

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
To H.R. 4700**

**OFFERED BY MR. CARDIN OF MARYLAND,
MS. WOOLSEY OF CALIFORNIA, AND
MR. KIND OF WISCONSIN**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Next Step in Reform-
3 ing Welfare Act”.

4 SEC. 2. TABLE OF CONTENTS.

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

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Amendment of Social Security Act.

TITLE I—CONTINUATION OF CERTAIN GRANTS

- Sec. 101. Family assistance grants.
- Sec. 102. Bonus to reward high performance States.
- Sec. 103. Extension of supplemental grants.
- Sec. 104. Additional grants for States with low Federal funding per poor child.
- Sec. 105. Contingency Fund.
- Sec. 106. Eligibility of Puerto Rico, the United States Virgin Islands, and Guam for the supplemental grant for population increases, the Contingency Fund, and mandatory child care funding.
- Sec. 107. Direct funding and administration by Indian tribes.

TITLE II—POVERTY REDUCTION

- Sec. 201. Additional purpose of TANF program.
- Sec. 202. Child poverty reduction grants.
- Sec. 203. Review and conciliation process.
- Sec. 204. Replacement of caseload reduction credit with employment credit.
- Sec. 205. States to receive partial credit toward work participation rate for recipients engaged in part-time work.
- Sec. 206. TANF recipients who qualify for supplemental security income benefits removed from work participation rate calculation for entire year.



- Sec. 207. State option to include recipients of substantial child care or transportation assistance in work participation rate.
- Sec. 208. Effective date.

TITLE III—REQUIRING AND REWARDING WORK

- Sec. 301. Effect of wage subsidies on 5-year limit.
- Sec. 302. Child care.
- Sec. 303. Competitive grants to improve access to various benefit programs.
- Sec. 304. Assessments for TANF recipients.
- Sec. 305. Applicability of workplace laws.
- Sec. 306. Work participation requirements.
- Sec. 307. Hours of work-related activities.
- Sec. 308. State option to require recipients to engage in work for 40 hours per week.
- Sec. 309. Revision and simplification of the transitional medical assistance program (tma).
- Sec. 310. Ensuring TANF funds are not used to displace public employees.

TITLE IV—HELPING WELFARE LEAVERS CLIMB THE EMPLOYMENT LADDER

- Sec. 401. State plan requirement on employment advancement.
- Sec. 402. Employment Advancement Fund.
- Sec. 403. Elimination of limit on number of TANF recipients enrolled in vocational education or high school who may be counted towards the work participation requirement.
- Sec. 404. Counting of up to 2 years of vocational or educational training (including postsecondary education), work-study, and related internships as work activities.
- Sec. 405. Limited counting of certain activities leading to employment as work activity.
- Sec. 406. Clarification of authority of States to use TANF funds carried over from prior years to provide TANF benefits and services.
- Sec. 407. Definition of assistance.

TITLE V—PROMOTING FAMILY FORMATION AND RESPONSIBLE PARENTING

- Sec. 501. Family Formation Fund.
- Sec. 502. Distribution of child support collected by States on behalf of children receiving certain welfare benefits.
- Sec. 503. Elimination of separate work participation rate for 2-parent families.
- Sec. 504. Ban on imposition of stricter eligibility criteria for 2-parent families; State opt-out.
- Sec. 505. Extension of abstinence education funding under maternal and child health program.

TITLE VI—RESTORING FAIRNESS FOR IMMIGRANT FAMILIES

- Sec. 601. Treatment of aliens under the TANF program.
- Sec. 602. Optional coverage of legal immigrants under the medicaid program and SCHIP.
- Sec. 603. Eligibility of disabled children who are qualified aliens for SSI.

TITLE VII—ENSURING STATE ACCOUNTABILITY



- Sec. 701. Inflation adjustment of maintenance-of-effort requirement.
- Sec. 702. Ban on using Federal TANF funds to replace State and local spending that does not meet the definition of qualified State expenditures.

TITLE VIII—IMPROVING INFORMATION ABOUT TANF RECIPIENTS AND PROGRAMS

- Sec. 801. Extension of funding of studies and demonstrations.
- Sec. 802. Longitudinal studies of employment and earnings of TANF leavers.
- Sec. 803. Inclusion of disability status in information States report about TANF families.
- Sec. 804. Annual report to the Congress to include greater detail about State programs funded under TANF.
- Sec. 805. Enhancement of understanding of the reasons individuals leave State TANF programs.
- Sec. 806. Standardized State plans.
- Sec. 807. Study by the Census Bureau.
- Sec. 808. Access to welfare; welfare outcomes.

