inserting “pursu-
5 ant to section 452(l)” after “and the Fed-
6 eral Parent Locator Service”; and

7 (ii) in clause (ii), by inserting “issued
8 by the State agency or by the Secretary
9 under section 452(l)” after “in response to
10 a notice of lien or levy”; and

11 (B) in subparagraph (C)—

12 (i) in clause (i), by inserting “or to the
13 Federal Parent Locator Service” after “to
14 the State agency”; and

15 (ii) in clause (ii), by striking “issued
16 by the State agency”.

17 (2) *NON LIABILITY FOR FINANCIAL INSTITU-*
18 *TIONS.*—Section 469A(a) (42 U.S.C. 669a(a)) is
19 amended by inserting “section 452(l) or” before “sec-
20 tion 466(a)(17)(A)”.

21 **SEC. 312. INFORMATION COMPARISONS WITH INSURANCE**
22 **DATA.**

23 (a) *DUTIES OF THE SECRETARY.*—Section 452 (42
24 U.S.C. 652) is amended by adding at the end the following:

1 “(m) *COMPARISONS WITH INSURANCE INFORMA-*
2 *TION.*—

3 “(1) *IN GENERAL.*—*The Secretary, through the*
4 *Federal Parent Locator Service, is authorized—*

5 “(A) *to compare information concerning in-*
6 *dividuals owing past-due support with informa-*
7 *tion maintained by insurers (or their agents)*
8 *concerning insurance claims, settlements,*
9 *awards, and payments, and*

10 “(B) *to furnish information resulting from*
11 *such data matches to the State agencies respon-*
12 *sible for collecting child support from such indi-*
13 *viduals.*

14 “(2) *LIABILITY.*—*No insurer (including any*
15 *agent of an insurer) shall be liable under any Federal*
16 *or State law to any person for any disclosure pro-*
17 *vided for under this subsection, or for any other ac-*
18 *tion taken in good faith in accordance with the provi-*
19 *sions of this subsection.”.*

20 (b) *STATE REIMBURSEMENT OF FEDERAL COSTS.*—
21 *Section 453(k)(3) (42 U.S.C. 653(k)(3)), as amended by sec-*
22 *tion 312(b)(2), is amended by striking “section 452(l)” and*
23 *inserting “subsection (l) or (m) of section 452”.*

1 **SEC. 313. TRIBAL ACCESS TO THE FEDERAL PARENT LOCA-**
 2 **TOR SERVICE.**

3 *Section 453(c)(1) (42 U.S.C. 653(c)(1)) is amended by*
 4 *inserting “or Indian tribe or tribal organization” after*
 5 *“any agent or attorney of any State”.*

6 **SEC. 314. REIMBURSEMENT OF SECRETARY’S COSTS OF IN-**
 7 **FORMATION COMPARISONS AND DISCLOSURE**
 8 **FOR ENFORCEMENT OF OBLIGATIONS ON**
 9 **HIGHER EDUCATION ACT LOANS AND**
 10 **GRANTS.**

11 *Section 453(j)(6)(F) (42 U.S.C. 653(j)(6)(F)) is*
 12 *amended by striking “additional”.*

13 **SEC. 315. TECHNICAL AMENDMENT RELATING TO COOPERA-**
 14 **TIVE AGREEMENTS BETWEEN STATES AND IN-**
 15 **DIAN TRIBES.**

16 *Section 454(33) (42 U.S.C. 654(33)) is amended by*
 17 *striking “that receives funding pursuant to section 428*
 18 *and”.*

19 **SEC. 316. CLAIMS UPON LONGSHORE AND HARBOR WORK-**
 20 **ERS’ COMPENSATION FOR CHILD SUPPORT.**

21 *(a) IN GENERAL.—Section 17 of the Longshore and*
 22 *Harbor Workers’ Compensation Act (33 U.S.C. 917) is*
 23 *amended to read as follows:*

24 *“LIENS ON COMPENSATION; CHILD SUPPORT ENFORCEMENT*

25 *“SEC. 17. (a) LIENS.—Where a trust fund which com-*
 26 *plies with section 302(c) of the Labor Management Rela-*

1 *tions Act, 1947 (29 U.S.C. 186(c)) established pursuant to*
 2 *a collective-bargaining agreement in effect between an em-*
 3 *ployer and an employee covered under this Act has paid*
 4 *disability benefits to an employee which the employee is le-*
 5 *gally obligated to repay by reason of the employee's entitle-*
 6 *ment to compensation under this Act or under a settlement,*
 7 *the Secretary shall authorize a lien on such compensation*
 8 *in favor of the trust fund for the amount of such payments.*

9 “(b) *CHILD SUPPORT.*—Compensation or benefits due
 10 *or payable to an individual under this Act (other than med-*
 11 *ical benefits) shall be subject, in like manner and to the*
 12 *same extent as similar compensation or benefits under a*
 13 *workers’ compensation program if established under State*
 14 *law—*

15 “(1) *to withholding in accordance with State law*
 16 *enacted pursuant to subsections (a)(1) and (b) of sec-*
 17 *tion 466 of the Social Security Act and regulations*
 18 *under such subsections; and*

19 “(2) *to any other legal process brought, by a*
 20 *State agency administering a program under a State*
 21 *plan approved under part D of title IV of the Social*
 22 *Security Act or by an individual obligee, to enforce*
 23 *the legal obligation of the individual to provide child*
 24 *support or alimony.”.*

1 (b) *CONFORMING AMENDMENT.*—Section 16 of the
 2 *Longshore and Harbor Workers’ Compensation Act* (33
 3 *U.S.C. 916*) is amended—

4 (1) by striking “No” and inserting “Except as
 5 provided by this Act, no”; and

6 (2) by striking “, except as provided by this
 7 Act,” after “under this Act”.

