

108TH CONGRESS
1ST SESSION

S. 367

To amend part A of title IV of the Social Security Act to reauthorize and improve the temporary assistance to needy families program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2003

Mr. ROCKEFELLER introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend part A of title IV of the Social Security Act to reauthorize and improve the temporary assistance to needy families program, 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; TABLE OF CONTENTS; AMEND-**
4 **MENTS TO SOCIAL SECURITY ACT.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Personal Responsibility and Work Opportunity Reconcili-
7 ation Act Amendments of 2003”.

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

- Sec. 1. Short title; table of contents; amendments to Social Security Act.
- Sec. 2. Findings.

TITLE I—FUNDING

- Sec. 101. Reauthorization and annual adjustment of State family assistance grants.
- Sec. 102. Contingency fund.
- Sec. 103. Bonus for reduction of child poverty.
- Sec. 104. Reauthorization of other grants.
- Sec. 105. Restoration of funding for the Social Services Block Grant.
- Sec. 106. Repeal of Federal loans for State welfare programs.
- Sec. 107. GAO reports on TANF funding and expenditures.

TITLE II—SUPPORTING WORK

- Sec. 201. Making work pay.
- Sec. 202. Increase in guaranteed funding for child care.
- Sec. 203. Parents as scholars program.
- Sec. 204. Elimination of recipients completing secondary school from limit on number of TANF recipients participating in vocational educational training.
- Sec. 205. Vocational training and other preemployment activities.
- Sec. 206. State option to credit months engaged in work or parents as scholars program for purposes of 5-year assistance limit.
- Sec. 207. Innovative Business Link partnership for employers and nonprofit organizations.

TITLE III—SUPPORTING FAMILIES

- Sec. 301. Elimination of separate work participation rate for 2-parent families.
- Sec. 302. Ban on imposition of stricter eligibility criteria for 2-parent families.
- Sec. 303. Family formation fund.
- Sec. 304. Ensuring child well-being.
- Sec. 305. Funding for families assisted by a territory program.

TITLE IV—STATE FLEXIBILITY

- Sec. 401. Pathway to self-sufficiency grants to improve coordination of assistance for low-income families.
- Sec. 402. State option to offer wage subsidies.
- Sec. 403. Exclusion of victims of domestic violence from 20 percent limitation on hardship exception.
- Sec. 404. Clarification of authority of States to use TANF funds carried over from prior years to provide TANF benefits and services.
- Sec. 405. Continuation of prewelfare reform waivers.
- Sec. 406. State option to align foster care and adoption assistance eligibility with TANF eligibility.
- Sec. 407. Promoting work and responsibility among all families with children.
- Sec. 408. Authority to transfer TANF funds to carry out an access to jobs project or a reverse commute project.

TITLE V—HEALTHY CHILDREN

- Sec. 501. Revision and simplification of the transitional medical assistance program (TMA).

- Sec. 502. Optional coverage of legal immigrants under the medicaid program and title XXI.
- Sec. 503. Second chance homes.

TITLE VI—PUBLIC ACCOUNTABILITY

- Sec. 601. Public availability of State program and financial data submissions.
- Sec. 602. Study and guidelines regarding compliance with nondiscrimination provisions.
- Sec. 603. Ensuring TANF funds are not used to displace public employees; application of workplace laws to welfare recipients.
- Sec. 604. Research and development.
- Sec. 605. GAO study on impact of ban on SSI benefits for legal immigrants.
- Sec. 606. Grants to improve States' policies and procedures for assisting individuals with barriers to work.
- Sec. 607. Ensuring a professional TANF program staff.

TITLE VII—EFFECTIVE DATE

- Sec. 701. Effective date.

1 (c) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-

2 cept as otherwise specifically provided, whenever in this

3 Act an amendment is expressed in terms of an amendment

4 to or repeal of a section or other provision, the reference

5 shall be considered to be made to that section or other

6 provision of the Social Security Act (42 U.S.C. 301 et

7 seq.).

8 **SEC. 2. FINDINGS.**

9 Congress makes the following findings:

10 (1) The Personal Responsibility and Work Op-

11 portunity Reconciliation Act of 1996 (Public Law

12 104–193; 110 Stat. 2105) was a fundamental

13 change to reform the Federal welfare system to shift

14 it from an entitlement program into a transition

15 program to help families move from welfare to work

16 and personal responsibility.

1 (2) Since enactment of the 1996 welfare reform
2 law, welfare cash assistance caseloads have dropped
3 dramatically, by nearly 50 percent, and approxi-
4 mately $\frac{2}{3}$ of welfare recipients who have left the
5 cash assistance rolls have left for work.

6 (3) Another sign of reform and progress is that
7 funding has shifted from providing monthly cash as-
8 sistance for parents to stay at home to over $\frac{1}{2}$ of
9 the funding targeted to pay for work supports, such
10 as child care, transportation, job placement, limited
11 job training, or other priorities.

12 (4) More investments in quality child care will
13 allow parents to enter and continue in the workforce
14 knowing that their children have access to safe,
15 meaningful child care, hopefully with emphasis on
16 child development and preparation to ensure that
17 each child gains the skills needed to enter school
18 ready to learn.

19 (5) While families are moving from welfare to
20 work, and employment rates are up, many families
21 struggle in low-wage jobs and have trouble getting
22 promised supports such as medicaid, child care, food
23 stamps, and other supports available under pro-
24 grams intended to help families.

1 (6) Child poverty rates are improving, but more
2 must be done to reduce poverty in the 2,000,000
3 families who are still struggling.

4 (7) Parents who remain on the welfare case-
5 loads face multiple barriers to employment and
6 therefore need a range of services to address their
7 needs and move from welfare to work.

8 (8) Children deserve to be raised in supportive
9 homes, preferably with 2 loving parents. It is crucial
10 to end policies that discriminate against serving 2-
11 parent families within the welfare system. It is also
12 important to support innovative programs to encour-
13 age full participation in child support and child
14 rearing by noncustodial parents.

15 (9) Welfare reform has been successful because
16 it has been a flexible partnership between the Fed-
17 eral Government and the States, and retaining the
18 partnership and flexibility will be important for the
19 future.

20 (10) The State agencies responsible for admin-
21 istering the temporary assistance to needy families
22 program have had to assume many new and more
23 complex responsibilities which necessitates improving
24 and upgrading the skills and ability of the workers

at those agencies to ensure high quality service delivery and meet all program goals.

(11) Studies indicate disparate racial treatment in the implementation of the temporary assistance to needy families program with respect to determining eligibility for assistance under the program, disseminating information, providing referral for services, and imposing sanctions for non-compliance with program requirements.

TITLE I—FUNDING

SEC. 101. REAUTHORIZATION AND ANNUAL ADJUSTMENT OF STATE FAMILY ASSISTANCE GRANTS.

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

(1) in subparagraph (A), by striking “1996” and all that follows through “2002” and inserting “2004 through 2008”;

(2) by redesignating subparagraph (E) as subparagraph (I);

(3) by redesignating subparagraphs (B) through (D) as subparagraphs (C) through (E), respectively;

(4) in subparagraph (C), as so redesignated—

(A) in the heading, by striking “STATE” and inserting “BASE STATE”; and

1 (B) by striking “As used in this part, the
 2 term ‘State family assistance grant’ means”
 3 and inserting “Subject to subparagraph (F), as
 4 used in this part, the term ‘base State family
 5 assistance grant’ means”;

6 (5) by inserting after subparagraph (A), the fol-
 7 lowing:

8 “(B) STATE FAMILY ASSISTANCE GRANT
 9 DEFINED.—As used in this part, the term
 10 ‘State family assistance grant’ means the sum
 11 of—

12 “(i) the base State family assistance
 13 grant; and

14 “(ii) the annual adjustment amount.”;

15 (6) by inserting after subparagraph (E), as re-
 16 designated by paragraph (3), the following:

17 “(F) UPDATE OF BASE FOR CERTAIN
 18 STATES.—

19 “(i) IN GENERAL.—With respect to a
 20 base State family assistance grant made
 21 for any of fiscal years 2004 through 2008,
 22 in the case of a State that meets the cri-
 23 teria described in clause (ii) or (iii), sub-
 24 ject to clause (v), the amount of the base
 25 State family assistance grant determined

under this paragraph for that State for such a fiscal year shall be increased by the applicable amount described in clause (iv) for that fiscal year.

“(ii) RECEIPT OF SUPPLEMENTAL GRANT FOR FISCAL YEAR 2002.—For purposes of clause (i), the criteria described in this clause is that a State received a supplemental grant under paragraph (3) for fiscal year 2002 (as in effect with respect to such fiscal year).

“(iii) STATE BASIC TANF GRANT PER POOR PERSON IS BELOW NATIONAL AVERAGE.—For purposes of clause (i), the criteria described in this clause is that, with respect to a State and a fiscal year, the State basic TANF grant per poor person for the immediately preceding fiscal year is less than the national average State basic TANF grant per poor person for such preceding fiscal year.

“(iv) APPLICABLE AMOUNT.—

“(I) ALL QUALIFYING STATES.—

For purposes of clause (i), the applicable amount described in this clause

1 is the amount equal to 2.5 percent of
 2 the sum of—

3 “(aa) the amount required
 4 to be paid to the State under
 5 former section 403 (as in effect
 6 during fiscal year 1994); and

7 “(bb) the amount (if any)
 8 paid to the State under para-
 9 graph (3) for fiscal year 2002 (as
 10 in effect with respect to such fis-
 11 cal year).

12 “(II) ORIGINAL QUALIFYING
 13 STATES.—In the case of a State that
 14 meets the criteria described in clause
 15 (ii), the amount determined under
 16 subclause (I) for a fiscal year shall be
 17 further increased by the amount de-
 18 scribed in item (bb) of that subclause.

19 “(v) PRESERVATION OF UPDATE.—In
 20 the case of a State that fails to meet the
 21 criteria described in clause (iii) for a fiscal
 22 year but that did satisfy such criteria for
 23 a prior fiscal year, the amount of the base
 24 State family assistance grant determined
 25 under this paragraph for that State for

1 such a fiscal year shall be increased by the
 2 amount determined for the State under
 3 clause (iv)(I) for the most recent fiscal
 4 year for which the State satisfied such cri-
 5 teria.

6 “(vi) DEFINITIONS.—In this subpara-
 7 graph:

8 “(I) STATE BASIC TANF GRANT
 9 PER POOR PERSON.—The term ‘State
 10 basic TANF grant per poor person’
 11 means, with respect to a State and a
 12 preceding fiscal year—

13 “(aa) the base State family
 14 assistance grant for the State (as
 15 defined under subparagraph (C)
 16 and, if applicable, increased
 17 under this subparagraph); di-
 18 vided by

19 “(bb) the number of individ-
 20 uals, according to the 2000 Cen-
 21 sus Supplementary Survey, who
 22 were residents of the State and
 23 whose income does not exceed the
 24 poverty line.

1 “(II) NATIONAL AVERAGE STATE
 2 BASIC TANF GRANT PER POOR PER-
 3 SON.—The term ‘national average
 4 State basic TANF’ grant per poor per-
 5 son’ means, with respect to a pre-
 6 ceding fiscal year, an amount equal
 7 to—

8 “(aa) the base State family
 9 assistance grant (as defined
 10 under subparagraph (C) and in-
 11 creased under this subparagraph)
 12 for all States for that fiscal year;
 13 divided by

14 “(bb) the number of individ-
 15 uals, according to the 2000 Cen-
 16 sus Supplementary Survey, who
 17 were residents of any State and
 18 whose income does not exceed the
 19 poverty line.

20 “(III) STATE.—The term ‘State’
 21 means each of the 50 States and the
 22 District of Columbia.

23 “(G) ANNUAL ADJUSTMENT AMOUNT.—
 24 For purposes of subparagraph (B), the annual

adjustment amount with respect to a State is
the amount equal to the product of—

“(i) the difference between the
amount appropriated under subparagraph
(H) for grants under this paragraph for
the fiscal year and the Base family assist-
ance grant for the State; and

“(ii) the number of children in pov-
erty residing in the State divided by the
total number of children in poverty resid-
ing in all States.

“(H) ADDITIONAL DEFINITIONS.—In this
paragraph:

“(i) CHILDREN IN POVERTY.—

“(I) IN GENERAL.—The term
‘children in poverty’ means, with re-
spect to a State and a fiscal year, the
number of children residing in the
State who have not attained age 18
and whose family income is less than
the poverty line.

“(II) DATA.—The Secretary shall
determine the number of children in
poverty in a State using the most re-

1 cent, accurate data available for the
2 State.

3 “(III) REGULATIONS.—The Sec-
4 retary shall promulgate for public
5 comment regulations that describe the
6 methodology and data that the Sec-
7 retary will use to determine the num-
8 ber of children in poverty in each
9 State.

10 “(ii) POVERTY LINE.—The term ‘pov-
11 erty line’ has the meaning given the term
12 in section 673(2) of the Omnibus Budget
13 Reconciliation Act of 1981, including any
14 revision required by such section applicable
15 to a family of the size involved.

16 “(iii) FAMILY INCOME.—The term
17 ‘family income’ means cash income but
18 does not include cash benefits from means-
19 tested public programs or child support ob-
20 ligations.”; and

21 (7) in subparagraph (I), as redesignated by
22 paragraph (2), by striking “appropriated for fiscal
23 years” and all that follows through the period and
24 inserting “appropriated for State family assistance
25 grants under this paragraph—

1 “(i) for fiscal year 2004,
 2 \$17,011,416,235;
 3 “(ii) for fiscal year 2005,
 4 \$17,236,416,235;
 5 “(iii) for fiscal year 2006,
 6 \$17,461,416,235;
 7 “(iv) for fiscal year 2007,
 8 \$17,686,416,235; and
 9 “(v) for fiscal year 2008,
 10 \$17,911,416,235.”.

11 **SEC. 102. CONTINGENCY FUND.**

12 (a) CONTINGENCY FUNDING AVAILABLE TO NEEDY
 13 STATES.—Section 403(b) (42 U.S.C. 603(b)) is amend-
 14 ed—

15 (1) by striking paragraphs (1) through (3) and
 16 inserting the following:

17 “(1) CONTINGENCY FUND GRANTS.—

18 “(A) PAYMENTS.—Subject to subpara-
 19 graph (C), each State shall receive a contin-
 20 gency fund grant for each eligible month in
 21 which the State is a needy State under para-
 22 graph (3).

23 “(B) MONTHLY CONTINGENCY FUND
 24 GRANT AMOUNT.—For each eligible month in
 25 which a State is a needy State, the State shall

1 receive a contingency fund grant equal to the
 2 higher of \$0 and the applicable percentage (as
 3 defined in subparagraph (D)(i)) of the product
 4 of—

5 “(i) the estimated cost of an addi-
 6 tional recipient family (as defined in sub-
 7 paragraph (D)(ii)); and

8 “(ii) the increase in the number of
 9 families receiving assistance under the
 10 State program funded under this part or a
 11 program funded with qualified State ex-
 12 penditures (as defined in subparagraph
 13 (D)(iv)).

14 “(C) LIMITATION.—The total amount paid
 15 to a single State under subparagraph (A) dur-
 16 ing a fiscal year shall not exceed the amount
 17 equal to 15 percent of the State family assist-
 18 ance grant (as defined under subparagraph (B)
 19 of subsection (a)(1) and increased under sub-
 20 paragraph (E) of that subsection).

21 “(D) DEFINITIONS.—In this paragraph:

22 “(i) APPLICABLE PERCENTAGE.—The
 23 term ‘applicable percentage’ means the
 24 higher of—

25 “(I) 75 percent; and

1 “(II) the sum of the Federal
 2 medical assistance percentage for the
 3 State (as defined in section 1905(b))
 4 plus 8 percentage points.

5 “(ii) ESTIMATED COST OF AN ADDI-
 6 TIONAL RECIPIENT FAMILY.—The term
 7 ‘estimated cost of an additional recipient
 8 family’ means the amount equal to 120
 9 percent of the basic assistance cost (as de-
 10 fined under clause (iii)) for families receiv-
 11 ing assistance under the State program
 12 funded under this part or under a program
 13 funded with qualified State expenditures
 14 (as defined in section 409(a)(7)(B)(i)).

15 “(iii) BASIC ASSISTANCE COST.—

16 “(I) IN GENERAL.—The term
 17 ‘basic assistance cost’ means the
 18 amount equal to the maximum cash
 19 assistance grant for a family con-
 20 sisting of 3 individuals under the
 21 State program funded under this part.

22 “(II) RULE FOR STATES WITH
 23 MORE THAN 1 MAXIMUM LEVEL.—In
 24 the case of a State that has more
 25 than 1 maximum cash assistance

1 grant level for families consisting of 3
 2 individuals, the basic assistance cost
 3 shall be the amount equal to the max-
 4 imum cash assistance grant level ap-
 5 plicable to the largest number of fami-
 6 lies consisting of 3 individuals receiv-
 7 ing assistance under the State pro-
 8 gram funded under this part or a
 9 State program funded with qualified
 10 State expenditures (as defined in sec-
 11 tion 409(a)(7)(B)(i)).

12 “(iv) INCREASE IN THE NUMBER OF
 13 FAMILIES RECEIVING ASSISTANCE UNDER
 14 THE STATE PROGRAM FUNDED UNDER
 15 THIS PART OR A PROGRAM FUNDED WITH
 16 QUALIFIED STATE EXPENDITURES.—The
 17 term ‘increase in the number of families
 18 receiving assistance under the State pro-
 19 gram funded under this part or a program
 20 funded with qualified State expenditures’
 21 means the increase in—

22 “(I) the number of families re-
 23 ceiving assistance under the State
 24 program funded under this part and
 25 under a program funded with quali-

1 fied State expenditures (as defined in
 2 section 409(a)(7)(B)(i)) in the most
 3 recent month for which data from the
 4 State are available; as compared to

5 “(II) the lower of the average
 6 monthly number of families receiving
 7 such assistance in either of the 2 com-
 8 pleted fiscal years immediately pre-
 9 ceding the fiscal year in which the
 10 State qualifies as a needy State.

11 “(E) APPROPRIATION.—Out of any money
 12 in the Treasury of the United States not other-
 13 wise appropriated, there are appropriated for
 14 the period of fiscal years 2004 through 2008,
 15 such sums as are necessary for making contin-
 16 gency fund grants under this subsection in a
 17 total amount not to exceed \$2,000,000,000.”;

18 (2) by redesignating paragraph (4) as para-
 19 graph (2); and

20 (3) in paragraph (2), as so redesignated—

21 (A) by striking “(3)(A)” and inserting
 22 “(1)”; and

23 (B) by striking “2-month” and inserting
 24 “3-month”.

1 (b) MODIFICATION OF DEFINITION OF NEEDY
 2 STATE.—Section 403(b) (42 U.S.C. 603(b)) is further
 3 amended—

4 (1) by striking paragraphs (5) through (7);

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

7 (3) by inserting after paragraph (2) (as redesign-
 8 nated by subsection (a)(2)) the following:

9 “(3) INITIAL DETERMINATION OF WHETHER A
 10 STATE QUALIFIES AS A NEEDY STATE.—

11 “(A) IN GENERAL.—For purposes of para-
 12 graph (1), a State will be initially determined to
 13 be a needy State for a month if the State satis-
 14 fies any of the following:

15 “(i) The—

16 “(I) average rate of total unem-
 17 ployment in the State for the period
 18 consisting of the most recent 3
 19 months for which data are available
 20 has increased by the lesser of 1.5 per-
 21 centage points or by 50 percent over
 22 the corresponding 3-month period in
 23 either of the 2 most recent preceding
 24 fiscal years; or

1 “(II) average insured unemploy-
2 ment rate for the most recent 3
3 months for which data are available
4 has increased by 1 percentage point
5 over the corresponding 3-month pe-
6 riod in either of the 2 most recent
7 preceding fiscal years.