TITLE IX—EFFECTIVE DATE

- Sec. 901. Effective date.

1 SEC. 3. AMENDMENT OF SOCIAL SECURITY ACT.

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

8 TITLE I—CONTINUATION OF
9 CERTAIN GRANTS

10 SEC. 101. FAMILY ASSISTANCE GRANTS.

11 (a) IN GENERAL.—Section 403(a)(1)(A) (42 U.S.C.
 12 603(a)(1)(A)) is amended by striking “1996” and all that
 13 follows through “2002” and inserting “2003 through
 14 2007”.



1 (b) INFLATION ADJUSTMENT.—Section 403(a)(1)
2 (42 U.S.C. 603(a)(1)) is amended—

3 (1) in subparagraph (B)—

4 (A) by striking “means the greatest of—”
5 and inserting “means, with respect to a fiscal
6 year specified in subparagraph (A) of this
7 paragraph—

8 “(i) the greatest of—”;

9 (B) by redesignating each of clauses (i),
10 (ii)(I), (ii)(II), and (iii) as subclauses (I),
11 (II)(aa), (II)(bb), and (III), respectively;

12 (C) by indenting each of the provisions
13 specified in subparagraph (B) of this paragraph
14 2 additional ems to the right;

15 (D) by striking the period and inserting “;
16 multiplied by”; and

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

18 “(ii) 1.00, plus the inflation percent-
19 age (as defined in subparagraph (F) of
20 this paragraph) in effect for the fiscal year
21 specified in subparagraph (A) of this para-
22 graph.”; and

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

24 “(F) INFLATION PERCENTAGE.—For pur-
25 poses of subparagraph (B) of this paragraph,



1 the inflation percentage applicable to a fiscal
2 year is the percentage (if any) by which—

3 “(i) the average of the Consumer
4 Price Index (as defined in section 1(f)(5)
5 of the Internal Revenue Code of 1986) for
6 the 12-month period ending on September
7 30 of the immediately preceding fiscal
8 year; exceeds

9 “(ii) the average of the Consumer
10 Price Index (as so defined) for the 12-
11 month period ending on September 30,
12 2001.”.

13 **SEC. 102. BONUS TO REWARD HIGH PERFORMANCE**
14 **STATES.**

15 Section 403(a)(4) (42 U.S.C. 603(a)(4)) is
16 amended—

17 (1) in subparagraph (D), by striking
18 “\$1,000,000,000” and inserting “\$1,800,000,000”;

19 (2) in subparagraph (E), by striking “and
20 2003” and inserting “2003, 2004, 2005, 2006, and
21 2007”; and

22 (3) in subparagraph (F), by striking “2003
23 \$1,000,000,000” and inserting “2002
24 \$800,000,000, and for fiscal years 2003 through
25 2007 \$1,000,000,000.”.



1 **SEC. 103. EXTENSION OF SUPPLEMENTAL GRANTS.**

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

4 (1) in subparagraph (A)—

5 (A) by striking “and” at the end of clause

6 (i);

7 (B) by striking the period at the end of
8 clause (ii) and inserting “; and”; and

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

10 “(iii) for each of fiscal years 2003
11 through 2007, a grant in an amount equal
12 to the amount required to be paid to the
13 State under this paragraph in fiscal year
14 2001.”;

15 (2) in subparagraph (E), by striking “1998”
16 and all that follows and inserting “2003 through
17 2007 \$1,597,250,000 for grants under this para-
18 graph.”; and

19 (3) by striking subparagraph (G).

20 **SEC. 104. ADDITIONAL GRANTS FOR STATES WITH LOW**

21 **FEDERAL FUNDING PER POOR CHILD.**

22 Section 403(a) (42 U.S.C. 603(a)) is amended by
23 adding at the end the following:

24 “(6) ADDITIONAL GRANTS FOR STATES WITH LOW
25 FEDERAL FUNDING PER POOR CHILD.—



1 “(A) IN GENERAL.—The Secretary shall
2 make a grant pursuant to this paragraph to a
3 State—

4 “(i) for fiscal year 2003, if the State
5 is an inadequately poverty-funded State for
6 fiscal year 2002; and

7 “(ii) for any of fiscal years 2004
8 through 2007, if the State is an inad-
9 equately poverty-funded State for any prior
10 fiscal year after fiscal year 2002.