8 **SEC. 317. STATE OPTION TO USE STATEWIDE AUTOMATED**
 9 **DATA PROCESSING AND INFORMATION RE-**
 10 **TRIEVAL SYSTEM FOR INTERSTATE CASES.**

11 Section 466(a)(14)(A)(iii) (42 *U.S.C.*
 12 *666(a)(14)(A)(iii)*) is amended by inserting before the semi-
 13 colon the following: “(but the assisting State may establish
 14 a corresponding case based on such other State’s request for
 15 assistance)”.

16 **SEC. 318. INTERCEPTION OF GAMBLING WINNINGS FOR**
 17 **CHILD SUPPORT.**

18 (a) *INTERCEPTION OF GAMBLING WINNINGS FOR*
 19 *CHILD SUPPORT.*—Section 452 (42 *U.S.C. 652*), as amend-
 20 ed by section 313, is amended by adding at the end the
 21 following:

22 “(n) *INTERCEPTION OF GAMBLING WINNINGS FOR*
 23 *PAST-DUE SUPPORT.*—

24 “(1) *IN GENERAL.*—The Secretary, through the
 25 Federal Parent Locator Service, is authorized, in ac-

1 *cordance with this subsection, to intercept gambling*
 2 *winnings of an individual owing past-due support*
 3 *being enforced by a State agency with a plan ap-*
 4 *proved under this part, and to transmit such*
 5 *winnings to the State agency for distribution pursu-*
 6 *ant to section 457.*

7 *“(2) REQUIREMENTS FOR GAMBLING ESTABLISH-*
 8 *MENTS.—A gambling establishment subject to this*
 9 *subsection shall not pay to any individual gambling*
 10 *winnings (as defined in paragraph (6)) meeting the*
 11 *criteria for reporting to the Internal Revenue Service*
 12 *pursuant to section 6041 of the Internal Revenue*
 13 *Code of 1986 until the establishment—*

14 *“(A) has furnished to the Secretary—*

15 *“(i) the information required to be so*
 16 *reported with respect to such individual*
 17 *and such winnings; and*

18 *“(ii) the net amount of such gambling*
 19 *winnings (hereafter in this subsection re-*
 20 *ferred to as the ‘net gambling winnings’)*
 21 *after withholding of amounts for Federal*
 22 *taxes as required pursuant to section*
 23 *3402(q) of the Internal Revenue Code of*
 24 *1986; and*

1 “(B) has complied with the Secretary’s in-
2 structions pursuant to paragraph (3).

3 “(3) *DATA MATCH AND WITHHOLDING.*—The Sec-
4 retary shall—

5 “(A) compare information furnished pursu-
6 ant to paragraph (2)(A) with information on in-
7 dividuals who owe past-due support;

8 “(B) direct the gambling establishment to
9 withhold from an individual’s net gambling
10 winnings all amounts not exceeding the total
11 past-due support owed by the individual;

12 “(C) authorize the gambling establishment,
13 in reimbursement of its costs of complying with
14 this subsection, to withhold and retain from such
15 net gambling winnings an amount equal to 2
16 percent of the amount to be withheld pursuant to
17 subparagraph (B), which amount shall be taken
18 first from any excess of such net winnings above
19 the amount withheld pursuant to subparagraph
20 (B), with any balance to be taken from the
21 amount so withheld; and

22 “(D) require the gambling establishment to
23 furnish written notice to the individual whose
24 gambling winnings are withheld pursuant to this
25 subsection, that includes—

1 “(i) the amounts withheld pursuant to
2 subparagraphs (B) and (C);

3 “(ii) the reason and authority for the
4 withholding; and

5 “(iii) an explanation of the individ-
6 ual’s procedural due process rights, includ-
7 ing the right to contest such withholding to
8 the responsible State agency and informa-
9 tion necessary to contact such State agency.

10 “(4) *TRANSFER OF WITHHELD AMOUNTS.*—Net
11 amounts withheld for past-due support pursuant to
12 subparagraphs (B) and (C) of paragraph (3) shall—

13 “(A) be transferred by the gambling estab-
14 lishment to the Secretary at the same time and
15 in the same manner as amounts withheld under
16 section 3402(q) of the Internal Revenue Code of
17 1986 would be transferred to the Internal Rev-
18 enue Service, together with the information de-
19 scribed in paragraph (2)(A)(i) with respect to
20 the individuals whose winnings were withheld
21 under this subsection; and

22 “(B) be promptly transferred by the Sec-
23 retary to the appropriate State agency.