8 “(ii) As determined by the Secretary
9 of Agriculture, the monthly average num-
10 ber of households (as of the last day of
11 each month) that participated in the food
12 stamp program in the State in the then
13 most recently concluded 3-month period
14 for which data are available exceeds by at
15 least 10 percent the monthly average num-
16 ber of households (as of the last day of
17 each month) in the State that participated
18 in the food stamp program in the cor-
19 responding 3-month period in either of the
20 2 most recent preceding fiscal years.

21 “(iii) As determined by the Secretary,
22 the monthly average number of families
23 that received assistance under the State
24 program funded under this part or under
25 a program funded with qualified State ex-

penditures (as defined in section 409(a)(7)(B)(i)) in the most recently concluded 3-month period for which data are available from the State increased by at least 10 percent over the number of such families that received such benefits in the corresponding 3-month period in either of the 2 most recent preceding fiscal years, provided that the Secretary makes a determination that the State's increased caseload was due, in large measure, to economic conditions rather than State policy changes.

“(B) DURATION.—

“(i) IN GENERAL.—A State that qualifies as a needy State—

“(I) under subparagraph (A)(i), shall be considered a needy State until either the State's (seasonally adjusted) total unemployment rate or (seasonally adjusted) insured unemployment rate, whichever rate was used to meet the definition as a needy State under that subparagraph for the most recently concluded 3-month pe-

1 riod for which data are available, falls
2 below the level attained in the 3-
3 month period in which the State first
4 qualified as a needy State under that
5 subparagraph;

6 “(II) under subparagraph (A)(ii),
7 shall be considered a needy State until
8 the average monthly number of house-
9 holds participating in the food stamp
10 program for the most recently con-
11 cluded 3-month period for which data
12 are available nationally falls below the
13 food stamp base period level; and

14 “(III) under subparagraph
15 (A)(iii), shall be considered a needy
16 State until the number of families re-
17 ceiving assistance under the State
18 program funded under this part or
19 under a program funded with quali-
20 fied State expenditures (as defined in
21 section 409(a)(7)(B)(i)) for the most
22 recently concluded 3-month period for
23 which data are available falls below
24 the TANF base period level.

1 “(ii) SEASONAL VARIATIONS.—Not-
2 withstanding subclauses (II) and (III) of
3 clause (i), a State shall be considered a
4 needy State—

5 “(I) under subparagraph (A)(ii),
6 if with respect to the State, the
7 monthly average number of house-
8 holds participating in the food stamp
9 program for the most recent 3-month
10 period for which data are available na-
11 tionally falls below the food stamp
12 base period level and the Secretary
13 determines that this is due to ex-
14 pected seasonal variations in food
15 stamp receipt in the State; and

16 “(II) under subparagraph
17 (A)(iii), if, with respect to a State, the
18 monthly average number of families
19 receiving assistance under the State
20 program funded under this part or
21 under a program funded with quali-
22 fied State expenditures (as defined in
23 section 409(a)(7)(B)(i)) for the most
24 recently concluded 3-month period for
25 which data are available nationally

1 falls below the TANF base period
2 level and the Secretary determines
3 that this is due to expected seasonal
4 variations in assistance receipt in the
5 State.

6 “(iii) FOOD STAMP BASE PERIOD
7 LEVEL.—In this subparagraph, the term
8 ‘food stamp base period level’ means the
9 monthly average number of households
10 participating in the food stamp program
11 that corresponds to the most recent 3-
12 month period for which data are available
13 at the time when the State first was deter-
14 mined to be a needy State under this para-
15 graph.

16 “(iv) TANF BASE PERIOD LEVEL.—
17 In this subparagraph, the term ‘TANF
18 base period level’ means the monthly aver-
19 age number of families receiving assistance
20 under the State program funded under this
21 part or under a program funded with
22 qualified State expenditures (as defined in
23 section 409(a)(7)(B)(i)) that corresponds
24 to the most recent 3 months for which
25 data are available at the time when the

1 State first was determined to be a needy
2 State under this paragraph.

3 “(4) EXCEPTION.—

4 “(A) IN GENERAL.—Notwithstanding para-
5 graph (3), a State that has unobligated TANF
6 reserves from prior fiscal years that equal more
7 than 25 percent of the total amount of grants
8 received by the State under subsection (a)
9 (other than welfare-to-work grants made under
10 paragraph (5) of that subsection prior to fiscal
11 year 1999) but not yet obligated as of the end
12 of the preceding fiscal year shall not be a needy
13 State under this subsection.

14 “(B) DEFINITION OF UNOBLIGATED TANF
15 RESERVES.—In subparagraph (A), the term
16 ‘unobligated TANF reserves’ means the lessor
17 of—

18 “(i) the total amount of grants made
19 to the State (regardless of the fiscal year
20 in which such funds were awarded) under
21 subsection (a) (other than welfare-to-work
22 grants made under paragraph (5) of that
23 subsection prior to fiscal year 1999) but
24 not yet obligated as of the end of the pre-
25 ceding fiscal year; and

1 “(ii) the total amount of grants made
 2 to the State under subsection (a) (other
 3 than welfare-to-work grants made under
 4 paragraph (5) of that subsection prior to
 5 fiscal year 1999) but not yet obligated as
 6 of the end of the preceding fiscal year, plus
 7 the difference between—

8 “(I) the pro rata share of the fis-
 9 cal year grants to be made under sub-
 10 section (a) to the State (other than
 11 such welfare-to-work grants); and

12 “(II) current year obligations of
 13 the total amount of grants made to all
 14 States under subsection (a) (regard-
 15 less of the fiscal year in which such
 16 funds were awarded) (other than such
 17 welfare-to-work grants) through the
 18 end of the most recent calendar quar-
 19 ter.”.

20 (c) CLARIFICATION OF REPORTING REQUIRE-
 21 MENTS.—Paragraph (5) of section 403(b) (42 U.S.C.
 22 603(b)), as redesignated by subsection (b)(2), is amended
 23 by striking “on the status of the Fund” and inserting “on
 24 the States that qualified for contingency funds and the
 25 amount of funding awarded under this subsection”.

1 **SEC. 103. BONUS FOR REDUCTION OF CHILD POVERTY.**

2 (a) CHILD POVERTY REDUCTION BONUS.—Section
3 403(a) (42 U.S.C. 603(a)) is amended by adding at the
4 end the following:

5 “(6) BONUS TO REWARD STATES THAT REDUCE
6 CHILD POVERTY.—

7 “(A) IN GENERAL.—Beginning with fiscal
8 year 2004, the Secretary shall make a grant
9 pursuant to this paragraph to each State for
10 each fiscal year for which the State is a quali-
11 fied child poverty reduction State.

12 “(B) AMOUNT OF GRANT.—

13 “(i) IN GENERAL.—Subject to this
14 subparagraph, the amount of the grant to
15 be made to a qualified child poverty reduc-
16 tion State for a fiscal year shall be an
17 amount equal to—

18 “(I) the number of children who
19 had not attained 18 years of age by
20 the end of the then most recently
21 completed calendar year and who re-
22 sided in the State as of the end of
23 such calendar year, divided by the
24 number of such children who resided
25 in the United States as of the end of
26 such calendar year; multiplied by

1 “(II) the amount appropriated
2 pursuant to subparagraph (G) for the
3 fiscal year.

4 “(ii) LIMITATIONS.—

5 “(I) MINIMUM GRANT.—The
6 amount of the grant to be made to a
7 qualified child poverty reduction State
8 for a fiscal year shall be not less than
9 \$500,000.

10 “(II) MAXIMUM GRANT.—The
11 amount of the grant to be made to a
12 qualified child poverty reduction State
13 for a fiscal year shall not exceed an
14 amount equal to 3 percent of the
15 State family assistance grant (as de-
16 fined in subparagraph (B) of para-
17 graph (1) and increased under sub-
18 paragraph (E) of that paragraph) for
19 the fiscal year.

20 “(iii) PRO RATA INCREASE.—If the
21 amount available for grants under this
22 paragraph for a fiscal year is greater than
23 the total amount of payments otherwise re-
24 quired to be made under this paragraph
25 for the fiscal year, then the amount other-

1 wise payable to any State for the fiscal
 2 year under this paragraph shall, subject to
 3 clause (ii)(II), be increased by such equal
 4 percentage as may be necessary to ensure
 5 that the total of the amounts payable for
 6 the fiscal year under this paragraph equals
 7 the amount available for the grants.

8 “(iv) PRO RATA REDUCTION.—If the
 9 amount available for grants under this
 10 paragraph for a fiscal year is less than the
 11 total amount of payments otherwise re-
 12 quired to be made under this paragraph
 13 for the fiscal year, then the amount other-
 14 wise payable to any State for the fiscal
 15 year under this paragraph shall, subject to
 16 clause (ii)(I), be reduced by such equal
 17 percentage as may be necessary to ensure
 18 that the total of the amounts payable for
 19 the fiscal year under this paragraph equals
 20 the amount available for the grants.

21 “(C) USE OF GRANT.—A State to which a
 22 grant is made under this paragraph shall use
 23 the grant for any purpose for which a grant
 24 made under this part may be used.

25 “(D) DEFINITIONS.—In this paragraph:

1 “(i) QUALIFIED CHILD POVERTY RE-
 2 DUCATION STATE.—The term ‘qualified
 3 child poverty reduction State’ means, with
 4 respect to a fiscal year, a State if—

5 “(I) the child poverty rate
 6 achieved by the State for the then
 7 most recently completed calendar year
 8 for which such information is avail-
 9 able is less than the lowest child pov-
 10 erty rate achieved by the State during
 11 the applicable period; and

12 “(II) the average depth of child
 13 poverty in the State for the then most
 14 recently completed calendar year for
 15 which such information is available is
 16 not greater than the average depth of
 17 child poverty in the State for the cal-
 18 endar year that precedes such then
 19 most recently completed calendar
 20 year.

21 “(ii) APPLICABLE PERIOD.—In clause
 22 (i), the term ‘applicable period’ means,
 23 with respect to a State and the calendar
 24 year referred to in clause (i)(I), the period
 25 that—

1 “(I) begins with the calendar
 2 year that, as of October 1, 2003, pre-
 3 cedes the then most recently com-
 4 pleted calendar year for which such
 5 information is available; and

6 “(II) ends with the calendar year
 7 that precedes the calendar year re-
 8 ferred to in clause (i)(I).

9 “(iii) CHILD POVERTY RATE.—The
 10 term ‘child poverty rate’ means, with re-
 11 spect to a State and a calendar year, the
 12 percentage of children residing in the State
 13 during the calendar year whose family in-
 14 come for the calendar year is less than the
 15 poverty line then applicable to the family.

16 “(iv) AVERAGE DEPTH OF CHILD POV-
 17 ERTY.—The term ‘average depth of child
 18 poverty’ means with respect to a State and
 19 a calendar year, the average dollar amount
 20 by which family income is exceeded by the
 21 poverty line, among children in the State
 22 whose family income for the calendar year
 23 is less than the applicable poverty line.

24 “(v) POVERTY LINE.—The term ‘pov-
 25 erty line’ has the meaning given the term

1 in section 673(2) of the Omnibus Budget
2 Reconciliation Act of 1981, including any
3 revision required by such section applicable
4 to a family of the size involved.

5 “(vi) FAMILY INCOME.—The term
6 ‘family income’ means cash income, child
7 support payments, Federal, State, or local
8 government cash payments, and benefits
9 under the Food Stamp Act of 1977 that
10 are received by any family member, and
11 family income shall be determined after
12 payment of all taxes and receipt of any tax
13 refund or rebate by any family member.

14 “(E) SECRETARY SHALL DETERMINE AP-
15 PROPRIATE DATA SOURCE FOR CALCULA-
16 TIONS.—

17 “(i) IN GENERAL.—The Secretary
18 shall determine the most reliable data
19 source to use for the estimates required
20 under this paragraph.

21 “(ii) DIFFERENT SOURCES PER-
22 MITTED.—The Secretary may employ dif-
23 ferent data sources or estimation proce-
24 dures for different States.

1 “(iii) REGULATIONS.—The Secretary
 2 shall issue regulations indicating the data
 3 and estimation procedures to be used in
 4 this paragraph.

5 “(F) SECRETARY TO DEVELOP ADDI-
 6 TIONAL EXPERIMENTAL CRITERIA TO BE USED
 7 FOR FISCAL YEARS 2007 AND 2008.—

8 “(i) IN GENERAL.—The Secretary
 9 shall develop experimental child poverty re-
 10 duction bonus criteria to be used in addi-
 11 tion to the criteria specified in subpara-
 12 graph (D)(i) to determine which States are
 13 qualified child poverty reduction States for
 14 fiscal year 2007 or 2008. The Secretary—

15 “(I) shall develop such criteria so
 16 that States that show improvement in
 17 such criteria are eligible for a bonus
 18 under this subparagraph for fiscal
 19 year 2007 or 2008; and

20 “(II) may develop such criteria
 21 so that States that meet 1 or more of
 22 the criteria, regardless of past per-
 23 formance, qualify for a bonus under
 24 this paragraph for such a fiscal year.

1 “(ii) NO REQUIREMENT TO SATISFY
 2 CRITERIA FOR PRECEDING FISCAL
 3 YEARS.—A State does not have to satisfy
 4 the criteria specified in subparagraph
 5 (D)(i) in order to be a qualified child pov-
 6 erty reduction State for fiscal year 2007 or
 7 2008 so long as the State satisfies 1 or
 8 more of the experimental criteria developed
 9 under this subparagraph for such a fiscal
 10 year.

11 “(iii) REQUIREMENTS.—

12 “(I) IN GENERAL.—The Sec-
 13 retary shall design the experimental
 14 criteria to be used under this subpara-
 15 graph to measure the extent to which
 16 efforts conducted with Federal funds
 17 provided under this part or with non-
 18 Federal funds counting toward the
 19 State’s qualified State expenditures
 20 under section 409(a)(7) are reducing
 21 the extent and severity of poverty
 22 among families with children or in-
 23 creasing the ability of families with
 24 children whose income is less than the
 25 poverty line meet the basic needs of

1 such families such as food and hous-
2 ing.

3 “(II) CONSIDERATION OF SPE-
4 CIFIC CRITERIA.—In designing such
5 criteria the Secretary shall consider
6 criteria with respect to a specific
7 State that measure—

8 “(aa) the extent to which
9 child care subsidies are available
10 to families with children whose
11 income is below the poverty line
12 and the impact of such subsidies
13 on the ability of such families to
14 meet other basic needs such as
15 food and housing;

16 “(bb) State efforts in ensur-
17 ing that other federally funded
18 programs designed to assist low-
19 income families are accessible
20 and available to such families;
21 and

22 “(cc) the effectiveness of the
23 State’s child support enforcement
24 system and the affect of such

1 system on the extent and depth
2 of child poverty in the State.

3 “(III) CONSULTATION.—The
4 Secretary shall develop such criteria
5 in consultation with the Secretary of
6 Housing and Urban Development, the
7 Secretary of Agriculture, States, and
8 researchers in the area of child well-
9 being and poverty.

10 “(IV) REPORTS.—The Secretary
11 shall submit to Congress the following
12 reports:

13 “(aa) INTERIM REPORT.—
14 Not later than December 31,
15 2005, an interim report on the
16 Secretary’s progress in devel-
17 oping the experimental criteria
18 required under this subpara-
19 graph, including a description of
20 the criteria under consideration
21 and research initiated to test and
22 develop such criteria.

23 “(bb) PROPOSED MEASURE
24 REPORT.—Not later than Decem-
25 ber 31, 2006, a final report that

1 describes the experimental cri-
2 teria developed under this sub-
3 paragraph that the Secretary
4 proposes to use to award the fis-
5 cal years 2007 and 2008 child
6 poverty reduction bonuses under
7 this subparagraph.

8 “(V) REGULATIONS.—Not later
9 than January 31, 2006, the Secretary
10 shall promulgate regulations for pub-
11 lic comment on the experimental cri-
12 teria proposed to be used to award the
13 fiscal years 2007 and 2008 child pov-
14 erty reduction bonuses under this sub-
15 paragraph.

16 “(G) APPROPRIATIONS.—

17 “(i) IN GENERAL.—Out of any money
18 in the Treasury of the United States not
19 otherwise appropriated, there are appro-
20 priated for grants under this paragraph—

21 “(I) for fiscal year 2004,
22 \$25,000,000;

23 “(II) for each of fiscal years
24 2005 and 2006, \$50,000,000;

1 “(III) for fiscal year 2007,
2 \$75,000,000; and

3 “(IV) for fiscal year 2008,
4 \$100,000,000.

5 “(ii) DEVELOPMENT OF EXPERI-
6 MENTAL CRITERIA.—Out of any money in
7 the Treasury of the United States not oth-
8 erwise appropriated, there are appropriated
9 for the purpose of developing the experi-
10 mental criteria required under subpara-
11 graph (F), \$5,000,000 for each of fiscal
12 years 2004 and 2005.

13 “(iii) ALLOCATION OF FUNDS FOR
14 FISCAL YEARS 2007 AND 2008.—With re-
15 spect to each of fiscal years 2007 and
16 2008, not less than \$25,000,000 of the
17 amount appropriated under subclauses
18 (III) and (IV) of clause (i) for each such
19 fiscal year shall be used to award bonuses
20 under this paragraph on the basis of the
21 experimental criteria developed under sub-
22 paragraph (F).

23 “(iv) AVAILABILITY.—Amounts made
24 available under clause (i) shall remain
25 available until expended.”.

1 (b) INCLUSION OF MEASURABLE MILESTONES IN
 2 CORRECTIVE ACTION PLAN.—Section 413(i)(3) (42
 3 U.S.C. 613(i)(3)) is amended in the second sentence by
 4 inserting “and identify the measurable milestones for as-
 5 sessing the effectiveness of the plan” before the period.

6 **SEC. 104. REAUTHORIZATION OF OTHER GRANTS.**

7 (a) REAUTHORIZATION OF BONUS TO REWARD HIGH
 8 PERFORMANCE STATES.—Section 403(a)(4) (42 U.S.C.
 9 603(a)(4)) is amended—

10 (1) in subparagraph (E)(i), by striking “1999”
 11 and all that follows through “2003” and inserting
 12 “2004, 2005, 2006, 2007, 2008, and 2009”; and

13 (2) in subparagraph (F) by striking “1999
 14 through 2003” and inserting “2004 through 2009”.

15 (b) REAUTHORIZATION OF GRANTS FOR INDIAN
 16 TRIBES.—Paragraphs (1)(A) and (2)(A) of section 412(a)
 17 (42 U.S.C. 612(a)) are each amended by striking “1997”
 18 and all that follows through “2002” and inserting “2004
 19 through 2008”.