11 “(B) INADEQUATELY POVERTY-FUNDED
12 STATE.—For purposes of this paragraph, a
13 State is an inadequately poverty-funded State
14 for a particular fiscal year if—

15 “(i) the total amount of the grants
16 made to the State under paragraph (1),
17 paragraph (3), and this paragraph for the
18 particular fiscal year, divided by the num-
19 ber of children in poverty in the State with
20 respect to the particular fiscal year is less
21 than 75 percent of the total amount of
22 grants made to all eligible States under
23 paragraph (1), paragraph (3), and this
24 paragraph for the particular fiscal year, di-
25 vided by the total number of children living



1 in poverty in all eligible States with respect
2 to the particular fiscal year; and

3 “(ii) the total of the amounts paid to
4 the State under this subsection for all
5 prior fiscal years that have not been ex-
6 pended by the State by the end of the pre-
7 ceding fiscal year is less than 50 percent of
8 State family assistance grant for the par-
9 ticular fiscal year.

10 “(C) AMOUNT OF GRANT.—The amount of
11 the grant to be made under this paragraph to
12 a State for a particular fiscal year shall be—

13 “(i) if the particular fiscal year is fis-
14 cal year 2003, an amount equal to—

15 “(I) the number of children in
16 poverty in the State for the then pre-
17 ceding fiscal year, divided by the total
18 number of children in poverty in all
19 States that are inadequately poverty-
20 funded States for the then preceding
21 fiscal year; multiplied by

22 “(II) the amount appropriated
23 pursuant to subparagraph (G) for the
24 particular fiscal year; or



1 “(ii) if the particular fiscal year is any
 2 of fiscal years 2004 through 2007, an
 3 amount equal to—

4 “(I) the amount required to be
 5 paid to the State under this para-
 6 graph for the then preceding fiscal
 7 year; plus

8 “(II) if the State is an inad-
 9 equately poverty-funded State for the
 10 then preceding fiscal year—

11 “(aa) the number of children
 12 in poverty in the State for the
 13 then preceding fiscal year, di-
 14 vided by the total number of chil-
 15 dren in poverty in all States that
 16 are inadequately poverty-funded
 17 States for the then preceding fis-
 18 cal year; multiplied by

19 “(bb) the amount appro-
 20 priated pursuant to subpara-
 21 graph (G) for the particular fis-
 22 cal year.

23 “(D) USE OF GRANT.—A State to which a
 24 grant is made under this paragraph shall use



1 the grant for any purpose for which a grant
2 made under this part may be used.

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

4 “(i) CHILDREN IN POVERTY.—The
5 term ‘children in poverty’ means, with re-
6 spect to a State and a fiscal year, the
7 number of children residing in the State
8 who had not attained 18 years of age and
9 whose family income was less than the pov-
10 erty line then applicable to the family, as
11 of the end of the fiscal year.

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

17 “(F) FAMILY INCOME DETERMINATIONS.—
18 For purposes of this paragraph, family income
19 includes cash income, except cash benefits from
20 means-tested public programs and child support
21 payments.

22 “(G) APPROPRIATIONS.—

23 “(i) IN GENERAL.—Out of any money
24 in the Treasury of the United States not



1 otherwise appropriated, there are appro-
2 priated for grants under this paragraph—

3 “(I) \$65,000,000 for fiscal year
4 2003;

5 “(II) \$130,000,000 for fiscal
6 year 2004;

7 “(III) \$195,000,000 for fiscal
8 year 2005;

9 “(IV) \$260,000,000 for fiscal
10 year 2006; and

11 “(V) \$325,000,000 for fiscal year
12 2007.

13 “(ii) AVAILABILITY.—Amounts made
14 available under clause (i) shall remain
15 available until expended.”.

16 **SEC. 105. CONTINGENCY FUND.**

17 (a) IN GENERAL.—Section 403(b) (42 U.S.C.
18 603(b)) is amended—

19 (1) in paragraph (2), by striking “1997” and
20 all that follows and inserting “2003 through 2007
21 such sums as are necessary for payments under this
22 subsection”; and

23 (2) in paragraph (3), by striking subparagraph
24 (C) and inserting the following:



1 “(C) LIMITATION ON MONTHLY PAYMENT
2 TO A STATE.—The total amount paid to a sin-
3 gle State under subparagraph (A) during a fis-
4 cal year shall not exceed 20 percent of the
5 State family assistance grant.”.

6 (b) APPLICATION OF REGULAR MAINTENANCE OF
7 EFFORT REQUIREMENT.—Section 409(a)(10) (42 U.S.C.
8 609(a)(10)) is amended by striking “100 percent of his-
9 toric State expenditures (as defined in paragraph
10 (7)(B)(iii) of this subsection)” and inserting “the applica-
11 ble percentage (as defined in paragraph (7)(B)(ii) of this
12 subsection) of inflation-adjusted historic State expendi-
13 tures (as defined in paragraph (7)(B)(vi) of this sub-
14 section)”.