1 “(5) *NONLIABILITY OF GAMBLING ESTABLISH-*
 2 *MENTS.—A gambling establishment shall not be liable*
 3 *under any Federal or State law to any person—*

4 “(A) *for any disclosure of information to*
 5 *the Secretary under this subsection;*

6 “(B) *for withholding or surrendering gam-*
 7 *bling winnings in accordance with this sub-*
 8 *section; or*

9 “(C) *for any other action taken in good*
 10 *faith to comply with this subsection.*

11 “(6) *DEFINITION OF GAMBLING WINNINGS.—In*
 12 *this subsection, the term ‘gambling winnings’ means*
 13 *the proceeds of a wager that are subject to reporting*
 14 *under section 6041 of the Internal Revenue Code of*
 15 *1986.’.*

16 (b) *REQUIREMENT FOR STATE LAWS.—Section 466(a)*
 17 *(42 U.S.C. 666(a)) is amended by inserting after paragraph*
 18 *(19) the following:*

19 “(20) *INTERCEPTION OF GAMBLING WINNINGS.—*
 20 *Procedures under which—*

21 “(A) *gambling establishments subject to the*
 22 *laws of the State are required to comply with the*
 23 *provisions of section 452(n), and are subject to*
 24 *sanctions for failure to comply, which shall in-*
 25 *clude liability in an amount equal to the amount*

1 *the establishment would have withheld if it so*
 2 *complied;*

3 “(B) *noncustodial parents owing past-due*
 4 *support are provided with written notice that*
 5 *gambling winnings may be subject to with-*
 6 *holding for past-due support under section*
 7 *452(n); and*

8 “(C) *cases where such noncustodial parents*
 9 *contest the State’s determination with respect to*
 10 *past-due support are promptly resolved, and ex-*
 11 *pedited refund is made of any amounts erro-*
 12 *neously seized under such section 452(n).”.*

13 (c) *STATE REIMBURSEMENT OF FEDERAL COSTS.—*
 14 *Section 453(k)(3) (42 U.S.C.653(k)(3)), as amended by sec-*
 15 *tion 313(b), is amended by striking “or (m)” and inserting*
 16 *“(m), or (n)”.*

17 (d) *REQUIREMENT FOR PARTICIPATING INDIAN*
 18 *TRIBES.—Section 455(f) (42 U.S.C. 655(f)) is amended in*
 19 *the first sentence by striking “and location of absent par-*
 20 *ents” and inserting “location of absent parents, and inter-*
 21 *ception of gambling winnings consistent with the require-*
 22 *ments of sections 452(n) and 466(a)(20)”.*

1 **SEC. 319. STATE LAW REQUIREMENT CONCERNING THE**
 2 **UNIFORM INTERSTATE FAMILY SUPPORT ACT**
 3 **(UIFSA).**

4 (a) *IN GENERAL.*—Section 466(f) (42 U.S.C. 666(f))
 5 is amended—

6 (1) by striking “and as in effect on August 22,
 7 1996,”; and

8 (2) by striking “adopted as of such date” and in-
 9 serting “adopted as of August, 2001”.

10 (b) *FULL FAITH AND CREDIT FOR CHILD SUPPORT*
 11 *ORDERS.*—Section 1738B of title 28, United States Code,
 12 is amended—

13 (1) by striking subsection (d) and inserting the
 14 following:

15 “(d) *CONTINUING EXCLUSIVE JURISDICTION.*—

16 “(1) *IN GENERAL.*—Subject to paragraph (2), a
 17 court of a State that has made a child support order
 18 consistent with this section has continuing, exclusive
 19 jurisdiction to modify its order if the order is the con-
 20 trolling order and—

21 “(A) the State is the child’s State or the res-
 22 idence of any individual contestant; or

23 “(B) if the State is not the residence of the
 24 child or an individual contestant, the contestants
 25 consent in a record or in open court that the

1 *court may continue to exercise jurisdiction to*
 2 *modify its order.*

3 “(2) *REQUIREMENT.*—*A court may not exercise*
 4 *its continuing, exclusive jurisdiction to modify the*
 5 *order if the court of another State, acting in accord-*
 6 *ance with subsections (e) and (f), has made a modi-*
 7 *fication of the order.”;*

8 *(2) in subsection (e)(2)—*

9 *(A) in subparagraph (A), by striking “be-*
 10 *cause” and all that follows through the semicolon*
 11 *and inserting “pursuant to paragraph (1) or (2)*
 12 *of subsection (d);” and*

13 *(B) in subparagraph (B), by inserting*
 14 *“with jurisdiction over at least 1 of the indi-*
 15 *vidual contestants or that is located in the*
 16 *child’s State” after “another State”;*

17 *(3) in subsection (f)—*

18 *(A) in the subsection heading, by striking*
 19 *“RECOGNITION OF” and inserting “DETERMINA-*
 20 *TION OF CONTROLLING”;*

21 *(B) in the matter preceding paragraph (1),*
 22 *by striking “shall apply” and all that follows*
 23 *through the colon and inserting “having personal*
 24 *jurisdiction over both individual contestants*

1 *shall apply the following rules and by order shall*
 2 *determine which order controls:*”

3 *(C) in paragraph (1), by striking “must be”*
 4 *and inserting “controls and must be so”;*

5 *(D) in paragraph (2), by striking “must be*
 6 *recognized” and inserting “controls”;*

7 *(E) in paragraph (3), by striking “must be*
 8 *recognized” each place it appears and inserting*
 9 *“controls”;*

10 *(F) in paragraph (4)—*

11 *(i) by striking “may” and inserting*
 12 *“shall”; and*

13 *(ii) by striking “must be recognized”*
 14 *and inserting “controls”; and*

15 *(G) by striking paragraph (5);*

16 *(4) by striking subsection (g) and inserting the*
 17 *following:*

18 “(g) *ENFORCEMENT OF MODIFIED ORDERS.—If a*
 19 *child support order issued by a court of a State is modified*
 20 *by a court of another State which properly assumed juris-*
 21 *diction, the issuing court—*

22 *“(1) may enforce its order that was modified*
 23 *only as to arrears and interest accruing before the*
 24 *modification;*

1 “(2) may provide appropriate relief for viola-
 2 tions of its order which occurred before the effective
 3 date of the modification; and