20 (c) CONTINUATION OF PENALTIES FOR FAILURE OF
 21 ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC
 22 EFFORT.—Section 409(a)(7) (42 U.S.C. 608(a)(7)) is
 23 amended—

1 (1) in subparagraph (A), by striking “1998”
 2 and all that follows through “2003” and inserting
 3 “2004, 2005, 2006, 2007, or 2008”; and

4 (2) in subparagraph (B)(ii), by striking “1997
 5 through 2002” and inserting “2004 through 2008”.

6 **SEC 105. RESTORATION OF FUNDING FOR THE SOCIAL**
 7 **SERVICES BLOCK GRANT.**

8 (a) RESTORATION OF FUNDS FOR THE SOCIAL SERV-
 9 ICES BLOCK GRANT.—Section 2003(c) (42 U.S.C.
 10 1379b(c)) is amended—

11 (1) in paragraph (10), by striking “and”;

12 (2) in paragraph (11), by striking “and each
 13 fiscal year thereafter.” and inserting “; and”; and

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

15 “(12) \$2,800,000,000 for fiscal year 2004 and
 16 each fiscal year thereafter.”.

17 (b) RESTORATION OF AUTHORITY TO TRANSFER UP
 18 TO 10 PERCENT OF TANF FUNDS.—Section 404(d)(2)
 19 (42 U.S.C. 604(d)(2)) is amended to read as follows:

20 “(2) LIMITATION ON AMOUNT TRANSFERABLE
 21 TO TITLE XX PROGRAMS.—A State may use not
 22 more than 10 percent of the amount of any grant
 23 made to the State under section 403(a) for a fiscal
 24 year to carry out State programs pursuant to title
 25 XX.”.

1 (c) REQUIREMENT TO SUBMIT ANNUAL REPORT ON
 2 STATE ACTIVITIES.—Section 2006(c) (42 U.S.C.
 3 1397e(c)) is amended by adding at the end the following
 4 new sentence: “Beginning with the reports prepared and
 5 transmitted by a State under subsection (a) for fiscal year
 6 2004, the Secretary shall compile the information con-
 7 tained in the reports transmitted by the States under that
 8 subsection and shall submit the compilation to Congress
 9 on an annual basis.”.

10 **SEC. 106. REPEAL OF FEDERAL LOANS FOR STATE WEL-**
 11 **FARE PROGRAMS.**

12 (a) IN GENERAL.—Section 406 (42 U.S.C. 606) is
 13 repealed.

14 (b) APPLICATION TO OUTSTANDING LOANS.—With
 15 respect to any loan made under section 406 of the Social
 16 Security Act (42 U.S.C. 606) prior to the effective date
 17 of the repeal of that section under subsection (a), notwith-
 18 standing such repeal, the terms and conditions for such
 19 loan shall continue until the date on which the loan would,
 20 in the absence of such repeal, mature.

21 **SEC. 107. GAO REPORTS ON TANF FUNDING AND EXPENDI-**
 22 **TURES.**

23 (a) REPORTS.—The Comptroller General of the
 24 United States shall submit to the Chairman and Ranking
 25 Member of the Committee on Ways and Means of the

1 House of Representatives and to the Chairman and Rank-
2 ing Member of the Committee on Finance of the Senate
3 a report on the matters described in subsection (b) on each
4 of the dates described in subsection (c).

5 (b) MATTERS DESCRIBED.—The matters described
6 in this subsection are the following:

7 (1) The amount of expenditures per State from
8 funds received under a grant made under section
9 403 of the Social Security Act (42 U.S.C. 603).

10 (2) The activities funded by the States with
11 such funds.

12 (3) The State-by-State variation on the matters
13 described in paragraphs (1) and (2).

14 (4) The Federal resources available to each
15 State for funding welfare-to-work activities, includ-
16 ing through funds made available under a grant
17 made under section 403 of the Social Security Act
18 (42 U.S.C. 603), funds considered to be qualified
19 State expenditures under section 409(a)(7) of such
20 Act (42 U.S.C. 609(a)(7)), funds made available to
21 the State under the Child Care and Development
22 Block Grant Act of 1990 (42 U.S.C. 9858 et seq.),
23 and funds made available to the State under the So-
24 cial Services Block Grant established under title XX
25 of the Social Security Act (42 U.S.C. 1397 et seq.).

1 (5) A comparison of the Federal resources
 2 available to the State to measure the effectiveness of
 3 the State’s temporary assistance to needy families
 4 program, such as the bonus to reward high perform-
 5 ance States established under section 403(a)(4) of
 6 the Social Security Act (42 U.S.C. 603(a)(4)), the
 7 child poverty reduction bonus established under sec-
 8 tion 403(a)(6) of such Act (as amended by section
 9 103), and studies conducted by the State or other
 10 entities regarding the economic self-sufficiency and
 11 well-being of individuals who have ceased to receive
 12 assistance under the State temporary assistance to
 13 needy families program (commonly referred to as
 14 “leaver studies”).

15 (c) DATES DESCRIBED.—The dates described in this
 16 subsection are the following:

17 (1) March 30, 2005.

18 (2) March 30, 2007.

19 **TITLE II—SUPPORTING WORK**

20 **SEC. 201. MAKING WORK PAY.**

21 (a) REPLACEMENT OF CASELOAD REDUCTION CRED-
 22 IT WITH EMPLOYMENT CREDIT.—

23 (1) EMPLOYMENT CREDIT TO REWARD STATES
 24 IN WHICH FAMILIES LEAVE WELFARE FOR WORK;

1 ADDITIONAL CREDIT FOR FAMILIES WITH HIGHER
2 EARNINGS.—

3 (A) IN GENERAL.—Section 407(a) (42
4 U.S.C. 607(a)) is amended by adding at the
5 end the following:

6 “(3) EMPLOYMENT CREDIT.—

7 “(A) IN GENERAL.—The minimum partici-
8 pation rate otherwise applicable to a State
9 under this subsection for a fiscal year shall be
10 reduced by the number of percentage points in
11 the employment credit for the State for the fis-
12 cal year, as determined by the Secretary—

13 “(i) using information in the National
14 Directory of New Hires, or

15 “(ii) with respect to a recipient of as-
16 sistance under the State program funded
17 under this part who is placed with an em-
18 ployer whose hiring information is not re-
19 ported to the National Directory of New
20 Hires, using quarterly wage information
21 submitted by the State to the Secretary
22 not later than such date as the Secretary
23 shall prescribe in regulations.

24 “(B) CALCULATION OF CREDIT.—

1 “(i) IN GENERAL.—The employment
2 credit for a State for a fiscal year is an
3 amount equal to—

4 “(I) twice the average quarterly
5 number of families that ceased to re-
6 ceive cash payments under the State
7 program funded under this part dur-
8 ing the preceding fiscal year and that
9 were employed during the calendar
10 quarter immediately succeeding the
11 quarter in which the payments ceased,
12 plus, at State option, twice the num-
13 ber of families that received a non-re-
14 curring short-term benefit under the
15 State program funded under this part
16 during the preceding fiscal year and
17 that were employed in during the cal-
18 endar quarter immediately succeeding
19 the quarter in which the non-recur-
20 ring short-term benefit was so re-
21 ceived; divided by

22 “(II) the average monthly num-
23 ber of families that include an adult
24 who received cash payments under the
25 State program funded under this part

1 during the preceding fiscal year, plus,
 2 if the State elected the option under
 3 subclause (I), twice the number of
 4 families that received a non-recurring
 5 short-term benefit under the State
 6 program funded under this part dur-
 7 ing the preceding fiscal year.

8 “(ii) SPECIAL RULE FOR FORMER RE-
 9 CIPIENTS WITH HIGHER EARNINGS.—In
 10 calculating the employment credit for a
 11 State for a fiscal year, a family that, dur-
 12 ing the preceding fiscal year, earned at
 13 least 33 percent of the average wage in the
 14 State (determined on the basis of State
 15 unemployment data) shall be considered to
 16 be 1.5 families.

17 “(C) PUBLICATION OF AMOUNT OF CRED-
 18 IT.—Not later than August 30 of each fiscal
 19 year, the Secretary shall cause to be published
 20 in the Federal Register the amount of the em-
 21 ployment credit that will be used in determining
 22 the minimum participation rate applicable to a
 23 State under this subsection for the immediately
 24 succeeding fiscal year.”.

1 (B) AUTHORITY OF SECRETARY TO USE
 2 INFORMATION IN NATIONAL DIRECTORY OF
 3 NEW HIRES.—Section 453(i) (42 U.S.C. 653(i))
 4 is amended by adding at the end the following:

5 “(5) CALCULATION OF EMPLOYMENT CREDIT
 6 FOR PURPOSES OF DETERMINING STATE WORK PAR-
 7 TICIPATION RATES UNDER TANF.—The Secretary
 8 may use the information in the National Directory
 9 of New Hires for purposes of calculating State em-
 10 ployment credits pursuant to section 407(a)(2).”.

11 (2) ELIMINATION OF CASELOAD REDUCTION
 12 CREDIT.—Section 407(b) (42 U.S.C. 607(b)) is
 13 amended by striking paragraph (3) and redesign-
 14 ating paragraphs (4) and (5) as paragraphs (3)
 15 and (4), respectively.

16 (b) STATES TO RECEIVE PARTIAL CREDIT TOWARD
 17 WORK PARTICIPATION RATE FOR RECIPIENTS ENGAGED
 18 IN PART-TIME WORK.—Section 407(c)(1) (42 U.S.C.
 19 607(c)(1)) (as amended by section 301(a)(3)(A)) is
 20 amended by adding at the end the following: “For pur-
 21 poses of subsection (b)(1)(B)(i), a family that does not
 22 include a recipient who is participating in work activities
 23 for an average of 30 hours per week during a month but
 24 includes a recipient who is participating in such activities
 25 during the month for an average of at least 50 percent

1 of the minimum average number of hours per week speci-
 2 fied for the month in the table set forth in this subpara-
 3 graph shall be counted as a percentage of a family that
 4 includes an adult or minor child head of household who
 5 is engaged in work for the month, which percentage shall
 6 be the number of hours for which the recipient partici-
 7 pated in such activities during the month divided by the
 8 number of hours of such participation required of the re-
 9 cipient under this section for the month.”.

10 (c) TANF RECIPIENTS WHO QUALIFY FOR SUPPLE-
 11 MENTAL SECURITY INCOME BENEFITS REMOVED FROM
 12 WORK PARTICIPATION RATE CALCULATION FOR ENTIRE
 13 YEAR.—Section 407(b)(1)(B)(ii) (42 U.S.C.
 14 607(b)(1)(B)(ii)) is amended—

15 (1) in subclause (I), by inserting “who has not
 16 become eligible for supplemental security income
 17 benefits under title XVI during the fiscal year” be-
 18 fore the semicolon; and

19 (2) in subclause (II), by inserting “, and that
 20 do not include an adult or minor child head of
 21 household who has become eligible for supplemental
 22 security income benefits under title XVI during the
 23 fiscal year” before the period.

1 (d) STATE OPTION TO INCLUDE RECIPIENTS OF
 2 SUBSTANTIAL CHILD CARE OR TRANSPORTATION ASSIST-
 3 ANCE IN WORK PARTICIPATION RATE.—

4 (1) IN GENERAL.—Section 407(a)(1) (42
 5 U.S.C. 607(a)(1)) is amended by inserting “(includ-
 6 ing, at the option of the State, a family that includes
 7 an adult who is receiving substantial child care or
 8 transportation assistance, as defined by the Sec-
 9 retary, in consultation with directors of State pro-
 10 grams funded under this part, which definition shall
 11 specify for each type of assistance a threshold which
 12 is a dollar value or a length of time over which the
 13 assistance is received, and take account of large one-
 14 time transition payments, except any family taken
 15 into account under paragraph (2)(B)(i)(I))” before
 16 the colon.

17 (2) DATA COLLECTION AND REPORTING.—Sec-
 18 tion 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is
 19 amended in the matter preceding clause (i) by in-
 20 serting “(including any family with respect to whom
 21 the State has exercised its option under section
 22 407(a)(1))” after “assistance”.

23 (e) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this Act shall
3 take effect on October 1, 2004.

4 (2) STATE OPTION TO PHASE-IN REPLACEMENT
5 OF CASELOAD REDUCTION CREDIT WITH EMPLOY-
6 MENT CREDIT AND DELAY APPLICABILITY OF OTHER
7 PROVISIONS.—A State may elect to have the amend-
8 ments made by subsections (a)(2) and (b), (c), and
9 (d) not apply to the State program funded under
10 part A of title IV of the Social Security Act until
11 October 1, 2005, and if the State makes the elec-
12 tion, then, in determining the participation rate of
13 the State for purposes of sections 407 and 409(a)(3)
14 of the Social Security Act for fiscal year 2005, the
15 State shall be credited with $\frac{1}{2}$ of the reduction in
16 the rate that would otherwise result from applying
17 section 407(a)(2) of the Social Security Act (as
18 added by subsection (a)(1), and as so redesignated
19 by section 301(a)(1)(B)) to the State for fiscal year
20 2005 and $\frac{1}{2}$ of the reduction in the rate that would
21 otherwise result from applying section 407(b)(3) of
22 the Social Security Act to the State for fiscal year
23 2005.

1 **SEC. 202. INCREASE IN GUARANTEED FUNDING FOR CHILD**
 2 **CARE.**

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

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

7 (2) by striking the period at the end of sub-
 8 paragraph (F) and inserting a semicolon; and

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

10 “(G) \$3,717,000,000 for each of fiscal
 11 years 2004 through 2006;

12 “(H) \$3,967,000,000 for each of fiscal
 13 years 2007 through 2008.”.

14 **SEC. 203. PARENTS AS SCHOLARS PROGRAM.**

15 (a) STATE OPTION TO ESTABLISH PARENTS AS
 16 SCHOLARS PROGRAM.—Section 404 (42 U.S.C. 604) is
 17 amended by adding at the end the following new sub-
 18 section:

19 “(1) AUTHORITY TO ESTABLISH A PARENTS AS
 20 SCHOLARS PROGRAM.—

21 “(1)

22 “(A) IN GENERAL.—A State to which a
 23 grant is made under section 403 may use the
 24 grant to establish a parents as scholars pro-
 25 gram under which an eligible participant may
 26 be provided support services described in para-

graph (4) based on the participant's need in order to complete the program, and the State may elect—

“(i) in accordance with section 407(c)(2)(E), to include the participant in the determination of the monthly work participation rates under paragraph (1)(B)(i) of section 407(b); and

“(ii) in accordance with section 408(a)(7)(H), to credit the participant for any month in which the participant is engaged in the program for purposes of determining the number of months for which an adult has received assistance under a State or tribal program funded under this part.

“(B) LIMITATION ON NUMBER OF ELIGIBLE PARTICIPANTS.—The number of eligible participants that may participate in a parents as scholars program established under this subsection may not exceed the amount equal to 5 percent of the total number of recipients of assistance under the State program funded under this part.

“(2) DEFINITION OF ELIGIBLE PARTICIPANT.—

1 “(A) IN GENERAL.—In this subsection, the
2 term ‘eligible participant’ means an individual
3 who receives assistance under the State pro-
4 gram funded under this part and satisfies the
5 following requirements:

6 “(i) The individual is enrolled as a
7 full-time student in a postsecondary 2- or
8 4-year degree program.

9 “(ii) The individual does not have a
10 marketable bachelor’s degree.

11 “(iii) The individual does not have the
12 skills necessary to earn at least 85 percent
13 of the median wage for the State or local-
14 ity in which the individual resides.

15 “(iv) The individual is—

16 “(I) pursuing a degree that will
17 improve the individual’s ability to sup-
18 port the individual’s family, consid-
19 ering the local labor market and em-
20 ployment opportunities; and

21 “(II) demonstrating an ability to
22 succeed in the educational program
23 that has been chosen.

24 “(v) The individual participates in a
25 combination of education, training, study

1 or worksite experience for an average of
2 not less than 20 hours per week (including
3 time spent studying at 150 percent of time
4 spent in class).

5 “(vi) After the first 24 months of par-
6 ticipation in the program, the individual—

7 “(I) works not less than 15 hours
8 per week (in addition to school and
9 study time); or

10 “(II) engages in a combination of
11 class hours, study hours (including
12 time spent studying at 150 percent of
13 time spent in class) and work for a
14 total of not less than 40 hours per
15 week.

16 “(vii) During the period the individual
17 participates in the program, the indi-
18 vidual—

19 “(I) maintains not less than a
20 2.0 grade point average;

21 “(II) attends classes as sched-
22 uled;

23 “(III) reports to the individual’s
24 caseworker for the program any

1 changes that might affect the individ-
 2 ual's participation;

3 “(IV) provides the individual's
 4 caseworker with a copy of any finan-
 5 cial aid award letters; and

6 “(V) provides the individual's
 7 caseworker with the individual's se-
 8 mester grades as requested.

9 “(B) DEFINITION OF FULL-TIME STU-
 10 DENT.—

11 “(i) IN GENERAL.—In subparagraph
 12 (A)(i), the term ‘full-time student’ means
 13 an individual is taking courses having the
 14 number of hours needed under the require-
 15 ments of the educational institution in
 16 which the individual is enrolled, to com-
 17 plete the requirements of a degree within
 18 the usual timeframe of 2 or 4 years, as ap-
 19 plicable.

20 “(ii) EXCEPTION.—The State may,
 21 for good cause, modify the number of
 22 hours required under clause (i) to allow
 23 additional time, not to exceed 150 percent
 24 of the usual timeframe required for com-
 25 pletion of a 2- or 4-year degree, for an in-

1 dividual to complete a degree and be con-
 2 sidered a full-time student under the pro-
 3 gram established under this subsection.

4 “(3) MODIFICATION OF ELIGIBLE PARTICIPANT
 5 REQUIREMENTS.—A State may, for good cause,
 6 modify the requirements for an eligible participant
 7 set forth in paragraph (2)(A).

8 “(4) SUPPORT SERVICES DESCRIBED.—For
 9 purposes of paragraph (1), the support services de-
 10 scribed in this paragraph include any or all of the
 11 following during the period the eligible participant is
 12 in the program established under this subsection:

13 “(A) Child care for children under age 13,
 14 or children who are physically or mentally in-
 15 capable of caring for themselves.

16 “(B) Transportation services including—
 17 “(i) mileage at a set rate per mile or
 18 reimbursement for public or private trans-
 19 portation;

20 “(ii) payment for automotive repairs,
 21 not to exceed \$500 per year on a vehicle
 22 registered to the eligible participant; and

23 “(iii) reimbursement for vehicle liabil-
 24 ity insurance, not to exceed \$300, for the
 25 eligible participant’s vehicle.

1 “(C) Payment for books and supplies to
 2 the extent that such items are not covered by
 3 grants and loans, not to exceed \$750 per aca-
 4 demic year.

5 “(D) Such other expenses, not to exceed
 6 \$500, that the State determines are necessary
 7 for the eligible participant to complete the pro-
 8 gram established under this subsection and that
 9 are not covered by any other available support
 10 services program.”.

11 (b) STATE OPTION TO INCLUDE PARENTS AS
 12 SCHOLARS PARTICIPANTS IN DETERMINATION OF WORK
 13 PARTICIPATION REQUIREMENTS.—Section 407(c)(2) (42
 14 U.S.C. 607(c)(2)) is amended by adding at the end the
 15 following new subparagraph:

16 “(E) STATE OPTION TO INCLUDE PARENTS
 17 AS SCHOLARS PARTICIPANTS AS ENGAGED IN
 18 WORK.—In the case of a State that elects to es-
 19 tablish a parents as scholars program under
 20 section 404(l), the State may consider individ-
 21 uals participating in that program as being en-
 22 gaged in work for the month for purposes of de-
 23 termining monthly participation rates under
 24 subsection (b)(1)(B)(i).”.