15 (c) MODIFICATION OF UNEMPLOYMENT TEST TO
16 BECOME NEEDY STATE.—Section 403(b)(5)(A) (42
17 U.S.C. 603(b)(5)(A)) is amended to read as follows:

18 “(A) the average rate of total unemploy-
19 ment in the State (seasonally adjusted) for the
20 period consisting of the most recent 3 months
21 for which data are available has increased by
22 the lesser of 1.5 percentage points or by 50 per-
23 cent over the corresponding 3-month period in
24 the preceding fiscal year; or”.



1 (d) MODIFICATION OF FOOD STAMP TEST TO BE-
2 COME NEEDY STATE.—Section 403(b)(5)(B) (42 U.S.C.
3 603(b)(5)(B)) is amended to read as follows:

4 “(B) as determined by the Secretary of
5 Agriculture, the monthly average number of
6 households (as of the last day of each month)
7 that participated in the food stamp program in
8 the State in the then most recently concluded 3-
9 month period for which data are available ex-
10 ceeds by at least 10 percent the monthly aver-
11 age number of households (as of the last day of
12 each month) in the State that participated in
13 the food stamp program in the corresponding 3-
14 month period in the preceding fiscal year.”.

15 (e) SIMPLIFICATION OF RECONCILIATION FOR-
16 MULA.—Section 403(b)(6) (42 U.S.C. 603(b)(6)) is
17 amended to read as follows:

18 “(6) ANNUAL RECONCILIATION.—

19 “(A) IN GENERAL.—Notwithstanding para-
20 graph (3), if the Secretary makes a payment to
21 a State under this subsection in a fiscal year,
22 then the State shall remit to the Secretary,
23 within 1 year after the end of the first subse-
24 quent period of 3 consecutive months for which



1 the State is not a needy State, an amount equal
2 to the amount (if any) by which—

3 “(i) the maintenance of effort level (as
4 defined in subparagraph (B)(i) of this
5 paragraph) for the fiscal year, plus the
6 State contribution (as defined in subpara-
7 graph (B)(ii) of this paragraph) in the fis-
8 cal year; exceeds

9 “(ii) the qualified State expenditures
10 (as defined in section 409(a)(7)(B)(i)) in
11 the fiscal year.

12 “(B) DEFINITIONS.—In subparagraph (A):

13 “(i) MAINTENANCE OF EFFORT
14 LEVEL.—The term “maintenance of effort
15 level” means, with respect to a State and
16 a fiscal year, an amount equal to the appli-
17 cable percentage of historic State expendi-
18 tures (as defined in section 409(a)(7)(B))
19 for the fiscal year.

20 “(ii) STATE CONTRIBUTION.—The
21 term ‘State contribution’ means, with re-
22 spect to a fiscal year—

23 “(I) the total amount paid to the
24 State under this subsection in the fis-
25 cal year; multiplied by



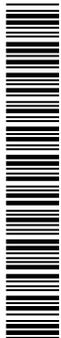
1 “(II) 1 minus the greater of 75
2 percent or the Federal medical assist-
3 ance percentage for the State (as de-
4 fined in section 1905(b)), divided by
5 the greater of 75 percent or the Fed-
6 eral medical assistance percentage for
7 the State (as defined in section
8 1905(b)).”.

9 (f) INCREASE IN NUMBER OF MONTHS FOR WHICH
10 STATE MAY QUALIFY FOR PAYMENTS.—Section
11 403(b)(4) (42 U.S.C. 603(b)(4)) is amended by striking
12 “2-month” and inserting “3-month”.

13 **SEC. 106. ELIGIBILITY OF PUERTO RICO, THE UNITED**
14 **STATES VIRGIN ISLANDS, AND GUAM FOR**
15 **THE SUPPLEMENTAL GRANT FOR POPU-**
16 **LATION INCREASES, THE CONTINGENCY**
17 **FUND, AND MANDATORY CHILD CARE FUND-**
18 **ING.**

19 (a) SUPPLEMENTAL GRANT FOR POPULATION IN-
20 CREASES.—

21 (1) IN GENERAL.—Section 403(a)(3)(D)(iii)
22 (42 U.S.C. 603(a)(3)(D)(iii)) is amended by striking
23 “and the District of Columbia.” and inserting “, the
24 District of Columbia, Puerto Rico, the United States
25 Virgin Islands, and Guam. For fiscal years begin-



1 ning after the effective date of this sentence, this
2 paragraph shall be applied and administered as if
3 the term ‘State’ included the Commonwealth of
4 Puerto Rico, the United States Virgin Islands, and
5 Guam for fiscal year 1998 and thereafter.”.