4 “(3) shall recognize the modifying order of the
 5 other State for the purpose of enforcement.”;

6 (5) in subsection (h)—

7 (A) in paragraph (1), by striking “and (3)”
 8 and inserting “, (3), and (4)”;

9 (B) in paragraph (2), by inserting “the
 10 computation and payment of arrearages, and the
 11 accrual of interest on the arrearages,” after “ob-
 12 ligations of support,”; and

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

14 “(4) *PROSPECTIVE APPLICATION.*—After a court
 15 determines which is the controlling order and issues
 16 an order consolidating arrears, if any, a court shall
 17 prospectively apply the law of the State issuing the
 18 controlling order, including that State’s law with re-
 19 spect to interest on arrears, current and future sup-
 20 port, and consolidated arrears.”; and

21 (6) in subsection (i), by inserting “and sub-
 22 section (d)(2) does not apply” after “issuing State”.

1 **SEC. 320. GRANTS TO STATES FOR ACCESS AND VISITATION**
 2 **PROGRAMS.**

3 (a) *AUTHORITY TO MAKE GRANTS TO INDIAN*
 4 *TRIBES.*—Section 469B (42 U.S.C. 669b) is amended—

5 (1) *in the section heading, by inserting “AND*
 6 *INDIAN TRIBES” after “STATES”; and*

7 (2) *in subsection (a), by inserting “and Indian*
 8 *tribes or tribal organizations” after “to enable*
 9 *States”.*

10 (b) *AMOUNT OF GRANTS.*—Section 469B(b) (42 U.S.C.
 11 669b(b)) is amended to read as follows:

12 “(b) *AMOUNT OF GRANTS.*—

13 “(1) *GRANTS TO STATES.*—*The amount of the*
 14 *grant to be made to a State under this section for a*
 15 *fiscal year shall be an amount equal to the lesser of—*

16 “(A) *90 percent of State expenditures dur-*
 17 *ing the fiscal year for activities described in sub-*
 18 *section (a); or*

19 “(B) *the allotment of the State under sub-*
 20 *section (c) for the fiscal year.*

21 “(2) *GRANTS TO INDIAN TRIBES.*—*An Indian*
 22 *tribe or tribal organization operating a program*
 23 *under section 455 that has operated such program*
 24 *throughout the preceding fiscal year and has an ap-*
 25 *plication under this section approved by the Secretary*
 26 *shall receive a grant under this section for a fiscal*

1 year in an amount equal to the allotment of such In-
 2 dian tribe or tribal organization under subsection
 3 (c)(2) for the fiscal year.”.

4 (c) ALLOTMENTS.—Section 469B(c) (42 U.S.C.
 5 669b(c)) is amended to read as follows:

6 “(c) ALLOTMENTS.—

7 “(1) ALLOTMENTS TO STATES.—

8 “(A) IN GENERAL.—Subject to the subpara-
 9 graph (C), the allotment of a State for a fiscal
 10 year is the amount that bears the same ratio to
 11 the amount specified in subparagraph (B) for
 12 such fiscal year as the number of children in the
 13 State living with only 1 parent bears to the total
 14 number of such children in all States.

15 “(B) AMOUNT AVAILABLE FOR ALLOT-
 16 MENT.—For purposes of subparagraph (A), the
 17 amount specified in this subparagraph is the fol-
 18 lowing amount, reduced by the total allotments
 19 to Indian tribes or tribal organizations in ac-
 20 cordance with paragraph (2):

21 “(i) \$12,000,000 for fiscal year 2004.

22 “(ii) \$14,000,000 for fiscal year 2005.

23 “(iii) \$16,000,000 for fiscal year 2006.

24 “(iv) \$20,000,000 for fiscal year 2007

25 and each succeeding fiscal year.

“(C) *MINIMUM STATE ALLOTMENT.*—*The Secretary shall adjust allotments to States under subparagraph (A) as necessary to ensure that no State is allotted less than—*

“(i) \$120,000 for fiscal year 2004;

“(ii) \$140,000 for fiscal year 2005;

“(iii) \$160,000 for fiscal year 2006;

and

“(iv) \$180,000 for fiscal year 2007 and each succeeding fiscal year.

“(2) *ALLOTMENTS TO INDIAN TRIBES.*—

“(A) *IN GENERAL.*—*Subject to subparagraph (C), the allotment of an Indian tribe or tribal organization described in subsection (b)(2) for a fiscal year is an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the number of children in the Indian tribe or tribal organization living with only 1 parent bears to the total number of such children in all Indian tribes and tribal organizations eligible to receive grants under this section for such year.*

“(B) *AMOUNT AVAILABLE FOR ALLOTMENT.*—*For purposes of subparagraph (A), the amount available under this subparagraph is an*

amount, deducted from the amount specified in paragraph (1)(B), not to exceed—

“(i) \$250,000 for fiscal year 2004;

“(ii) \$600,000 for fiscal year 2005;

“(iii) \$800,000 for fiscal year 2006;

and

“(iv) \$1,670,000 for fiscal year 2007

and each succeeding year.

“(C) *MINIMUM AND MAXIMUM TRIBAL ALLOTMENT.*—The Secretary shall adjust allotments to Indian tribes and tribal organizations under subparagraph (A) as necessary to ensure that no Indian tribe or tribal organization is allotted, for a fiscal year, an amount which is less than \$10,000 or more than the minimum State allotment for such fiscal year.”.