1 (c) INCLUSION IN DEFINITION OF WORK ACTIV-
 2 ITY.—Section 407 of the Social Security Act (42 U.S.C.
 3 607) is amended—

4 (1) in subparagraphs (A) and (B) of subsection
 5 (c)(1), by striking “or (12)” each place it appears
 6 and inserting “(12), or (13)”; and

7 (2) in subsection (d)—

8 (A) in paragraph (11), by striking “and”
 9 at the end;

10 (B) in paragraph (12), by striking the pe-
 11 riod and inserting “; and”; and

12 (C) by adding at the end the following:

13 “(13) postsecondary education, but only in the
 14 case of an individual participating in a parents as
 15 scholars program that meets the requirements of
 16 section 404(l).”.

17 **SEC. 204. ELIMINATION OF RECIPIENTS COMPLETING SEC-**
 18 **ONDARY SCHOOL FROM LIMIT ON NUMBER**
 19 **OF TANF RECIPIENTS PARTICIPATING IN VO-**
 20 **CATIONAL EDUCATIONAL TRAINING.**

21 (a) IN GENERAL.—Section 407(c)(2)(D) (42 U.S.C.
 22 607(c)(2)(D)) is amended by striking “, or (if the month
 23 is in fiscal year 2000 or thereafter) deemed to be engaged
 24 in work for the month by reason of subparagraph (C) of

1 this paragraph” and inserting “(determined without re-
 2 gard to any individual described in subparagraph (C))”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 407(c)(2)(C)(ii) (42 U.S.C.
 5 607(c)(2)(C)(ii) is amended by inserting “including
 6 vocational educational training” after “employ-
 7 ment”.

8 (2) Section 407(c)(2)(D) (42 U.S.C.
 9 607(c)(2)(D)) is amended in the heading, by striking
 10 “EDUCATIONAL ACTIVITIES” and inserting “VOCA-
 11 TIONAL EDUCATIONAL ACTIVITIES”.

12 **SEC. 205. VOCATIONAL TRAINING AND OTHER PREEMPLOY-**
 13 **MENT ACTIVITIES.**

14 (a) COUNTING OF UP TO 24 MONTHS OF VOCA-
 15 TIONAL TRAINING AS WORK ACTIVITY.—Section
 16 407(d)(8) (42 U.S.C. 607(d)(8)) is amended by striking
 17 “12” and inserting “24”.

18 (b) PARTICIPATION IN ENGLISH-AS-A-SECOND-LAN-
 19 GUAGE PROGRAM ALLOWABLE AS A PREEMPLOYMENT
 20 ACTIVITY.—Section 407 (42 U.S.C. 607), as amended by
 21 section 203(c) and section 301(a), is amended—

22 (1) in subsection (c)(1), by striking “or (13)”
 23 and inserting “(13), or (14)”; and

24 (2) in subsection (d)—

1 (A) by striking “and” at the end of para-
 2 graph (12);

3 (B) by striking the period at the end of
 4 paragraph (13) and inserting “; and”; and

5 (C) by adding at the end the following:

6 “(14) participation in an English-as-a-second-
 7 language program.”.

8 **SEC. 206. STATE OPTION TO CREDIT MONTHS ENGAGED IN**
 9 **WORK OR PARENTS AS SCHOLARS PROGRAM**
 10 **FOR PURPOSES OF 5-YEAR ASSISTANCE**
 11 **LIMIT.**

12 Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended
 13 by adding at the end the following new subparagraph:

14 “(H) STATE OPTION TO CREDIT MONTHS
 15 ENGAGED IN WORK OR PARENTS AS SCHOLARS
 16 PROGRAM.—In determining the number of
 17 months for which an adult has received assist-
 18 ance under a State or tribal program funded
 19 under this part, the State or tribe may dis-
 20 regard any month during which the adult is—

21 “(i) engaged in a work activity de-
 22 fined in paragraph (1), (2), (3), (4), or (7)
 23 of section 407(d) in accordance with the
 24 requirements of section 407(c); or

1 “(ii) a participant in the parents as
 2 scholars program established under section
 3 404(l).”.

4 **SEC. 207. INNOVATIVE BUSINESS LINK PARTNERSHIP FOR**
 5 **EMPLOYERS AND NONPROFIT ORGANIZA-**
 6 **TIONS.**

7 Section 403(a) (42 U.S.C. 603(a)), as amended by
 8 section 103, is amended by adding at the end the fol-
 9 lowing:

10 “(7) INNOVATIVE BUSINESS LINK PARTNERSHIP
 11 GRANTS.—

12 “(A) IN GENERAL.—The Secretary and the
 13 Secretary of Labor (in this paragraph referred
 14 to as the “Secretaries”) jointly shall award
 15 grants in accordance with this paragraph for
 16 projects proposed by eligible applicants based
 17 on the following:

18 “(i) The potential effectiveness of the
 19 proposed project in carrying out the activi-
 20 ties described in subparagraph (E).

21 “(ii) Evidence of the ability of the eli-
 22 gible applicant to leverage private, State,
 23 and local resources.

1 “(iii) Evidence of the ability of the eli-
 2 gible applicant to coordinate with other or-
 3 ganizations at the State and local level.

4 “(B) DEFINITION OF ELIGIBLE APPLI-
 5 CANT.—

6 “(i) IN GENERAL.—In this paragraph,
 7 the term ‘eligible applicant’ means a non-
 8 profit organization, a local workforce in-
 9 vestment board established under section
 10 117 of the Workforce Investment Act of
 11 1998 (29 U.S.C. 2832), a State, a political
 12 subdivision of a State, or an Indian tribe.

13 “(ii) GRANTS TO PROMOTE BUSINESS
 14 LINKAGES.—

15 “(I) ADDITIONAL ELIGIBLE AP-
 16 PPLICANT.—Only for purposes of
 17 grants to carry out the activities de-
 18 scribed in subparagraph (E)(i), the
 19 term ‘eligible applicant’ includes an
 20 employer.

21 “(II) ADDITIONAL REQUIRE-
 22 MENT.—In order to qualify as an eli-
 23 gible applicant for purposes of sub-
 24 paragraph (E)(i), the applicant must
 25 provide evidence that the application

1 has been developed by and will be im-
2 plemented by a local or regional con-
3 sortium that includes, at minimum,
4 employers or employer associations,
5 and education and training providers,
6 in consultation with local labor orga-
7 nizations and social service providers
8 that work with low-income families or
9 individuals with disabilities.

10 “(C) REQUIREMENTS.—

11 “(i) IN GENERAL.—In awarding
12 grants under this paragraph, the Secre-
13 taries shall—

14 “(I) consider the needs of rural
15 areas and cities with large concentra-
16 tions of residents with an income that
17 is less than 150 percent of the poverty
18 line; and

19 “(II) ensure that—

20 “(aa) all of the funds made
21 available under this paragraph
22 (other than funds reserved for
23 use by the Secretaries under sub-
24 paragraph (J)) shall be used for

1 activities described in subpara-
2 graph (E);

3 “(bb) not less than 40 per-
4 cent of the funds made available
5 under this paragraph (other than
6 funds so reserved) shall be used
7 for activities described in sub-
8 paragraph (E)(i); and

9 “(cc) not less than 40 per-
10 cent of the funds made available
11 under this paragraph (other than
12 funds so reserved) shall be used
13 for the activities described in
14 subparagraph (E)(ii).

15 “(ii) CONTINUATION OF AVAIL-
16 ABILITY.—If any portion of the funds re-
17 quired to be used for activities referred to
18 in item (bb) or (cc) of clause (i)(II) are not
19 awarded in a fiscal year, such portion shall
20 continue to be available in the subsequent
21 fiscal year for the same activity, in addi-
22 tion to other amounts that may be avail-
23 able for such activities for that subsequent
24 fiscal year.

1 “(D) DETERMINATION OF GRANT
2 AMOUNT.—

3 “(i) IN GENERAL.—Subject to clause
4 (ii), in determining the amount of a grant
5 to be awarded under this paragraph for a
6 project proposed by an eligible applicant,
7 the Secretaries shall provide the eligible
8 applicant with an amount sufficient to en-
9 sure that the project has a reasonable op-
10 portunity to be successful, taking into ac-
11 count—

12 “(I) the number and characteris-
13 tics of the individuals to be served by
14 the project;

15 “(II) the level of unemployment
16 in the area to be served by the
17 project;

18 “(III) the job opportunities and
19 job growth in such area;

20 “(IV) the poverty rate for such
21 area; and

22 “(V) such other factors as the
23 Secretary deems appropriate in such
24 area.

1 “(ii) MAXIMUM AWARD FOR GRANTS
2 TO PROMOTE BUSINESS LINKAGES OR PRO-
3 VIDE TRANSITIONAL JOBS PROGRAMS.—

4 “(I) IN GENERAL.—In the case
5 of a grant to carry out activities de-
6 scribed in clause (i) or (ii) of subpara-
7 graph (E), an eligible applicant
8 awarded a grant under this paragraph
9 may not receive more than
10 \$10,000,000 per fiscal year under the
11 grant.

12 “(II) RULE OF CONSTRUC-
13 TION.—Nothing in subclause (I) shall
14 be construed as precluding an other-
15 wise eligible applicant from receiving
16 separate grants to carry out activities
17 described in clause (i) or (ii) of sub-
18 paragraph (E).

19 “(iii) GRANT PERIOD.—The period in
20 which a grant awarded under this para-
21 graph may be used shall be specified for a
22 period of not less than 36 months and not
23 more than 60 months.

24 “(E) ALLOWABLE ACTIVITIES.—An eligible
25 applicant awarded a grant under this paragraph

1 shall use funds provided under the grant to do
2 the following:

3 “(i) PROMOTE BUSINESS LINKAGES.—

4 “(I) IN GENERAL.—To promote
5 business linkages in which funds shall
6 be used to fund new or expanded pro-
7 grams that are designed to—

8 “(aa) substantially increase
9 the wages of eligible individuals
10 (as defined in subparagraph (F)),
11 whether employed or unemployed,
12 who have limited English pro-
13 ficiency or other barriers to em-
14 ployment by creating or upgrad-
15 ing job and related skills in part-
16 nership with employers, especially
17 by providing supports and serv-
18 ices at or near work sites; and

19 “(bb) identify and strength-
20 en career pathways by expanding
21 and linking work and training
22 opportunities for such individuals
23 in collaboration with employers.

24 “(II) CONSIDERATION OF IN-
25 KIND, IN-CASH RESOURCES.—In de-

1 termining which programs to fund
2 under this clause, an eligible applicant
3 awarded a grant under this paragraph
4 shall consider the ability of a consor-
5 tium to provide funds in-kind or in-
6 cash (including employer-provided,
7 paid release time) to help support the
8 programs for which funding is sought.

9 “(III) PRIORITY.—In deter-
10 mining which programs to fund under
11 this clause, an eligible applicant
12 awarded a grant under this paragraph
13 shall give priority to programs that
14 include education or training for
15 which participants receive credit to-
16 ward a recognized credential, such as
17 an occupational certificate or license.

18 “(IV) USE OF FUNDS.—

19 “(aa) IN GENERAL.—Funds
20 provided to a program under this
21 clause may be used for a com-
22 prehensive set of employment and
23 training benefits and services, in-
24 cluding job development, job
25 matching, workplace supports

1 and accommodations, curricula
2 development, wage subsidies, re-
3 tention services, and such other
4 benefits or services as the pro-
5 gram deems necessary to achieve
6 the overall objectives of this
7 clause.

8 “(bb) PROVISION OF SERV-
9 ICES.—So long as a program is
10 principally designed to assist eli-
11 gible individuals (as defined in
12 subparagraph (F)), funds may be
13 provided to a program under this
14 clause that also serves low-earn-
15 ing employees of 1 or more em-
16 ployers even if such individuals
17 are not within the definition of
18 eligible individual (as so defined).

19 “(ii) PROVIDE FOR TRANSITIONAL
20 JOBS PROGRAMS.—

21 “(I) IN GENERAL.—To provide
22 for wage-paying transitional jobs pro-
23 grams which combine time-limited em-
24 ployment in the public or nonprofit
25 private sector that is subsidized with

1 public funds with skill development
2 and activities to remove barriers to
3 employment, pursuant to an individ-
4 ualized plan (or, in the case of an eli-
5 gible individual described in subpara-
6 graph (F)(i), an individual responsi-
7 bility plan developed for an individual
8 under section 408(b)). Such programs
9 also shall provide job development and
10 placement assistance to individual
11 participants to help them move from
12 subsidized employment in transitional
13 jobs into unsubsidized employment, as
14 well as retention services after the
15 transition to unsubsidized employ-
16 ment.

17 “(II) ELIGIBLE PARTICIPANTS.—

18 The Secretary shall ensure that indi-
19 viduals who participate in transitional
20 jobs programs funded under a grant
21 made under this paragraph shall be
22 individuals who have been unemployed
23 because of limited skills, experience,
24 or other barriers to employment, and
25 who are eligible individuals (as de-

1 fined in subparagraph (F)), provided
2 that so long as a program is designed
3 to, and principally serves, eligible indi-
4 viduals (as so defined), a limited num-
5 ber of individuals who are unemployed
6 because of limited skills, experience,
7 or other barriers to employment, and
8 who have an income below 100 per-
9 cent of the Federal poverty line but
10 who do not satisfy the definition of el-
11 igible individual (as so defined) may
12 be served in the program to the extent
13 the Secretaries determine that the in-
14 clusion of such individuals in the pro-
15 gram is appropriate.

16 “(III) USE OF FUNDS.—Funds
17 provided to a program under this
18 clause may only be used in accordance
19 with the following:

20 “(aa) To create subsidized
21 transitional jobs in which work
22 shall be performed directly for
23 the program operator or at other
24 public and nonprofit organiza-
25 tions (in this subclause referred

1 to as ‘worksite employers’) in the
2 community, and in which 100
3 percent of the wages shall be
4 subsidized, except as described in
5 item (gg) regarding placements
6 in the private, for profit sector.

7 “(bb) Participants shall be
8 paid at the rate paid to unsub-
9 subsidized employees of the worksite
10 employer who perform com-
11 parable work at the worksite
12 where the individual is placed. If
13 no other employees perform the
14 same or comparable work then
15 wages shall be set, at a min-
16 imum, at 50 percent of the
17 Lower Living Standard Income
18 Level (commonly referred to as
19 the ‘LLSIL’), as determined
20 under section 101(24) of the
21 Workforce Investment Act of
22 1998 (29 U.S.C. 2801(24)), for a
23 family of 3 based on 35 hours
24 per week.

1 “(cc) Transitional jobs shall
2 be limited to not less than 6
3 months and not more than 24
4 months, however, nothing shall
5 preclude a participant from mov-
6 ing into unsubsidized employ-
7 ment at a point prior to the max-
8 imum duration of the transitional
9 job placement. Participants shall
10 be paid wages based on a work-
11 week of not less than 30 hours
12 per week or more than 40 hours
13 per week, except that a parent of
14 a child under the age of 6, a
15 child who is disabled, or a child
16 with other special needs, or an
17 individual who for other reasons
18 cannot successfully participate
19 for 30 to 40 hours per week, may
20 be allowed to participate for more
21 limited hours, but not less than
22 20 hours per week. In any work
23 week, 50 percent to 80 percent of
24 hours shall be spent in the tran-
25 sitional job and 20 percent to 50

1 percent of hours shall be spent in
2 education or training, or other
3 services designed to reduce or
4 eliminate any barriers.

5 “(dd) Program operators
6 shall provide case management
7 services and ensure access to ap-
8 propriate education, training, and
9 other services, including job ac-
10 commodation, work supports, and
11 supported employment, as appro-
12 priate and consistent with an in-
13 dividual plan that is based on the
14 individual’s strengths, resources,
15 priorities, concerns, abilities, ca-
16 pabilities, career interests, and
17 informed choice and that is devel-
18 oped with each participant. The
19 goal of each participant’s plan
20 shall focus on preparation for un-
21 subsidized jobs in demand in the
22 local economy which offer the po-
23 tential for advancement and
24 growth. Services shall also in-
25 clude job placement assistance

1 and retention services, which may
2 include coaching and work place
3 supports, for 12 months after
4 entry into unsubsidized place-
5 ment. Participants shall also re-
6 ceive support services such as
7 subsidized child care and trans-
8 portation, on the same basis as
9 those services are made available
10 to recipients of assistance under
11 the State program funded under
12 this part who are engaged in
13 work-related activities.

14 “(ee) Providers shall work
15 with individual recipients to de-
16 termine eligibility for other em-
17 ployment-related supports which
18 may include (but are not limited
19 to) supported employment, other
20 vocational rehabilitation services,
21 and programs or services avail-
22 able under the Workforce Invest-
23 ment Act of 1998 (29 U.S.C.
24 2801 et seq.), or the ticket to
25 work and self-sufficiency program

1 established under section 1148,
2 and, to the extent possible, shall
3 provide transitional employment
4 in collaboration with entities pro-
5 viding, or arranging for the pro-
6 vision of, such other supports.

7 “(ff) Not more than 20 per-
8 cent of the placements for a
9 grantee shall be with a private
10 for-profit company, except that
11 such 20 percent limit may be
12 waived by the Secretary for pro-
13 grams in rural areas when the
14 grantee can demonstrate insuffi-
15 cient public and non-profit work-
16 sites. When a placement is made
17 at a private for-profit company,
18 the company shall pay 50 percent
19 of program costs (including
20 wages) for each participant, and
21 the company shall agree, in writ-
22 ing, to hire each participant into
23 an unsubsidized position at the
24 completion of the agreed upon
25 subsidized placement, or sooner,

1 provided that the participant's
2 job performance has been satis-
3 factory. Not more than 5 percent
4 of the workforce of a private for-
5 profit company may be composed
6 of transitional jobs participants.

7 “(IV) DEFINITION OF TRANSI-
8 TIONAL JOBS PROGRAM.—In this
9 clause, the term ‘transitional jobs pro-
10 gram’ means a program that is in-
11 tended to serve current and former re-
12 cipients of assistance under a State or
13 tribal program funded under this part
14 and other low-income individuals who
15 have been unable to secure employ-
16 ment through job search or other em-
17 ployment-related services because of
18 limited skills, experience, or other bar-
19 riers to employment.

20 “(iii) CAPITALIZATION.—To develop
21 capitalization procedures for the delivery of
22 self-sustainable social services.

23 “(iv) ADMINISTRATIVE EXPENDI-
24 TURES.—Not more than 5 percent of the
25 funds awarded to an eligible applicant

1 under this paragraph may be used for ad-
2 ministrative expenditures incurred in car-
3 rying out the activities described in clause
4 (i), (ii), or (iii) or for expenditures related
5 to carrying out the assessments and re-
6 ports required under subparagraph (H).