6 (2) GRANT PAYMENT DISREGARDED FOR PUR-
7 POSES OF SECTION 1108 LIMITATION.—Section
8 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by
9 inserting “, or any payment made to the Common-
10 wealth of Puerto Rico, the United States Virgin Is-
11 lands, or Guam under section 403(a)(3)” before the
12 period.

13 (b) CONTINGENCY FUND.—

14 (1) IN GENERAL.—Section 403(b)(7) (42
15 U.S.C. 603(b)(7)) is amended by striking “and the
16 District of Columbia” and inserting “, the District
17 of Columbia, the Commonwealth of Puerto Rico, the
18 United States Virgin Islands, and Guam.”.

19 (2) GRANT PAYMENT DISREGARDED FOR PUR-
20 POSES OF SECTION 1108 LIMITATION.—Section
21 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by
22 subsection (a)(2) of this section, is amended by in-
23 serting “or 403(b)” after “403(a)(3)” before the pe-
24 riod.

25 (c) CHILD CARE ENTITLEMENT FUNDS.—



1 (1) IN GENERAL.—Section 418(d) (42 U.S.C.
2 618(d)) is amended by striking “and the District of
3 Columbia” and inserting “, the District of Columbia,
4 the Commonwealth of Puerto Rico, the United
5 States Virgin Islands, and Guam”.

6 (2) AMOUNT OF PAYMENT.—

7 (A) GENERAL ENTITLEMENT.—Section
8 418(a)(1) (42 U.S.C. 618(a)(1)) is amended by
9 striking “the greater of—” and all that follows
10 and inserting the following:

11 “(A) in the case of the Commonwealth of
12 Puerto Rico, the United States Virgin Islands,
13 and Guam, 60 percent of the amount required
14 to be paid to the State for fiscal year 2001
15 under the Child Care and Development Block
16 Grant Act of 1990; or

17 “(B) in the case of any other State, the
18 greater of—

19 “(i) the total amount required to be
20 paid to the State under section 403 for fis-
21 cal year 1994 or 1995 (whichever is great-
22 er) with respect to expenditures for child
23 care under subsections (g) and (i) of sec-
24 tion 402 (as in effect before October 1,
25 1995); or



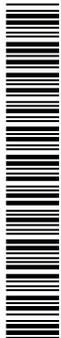
1 “(ii) the average of the total amounts
2 required to be paid to the State for fiscal
3 years 1992 through 1994 under the sub-
4 sections referred to in clause (i).”;

5 (B) ALLOTMENT OF REMAINDER.—Section
6 418(a)(2)(B) (42 U.S.C. 618(a)(2)(B)) is
7 amended to read as follows:

8 “(B) ALLOTMENTS TO STATES.—Of the
9 total amount available for payments to States
10 under this paragraph, as determined under sub-
11 paragraph (A) of this paragraph—

12 “(i) an amount equal to 65 percent of
13 the amount required to be paid to each of
14 the Commonwealth of Puerto Rico, the
15 United States Virgin Islands, and Guam
16 for fiscal year 2001 under the Child Care
17 and Development Block Grant Act of
18 1990, shall be allotted to the Common-
19 wealth of Puerto Rico, the United States
20 Virgin Islands, and Guam, respectively;
21 and

22 “(ii) the remainder shall be allotted
23 among the other States based on the for-
24 mula used for determining the amount of
25 Federal payments to each State under sec-



1 tion 403(n) of this Act (as in effect before
2 October 1, 1995).”.

3 (3) GRANT PAYMENT DISREGARDED FOR PUR-
4 POSES OF SECTION 1108 LIMITATION.—Section
5 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by
6 subsections (a)(2) and (b)(2) of this section, is
7 amended by striking “or 403(b)” and inserting “,
8 403(b), or 418”.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect on October 1, 2002, and shall
11 apply to expenditures for fiscal years beginning with fiscal
12 year 2003.

13 **SEC. 107. DIRECT FUNDING AND ADMINISTRATION BY IN-**
14 **DIAN TRIBES.**

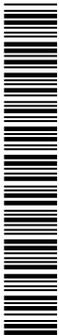
15 (a) TRIBAL FAMILY ASSISTANCE GRANT.—Section
16 412(a)(1) (42 U.S.C. 612(a)(1)) is amended by striking
17 “1997, 1998, 1999, 2000, and 2001” and inserting “2003
18 through 2007”.