(d) *ADMINISTRATION.*—Section 469B(e) (42 U.S.C. 669b(e)) is amended to read as follows:

“(e) *ADMINISTRATION.*—

“(1) *GRANTS TO STATES.*—Each State to which a grant is made under this section—

“(A) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities; and

1 “(B) shall not be required to operate such
2 programs on a statewide basis.

3 “(2) GRANTS TO STATES OR INDIAN TRIBES.—
4 Each State or Indian tribe or tribal organization to
5 which a grant is made under this section shall mon-
6 itor, evaluate, and report on such programs in ac-
7 cordance with regulations prescribed by the Sec-
8 retary.”.

9 **SEC. 321. TIMING OF CORRECTIVE ACTION YEAR FOR STATE**
10 **NONCOMPLIANCE WITH CHILD SUPPORT EN-**
11 **FORCEMENT PROGRAM REQUIREMENTS.**

12 (a) IN GENERAL.—Section 409(a)(8) (42 U.S.C.
13 609(a)(8)) is amended—

14 (1) in subparagraph (A)—

15 (A) in the matter preceding clause (i)(I), by
16 striking “in a fiscal year” and inserting “for a
17 fiscal year”; and

18 (B) in clause (ii)—

19 (i) in the matter preceding subclause
20 (I), by striking “that, with respect to the
21 succeeding fiscal year—” and inserting
22 “that, with respect to the period described
23 in subparagraph (D)”; and

24 (ii) in the matter following subclause
25 (II), by striking “the end of such succeeding

1 *fiscal year” and inserting “the end of the*
 2 *period described in subparagraph (D)”;* and
 3 *(2) by adding at the end the following:*

4 “(D) *PERIOD DESCRIBED.*—Subject to sub-
 5 *paragraph (E), for purposes of this paragraph,*
 6 *the period described in this subparagraph is the*
 7 *period that begins with the date on which the*
 8 *Secretary makes a finding described in subpara-*
 9 *graph (A)(i) with respect to State performance*
 10 *in a fiscal year and ends on September 30 of the*
 11 *fiscal year following the fiscal year in which the*
 12 *Secretary makes such a finding.*

13 “(E) *NO PENALTY IF STATE CORRECTS NON-*
 14 *COMPLIANCE IN FINDING YEAR.*—The Secretary
 15 *shall not take a reduction described in subpara-*
 16 *graph (A) with respect to a noncompliance de-*
 17 *scribed in clause (i) of that subparagraph if the*
 18 *Secretary determines that the State has corrected*
 19 *the noncompliance in the fiscal year in which*
 20 *the Secretary makes the finding of the non-*
 21 *compliance.”.*

22 “(b) *EFFECTIVE DATE.*—The amendments made by sub-
 23 *section (a) shall be effective with respect to determinations*
 24 *of State compliance for fiscal year 2002 and succeeding fis-*
 25 *cal years.*

1 (c) *SPECIAL RULE FOR FISCAL YEAR 2001.*—Notwith-
 2 standing any other provision of law, the Secretary shall not
 3 take against amounts otherwise payable to a State, a reduc-
 4 tion described in section 409(a)(8)(A) of the Social Security
 5 Act (42 U.S.C. 609(a)(8)(A)) with respect to a noncompli-
 6 ance described in such section occurring in fiscal year 2001
 7 if the Secretary determines that the State has corrected such
 8 noncompliance in fiscal year 2002 or 2003.

9 **TITLE IV—CHILD WELFARE**

10 **SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEM-** 11 **ONSTRATION PROJECTS.**

12 Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)), as
 13 amended by section 5 of the Welfare Reform Extension Act
 14 of 2003 (Public Law 108–040, 117 Stat. 837) is amended
 15 by striking “2003” and inserting “2008”.

16 **SEC. 402. REMOVAL OF COMMONWEALTH OF PUERTO RICO** 17 **FOSTER CARE FUNDS FROM LIMITATION ON** 18 **PAYMENTS.**

19 Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amend-
 20 ed by section 116(b)(2), is amended—

21 (1) by striking “Paragraph (1)” and inserting
 22 the following:

23 “(A) *IN GENERAL.*—Paragraph (1)”;

24 (2) in subparagraph (A) (as added by paragraph
 25 (1)), by striking “or 418(a)(4)(B)” and inserting

1 “418(a)(4)(B), or, subject to clause (ii) of subpara-
 2 graph (B), payments to Puerto Rico described in
 3 clause (i) of that subparagraph” before the period;
 4 and

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

6 “(B) CERTAIN PAYMENTS TO PUERTO
 7 RICO.—

8 “(i) PAYMENTS DESCRIBED.—For pur-
 9 poses of subparagraph (A), payments de-
 10 scribed in this subparagraph are payments
 11 made to Puerto Rico under part E of title
 12 IV with respect to the portion of foster care
 13 payments made to Puerto Rico for fiscal
 14 year 2005 or any fiscal year thereafter that
 15 exceed the total amount of such payments
 16 for fiscal year 2002.

17 “(ii) LIMITATION.—The total amount
 18 of payments to Puerto Rico described in
 19 clause (i) that are disregarded under sub-
 20 paragraph (A) may not exceed \$6,250,000
 21 for each of fiscal years 2005 through 2008.”.

22 **SEC. 403. TECHNICAL CORRECTION.**

23 Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is
 24 amended by striking “422(b)(9)” and inserting
 25 “422(b)(10)”.