7 “(F) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this paragraph, the term ‘eligible
8 individual’ means—
9

10 “(i) an individual who is a parent who
11 is a recipient of assistance under a State
12 or tribal program funded under this part;

13 “(ii) an individual who is a parent
14 who has ceased to receive assistance under
15 such a State or tribal program;

16 “(iii) an individual who is at risk of
17 receiving assistance under a State or tribal
18 program funded under this part;

19 “(iv) an individual with a disability; or

20 “(v) a noncustodial parent who is un-
21 employed, or is having difficulty in paying
22 child support obligations, including such a
23 parent who is a former criminal offender.

24 “(G) APPLICATION.—Each eligible appli-
25 cant desiring a grant under this paragraph

1 shall submit an application to the Secretaries at
2 such time, in such manner, and accompanied by
3 such information as the Secretaries may re-
4 quire.

5 “(H) ASSESSMENTS AND REPORTS BY
6 GRANTEES.—

7 “(i) IN GENERAL.—An eligible appli-
8 cant that receives a grant under this para-
9 graph shall assess and report on the out-
10 comes of programs funded under the
11 grant, including the identity of each pro-
12 gram operator, demographic information
13 about each participant, including education
14 level, literacy level, prior work experience
15 and identified barriers to employment, the
16 nature of education, training, or other
17 services received by the participant, the
18 reason for the participant’s leaving the
19 program, and outcomes related to the
20 placement of the participant in an unsub-
21 sidized job, including 1-year employment
22 retention, wage at placement, benefits, and
23 earnings progression, as specified by the
24 Secretaries.

1 “(ii) ASSISTANCE.—The Secretaries
2 shall—

3 “(I) assist grantees in conducting
4 the assessment required under clause
5 (i) by making available where prac-
6 ticable low-cost means of tracking the
7 labor market outcomes of partici-
8 pants; and

9 “(II) encourage States to provide
10 such assistance.

11 “(I) APPLICATION TO REQUIREMENTS OF
12 THE STATE PROGRAM.—

13 “(i) WORK PARTICIPATION REQUIRE-
14 MENTS.—With respect to any month in
15 which a recipient of assistance under a
16 State or tribal program funded under this
17 part who satisfactorily participates in a
18 business linkage or transitional jobs pro-
19 gram described in subparagraph (E) that
20 is paid for with funds made available
21 under a grant made under this paragraph,
22 such participation shall be considered to
23 satisfy the work participation requirements
24 of section 407 and be included for pur-
25 poses of determining monthly participation

1 rates under subsection (b)(1)(B)(i) of that
2 section.

3 “(ii) PARTICIPATION NOT CONSID-
4 ERED ASSISTANCE.—A benefit or service
5 provided with funds made available under
6 a grant made under this paragraph shall
7 not be considered assistance for any pur-
8 pose under a State or tribal program fund-
9 ed under this part.

10 “(J) ASSESSMENTS BY THE SECRE-
11 TARIES.—

12 “(i) RESERVATION OF FUNDS.—Of
13 the amount appropriated under subpara-
14 graph (L) for each of fiscal years 2004
15 and 2005, \$3,000,000 of such amount for
16 each such fiscal year is reserved for use by
17 the Secretaries to prepare an interim and
18 final report summarizing and synthesizing
19 outcomes and lessons learned from the
20 programs funded through grants awarded
21 under this paragraph.

22 “(ii) INTERIM AND FINAL ASSESS-
23 MENTS.—With respect to the reports pre-
24 pared under clause (i), the Secretaries
25 shall submit—

“(I) the interim report not later than 4 years after the date of enactment of the Personal Responsibility and Work Opportunity Reconciliation Act Amendments of 2003; and

“(II) the final report not later than 6 years after such date of enactment.

“(K) EVALUATIONS.—

“(i) RESERVATION OF FUNDS.—Of the amount appropriated under subparagraph (L) for a fiscal year, an amount equal to 1.5 percent of such amount for each such fiscal year shall be reserved for use by the Secretaries to conduct evaluations in accordance with the requirements of clause (ii).

“(ii) REQUIREMENTS.—The Secretaries—

“(I) shall develop a plan to evaluate the extent to which programs funded under grants made under this paragraph have been effective in promoting sustained, unsubsidized employment for each group of eligible

1 participants, and in improving the
2 skills and wages of participants in
3 comparison to the participants' skills
4 and wages prior to participation in
5 the programs;

6 “(II) may evaluate the use of
7 such a grant by a grantee, as the Sec-
8 retaries deem appropriate, in accord-
9 ance with an agreement entered into
10 with the grantee after good-faith ne-
11 gotiations; and

12 “(III) shall include, as appro-
13 priate, the following outcome meas-
14 ures in the evaluation plan developed
15 under subclause (I):

16 “(aa) Placements in unsub-
17 sidized employment.

18 “(bb) Retention in unsub-
19 sidized employment 6 months
20 and 12 months after initial place-
21 ment.

22 “(cc) Earnings of individuals
23 at the time of placement in un-
24 subsidized employment.

1 “(dd) Earnings of individ-
2 uals 12 months after placement
3 in unsubsidized employment.

4 “(ee) The extent to which
5 unsubsidized job placements in-
6 clude access to affordable em-
7 ployer-sponsored health insurance
8 and paid leave benefits.

9 “(ff) Comparison of pre-
10 and post-program wage rates of
11 participants.

12 “(gg) Comparison of pre-
13 and post-program skill levels of
14 participants.

15 “(hh) Wage growth and em-
16 ployment retention in relation to
17 occupations and industries at ini-
18 tial placement in unsubsidized
19 employment and over the first 12
20 months after initial placement.

21 “(ii) Recipient of cash as-
22 sistance under the State program
23 funded under this part.

24 “(jj) Average expenditures
25 per participant.

1 “(iii) REPORTS TO CONGRESS.—The
2 Secretaries shall submit to Congress the
3 following reports on the evaluations of pro-
4 grams funded under grants made under
5 this paragraph:

6 “(I) INTERIM REPORT.—An in-
7 terim report not later than 4 years
8 after the date of enactment of the
9 Personal Responsibility and Work Op-
10 portunity Reconciliation Act Amend-
11 ments of 2003.

12 “(II) FINAL REPORT.—A final
13 report not later than 6 years after
14 such date of enactment.

15 “(L) APPROPRIATION.—

16 “(i) IN GENERAL.—Out of any money
17 in the Treasury of the United States not
18 otherwise appropriated, there is appro-
19 priated for grants under this section,
20 \$200,000,000 for each of fiscal years 2004
21 through 2008.

22 “(ii) AVAILABILITY.—Amounts appro-
23 priated under clause (i) for a fiscal year
24 shall remain available for obligation for 5

1 fiscal years after the fiscal year in which
2 the amount is appropriated.”.

3 **TITLE III—SUPPORTING** 4 **FAMILIES**

5 **SEC. 301. ELIMINATION OF SEPARATE WORK PARTICIPA-** 6 **TION RATE FOR 2-PARENT FAMILIES.**

7 (a) IN GENERAL.—Section 407 (42 U.S.C. 607) is
8 amended—

9 (1) in subsection (a)—

10 (A) in paragraph (1), by striking “ALL
11 FAMILIES” and inserting “IN GENERAL”; and

12 (B) by striking paragraph (2) and redesignating
13 paragraph (3) (as added by section
14 201(a)(1)) as paragraph (2);

15 (2) in subsection (b)—

16 (A) by striking paragraph (2);

17 (B) in paragraph (3) (as redesignated by
18 section 201(a)(2)), by striking “paragraphs
19 (1)(B) and (2)(B)” and inserting “paragraph
20 (1)(B)”;

21 (C) in paragraph (4) (as so redesignated),
22 by striking “rates” and inserting “rate”; and

23 (D) by redesignating such paragraphs (3)
24 and (4) as paragraphs (2) and (3), respectively;
25 and

1 (3) in subsection (c)—

2 (A) in paragraph (1)—

3 (i) by striking “GENERAL RULES.—”

4 and all that follows through “For pur-
5 poses” in subparagraph (A) and inserting

6 “GENERAL RULE.—For purposes”; and

7 (ii) by striking subparagraph (B); and

8 (B) in paragraph (2)(D)—

9 (i) by striking “paragraphs (1)(B)(i)
10 and (2)(B) of subsection (b)” and insert-
11 ing “subsection (b)(1)(B)(i)”; and

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

14 (b) CONFORMING AMENDMENT REMOVING DIS-
15 INCENTIVE TO ASSIST 2-PARENT FAMILIES.—Section
16 409(a)(3)(A) (42 U.S.C. 609(a)(3)(A)) is amended by in-
17 serting “(determined, in the case of a fiscal year prior to
18 fiscal year 2004, without regard to the minimum partici-
19 pation rate required for that fiscal year under section
20 407(a)(2) (as in effect with respect to such fiscal year)”
21 after “section 407(a) for the fiscal year”.

22 **SEC. 302. BAN ON IMPOSITION OF STRICTER ELIGIBILITY**
23 **CRITERIA FOR 2-PARENT FAMILIES.**

24 (a) PROHIBITION.—Section 408(a) (42 U.S.C.
25 608(a)) is amended by adding at the end the following:

1 “(12) BAN ON IMPOSITION OF STRICTER ELIGI-
 2 BILITY CRITERIA FOR 2-PARENT FAMILIES.—In de-
 3 termining the eligibility of a 2-parent family for any
 4 benefit or service funded under this part or funded
 5 with non-Federal funds counting toward the State’s
 6 qualified State expenditures under section 409(a)(7),
 7 the State shall not impose a requirement that does
 8 not apply in determining the eligibility of a 1-parent
 9 family for such assistance.”.

10 (b) PENALTY.—Section 409(a) (42 U.S.C. 609(a)) is
 11 amended by adding at the end the following:

12 “(15) PENALTY FOR IMPOSITION OF STRICTER
 13 ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—

14 “(A) IN GENERAL.—If the Secretary deter-
 15 mines that a State to which a grant is made
 16 under section 403 for a fiscal year has violated
 17 section 408(a)(12) during the fiscal year, the
 18 Secretary shall reduce the grant payable to the
 19 State under section 403(a)(1) for the imme-
 20 diately succeeding fiscal year by an amount up
 21 to 5 percent of the State family assistance
 22 grant.

23 “(B) PENALTY BASED ON SEVERITY OF
 24 FAILURE.—The Secretary shall impose reduc-
 25 tions under subparagraph (A) with respect to a

1 fiscal year based on the degree of noncompli-
2 ance.”.

3 (c) ASSURANCE OF EQUAL TREATMENT.—Section
4 402(a) (42 U.S.C. 602(a)) is amended by adding at the
5 end the following:

6 “(8) ASSURANCE OF EQUAL TREATMENT OF 2-
7 PARENT FAMILIES.—Not later than 180 days after
8 the completion of the examination required under
9 section 302(b)(1) of the Personal Responsibility and
10 Work Opportunity Reconciliation Act Amendments
11 of 2003, the chief executive officer of the State shall
12 submit to the Secretary an assurance that in con-
13 ducting the State program funded under this part,
14 the State does not have rules or procedures that dis-
15 criminate against 2-parent families.”.

16 **SEC. 303. FAMILY FORMATION FUND.**

17 Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended
18 to read as follows:

19 “(2) FAMILY FORMATION FUND.—

20 “(A) IN GENERAL.—The Secretary shall
21 provide grants to States and localities for re-
22 search, technical assistance, replication, and ad-
23 aptation of rigorously evaluated programs, and
24 to conduct demonstration projects which are
25 evaluated by independent entities in accordance

1 with evaluation criteria established by the Sec-
2 retary, in the following areas:

3 “(i) Encouraging the formation and
4 maintenance of 2-parent families and
5 healthy marriages and reducing nonmarital
6 births.

7 “(ii) Reducing first and subsequent
8 teenage pregnancies.

9 “(iii) Increasing the ability of non-
10 custodial parents to financially support
11 and be involved with their children.

12 “(B) ALLOCATION OF FUNDS.—

13 “(i) IN GENERAL.—In making grants
14 under this paragraph, the Secretary shall
15 ensure that not less than 30 percent of the
16 funds made available pursuant to this
17 paragraph for a fiscal year are used in
18 each of the areas described in a clause of
19 subparagraph (A).

20 “(ii) RESERVATION.—The Secretary
21 may reserve up to 5 percent of the funds
22 made available pursuant to this paragraph
23 for a fiscal year to provide technical assist-
24 ance and to conduct research through the
25 Office of the Secretary.

1 “(C) GRANTEE REQUIREMENTS.—A recipi-
2 ent of a grant under this paragraph shall—

3 “(i) consult with domestic violence ex-
4 perts and child advocates to ensure that
5 programs funded under grants made under
6 this paragraph do not result in an increase
7 in family violence; and

8 “(ii) offer marriage-related services
9 only to individuals who voluntarily elect to
10 receive such services.

11 “(D) GRANTS CRITERIA.—

12 “(i) IN GENERAL.—The Secretary
13 shall promulgate for public comment cri-
14 teria for selecting proposals for grants
15 under this paragraph. Such criteria shall
16 include, at a minimum, that the Secretary
17 shall select proposals that satisfy the re-
18 quirements of subparagraph (C) and iden-
19 tify the potential harm a demonstration
20 project might have on subject families such
21 as loss of income.

22 “(ii) PRIORITY FOR CERTAIN PRO-
23 POSALS.—Within the allocation made
24 available to carry out subparagraph (A)(ii),
25 the Secretary shall give priority to pro-

posals that seek to replicate or adapt teen pregnancy prevention programs that have been rigorously evaluated and shown to be successful.

“(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2004 through 2008 \$100,000,000 for grants under this paragraph.”.

SEC. 304. ENSURING CHILD WELL-BEING.

(a) STATE CHILD WELL-BEING ASSESSMENT AS PART OF INDIVIDUAL RESPONSIBILITY PLAN.—Section 408(b)(2)(A) (42 U.S.C. 608(b)(2)(A)) is amended—

(1) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively;

(2) by inserting after clause (iii), the following:

“(iv) sets forth a child well-being plan for each child in the family as part of the individual’s responsibility as well as work, and offers, at a minimum, information concerning programs designed to promote each child’s well-being, including health benefits coverage under titles XIX and XXI, benefits under the food stamp pro-

1 gram and other nutrition programs, child
 2 care, child support enforcement, and other
 3 assistance or benefits that may be available
 4 for the child;” and

5 (3) in clause (v) (as redesignated by paragraph
 6 (1))—

7 (A) by striking “and describe” and insert-
 8 ing “describes”; and

9 (B) by inserting “, and provides informa-
 10 tion concerning ways to access services identi-
 11 fied as important to the well-being of each child
 12 in the family” before the semicolon.

13 (b) PROMULGATION OF BEST PRACTICE STAND-
 14 ARDS.—Not later than December 31, 2004, the Secretary
 15 of Health and Human Services shall promulgate best prac-
 16 tice standards regarding the most appropriate procedures
 17 for imposing sanctions against a family receiving assist-
 18 ance under the temporary assistance to needy families pro-
 19 gram funded under part A of title IV of the Social Secu-
 20 rity Act (42 U.S.C. 601 et seq.) for the family’s (or any
 21 family member’s) failure to comply with a requirement im-
 22 posed under that program.

23 (c) REQUIREMENT TO DEVELOP PLAN; TECHNICAL
 24 AMENDMENTS.—

1 (1) DEVELOPMENT OF PLAN.—Each State con-
 2 ducting a State program funded under part A of
 3 title IV of the Social Security Act (42 U.S.C. 601
 4 et seq.) shall develop a child well-being assessment
 5 for use in completing the child well-being plans re-
 6 quired under section 408(b)(2)(A)(iv) of the Social
 7 Security Act (42 U.S.C. 608(b)(2)(A)(vi)) (as added
 8 by subsection (a)).

9 (2) TECHNICAL AMENDMENTS.—Section
 10 408(b)(2) (42 U.S.C. 608(b)(2)) is amended—

11 (A) in subparagraph (A), in the matter
 12 preceding clause (i)—

13 (i) by striking “subsection (a)” and
 14 inserting “paragraph (1)”; and

15 (ii) by striking “may develop” and in-
 16 serting “shall develop”; and

17 (B) in subparagraph (B), in the matter
 18 preceding clause (i), by striking “paragraph
 19 (1)” and inserting “subparagraph (A)”.

20 (d) DEADLINE FOR IMPLEMENTATION.—A State
 21 shall not be regarded as failing to comply with the require-
 22 ment of section 408(b)(2)(A)(iv) of the Social Security Act
 23 (42 U.S.C. 608(b)(2)(A)(iv)) (as added by subsection (a))
 24 before the date that is 1 year after the effective date of

1 this Act with respect to the State, as determined under
2 section 701.

3 **SEC. 305. FUNDING FOR FAMILIES ASSISTED BY A TERRI-**
4 **TORY PROGRAM.**

5 (a) INCREASE IN MANDATORY CEILING AMOUNT.—
6 Section 1108(c)(4) (42 U.S.C. 1308(c)(4)) is amended—

7 (1) in subparagraph (A), by striking
8 “\$107,255,000” and inserting “\$109,936,375”;

9 (2) in subparagraph (B), by striking
10 “\$4,686,000” and inserting “\$4,803,150”;

11 (3) in subparagraph (C), by striking
12 “\$3,554,000” and inserting “\$3,642,850”; and

13 (4) in subparagraph (D), by striking
14 “\$1,000,000” and inserting “\$1,250,000”.

15 (b) APPROPRIATION.—Section 1108(b)(2) (42 U.S.C.
16 1308(b)(2)) is amended by striking “fiscal years 1997
17 through 2002” and inserting “each of fiscal years 2004
18 through 2008”.

19 **TITLE IV—STATE FLEXIBILITY**

20 **SEC. 401. PATHWAY TO SELF-SUFFICIENCY GRANTS TO IM-**
21 **PROVE COORDINATION OF ASSISTANCE FOR**
22 **LOW-INCOME FAMILIES.**

23 (a) DEFINITIONS.—In this section:

1 (1) ELIGIBLE APPLICANT.—The term “eligible
2 applicant” means a State or local government agen-
3 cy or a nonprofit entity.

4 (2) SECRETARY.—The term “Secretary” means
5 the Secretary of Health and Human Services.

6 (3) STATE.—The term “State” means each of
7 the 50 States of the United States, the District of
8 Columbia, the Commonwealth of Puerto Rico, Amer-
9 ican Samoa, Guam, and the United States Virgin Is-
10 lands.

11 (4) SUPPORT PROGRAM FOR LOW-INCOME FAMI-
12 LIES.—The term “support program for low-income
13 families” means a program designed to provide low-
14 income families and noncustodial parents who need
15 help with obtaining employment and fulfilling child
16 support obligations to children receiving assistance
17 under the temporary assistance to needy families
18 program established under part A of title IV of the
19 Social Security Act (42 U.S.C. 601 et seq.) with as-
20 sistance or benefits to enable the family or noncusto-
21 dial parent to become self-sufficient and includes—

22 (A) the temporary assistance to needy fam-
23 ilies program established under part A of title
24 IV of the Social Security Act (42 U.S.C. 601 et
25 seq.);

1 (B) the food stamp program established
2 under the Food Stamp Act of 1977 (7 U.S.C.
3 2011 et seq.);

4 (C) the medicaid program funded under
5 title XIX of the Social Security Act (42 U.S.C.
6 1396 et seq.);

7 (D) the State children's health insurance
8 program (SCHIP) funded under title XXI of
9 the Social Security Act (42 U.S.C. 1397aa et
10 seq.);

11 (E) the child care program funded under
12 the Child Care Development Block Grant Act of
13 1990 (42 U.S.C. 9858 et seq.);

14 (F) the child support program funded
15 under part D of title IV of the Social Security
16 Act (42 U.S.C. 651 et seq.);

17 (G) the earned income tax credit under
18 section 32 of the Internal Revenue Code of
19 1986;

20 (H) the low-income home energy assistance
21 program (LIHEAP) established under the Low-
22 Income Home Energy Assistance Act of 1981
23 (42 U.S.C. 8621 et seq.);

24 (I) the special supplemental nutrition pro-
25 gram for women, infants, and children (WIC)

1 established under section 17 of the Child Nutri-
 2 tion Act of 1966 (42 U.S.C. 1786);

3 (J) programs under the Workforce Invest-
 4 ment Act of 1998 (29 U.S.C. 2801 et seq.);

5 (K) programs supporting low-income hous-
 6 ing assistance programs; and

7 (L) any other Federal, State, or locally
 8 funded program designed to provide family and
 9 work support to low-income families.