19 (b) GRANTS FOR INDIAN TRIBES THAT RECEIVED
20 JOBS FUNDS.—Section 412(a)(2) (42 U.S.C. 612(a)(2))
21 is amended by striking “1997, 1998, 1999, 2000, and
22 2001” and inserting “2003 through 2007”.

23 **TITLE II—POVERTY REDUCTION**

24 **SEC. 201. ADDITIONAL PURPOSE OF TANF PROGRAM.**

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



1 (1) by striking “and” at the end of paragraph
2 (3);

3 (2) by striking the period at the end of para-
4 graph (4) and inserting “; and”; and

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

6 “(5) reduce the extent and severity of poverty
7 and promote self-sufficiency among families with
8 children.”.

9 **SEC. 202. CHILD POVERTY REDUCTION GRANTS.**

10 Section 403(a) (42 U.S.C. 603(a)) is further amend-
11 ed by adding at the end the following:

12 “(7) BONUS TO REWARD STATES THAT REDUCE
13 CHILD POVERTY.—

14 “(A) IN GENERAL.—Beginning with fiscal
15 year 2003, the Secretary shall make a grant
16 pursuant to this paragraph to each State for
17 each fiscal year for which the State is a quali-
18 fied child poverty reduction State.

19 “(B) AMOUNT OF GRANT.—

20 “(i) IN GENERAL.—Subject to this
21 subparagraph, the amount of the grant to
22 be made to a qualified child poverty reduc-
23 tion State for a fiscal year shall be an
24 amount equal to—



1 “(I) the number of children who
2 had not attained 18 years of age by
3 the end of the then most recently
4 completed calendar year and who re-
5 sided in the State as of the end of
6 such calendar year, divided by the
7 number of such children who resided
8 in the United States as of the end of
9 such calendar year; multiplied by

10 “(II) the amount appropriated
11 pursuant to subparagraph (F) for the
12 fiscal year.

13 “(ii) LIMITATIONS.—

14 “(I) MINIMUM GRANT.—The
15 amount of the grant to be made to a
16 qualified child poverty reduction State
17 for a fiscal year shall be not less than
18 \$1,000,000.

19 “(II) MAXIMUM GRANT.—The
20 amount of the grant to be made to a
21 qualified child poverty reduction State
22 for a fiscal year shall not exceed an
23 amount equal to 5 percent of the
24 State family assistance grant for the
25 fiscal year.



1 “(iii) PRO RATA INCREASE.—If the
2 amount available for grants under this
3 paragraph for a fiscal year is greater than
4 the total amount of payments otherwise re-
5 quired to be made under this paragraph
6 for the fiscal year, then the amount other-
7 wise payable to any State for the fiscal
8 year under this paragraph shall, subject to
9 clause (ii)(II), be increased by such equal
10 percentage as may be necessary to ensure
11 that the total of the amounts payable for
12 the fiscal year under this paragraph equals
13 the amount available for the grants.

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



1 the fiscal year under this paragraph equals
2 the amount available for the grants.

3 “(C) USE OF GRANT.—A State to which a
4 grant is made under this paragraph shall use
5 the grant for any purpose for which a grant
6 made under this part may be used.

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

8 “(i) QUALIFIED CHILD POVERTY RE-
9 DUCION STATE.—The term ‘qualified
10 child poverty reduction State’ means, with
11 respect to a fiscal year, a State if—

12 “(I) the child poverty rate
13 achieved by the State for the then
14 most recently completed calendar year
15 for which such information is avail-
16 able is less than the lowest child pov-
17 erty rate achieved by the State during
18 the applicable period; and

19 “(II) the average depth of child
20 poverty in the State for the then most
21 recently completed calendar year for
22 which such information is available is
23 not greater than the average depth of
24 child poverty in the State for the cal-
25 endar year that precedes such then



1 most recently completed calendar
2 year.

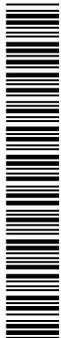
3 “(ii) APPLICABLE PERIOD.—In clause
4 (i), the term ‘applicable period’ means,
5 with respect to a State and the calendar
6 year referred to in clause (i)(I), the period
7 that—

8 “(I) begins with the calendar
9 year that, as of October 1, 2002, pre-
10 cedes the then most recently com-
11 pleted calendar year for which such
12 information is available; and

13 “(II) ends with the calendar year
14 that precedes the calendar year re-
15 ferred to clause (i)(I).