1 ***TITLE V—SUPPLEMENTAL***
2 ***SECURITY INCOME***

3 ***SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DIS-***
4 ***ABILITY DETERMINATIONS.***

5 *Section 1633 (42 U.S.C. 1383b) is amended by adding*
6 *at the end the following:*

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

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

17 “(i) *at least 20 percent of all determinations re-*
18 *ferred to in paragraph (1) that are made in fiscal*
19 *year 2004;*

20 “(ii) *at least 40 percent of all such determina-*
21 *tions that are made in fiscal year 2005; and*

22 “(iii) *at least 50 percent of all such determina-*
23 *tions that are made in fiscal year 2006 or thereafter.*

24 “(B) *In carrying out subparagraph (A), the Commis-*
25 *sioner of Social Security shall, to the extent feasible, select*

1 *for review the determinations which the Commissioner of*
 2 *Social Security identifies as being the most likely to be in-*
 3 *correct.”.*

4 ***TITLE VI—TRANSITIONAL***
 5 ***MEDICAL ASSISTANCE***

6 ***SEC. 601. EXTENSION AND SIMPLIFICATION OF THE TRAN-***
 7 ***SITIONAL MEDICAL ASSISTANCE PROGRAM***
 8 ***(TMA).***

9 *(a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12*
 10 *MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO*
 11 *AN ADDITIONAL YEAR.—*

12 *(1) OPTION OF CONTINUOUS ELIGIBILITY FOR 12*
 13 *MONTHS BY MAKING REPORTING REQUIREMENTS OP-*
 14 *TIONAL.—Section 1925(b) (42 U.S.C. 1396r–6(b)) is*
 15 *amended—*

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

18 *(B) in paragraph (2)(A), by inserting*
 19 *“Subject to subparagraph (C):” after “(A) NO-*
 20 *TICES.—”;*

21 *(C) in paragraph (2)(B), by inserting*
 22 *“Subject to subparagraph (C):” after “(B) RE-*
 23 *PORTING REQUIREMENTS.—”;*

24 *(D) by adding at the end the following:*

1 “(C) *STATE OPTION TO WAIVE NOTICE AND*
 2 *REPORTING REQUIREMENTS.*—A State may
 3 waive some or all of the reporting requirements
 4 under clauses (i) and (ii) of subparagraph (B).
 5 Insofar as it waives such a reporting require-
 6 ment, the State need not provide for a notice
 7 under subparagraph (A) relating to such require-
 8 ment.”; and

9 (E) in paragraph (3)(A)(iii), by inserting
 10 “the State has not waived under paragraph
 11 (2)(C) the reporting requirement with respect to
 12 such month under paragraph (2)(B) and if”
 13 after “6-month period if”.

14 (2) *STATE OPTION TO EXTEND ELIGIBILITY FOR*
 15 *LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDITIONAL*
 16 *MONTHS.*—Section 1925 (42 U.S.C. 1396r–6) is fur-
 17 ther amended—

18 (A) by redesignating subsections (c) through
 19 (f) as subsections (d) through (g), respectively;
 20 and

21 (B) by inserting after subsection (b) the fol-
 22 lowing:

23 “(c) *STATE OPTION OF UP TO 12 MONTHS OF ADDI-*
 24 *TIONAL ELIGIBILITY.*—

1 “(1) *IN GENERAL.*—Notwithstanding any other
2 provision of this title, each State plan approved
3 under this title may provide, at the option of the
4 State, that the State shall offer to each family which
5 received assistance during the entire 6-month period
6 under subsection (b) and which meets the applicable
7 requirement of paragraph (2), in the last month of
8 the period the option of extending coverage under this
9 subsection for the succeeding period not to exceed 12
10 months.

11 “(2) *INCOME RESTRICTION.*—The option under
12 paragraph (1) shall not be made available to a family
13 for a succeeding period unless the State determines
14 that the family’s average gross monthly earnings (less
15 such costs for such child care as is necessary for the
16 employment of the caretaker relative) as of the end of
17 the 6-month period under subsection (b) does not ex-
18 ceed 185 percent of the official poverty line (as de-
19 fined by the Office of Management and Budget, and
20 revised annually in accordance with section 673(2) of
21 the Omnibus Budget Reconciliation Act of 1981) ap-
22 plicable to a family of the size involved.

23 “(3) *APPLICATION OF EXTENSION RULES.*—The
24 provisions of paragraphs (2), (3), (4), and (5) of sub-
25 section (b) shall apply to the extension provided

1 under this subsection in the same manner as they
 2 apply to the extension provided under subsection
 3 (b)(1), except that for purposes of this subsection—

4 “(A) any reference to a 6-month period
 5 under subsection (b)(1) is deemed a reference to
 6 the extension period provided under paragraph
 7 (1) and any deadlines for any notices or report-
 8 ing and the premium payment periods shall be
 9 modified to correspond to the appropriate cal-
 10 endar quarters of coverage provided under this
 11 subsection; and

12 “(B) any reference to a provision of sub-
 13 section (a) or (b) is deemed a reference to the
 14 corresponding provision of subsection (b) or of
 15 this subsection, respectively.”.

16 (b) *STATE OPTION TO WAIVE RECEIPT OF MEDICAID*
 17 *FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR TMA.*—
 18 Section 1925(a)(1) (42 U.S.C. 1396r–6(a)(1)) is amended
 19 by adding at the end the following: “A State may, at its
 20 option, also apply the previous sentence in the case of a
 21 family that was receiving such aid for fewer than 3 months,
 22 or that had applied for and was eligible for such aid for
 23 fewer than 3 months, during the 6 immediately preceding
 24 months described in such sentence.”.