10 (b) AUTHORITY TO AWARD GRANTS.—

11 (1) IN GENERAL.—The Secretary may award
 12 grants to eligible applicants to—

13 (A) improve the coordination of support
 14 programs for low-income families and noncusto-
 15 dial parents described in subsection (a)(4); and

16 (B) conduct outreach to such families and
 17 noncustodial parents to promote enrollment in
 18 such programs.

19 (2) PREFERENCE.—In awarding grants under
 20 this section, the Secretary shall give preference to el-
 21 igible applicants that include in the application sub-
 22 mitted under subsection (c) documentation dem-
 23 onstrating that the eligible applicant will collaborate
 24 with other Federal, State, or local agencies or non-

1 profit entities in carrying out activities under the
2 grant.

3 (c) APPLICATION.—Each eligible applicant desiring a
4 grant under this section shall submit an application to the
5 Secretary at such time, in such manner, and accompanied
6 by such information as the Secretary may require.

7 (d) ANNUAL REPORTS.—

8 (1) IN GENERAL.—The Secretary shall submit
9 an interim and final report to Congress describing
10 the uses of grant funds awarded under this section.

11 (2) DATES FOR SUBMISSION.—With respect to
12 the reports required under paragraph (1), the Sec-
13 retary shall submit—

14 (A) the interim report, not later than De-
15 cember 31, 2006; and

16 (B) the final report, not later than Decem-
17 ber 31, 2009.

18 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 \$150,000,000 for the period of fiscal years 2004 through
21 2008.

22 **SEC. 402. STATE OPTION TO OFFER WAGE SUBSIDIES.**

23 (a) CLARIFICATION OF AUTHORITY TO USE GRANT
24 FUNDS.—Section 404 (42 U.S.C. 604), as amended by

1 section 203, is further amended by adding at the end the
2 following:

3 “(m) **AUTHORITY TO PROVIDE WAGE SUBSIDIES.**—
4 A State to which a grant is made under section 403 may
5 use the grant to provide wage subsidies or other benefits
6 or services to a family that includes an individual who
7 has—

8 “(1) participated in a work activity described in
9 paragraph (1), (2), (3), (4), or (5) of section 407(d)
10 for at least 30 hours per week;

11 “(2) received at least such amount of income
12 from the work activity as the State may establish;
13 and

14 “(3) complied with all work requirements appli-
15 cable to the individual under the State program
16 funded under this part.”.

17 (b) **EFFECT OF WAGE SUBSIDIES ON 5-YEAR**
18 **LIMIT.**—Section 408(a)(7) (42 U.S.C. 608(a)(7)), as
19 amended by section 206, is amended by adding at the end
20 the following:

21 “(I) **LIMITATION ON MEANING OF ‘ASSIST-**
22 **ANCE’ FOR FAMILIES WITH INCOME FROM EM-**
23 **PLOYMENT.**—For purposes of this paragraph,
24 at State option, a wage subsidy or other benefit
25 or service provided to a family under section

1 404(m) during a month under the State pro-
 2 gram funded under this part shall not be con-
 3 sidered assistance under the State program.”.

4 **SEC. 403. EXCLUSION OF VICTIMS OF DOMESTIC VIOLENCE**
 5 **FROM 20 PERCENT LIMITATION ON HARD-**
 6 **SHIP EXCEPTION.**

7 Section 408(a)(7)(C) (42 U.S.C. 608(a)(7)(C)) is
 8 amended—

9 (1) in clause (i), by striking “by reason of” and
 10 all that follows through the period and inserting “by
 11 reason of—

12 “(I) hardship; or

13 “(II) if the family includes an in-
 14 dividual who has been battered or
 15 subjected to extreme cruelty.”;

16 (2) in clause (ii), by striking “clause (i)” and
 17 inserting “clause (i)(I)”; and

18 (3) in clause (iii), by striking “clause (i)” and
 19 inserting “clause (i)(II)”.

20 **SEC. 404. CLARIFICATION OF AUTHORITY OF STATES TO**
 21 **USE TANF FUNDS CARRIED OVER FROM**
 22 **PRIOR YEARS TO PROVIDE TANF BENEFITS**
 23 **AND SERVICES.**

24 Section 404(e) (42 U.S.C. 604(e)) is amended—

1 (1) in the subsection heading, by striking “AS-
 2 SISTANCE” and inserting “BENEFITS OR SERVICES”;
 3 and

4 (2) by striking “assistance” and inserting “any
 5 benefit or service that may be provided”.

6 **SEC. 405. CONTINUATION OF PREWELFARE REFORM WAIV-**
 7 **ERS.**

8 Section 415 (42 U.S.C. 615) is amended by adding
 9 at the end the following new subsection:

10 “(e) CONTINUATION OF WAIVERS APPROVED BE-
 11 FORE DATE OF ENACTMENT OF WELFARE REFORM.—
 12 Notwithstanding paragraphs (1)(A) and (2)(A) of sub-
 13 section (a), with respect to any State that is operating
 14 under a waiver described in that subsection which would
 15 otherwise expire on a date that occurs during the period
 16 that begins on September 30, 2002, and ends on Sep-
 17 tember 30, 2008, the State may elect to continue to oper-
 18 ate under that waiver, on the same terms and conditions
 19 as applied to the waiver on the day before such date,
 20 through September 30, 2008.”.

21 **SEC. 406. STATE OPTION TO ALIGN FOSTER CARE AND**
 22 **ADOPTION ASSISTANCE ELIGIBILITY WITH**
 23 **TANF ELIGIBILITY.**

24 (a) FOSTER CARE.—Section 472 (42 U.S.C. 672) is
 25 amended by adding at the end the following:

1 “(i)(1) Notwithstanding any other provision of this
 2 part, subject to paragraph (2), for purposes of deter-
 3 mining whether a child is eligible for foster care mainte-
 4 nance payments under this part, a child shall be treated
 5 as a child who would have received aid under the State
 6 plan approved under section 402 (as in effect on July 16,
 7 1996, or at State option, as in effect on December 31,
 8 2002) only if the child meets the income and resource
 9 standards and methodologies for determining eligibility in
 10 effect under such plan (as so in effect).

11 “(2) For purposes of applying this subsection, a State
 12 may increase the income and resource standards and
 13 methodologies referred to in paragraph (1) up to the level
 14 of the income and resource standards and methodologies
 15 under the State plan under part A (as in effect as of the
 16 date of determining such eligibility).”.

17 (b) ADOPTION ASSISTANCE.—Section 473 (42 U.S.C.
 18 673) is amended by adding at the end the following:

19 “(d)(1) Notwithstanding any other provision of this
 20 part, subject to paragraph (2), for purposes of deter-
 21 mining whether a child is eligible for adoption assistance
 22 under this part, a child shall be treated as a child who
 23 would have received aid under the State plan approved
 24 under section 402 (as in effect on July 16, 1996, or at
 25 State option, as in effect on December 31, 2002) only if

1 the child meets the income and resource standards and
 2 methodologies for determining eligibility in effect under
 3 such plan (as so in effect).

4 “(2) For purposes of applying this subsection, a State
 5 may increase the income and resource standards and
 6 methodologies referred to in paragraph (1) up to the level
 7 of the income and resource standards and methodologies
 8 under the State plan under part A (as in effect as of the
 9 date of determining such eligibility).”.

10 **SEC. 407. PROMOTING WORK AND RESPONSIBILITY AMONG**
 11 **ALL FAMILIES WITH CHILDREN.**

12 (a) ELIGIBILITY FOR TANF FOR LEGAL IMMI-
 13 GRANTS.—

14 (1) EXCEPTION TO 5-YEAR BAR.—Section
 15 403(c)(2) of the Personal Responsibility and Work
 16 Opportunity Reconciliation Act of 1996 (8 U.S.C.
 17 1613(c)(2)) is amended by adding at the end the fol-
 18 lowing:

19 “(L) Assistance or benefits under a State
 20 program funded under part A of title IV of the
 21 Social Security Act (42 U.S.C. 601 et seq.).”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 402(b) of the Personal Re-
 24 sponsibility and Work Opportunity Reconcili-

1 ation Act of 1996 (8 U.S.C. 1612(b)) is amend-
2 ed—

3 (i) in paragraph (2)—

4 (I) in subparagraph (A)(i), by
5 striking “(3)(C)” and inserting
6 “(3)(B)”;

7 (II) in subparagraph (A)(ii), by
8 striking “subparagraph (C)” and in-
9 serting “subparagraph (B)”;

10 (III) in subparagraph (E), by
11 striking “MEDICAID EXCEPTION” and
12 all that follows through “program),
13 section” and inserting “EXCEPTION
14 FOR CERTAIN INDIANS.—Section”;
15 and

16 (ii) in paragraph (3), by striking sub-
17 paragraph (A) and redesignating subpara-
18 graphs (B) and (C) as subparagraphs (A)
19 and (B), respectively.

20 (B) Section 408(e) (42 U.S.C. 608(e)) is
21 amended to read as follows:

22 “(e) APPLICATION TO QUALIFIED ALIENS.—Except

23 as provided in subsection (f), a qualified alien (as defined
24 in subsections (b) and (c) of section 431 of the Personal
25 Responsibility and Work Opportunity Reconciliation Act

1 of 1996 (8 U.S.C. 1641) shall be eligible for any benefit
 2 or service under the State program funded under this part
 3 or with qualified State expenditures (as defined in section
 4 409(a)(7)(B)(i)) in the same manner as a citizen is eligible
 5 for such benefit or service under such program.”.

6 (b) FEDERAL ATTRIBUTION OF SPONSOR’S INCOME
 7 AND RESOURCES TO ALIENS.—

8 (1) IN GENERAL.—Section 408(f) (42 U.S.C.
 9 608(f)) is amended—

10 (A) in the heading, by striking “NON-
 11 213A” and inserting “SPONSORED”;

12 (B) by striking the first sentence and in-
 13 serting “The following rules shall apply in de-
 14 termining whether an alien sponsored under
 15 section 213A of the Immigration and Nation-
 16 ality Act (and, at the option of the State, a
 17 non-213A alien) is eligible for cash assistance
 18 under the State program funded under this
 19 part, or in determining the amount of such as-
 20 sistance to be provided to a sponsored alien.”;

21 (C) in paragraph (1)—

22 (i) in the first sentence, by striking
 23 “non-213A” and inserting “sponsored”;

1 (ii) in subparagraph (B), by inserting
 2 “(or, a greater amount as determined by
 3 the State)” before the period; and

4 (iii) in subparagraph (C), by striking
 5 “NON-213A” and inserting “SPONSORED”;

6 (D) by striking paragraph (5) and insert-
 7 ing the following:

8 “(5) EXCEPTIONS.—This subsection shall not
 9 apply to an alien who is—

10 “(A) a minor child if the sponsor of the
 11 alien or any spouse of the sponsor is a parent
 12 of the alien; or

13 “(B) described in subsection (e) or (f) of
 14 section 421 of the Personal Responsibility and
 15 Work Opportunity Reconciliation Act of 1996
 16 (8 U.S.C. 1631).”; and

17 (E) by adding at the end the following:

18 “(7) INAPPLICABILITY TO FAMILY MEMBERS
 19 WHO ARE NOT SPONSORED ALIENS.—Income and re-
 20 sources of a sponsor which are deemed under this
 21 subsection to be the income and resources of any
 22 alien individual in a family shall not be considered
 23 in determining the need of other family members ex-
 24 cept to the extent such income or resources are actu-
 25 ally available to such other family members.

1 “(8) RULE OF CONSTRUCTION.—For purposes
 2 of section 421 of the Personal Responsibility and
 3 Work Opportunity Reconciliation Act of 1996 (8
 4 U.S.C. 1631), the State program funded under this
 5 part is not a Federal means-tested public benefits
 6 program.”.

7 (2) CONFORMING AMENDMENTS.—Section
 8 423(d) of the Personal Responsibility and Work Op-
 9 portunity Reconciliation Act of 1996 (8 U.S.C.
 10 1183a note) is amended by adding at the end the
 11 following:

12 “(12) Assistance or benefits under part A of
 13 title IV of the Social Security Act except for cash as-
 14 sistance provided to a sponsored alien who is subject
 15 to deeming pursuant to section 408(f) of that Act.”.

16 (c) STATE AUTHORITY TO PROVIDE STATE AND
 17 LOCAL PUBLIC BENEFITS FOR CERTAIN ALIENS.—Sec-
 18 tion 411(d) of the Personal Responsibility and Work Op-
 19 portunity Reconciliation Act of 1996 (8 U.S.C. 1621(d))
 20 is amended—

21 (1) in the heading, by inserting “AND OTHER”
 22 before “ALIENS”; and

23 (2) by inserting “or who otherwise is not a
 24 qualified alien (as defined in section 431(b))” after
 25 “United States”.

1 **SEC. 408. AUTHORITY TO TRANSFER TANF FUNDS TO**
 2 **CARRY OUT AN ACCESS TO JOBS PROJECT**
 3 **OR A REVERSE COMMUTE PROJECT.**

4 Section 404(d)(1) (42 U.S.C. 604(d)(1)) is amended
 5 by adding at the end the following:

6 “(C) An access to jobs project or a reverse
 7 commute project under a grant made under sec-
 8 tion 3037 of the Transportation Equity Act for
 9 the 21st Century (49 U.S.C. 5309 note).”.

10 **TITLE V—HEALTHY CHILDREN**

11 **SEC. 501. REVISION AND SIMPLIFICATION OF THE TRANSI-**
 12 **TIONAL MEDICAL ASSISTANCE PROGRAM**
 13 **(TMA).**

14 (a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12
 15 MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO
 16 AN ADDITIONAL YEAR.—

17 (1) OPTION OF CONTINUOUS ELIGIBILITY FOR
 18 12 MONTHS BY MAKING REPORTING REQUIREMENTS
 19 OPTIONAL.—Section 1925(b) (42 U.S.C. 1396r-
 20 6(b)) is amended—

21 (A) in paragraph (1), by inserting “, at the
 22 option of a State,” after “and which”;

23 (B) in paragraph (2)(A), by inserting
 24 “Subject to subparagraph (C):” after “(A) No-
 25 TICES.—”;

1 (C) in paragraph (2)(B), by inserting
 2 “Subject to subparagraph (C):” after “(B) RE-
 3 PORTING REQUIREMENTS.—”;

4 (D) by adding at the end the following new
 5 subparagraph:

6 “(C) STATE OPTION TO WAIVE NOTICE
 7 AND REPORTING REQUIREMENTS.—A State
 8 may waive some or all of the reporting require-
 9 ments under clauses (i) and (ii) of subpara-
 10 graph (B). Insofar as it waives such a reporting
 11 requirement, the State need not provide for a
 12 notice under subparagraph (A) relating to such
 13 requirement.”; and

14 (E) in paragraph (3)(A)(iii), by inserting
 15 “the State has not waived under paragraph
 16 (2)(C) the reporting requirement with respect
 17 to such month under paragraph (2)(B) and if”
 18 after “6-month period if”.

19 (2) STATE OPTION TO EXTEND ELIGIBILITY
 20 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-
 21 TIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r-
 22 6) is further amended—

23 (A) by redesignating subsections (c)
 24 through (f) as subsections (d) through (g), re-
 25 spectively; and

1 (B) by inserting after subsection (b) the
2 following new subsection:

3 “(c) STATE OPTION OF UP TO 12 MONTHS OF ADDI-
4 TIONAL ELIGIBILITY.—

5 “(1) IN GENERAL.—Notwithstanding any other
6 provision of this title, each State plan approved
7 under this title may provide, at the option of the
8 State, that the State shall offer to each family which
9 received assistance during the entire 6-month period
10 under subsection (b) and which meets the applicable
11 requirement of paragraph (2), in the last month of
12 the period the option of extending coverage under
13 this subsection for the succeeding period not to ex-
14 ceed 12 months.

15 “(2) INCOME RESTRICTION.—The option under
16 paragraph (1) shall not be made available to a fam-
17 ily for a succeeding period unless the State deter-
18 mines that the family’s average gross monthly earn-
19 ings (less such costs for such child care as is nec-
20 essary for the employment of the caretaker relative)
21 as of the end of the 6-month period under sub-
22 section (b) does not exceed 185 percent of the offi-
23 cial poverty line (as defined by the Office of Man-
24 agement and Budget, and revised annually in ac-
25 cordance with section 673(2) of the Omnibus Budget

1 Reconciliation Act of 1981) applicable to a family of
2 the size involved.

3 “(3) APPLICATION OF EXTENSION RULES.—
4 The provisions of paragraphs (2), (3), (4), and (5)
5 of subsection (b) shall apply to the extension pro-
6 vided under this subsection in the same manner as
7 they apply to the extension provided under sub-
8 section (b)(1), except that for purposes of this sub-
9 section—

10 “(A) any reference to a 6-month period
11 under subsection (b)(1) is deemed a reference
12 to the extension period provided under para-
13 graph (1) and any deadlines for any notices or
14 reporting and the premium payment periods
15 shall be modified to correspond to the appro-
16 priate calendar quarters of coverage provided
17 under this subsection; and

18 “(B) any reference to a provision of sub-
19 section (a) or (b) is deemed a reference to the
20 corresponding provision of subsection (b) or of
21 this subsection, respectively.”.

22 (b) STATE OPTION TO WAIVE RECEIPT OF MED-
23 ICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR
24 TMA.—Section 1925(a)(1) (42 U.S.C. 1396r-6(a)(1)) is
25 amended by adding at the end the following: “A State

1 may, at its option, also apply the previous sentence in the
 2 case of a family that was receiving such aid for fewer than
 3 3 months, or that had applied for and was eligible for such
 4 aid for fewer than 3 months, during the 6 immediately
 5 preceding months described in such sentence.”.

6 (c) 5-YEAR EXTENSION OF SUNSET FOR TMA.—

7 (1) IN GENERAL.—Subsection (g) of section
 8 1925 (42 U.S.C. 1396r–6), as redesignated under
 9 subsection (a)(2)(A), is further redesignated as sub-
 10 section (i) and is amended by striking “2002” and
 11 inserting “2008”.

12 (2) CONFORMING AMENDMENT.—Section
 13 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is
 14 amended by striking “2002” and inserting “2008”.