16 “(iii) CHILD POVERTY RATE.—The
17 term ‘child poverty rate’ means, with re-
18 spect to a State and a calendar year, the
19 percentage of children residing in the State
20 during the calendar year whose family in-
21 come for the calendar year is less than the
22 poverty line then applicable to the family.

23 “(iv) AVERAGE DEPTH OF CHILD POV-
24 ERTY.—The term ‘average depth of child
25 poverty’ means with respect to a State and



1 a calendar year, the average dollar amount
2 by which family income is exceeded by the
3 poverty line, among children in the State
4 whose family income for the calendar year
5 is less than the applicable poverty line.

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

12 “(E) FAMILY INCOME DETERMINATIONS.—
13 For purposes of this paragraph, family income
14 includes cash income, child support payments,
15 government cash payments, and benefits under
16 the Food Stamp Act of 1977 that are received
17 by any family member, and family income shall
18 be determined after payment of all taxes and
19 receipt of any tax refund or rebate by any fam-
20 ily member.

21 “(F) APPROPRIATIONS.—

22 “(i) IN GENERAL.—Out of any money
23 in the Treasury of the United States not
24 otherwise appropriated, there are appro-
25 priated for each of fiscal years 2003



1 through 2007 \$150,000,000 for grants
2 under this paragraph.

3 “(ii) AVAILABILITY.—Amounts made
4 available under clause (i) shall remain
5 available until expended.”.

6 **SEC. 203. REVIEW AND CONCILIATION PROCESS.**

7 (a) REQUIREMENT.—Section 408(a) (42 U.S.C.
8 608(a)) is amended by adding at the end the following:

9 “(12) REVIEW AND CONCILIATION PROCESS RE-
10 QUIREMENTS.—A State to which a grant is made
11 under section 403 shall not impose a sanction
12 against a person under the State program funded
13 under this part, unless the State—

14 “(A) has attempted at least twice (using at
15 least 2 different methods) to notify the person
16 of the impending imposition of the sanction, the
17 reason for the proposed sanction, the amount of
18 the sanction, the length of time during which
19 the proposed sanction would be in effect, and
20 the steps required to come into compliance or to
21 show good cause for noncompliance;

22 “(B) has afforded the person an
23 opportunity—

24 “(i) to meet with the caseworker in-
25 volved or another individual who has au-



1 thority to determine whether to impose the
2 sanction; and

3 “(ii) to explain why the person did not
4 comply with the requirement on the basis
5 of which the sanction is to be imposed;

6 “(C) has considered and taken any such
7 explanation into account in determining to im-
8 pose the sanction;

9 “(D) has specifically considered whether
10 certain conditions exist, such as a physical or
11 mental impairment, domestic violence, or lim-
12 ited proficiency in English, that contributed to
13 the noncompliance of the person; and

14 “(E) in determining whether to impose the
15 sanction, has used screening tools developed in
16 consultation with individuals or groups with ex-
17 pertise in matters described in subparagraph
18 (D).”.

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

21 “(15) PENALTY FOR FAILURE OF STATE TO
22 USE REVIEW AND CONCILIATION PROCESS.—

23 “(A) IN GENERAL.—If the Secretary deter-
24 mines that a State to which a grant is made
25 under section 403 for a fiscal year has violated



1 section 408(a)(12) during the fiscal year, the
2 Secretary shall reduce the grant payable to the
3 State under section 403(a)(1) for the imme-
4 diately succeeding fiscal year by an amount
5 equal to 5 percent of the State family assist-
6 ance grant.

7 “(B) PENALTY BASED ON SEVERITY OF
8 FAILURE.—The Secretary shall impose reduc-
9 tions under subparagraph (A) with respect to a
10 fiscal year based on the degree of noncompli-
11 ance.”.

12 **SEC. 204. REPLACEMENT OF CASELOAD REDUCTION CRED-**
13 **IT WITH EMPLOYMENT CREDIT.**

14 (a) EMPLOYMENT CREDIT TO REWARD STATES IN
15 WHICH FAMILIES LEAVE WELFARE FOR WORK; ADDI-
16 TIONAL CREDIT FOR FAMILIES WITH HIGHER EARN-
17 INGS.—

18 (1) IN GENERAL.—Section 407(a) (42 U.S.C.
19 607(a)), as amended by section 503 of this Act, is
20 amended by adding at the end the following:

21 “(2) EMPLOYMENT CREDIT.—

22 “(A) IN GENERAL.—The minimum partici-
23 pation rate otherwise applicable to a State
24 under this subsection for a fiscal year shall be
25 reduced by the number of percentage points in



1 the employment credit for the State for the fis-
2 cal year, as determined by the Secretary—

3 “(i) using information in the National
4 Directory of New Hires, or

5 “(ii) with respect to a recipient of as-
6 sistance under the State program funded
7 under this part who is placed with an em-
8 ployer whose hiring information is not re-
9 ported to the National Directory of New
10 Hires, using quarterly wage information
11 submitted by the State to the Secretary
12 not later than such date as the Secretary
13 shall prescribe in regulations.