25 (c) *EXTENSION OF SUNSET FOR TMA.*—

1 (1) *IN GENERAL.*—Subsection (g) of section 1925
 2 (42 U.S.C. 1396r–6), as so redesignated under sub-
 3 section (a)(2)(A), and as amended by section 7 of the
 4 Welfare Reform Extension Act of 2003, is further re-
 5 designated as subsection (i) and is amended by strik-
 6 ing “2003” and inserting “2008”.

7 (2) *CONFORMING AMENDMENT.*—Section
 8 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)), as so
 9 amended, is amended by striking “September 30,
 10 2003” and inserting “the last date (if any) on which
 11 section 1925 applies under subsection (f) of that sec-
 12 tion”.

13 (d) *CMS REPORT ON ENROLLMENT AND PARTICIPA-*
 14 *TION RATES UNDER TMA.*—Section 1925 (42 U.S.C.
 15 1396r–6), as amended by subsections (a)(2)(A) and (c)(1),
 16 is amended by inserting after subsection (f) the following:

17 “(g) *ADDITIONAL PROVISIONS.*—

18 “(1) *COLLECTION AND REPORTING OF PARTICI-*
 19 *PATION INFORMATION.*—Each State shall—

20 “(A) collect and submit to the Secretary, in
 21 a format specified by the Secretary, information
 22 on average monthly enrollment and average
 23 monthly participation rates for adults and chil-
 24 dren under this section; and

1 “(B) make such information publicly avail-
2 able.

3 *Such information shall be submitted under subpara-*
4 *graph (A) at the same time and frequency in which*
5 *other enrollment information under this title is sub-*
6 *mitted to the Secretary. Using such information, the*
7 *Secretary shall submit to Congress annual reports*
8 *concerning such rates.”.*

9 (e) *COORDINATION OF WORK.*—Section 1925(g) (42
10 *U.S.C. 1396r–6(g)), as added by subsection (d), is amended*
11 *by adding at the end the following:*

12 “(2) *COORDINATION WITH ADMINISTRATION FOR*
13 *CHILDREN AND FAMILIES.*—*The Administrator of the*
14 *Centers for Medicare & Medicaid Services, in car-*
15 *rying out this section, shall work with the Assistant*
16 *Secretary for the Administration for Children and*
17 *Families to develop guidance or other technical assist-*
18 *ance for States regarding best practices in guaran-*
19 *teeing access to transitional medical assistance under*
20 *this section.”.*

21 (f) *ELIMINATION OF TMA REQUIREMENT FOR STATES*
22 *THAT EXTEND COVERAGE TO CHILDREN AND PARENTS*
23 *THROUGH 185 PERCENT OF POVERTY.*—

1 (1) *IN GENERAL.*—Section 1925 (42 U.S.C.
2 1396r–6) is amended by inserting after subsection (g),
3 as added by subsection (d), the following:

4 “(h) *PROVISIONS OPTIONAL FOR STATES THAT EX-*
5 *TEND COVERAGE TO CHILDREN AND PARENTS THROUGH*
6 *185 PERCENT OF POVERTY.*—A State may meet (but is not
7 required to meet) the requirements of subsections (a) and
8 (b) if it provides for medical assistance under section 1931
9 to families (including both children and caretaker relatives)
10 the average gross monthly earning of which (less such costs
11 for such child care as is necessary for the employment of
12 a caretaker relative) is at or below a level that is at least
13 185 percent of the official poverty line (as defined by the
14 Office of Management and Budget, and revised annually
15 in accordance with section 673(2) of the Omnibus Budget
16 Reconciliation Act of 1981) applicable to a family of the
17 size involved.”.

18 (2) *CONFORMING AMENDMENTS.*—Section 1925
19 (42 U.S.C. 1396r–6) is amended, in subsections (a)(1)
20 and (b)(1), by inserting “, but subject to subsection
21 (h),” after “Notwithstanding any other provision of
22 this title,” each place it appears.

23 (g) *REQUIREMENT OF NOTICE FOR ALL FAMILIES*
24 *LOSING TANF.*—Subsection (a)(2) of section 1925 (42

1 *U.S.C. 1396r-6) is amended by adding at the end the fol-*
 2 *lowing flush sentences:*

3 *“Each State shall provide, to families whose aid*
 4 *under part A or E of title IV has terminated but*
 5 *whose eligibility for medical assistance under this*
 6 *title continues, written notice of their ongoing eligi-*
 7 *bility for such medical assistance. If a State makes a*
 8 *determination that any member of a family whose aid*
 9 *under part A or E of title IV is being terminated is*
 10 *also no longer eligible for medical assistance under*
 11 *this title, the notice of such determination shall be*
 12 *supplemented by a 1-page notification form describ-*
 13 *ing the different ways in which individuals and fami-*
 14 *lies may qualify for such medical assistance and ex-*
 15 *plaining that individuals and families do not have to*
 16 *be receiving aid under part A or E of title IV in*
 17 *order to qualify for such medical assistance. Such no-*
 18 *tice shall further be supplemented by information on*
 19 *how to apply for child health assistance under the*
 20 *State children’s health insurance program under title*
 21 *XXI and how to apply for medical assistance under*
 22 *this title.”.*

23 *(h) EXTENDING USE OF OUTSTATIONED WORKERS TO*
 24 *ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL AS-*
 25 *SISTANCE.—Section 1902(a)(55) (42 U.S.C. 1396a(a)(55))*

1 *is amended by inserting “and under section 1931” after*
2 *“(a)(10)(A)(ii)(IX)”.*