15 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-
 16 TION RATES UNDER TMA.—Section 1925 (42 U.S.C.
 17 1396r–6), as amended by subsections (a)(2)(A) and
 18 (c)(1), is amended by inserting after subsection (f) the fol-
 19 lowing:

20 “(g) ADDITIONAL PROVISIONS.—

21 “(1) COLLECTION AND REPORTING OF PARTICI-
 22 PATION INFORMATION.—Each State shall—

23 “(A) collect and submit to the Secretary,
 24 in a format specified by the Secretary, informa-
 25 tion on average monthly enrollment and average

1 monthly participation rates for adults and chil-
2 dren under this section; and

3 “(B) make such information publicly avail-
4 able.

5 Such information shall be submitted under subpara-
6 graph (A) at the same time and frequency in which
7 other enrollment information under this title is sub-
8 mitted to the Secretary. Using such information, the
9 Secretary shall submit to Congress annual reports
10 concerning such rates.”.

11 (e) COORDINATION OF WORK.—Section 1925(g) (42
12 U.S.C. 1396r–6(g)), as added by subsection (d), is amend-
13 ed by adding at the end the following new paragraph:

14 “(2) COORDINATION WITH ADMINISTRATION
15 FOR CHILDREN AND FAMILIES.—The Administrator
16 of the Centers for Medicare & Medicaid Services, in
17 carrying out this section, shall work with the Assist-
18 ant Secretary for the Administration for Children
19 and Families to develop guidance or other technical
20 assistance for States regarding best practices in
21 guaranteeing access to transitional medical assist-
22 ance under this section.”.

23 (f) ELIMINATION OF TMA REQUIREMENT FOR
24 STATES THAT EXTEND COVERAGE TO CHILDREN AND
25 PARENTS THROUGH 185 PERCENT OF POVERTY.—

1 (1) IN GENERAL.—Section 1925 (42 U.S.C.
2 1396r–6), as amended by subsections (a)(2)(A),
3 (c)(1), and (d), is further amended by adding at the
4 end the following:

5 “(h) PROVISIONS OPTIONAL FOR STATES THAT EX-
6 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH
7 185 PERCENT OF POVERTY.—A State may meet (but is
8 not required to meet) the requirements of subsections (a)
9 and (b) if it provides for medical assistance under section
10 1931 to families (including both children and caretaker
11 relatives) the average gross monthly earning of which (less
12 such costs for such child care as is necessary for the em-
13 ployment of a caretaker relative) is at or below a level that
14 is at least 185 percent of the official poverty line (as de-
15 fined by the Office of Management and Budget, and re-
16 vised annually in accordance with section 673(2) of the
17 Omnibus Budget Reconciliation Act of 1981) applicable
18 to a family of the size involved.”.

19 (2) CONFORMING AMENDMENTS.—Section 1925
20 (42 U.S.C. 1396r–6) is further amended, in sub-
21 sections (a)(1) and (b)(1), by inserting “, but sub-
22 ject to subsection (h),” after “Notwithstanding any
23 other provision of this title,” each place it appears.

24 (g) EXTENDING USE OF OUTSTATIONED WORKERS
25 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL

1 ASSISTANCE.—Section 1902(a)(55) (42 U.S.C.
 2 1396a(a)(55)) is amended by inserting “and under section
 3 1931” after “(a)(10)(A)(ii)(IX)”.

4 (h) EFFECTIVE DATES.—

5 (1) IN GENERAL.—Except as provided in this
 6 subsection, the amendments made by this section
 7 shall apply to calendar quarters beginning on or
 8 after the date of enactment of this Act, without re-
 9 gard to whether or not final regulations to carry out
 10 such amendments have been promulgated by such
 11 date.

12 (2) DELAY PERMITTED FOR STATE PLAN
 13 AMENDMENT.—In the case of a State plan for med-
 14 ical assistance under title XIX of the Social Security
 15 Act which the Secretary of Health and Human Serv-
 16 ices determines requires State legislation (other than
 17 legislation appropriating funds) in order for the plan
 18 to meet the additional requirements imposed by the
 19 amendments made by this section, the State plan
 20 shall not be regarded as failing to comply with the
 21 requirements of such title solely on the basis of its
 22 failure to meet these additional requirements before
 23 the first day of the first calendar quarter beginning
 24 after the close of the first regular session of the
 25 State legislature that begins after the date of enact-

1 ment of this Act. For purposes of the previous sen-
 2 tence, in the case of a State that has a 2-year legis-
 3 lative session, each year of such session shall be
 4 deemed to be a separate regular session of the State
 5 legislature.

6 **SEC. 502. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
 7 **UNDER THE MEDICAID PROGRAM AND TITLE**
 8 **XXI.**

9 (a) MEDICAID PROGRAM.—Section 1903(v) (42
 10 U.S.C. 1396b(v)) is amended—

11 (1) in paragraph (1), by striking “paragraph
 12 (2)” and inserting “paragraphs (2) and (4)”; and

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

14 “(4)(A) A State may elect (in a plan amendment
 15 under this title) to provide medical assistance under this
 16 title (including under a waiver authorized by the Sec-
 17 retary), notwithstanding sections 401(a), 402(b), 403, and
 18 421 of the Personal Responsibility and Work Opportunity
 19 Reconciliation Act of 1996, for aliens who are lawfully re-
 20 siding in the United States (including battered aliens de-
 21 scribed in section 431(c) of such Act) and who are other-
 22 wise eligible for such assistance, within any of the fol-
 23 lowing eligibility categories:

1 “(i) PREGNANT WOMEN.—Women during preg-
 2 nancy (and during the 60-day period beginning on
 3 the last day of the pregnancy).

4 “(ii) CHILDREN.—Children (as defined under
 5 such plan), including optional targeted low-income
 6 children described in section 1905(u)(2)(B).

7 “(B) Notwithstanding section 421 of the Personal
 8 Responsibility and Work Opportunity Reconciliation Act
 9 of 1996, in the case of a State that has elected to provide
 10 medical assistance to a category of aliens under subpara-
 11 graph (A), no debt shall accrue under an affidavit of sup-
 12 port against any sponsor of such an alien on the basis
 13 of provision of assistance to such category and the cost
 14 of such assistance shall not be considered as an unreim-
 15 bursed cost.”.

16 (b) TITLE XXI.—Section 2107(e)(1) (42 U.S.C.
 17 1397gg(e)(1)) is amended by adding at the end the fol-
 18 lowing:

19 “(E) Section 1903(v)(4) (relating to op-
 20 tional coverage of categories of lawful resident
 21 alien pregnant women and children), but only
 22 with respect to an eligibility category under this
 23 title, if the same eligibility category has been
 24 elected under such section for purposes of title
 25 XIX.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section take effect on October 1, 2003, and apply to
 3 medical assistance and child health assistance furnished
 4 on or after such date, whether or not regulations imple-
 5 menting such amendments have been issued.

6 **SEC. 503. SECOND CHANCE HOMES.**

7 (a) AUTHORITY TO AWARD GRANTS.—

8 (1) IN GENERAL.—The Secretary of Health and
 9 Human Services (referred to in this section as the
 10 “Secretary”) is authorized to award grants to eligi-
 11 ble entities to enable such eligible entities to carry
 12 out the activities described in subsection (d).

13 (2) PROCESS.—The Secretary shall award
 14 grants under this section on a competitive basis,
 15 after reviewing all applications submitted under sub-
 16 section (c).

17 (b) ELIGIBLE ENTITIES.—

18 (1) IN GENERAL.—To be eligible to receive a
 19 grant under this section an entity shall be—

20 (A) a State;

21 (B) a unit of local government;

22 (C) an Indian tribe; or

23 (D) a public or private nonprofit agency,
 24 organization, or institution, or other nonprofit
 25 entity, including a nonprofit urban Indian orga-

nization or an Indian group or community that
is not an Indian tribe.

(2) DEFINITIONS.—In this section—

(A) INDIAN TRIBE.—The term “Indian
tribe” has the meaning given such term in sec-
tion 4 of the Indian Self-Determination and
Education Assistance Act (25 U.S.C. 450b).

(B) STATE.—The term “State” means
each of the 50 States, the District of Columbia,
the Commonwealth of Puerto Rico, Guam,
American Samoa, the United States Virgin Is-
lands, and the Commonwealth of the Northern
Mariana Islands.

(c) APPLICATION.—

(1) IN GENERAL.—An eligible entity that de-
sires a grant under this section shall submit an ap-
plication to the Secretary at such time, in such man-
ner, and containing such information as the Sec-
retary shall reasonably require.

(2) PRIORITY.—In awarding grants under this
section, the Secretary shall give priority to an eligi-
ble entity that submits an application—

(A) proposing to establish a new second
chance home, especially in a rural area or tribal
community;

1 (B) proposing to collaborate with a non-
 2 profit entity in establishing, expanding, or en-
 3 hancing a second chance home; or

4 (C) demonstrating that the eligible entity
 5 will use funds under a State temporary assist-
 6 ance for needy families program under part A
 7 of title IV of the Social Security Act (42 U.S.C.
 8 601 et seq.) to support a portion of the oper-
 9 ating costs of the applicable second chance
 10 home.

11 (d) USE OF FUNDS.—

12 (1) IN GENERAL.—An eligible entity that re-
 13 ceives a grant under this section shall use such
 14 grant funds to establish, expand, or enhance a sec-
 15 ond chance home.

16 (2) SECOND CHANCE HOME.—In this section,
 17 the term “second chance home” means a commu-
 18 nity-based, adult-supervised group home that pro-
 19 vides young mothers and their children with a sup-
 20 portive and supervised living arrangement in which
 21 such mothers are required to learn parenting skills,
 22 including child development, family budgeting,
 23 health and nutrition, and other skills to promote
 24 their long-term economic independence and the well-
 25 being of their children.

1 (3) REQUIREMENT.—A second chance home
2 that receives grant funds under this section shall
3 provide services to mothers who are not more than
4 23 years of age and their children.

5 (e) MATCHING FUNDS.—The Secretary shall not
6 award a grant to an eligible entity under this section un-
7 less the eligible entity agrees that, with respect to the costs
8 to be incurred in carrying out the activities for which the
9 grant was awarded, the eligible entity will make available
10 non-Federal contributions in an amount equal to not less
11 than 20 percent of the Federal funds provided under the
12 grant. Such contributions may be provided in cash or in
13 kind, fairly valued, including plant, equipment, or services.

14 (f) DURATION.—Grants under this section shall be
15 awarded for a period of 5 years.

16 (g) CONTRACT FOR EVALUATION.—

17 (1) IN GENERAL.—The Secretary shall enter
18 into a contract with a public or private entity for the
19 evaluation of the second chance homes that are sup-
20 ported by grant funds under this section.

21 (2) INFORMATION.—The evaluation shall in-
22 clude the collection of information about the relevant
23 characteristics of individuals who benefit from sec-
24 ond chance homes such as those that are supported
25 by grant funds under this section and what services

1 provided by such second chance homes are most ben-
2 eficial to such individuals.

3 (3) REPORT.—

4 (A) IN GENERAL.—The entity conducting
5 the evaluation under this subsection shall sub-
6 mit to Congress an interim report and a final
7 report in accordance with subparagraph (B)
8 containing the results of the evaluation.

9 (B) DATE.—

10 (i) INTERIM REPORT.—The interim
11 report shall be submitted not later than 2
12 years after the date on which the entity en-
13 ters into a contract.

14 (ii) FINAL REPORT.—The final report
15 shall be submitted not later than 5 years
16 after the date on which the entity enters
17 into a contract.

18 (h) TECHNICAL ASSISTANCE.—

19 (1) IN GENERAL.—From amounts appropriated
20 under subsection (i)(1), the Secretary may use an
21 amount not to exceed \$500,000 to enter into a con-
22 tract, with a public or private entity, for the provi-
23 sion of technical assistance to eligible entities receiv-
24 ing grant funds under this section.

1 (2) CONFERENCES.—The technical assistance
2 provided under this section may include conferences
3 for the purpose of disseminating information con-
4 cerning best practices for second chance homes.

5 (i) AUTHORIZATION OF APPROPRIATIONS.—

6 (1) IN GENERAL.—There is authorized to be
7 appropriated to carry out this Act, other than sub-
8 section (g), \$32,000,000 for fiscal year 2004.

9 (2) EVALUATION.—There is authorized to be
10 appropriated to carry out subsection (g), \$1,000,000
11 for fiscal year 2004.

12 (3) AVAILABILITY.—Any amounts authorized
13 under the authority of paragraphs (1) and (2) shall
14 remain available until expended.

15 **TITLE VI—PUBLIC** 16 **ACCOUNTABILITY**

17 **SEC. 601. PUBLIC AVAILABILITY OF STATE PROGRAM AND** 18 **FINANCIAL DATA SUBMISSIONS.**

19 Section 411(a) (42 U.S.C. 611(a)) is amended by
20 adding at the end the following new paragraph:

21 “(8) PUBLIC AVAILABILITY OF REPORT.—The
22 State shall make publicly available at the time of
23 submission of each report required under paragraph
24 (1) for a fiscal quarter a copy of the report for that
25 fiscal quarter, including by posting of the copy on

1 the Internet website for the State agency admin-
 2 istering the State program funded under this part.”.

3 **SEC. 602. STUDY AND GUIDELINES REGARDING COMPLI-**
 4 **ANCE WITH NONDISCRIMINATION PROVI-**
 5 **SIONS.**

6 (a) GAO STUDY.—

7 (1) IN GENERAL.—The Comptroller General of
 8 the United States shall conduct a study to deter-
 9 mine—

10 (A) the extent to which States have com-
 11 plied with the requirement of section 408(d) of
 12 the Social Security Act (42 U.S.C. 608(d)) that
 13 the provisions of law referred to in that section
 14 apply to any program or activity which receives
 15 funds provided under part A of title IV of the
 16 Social Security Act (42 U.S.C. 601 et seq.);
 17 and

18 (B) recommendations for improving such
 19 compliance.

20 (2) REPORT.—Not later than 1 year after the
 21 date of enactment of this Act, the Comptroller Gen-
 22 eral shall submit a report to Congress on the study
 23 conducted under paragraph (1).

24 (b) BEST PRACTICES GUIDELINES.—Not later than
 25 1 year after the date of enactment of this Act, the Sec-

1 retary of Health and Human Services shall issue a best
 2 practices guide to States that contains methods and proce-
 3 dures for ensuring compliance with section 408(d) of such
 4 Act (42 U.S.C. 608(d)).

5 **SEC. 603. ENSURING TANF FUNDS ARE NOT USED TO DIS-**
 6 **PLACE PUBLIC EMPLOYEES; APPLICATION**
 7 **OF WORKPLACE LAWS TO WELFARE RECIPI-**
 8 **ENTS.**

9 (a) WELFARE-TO-WORK WORKER PROTECTIONS.—

10 (1) IN GENERAL.—Section 403(a)(5)(I) (42
 11 U.S.C. 603(a)(5)(I)) is amended—

12 (A) by striking clauses (i) and (iv);

13 (B) by redesignating clauses (v) and (vi)
 14 as clauses (iv) and (v), respectively; and

15 (C) by inserting before clause (ii), the fol-
 16 lowing:

17 “(i) NONDISPLACEMENT.—

18 “(I) IN GENERAL.—An adult in a
 19 family receiving assistance under a
 20 State program funded under this part,
 21 in order to engage in a work activity,
 22 shall not displace any employee or po-
 23 sition (including partial displacement,
 24 such as a reduction in the hours of
 25 nonovertime work, wages, or employ-

1 ment benefits) or fill any unfilled va-
2 cancy.

3 “(II) PROHIBITIONS.—A work
4 activity engaged in under a program
5 operated with funds provided under
6 this paragraph shall not impair any
7 existing contract for services, be in-
8 consistent with any existing law, regu-
9 lation, or collective bargaining agree-
10 ment, or infringe upon the recall
11 rights or promotional opportunities of
12 any worker.

13 “(III) NO SUPPLANTING OF
14 OTHER HIRES.—A work activity en-
15 gaged in under a program operated
16 with funds provided under this para-
17 graph shall be in addition to any ac-
18 tivity that otherwise would be avail-
19 able and shall not supplant the hiring
20 of an employed worker not funded
21 under such program.

22 “(IV) ENFORCING ANTIDIS-
23 PLACEMENT PROTECTIONS.—

24 “(aa) IN GENERAL.—The
25 State shall establish and main-

tain an impartial grievance procedure to resolve any complaints alleging violations of the requirements of subclause (I), (II), or (III) within 60 days of receipt of the complaint and, if a decision is adverse to the party who filed such grievance or no decision has been reached, provide for the completion of an arbitration procedure within 75 days of receipt of the complaint or the adverse decision or conclusion of the 60-day period, whichever is earlier.

“(bb) APPEALS.—Appeals may be made to the Secretary who shall make a decision within 75 days.

“(cc) REMEDIES.—Remedies for a violation of the requirements of subclause (I), (II), or (III) shall include termination or suspension of payments, prohibition of the placement of the participant, reinstatement of an em-

1 employee, and other relief to make
2 an aggrieved employee whole.

3 “(dd) LIMITATION ON
4 PLACEMENT.—If a grievance is
5 filed regarding a proposed place-
6 ment of a participant, such place-
7 ment shall not be made unless
8 such placement is consistent with
9 the resolution of the grievance
10 pursuant to this subclause.”.

11 (2) STATE PLAN REQUIREMENT.—Section
12 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended
13 by adding at the end the following:

14 “(vii) In the case of a State that re-
15 ceives a welfare-to-work grant under sec-
16 tion 403(a)(5), ensure compliance with the
17 nondisplacement requirements of subpara-
18 graph (I)(i) of that section.”.

19 (b) APPLICATION OF WORKPLACE LAWS TO WEL-
20 FARE RECIPIENTS.—Notwithstanding any other provision
21 of law, workplace laws, including the Fair Labor Stand-
22 ards Act of 1938 (29 U.S.C. 201 et seq.), the Occupa-
23 tional Safety and Health Act of 1970 (29 U.S.C. 651 et
24 seq.), title VII of the Civil Rights Act of 1964 (42 U.S.C.
25 2000e et seq.), and the Americans with Disabilities Act

1 of 1990 (42 U.S.C. 12101 et seq.), shall apply to an indi-
 2 vidual who is a recipient of assistance under the temporary
 3 assistance to needy families program funded under part
 4 A of title IV of the Social Security Act (42 U.S.C. 601
 5 et seq.) in the same manner as such laws apply to other
 6 workers. The fact that an individual who is a recipient
 7 of assistance under the temporary assistance to needy
 8 families program is participating in, or seeking to partici-
 9 pate in work activities under that program in satisfaction
 10 of the work activity requirements of the program, shall
 11 not deprive the individual of the protection of any Federal,
 12 State, or local workplace law.

13 **SEC. 604. RESEARCH AND DEVELOPMENT.**

14 (a) LONGITUDINAL STUDIES OF TANF RECIPI-
 15 ENTS.—Section 413 (42 U.S.C. 613) is amended by strik-
 16 ing subsections (d) and (e) and inserting the following:

17 “(d) LONGITUDINAL STUDIES OF TANF APPLI-
 18 CANTS AND RECIPIENTS TO DETERMINE THE FACTORS
 19 THAT CONTRIBUTE TO POSITIVE EMPLOYMENT AND
 20 FAMILY OUTCOMES.—

21 “(1) IN GENERAL.—The Secretary, directly or
 22 through grants, contracts, or interagency agree-
 23 ments, shall conduct longitudinal studies in 10
 24 States of a representative sample of families that re-
 25 ceive, and applicants for, assistance in a State pro-

1 gram funded under this part or under a program
2 funded with qualified State expenditures (as defined
3 in section 409(a)(7)(B)(i)).