3 *(i) EFFECTIVE DATES.—*

4 *(1) IN GENERAL.—Except as provided in this*
5 *subsection, the amendments made by this section shall*
6 *apply to calendar quarters beginning on or after Oc-*
7 *tober 1, 2003, without regard to whether or not final*
8 *regulations to carry out such amendments have been*
9 *promulgated by such date.*

10 *(2) NOTICE.—The amendment made by sub-*
11 *section (g) shall take effect 6 months after the date of*
12 *enactment of this Act.*

13 *(3) DELAY PERMITTED FOR STATE PLAN AMEND-*
14 *MENT.—In the case of a State plan for medical assist-*
15 *ance under title XIX of the Social Security Act which*
16 *the Secretary of Health and Human Services deter-*
17 *mines requires State legislation (other than legisla-*
18 *tion appropriating funds) in order for the plan to*
19 *meet the additional requirements imposed by the*
20 *amendments made by this section, the State plan*
21 *shall not be regarded as failing to comply with the re-*
22 *quirements of such title solely on the basis of its fail-*
23 *ure to meet these additional requirements before the*
24 *first day of the first calendar quarter beginning after*
25 *the close of the first regular session of the State legis-*

1 *lature that begins after the date of enactment of this*
 2 *Act. For purposes of the previous sentence, in the case*
 3 *of a State that has a 2-year legislative session, each*
 4 *year of such session shall be deemed to be a separate*
 5 *regular session of the State legislature.*

6 **SEC. 602. PROHIBITION AGAINST COVERING CHILDLESS**
 7 **ADULTS WITH SCHIP FUNDS.**

8 *(a) PROHIBITION ON USE OF SCHIP FUNDS.—*

9 *(1) IN GENERAL.—Section 2107 (42 U.S.C.*
 10 *1397gg) is amended by adding at the end the fol-*
 11 *lowing:*

12 *“(f) LIMITATION ON WAIVER AUTHORITY.—Notwith-*
 13 *standing subsection (e)(2)(A) and section 1115(a), the Sec-*
 14 *retary may not approve a waiver, experimental, pilot, or*
 15 *demonstration project, or an amendment to such a project*
 16 *that has been approved as of the date of enactment of this*
 17 *subsection, that would allow funds made available under*
 18 *this title to be used to provide child health assistance or*
 19 *other health benefits coverage to childless adults. For pur-*
 20 *poses of the preceding sentence, a caretaker relative (as such*
 21 *term is defined for purposes of carrying out section 1931)*
 22 *shall not be considered a childless adult.”.*

23 *(2) CONFORMING AMENDMENT.—Section*
 24 *2105(c)(1) (42 U.S.C. 1397ee(c)(1)) is amended by*
 25 *inserting before the period the following: “and may*

1 *not include coverage of childless adults. For purposes*
 2 *of the preceding sentence, a caretaker relative (as such*
 3 *term is defined for purposes of carrying out section*
 4 *1931) shall not be considered a childless adult.”.*

5 *(b) RULE OF CONSTRUCTION.—Nothing in this section*
 6 *or the amendments made by this section shall be construed*
 7 *to—*

8 *(1) authorize the waiver of any provision of title*
 9 *XIX or XXI of the Social Security Act (42 U.S.C.*
 10 *1396 et seq., 1397aa et seq.) that is not otherwise au-*
 11 *thorized to be waived under such titles or under title*
 12 *XI of such Act (42 U.S.C. 1301 et seq.) as of the date*
 13 *of enactment of this Act; or*

14 *(2) imply congressional approval of any waiver,*
 15 *experimental, pilot, or demonstration project affecting*
 16 *the medicaid program under title XIX of the Social*
 17 *Security Act or the State children’s health insurance*
 18 *program under title XXI of such Act that has been*
 19 *approved as of such date of enactment.*

20 *(c) EFFECTIVE DATE.—This section and the amend-*
 21 *ments made by this section take effect on the date of enact-*
 22 *ment of this Act and apply to proposals to conduct a waiv-*
 23 *er, experimental, pilot, or demonstration project affecting*
 24 *the medicaid program under title XIX of the Social Secu-*
 25 *rity Act or the State children’s health insurance program*

1 *under title XXI of such Act, and to any proposals to amend*
2 *such projects, that are approved or extended on or after such*
3 *date of enactment.*

4 ***TITLE VII—EFFECTIVE DATE***

5 ***SEC. 701. EFFECTIVE DATE.***

6 *(a) IN GENERAL.—Subject to subsection (b) and except*
7 *as otherwise provided, the amendments made by this Act*
8 *take effect on the date of enactment of this Act.*

9 *(b) EXCEPTION.—In the case of a State plan under*
10 *part A or D of title IV of the Social Security Act which*
11 *the Secretary determines requires State legislation in order*
12 *for the plan to meet the additional requirements imposed*
13 *by the amendments made by this Act, the effective date of*
14 *the amendments imposing the additional requirements shall*
15 *be 3 months after the first day of the first calendar quarter*
16 *beginning after the close of the first regular session of the*
17 *State legislature that begins after the date of enactment of*
18 *this Act. For purposes of the preceding sentence, in the case*
19 *of a State that has a 2-year legislative session, each year*
20 *of the session shall be considered to be a separate regular*
21 *session of the State legislature.*

Calendar No. 305

108TH CONGRESS
1ST SESSION

H. R. 4

[Report No. 108-162]

AN ACT

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

OCTOBER 3, 2003

Reported with an amendment