4 “(2) REQUIREMENTS.—The studies conducted
5 under this subsection shall follow families that leave
6 assistance, those that receive assistance throughout
7 the study period, and those diverted from assistance
8 programs. The studies shall gather information on—

9 “(A) family and adult demographics (in-
10 cluding race, ethnicity, primary language, bar-
11 riers to employment, educational status of
12 adults, prior work history, and prior history of
13 welfare receipt);

14 “(B) family income (including earnings,
15 unemployment compensation, and child sup-
16 port);

17 “(C) benefit receipt (including benefits
18 under the food stamp program, the medicaid
19 program, the State children’s health insurance
20 program, earned income tax credits, and hous-
21 ing assistance);

22 “(D) reasons for leaving or returning to
23 assistance programs;

1 “(E) work participation status and activi-
2 ties, including the scope and duration of work
3 activities;

4 “(F) sanction status (including reasons for
5 sanction);

6 “(G) time limit status (including months
7 remaining on Federal and State time limits);

8 “(H) recipient views on program participa-
9 tion; and

10 “(I) other measures of family well-being
11 over a 5-year period.

12 “(3) COMPARABILITY.—The Secretary shall to
13 the extent possible ensure that the studies produce
14 comparable results and information.

15 “(4) REPORTS.—The Secretary shall publish—

16 “(A) not later than December 31, 2006,
17 interim findings from at least 12 months of lon-
18 gitudinal data; and

19 “(B) not later than December 31, 2008,
20 findings from at least 36 months of longitudinal
21 data.

22 “(e) LONGITUDINAL STUDIES OF EMPLOYMENT AND
23 EARNINGS OF TANF LEAVERS.—

24 “(1) IN GENERAL.—The Secretary, directly or
25 through grants, contracts, or interagency agree-

1 ments shall conduct a study in each eligible State of
 2 a statistically relevant cohort of individuals who
 3 leave the State program funded under this part dur-
 4 ing fiscal year 2004 and individuals who leave the
 5 program during fiscal year 2006, which uses State
 6 unemployment insurance data to track the employ-
 7 ment and earnings status of the individuals during
 8 the 3-year period beginning at the time the individ-
 9 uals leave the program.

10 “(2) REPORTS.—The Secretary shall annually
 11 publish the findings of the studies conducted pursu-
 12 ant to paragraph (1) and shall annually publish the
 13 earnings data used in making determinations under
 14 section 407(b).”.

15 (b) EXTENSION OF FUNDING OF STUDIES AND DEM-
 16 ONSTRATIONS.—Section 413(h) (42 U.S.C. 613(h)) is
 17 amended to read as follows:

18 “(h) FUNDING OF STUDIES AND DEMONSTRA-
 19 TIONS.—Out of any money in the Treasury of the United
 20 States not otherwise appropriated, there are appropriated
 21 \$15,000,000 for each fiscal year beginning with 1997 for
 22 the purpose of paying—

23 “(1) the cost of conducting the research de-
 24 scribed in subsection (a);

1 “(2) the cost of developing and evaluating inno-
 2 vative approaches for reducing welfare dependency
 3 and increasing the well-being of minor children
 4 under subsection (b);

5 “(3) the cost of conducting studies described in
 6 subsections (d) and (e);

7 “(4) the Federal share of any State-initiated
 8 study approved under subsection (f); and

9 “(5) an amount determined by the Secretary to
 10 be necessary to operate and evaluate demonstration
 11 projects, relating to this part, that are in effect or
 12 approved under section 1115 as of August 22, 1996,
 13 and are continued after such date.”.

14 (c) INCLUSION OF DISABILITY STATUS IN INFORMA-
 15 TION STATES REPORT ABOUT TANF FAMILIES.—Section
 16 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended by
 17 adding at the end the following:

18 “(xviii) Whether the head of the fam-
 19 ily has a physical or mental impairment.”.

20 (d) ANNUAL REPORT TO CONGRESS TO INCLUDE
 21 GREATER DETAIL ABOUT STATE PROGRAMS FUNDED
 22 UNDER TANF.—Section 411(b)(3) (42 U.S.C. 611(b)(3))
 23 is amended to read as follows:

24 “(3) the characteristics of each State program
 25 funded under this part, including, with respect to

1 each program funded with amounts provided under
2 this part or with amounts the expenditure of which
3 is counted as a qualified State expenditure for pur-
4 poses of section 409(a)(7)—

5 “(A) the name of the program;

6 “(B) whether the program is authorized at
7 a sub-State level (such as at the county level);

8 “(C) the purpose of the program;

9 “(D) the main activities of the program;

10 “(E) the total amount received by the pro-
11 gram from amounts provided under this part;

12 “(F) the total of the amounts received by
13 the program that are amounts the expenditure
14 of which are counted as qualified State expendi-
15 tures for purposes of section 409(a)(7);

16 “(G) the total funding level of the pro-
17 gram;

18 “(H) the total number of individuals
19 served by the program, and the number of such
20 individuals served specifically with funds pro-
21 vided under this part or with amounts the ex-
22 penditure of which are counted as qualified
23 State expenditures for purposes of section
24 409(a)(7); and

1 “(I) the eligibility criteria for participation
2 in the program;”.

3 (e) ENHANCEMENT OF UNDERSTANDING OF THE
4 REASONS INDIVIDUALS LEAVE STATE TANF PRO-
5 GRAMS.—

6 (1) CASE CLOSURE REASONS.—

7 (A) IN GENERAL.—Section 411(a)(1) (42
8 U.S.C. 611(a)(1)) is amended by adding at the
9 end the following:

10 “(C) DEVELOPMENT OF COMPREHENSIVE
11 LIST OF CASE CLOSURE REASONS.—The Sec-
12 retary shall develop, in consultation with States
13 and policy experts, a comprehensive list of rea-
14 sons why individuals leave State programs
15 funded under this part. The list shall be aimed
16 at substantially reducing the number of case
17 closures under the programs for which a reason
18 is not known.”.

19 (B) PUBLIC COMMENT.—Not later than
20 December 31, 2005, the Secretary of Health
21 and Human Services shall publish for public
22 comment regulations that list the new case clo-
23 sure reasons to be used in accordance with sec-
24 tion 411(a)(1)(A)(xvi)(VI) of the Social Secu-

1 rity Act (42 U.S.C. 611(a)(1)(A)(xvi)(VI) (as
2 amended by paragraph (2)).

3 (2) INCLUSION IN QUARTERLY STATE RE-
4 PORTS.—Section 411(a)(1)(A)(xvi) (42 U.S.C.
5 611(a)(1)(A)(xvi)) is amended—

6 (A) in subclause (IV), by striking “or” at
7 the end;

8 (B) in subclause (V), by striking the period
9 at the end and inserting “; or”; and

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

11 “(VI) a reason specified in the
12 list developed under subparagraph
13 (C).”.

14 (f) STANDARDIZED STATE PLANS.—Section 402 (42
15 U.S.C. 602) is amended by adding at the end the fol-
16 lowing:

17 “(d) STANDARDIZED FORMAT.—Not later than Feb-
18 ruary 1, 2004, the Secretary, after consulting with the
19 States, shall promulgate regulations for public comment
20 that establish a standardized format which States shall
21 use to submit plans under subsection (a) for fiscal year
22 2005 and thereafter.”.

23 (g) ANNUAL STUDY AND REPORT ON TERRITORY
24 PROGRAMS EXPENDITURES AND ECONOMIC CONDI-
25 TIONS.—

1 (1) ANNUAL EXPENDITURE REPORTS.—Begin-
2 ning with fiscal year 2004, the Secretary of Health
3 and Human Services annually shall collect and re-
4 port to Congress expenditure data with respect to a
5 fiscal year for Puerto Rico, the Virgin Islands,
6 Guam, and American Samoa concerning temporary
7 assistance to needy programs funded under part A
8 of title IV of the Social Security Act (42 U.S.C. 601
9 et seq.) that are conducted by such territories and
10 any related programs conducted by such territories
11 that are designed to provide assistance to needy
12 families.

13 (2) ANNUAL REPORT ON ECONOMIC CONDI-
14 TIONS.—Beginning with fiscal year 2004, the Direc-
15 tor of the Bureau of the Census shall submit to Con-
16 gress annual reports on the economic conditions in
17 Puerto Rico, the Virgin Islands, Guam, and Amer-
18 ican Samoa. Each report shall include information
19 concerning the impact of the economic conditions de-
20 scribed in the report on recipients and former recipi-
21 ents of assistance under temporary assistance to
22 needy programs funded under part A of title IV of
23 the Social Security Act (42 U.S.C. 601 et seq.) that
24 are conducted by such territories.

1 **SEC. 605. GAO STUDY ON IMPACT OF BAN ON SSI BENEFITS**
2 **FOR LEGAL IMMIGRANTS.**

3 (a) STUDY.—The Comptroller General of the United
4 States shall conduct a study to determine the impact of
5 the prohibition under section 402 of the Personal Respon-
6 sibility and Work Opportunity Reconciliation Act of 1996
7 (8 U.S.C. 1612) with respect to the eligibility of qualified
8 aliens (as defined in section 431 of such Act (8 U.S.C.
9 1641)) for benefits under the supplemental security in-
10 come program under title XVI of the Social Security Act
11 (42 U.S.C. 1381 et seq.), including supplementary pay-
12 ments pursuant to an agreement for Federal administra-
13 tion under section 1616(a) of such Act (42 U.S.C. 1382e)
14 and payments pursuant to an agreement entered into
15 under section 212(b) of Public Law 93–66.

16 (b) REPORT.—Not later than 1 year after the date
17 of enactment of this Act, the Comptroller General shall
18 submit a report to Congress on the study conducted under
19 subsection (a) that includes such recommendations for leg-
20 islative action as the Comptroller General determines ap-
21 propriate.

1 **SEC. 606. GRANTS TO IMPROVE STATES' POLICIES AND**
2 **PROCEDURES FOR ASSISTING INDIVIDUALS**
3 **WITH BARRIERS TO WORK.**

4 Section 403(a) (42 U.S.C. 603(a)), as amended by
5 section 207, is amended by adding at the end the fol-
6 lowing:

7 “(8) GRANTS TO IMPROVE STATES’ POLICIES
8 AND PROCEDURE FOR ASSISTING INDIVIDUALS WITH
9 BARRIERS TO WORK.—

10 “(A) AUTHORITY TO MAKE GRANTS.—

11 “(i) IN GENERAL.—The Secretary
12 shall make grants to each State for the pe-
13 riod of fiscal years 2004 through 2007 and
14 to be used in accordance with the require-
15 ments of this paragraph.

16 “(ii) AMOUNT OF GRANT.—

17 “(I) IN GENERAL.—Subject to
18 subclause (II) and clauses (iii) and
19 (iv), the Secretary shall have discre-
20 tion to set the amount of each State’s
21 grant under this paragraph.

22 “(II) MINIMUM AND MAXIMUM
23 GRANTS.—No grant made under this
24 paragraph shall be less than \$750,000
25 or more than \$3,000,000.

1 “(iii) LIMITATION.—The total amount
2 of grants provided to States under this
3 paragraph for the period of fiscal years
4 2004 through 2007 shall not exceed
5 \$75,000,000.

6 “(iv) CRITERIA FOR DETERMINING
7 AMOUNT OF GRANT.—In determining the
8 amount of a State’s grant under this para-
9 graph, the Secretary shall take into ac-
10 count the size of the population of the
11 State and the extent to which the advisory
12 review panel established with funds made
13 available under the grant will need to re-
14 view diverse policies among counties or
15 other sub-State entities within the State
16 that have authority to design and imple-
17 ment programs under the State TANF
18 program.

19 “(B) ESTABLISHMENT OF ADVISORY RE-
20 VIEW PANEL.—Each State shall use the funds
21 provided under a grant made under subpara-
22 graph (A) to establish an advisory review panel
23 to improve the State’s policies and procedures
24 for assisting individuals under the State TANF
25 program who have barriers to work.

1 “(C) MEMBERSHIP.—

2 “(i) IN GENERAL.—A advisory review
3 panel established under this paragraph
4 shall consist of the following:

5 “(I) Representatives of the State
6 agency responsible for administering
7 the State TANF program.

8 “(II) Representatives from other
9 States agencies with expertise in pro-
10 viding services to individuals with dis-
11 abilities or other barriers to work,
12 such as vocational rehabilitation serv-
13 ices.

14 “(III) Parents with barriers to
15 work who are recipients of cash assist-
16 ance or support services under the
17 State TANF program.

18 “(IV) Individuals or representa-
19 tives of entities with expertise in de-
20 signing and implementing policies and
21 programs to successfully serve individ-
22 uals with barriers to work.

23 “(ii) CHAIR.—

24 “(I) IN GENERAL.—Subject to
25 subclause (II), the Chair of the panel

1 shall be appointed by the chief execu-
2 tive officer of the State.

3 “(II) LIMITATION.—The Chair
4 shall not be a State employee.

5 “(iii) COORDINATION WITH EXISTING
6 PANELS.—A State should coordinate the
7 establishment of an advisory review panel
8 under this paragraph with other advisory
9 panels established as of October 1, 2003,
10 that serve recipients of assistance under
11 the State TANF program.

12 “(D) DUTIES.—

13 “(i) IN GENERAL.—In seeking to im-
14 prove a State’s policies and procedures for
15 assisting individuals with barriers to work,
16 an advisory review panel established under
17 this paragraph shall hold meetings, hire
18 support staff, enter into contracts for inde-
19 pendent evaluations, and submit the re-
20 ports required under subparagraph (E).

21 “(ii) SITE VISITS; PUBLIC HEAR-
22 INGS.—To the extent it determines appro-
23 priate, an advisory review panel established
24 under this paragraph may—

1 “(I) conduct site visits to State
2 or local agencies responsible for ad-
3 ministering the State TANF program;
4 and

5 “(II) hold public hearings.

6 “(iii) RULE OF CONSTRUCTION.—
7 Nothing in this paragraph shall be con-
8 strued as authorizing an advisory review
9 panel established under this paragraph to
10 resolve complaints filed by individuals or
11 entities related to possible violations of
12 laws protecting civil rights.

13 “(E) REPORTS.—An advisory review panel
14 established under this paragraph shall submit
15 to the Secretary on the dates described below
16 the following reports:

17 “(i) On December 31, 2004, a report
18 identifying areas in the State where im-
19 provement is needed with respect to assist-
20 ing individuals with barriers to work and
21 steps the State is taking or plans to take
22 to make those improvements.

23 “(ii) On December 31, 2005, a
24 progress report on how the improvements
25 identified in the report described in clause

1 (i) are being made and regarding whether
2 additional improvements are needed, and if
3 so, the plans to make those improvements.

4 “(iii) On December 31, 2006, a final
5 report describing how the State’s programs
6 funded with funds made available under
7 the State TANF program have been im-
8 proved to assist individuals with barriers to
9 work and identifying ongoing efforts that
10 will be needed to maintain the improve-
11 ments made.

12 “(F) DEFINITIONS.—In this paragraph:

13 “(i) BARRIERS TO WORK.—The term
14 ‘barriers to work’ includes physical and
15 mental impairments (including learning
16 disabilities), domestic and sexual violence,
17 substance abuse, limited English pro-
18 ficiency, or low literacy levels. Such term
19 may include transportation, child care and
20 caring for a family member with a severe
21 disability if those issues create a functional
22 barrier to work for a recipient of assist-
23 ance under the State TANF program.

24 “(ii) STATE TANF PROGRAM.—The
25 term ‘State TANF program’ means the

1 State program funded under this part and
 2 a program funded with qualified State ex-
 3 penditures (as defined in section
 4 409(a)(7)(B)(i)).

5 “(G) APPROPRIATIONS.—

6 “(i) IN GENERAL.—Out of any money
 7 in the Treasury of the United States not
 8 otherwise appropriated, there are appro-
 9 priated to carry out this paragraph,
 10 \$75,000,000 for the period of fiscal years
 11 2004 through 2007.

12 “(ii) TECHNICAL ASSISTANCE.—Of
 13 the amount appropriated under clause (i),
 14 \$7,000,000 shall be used by the Secretary
 15 to provide technical assistance on barriers
 16 to work and related issues.”.

17 **SEC. 607. ENSURING A PROFESSIONAL TANF PROGRAM**
 18 **STAFF.**

19 (a) STATE PLAN REQUIREMENT.—Section
 20 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended by
 21 adding at the end the following:

22 “(v) The document shall outline how
 23 the State intends to ensure a professional
 24 workforce with the resources, skills, and
 25 expertise necessary to successfully carry

1 out the program, including an outline of
2 the State's plans to provide program staff
3 with training on program information and
4 services and information on referral of re-
5 cipients to appropriate programs and serv-
6 ices for which recipients are eligible.”.

7 (b) GAO SURVEY, EVALUATION, AND REPORT.—

8 (1) IN GENERAL.—The Comptroller General of
9 the United States shall conduct a thorough survey
10 and evaluation of State activities on workforce devel-
11 opment for professional staff delivering benefits or
12 services under the temporary assistance to needy
13 families program under part A of title IV of the So-
14 cial Security Act (42 U.S.C. 601 et seq.) or services
15 or benefits related to that program.

16 (2) REQUIREMENTS.—The survey and evalua-
17 tion conducted under paragraph (1) shall be de-
18 signed to include the following information:

19 (A) Information on the qualifications, edu-
20 cation, and training for the staff described in
21 paragraph (1), and the amount of turnover
22 among such staff.

23 (B) An assessment of the range of case-
24 loads such staff is responsible for and the ef-
25 fects of caseloads on family outcomes and satis-

1 faction with the temporary assistance to needy
2 families program.

3 (2) REPORT.—Not later than 1 year after the
4 date of enactment of this Act, the Comptroller Gen-
5 eral shall submit a report to Congress on the survey
6 and evaluation conducted under paragraph (1).

7 **TITLE VII—EFFECTIVE DATE**

8 **SEC. 701. EFFECTIVE DATE.**

9 (a) IN GENERAL.—Except as otherwise provided in
10 this Act, the amendments made by this Act shall take ef-
11 fect on October 1, 2003, and shall apply to payments
12 under part A of title IV of the Social Security Act for
13 calendar quarters beginning on or after such date, without
14 regard to whether regulations to implement the amend-
15 ments are promulgated by such date.

16 (b) DELAY PERMITTED IF STATE LEGISLATION RE-
17 QUIRED.—In the case of a State plan under section 402(a)
18 of the Social Security Act which the Secretary of Health
19 and Human Services determines requires State legislation
20 (other than legislation appropriating funds) in order for
21 the plan to meet the additional requirements imposed by
22 the amendments made by this Act, the State plan shall
23 not be regarded as failing to comply with the requirements
24 of such section 402(a) solely on the basis of the failure
25 of the plan to meet such additional requirements before

1 the 1st day of the 1st calendar quarter beginning after
2 the close of the 1st regular session of the State legislature
3 that begins after the date of enactment of this Act. For
4 purposes of the previous sentence, in the case of a State
5 that has a 2-year legislative session, each year of such ses-
6 sion shall be deemed to be a separate regular session of
7 the State legislature.

○