14 “(B) CALCULATION OF CREDIT.—

15 “(i) IN GENERAL.—The employment
16 credit for a State for a fiscal year is an
17 amount equal to—

18 “(I) twice the average quarterly
19 number of families that ceased to re-
20 ceive cash payments under the State
21 program funded under this part dur-
22 ing the most recent 4 quarters for
23 which data is available and that were
24 employed during the calendar quarter
25 immediately succeeding the quarter in



1 which the payments ceased, plus, at
2 State option, the number of families
3 that received a non-recurring short-
4 term benefit under the State program
5 funded under this part during the
6 preceding fiscal year and that were
7 employed in during the calendar quar-
8 ter immediately succeeding the quar-
9 ter in which the non-recurring short-
10 term benefit was so received; divided
11 by

12 “(II) the average monthly num-
13 ber of families that include an adult
14 who received cash payments under the
15 State program funded under this part
16 during the preceding fiscal year, plus,
17 if the State elected the option under
18 subclause (I), the number of families
19 that received a non-recurring short-
20 term benefit under the State program
21 funded under this part during the
22 preceding fiscal year.

23 “(ii) SPECIAL RULE FOR FORMER RE-
24 CIPIENTS WITH HIGHER EARNINGS.—In
25 calculating the employment credit for a



1 State for a fiscal year, a family that, dur-
2 ing the preceding fiscal year, earned at
3 least 33 percent of the average wage in the
4 State (determined on the basis of State
5 unemployment data) shall be considered to
6 be 1.5 families.

7 “(C) PUBLICATION OF AMOUNT OF CRED-
8 IT.—Not later than August 30 of each fiscal
9 year, the Secretary shall cause to be published
10 in the Federal Register the amount of the em-
11 ployment credit that will be used in determining
12 the minimum participation rate applicable to a
13 State under this subsection for the immediately
14 succeeding fiscal year.”.

15 (2) AUTHORITY OF SECRETARY TO USE INFOR-
16 MATION IN NATIONAL DIRECTORY OF NEW HIRES.—
17 Section 453(i) (42 U.S.C. 653(i)) is amended by
18 adding at the end the following:

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



1 (b) ELIMINATION OF CASELOAD REDUCTION CRED-
 2 IT.—Section 407(b) (42 U.S.C. 607(b)) is amended by
 3 striking paragraph (3) and redesignating paragraphs (4)
 4 and (5) as paragraphs (3) and (4), respectively.

5 **SEC. 205. STATES TO RECEIVE PARTIAL CREDIT TOWARD**
 6 **WORK PARTICIPATION RATE FOR RECIPI-**
 7 **ENTS ENGAGED IN PART-TIME WORK.**

8 Section 407(c)(1)(A) (42 U.S.C. 607(c)(1)(A)), as
 9 amended by section 307 of this Act, is amended by adding
 10 at the end the following flush sentence:

11 “For purposes of subsection (b)(1)(B)(i), a
 12 family that does not include a recipient who is
 13 participating in work activities for an average
 14 of 30 hours per week during a month but in-
 15 cludes a recipient who is participating in such
 16 activities during the month for an average of at
 17 least 50 percent of the minimum average num-
 18 ber of hours per week specified for the month
 19 in the table set forth in this subparagraph shall
 20 be counted as a percentage of a family that in-
 21 cludes an adult or minor child head of house-
 22 hold who is engaged in work for the month,
 23 which percentage shall be the number of hours
 24 for which the recipient participated in such ac-
 25 tivities during the month divided by the number



1 of hours of such participation required of the
2 recipient under this section for the month.”.

3 **SEC. 206. TANF RECIPIENTS WHO QUALIFY FOR SUPPLE-**
4 **MENTAL SECURITY INCOME BENEFITS RE-**
5 **MOVED FROM WORK PARTICIPATION RATE**
6 **CALCULATION FOR ENTIRE YEAR.**

7 Section 407(b)(1)(B)(ii) (42 U.S.C. 607(b)(1)(B)(ii))
8 is amended—

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

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

18 **SEC. 207. STATE OPTION TO INCLUDE RECIPIENTS OF SUB-**
19 **STANTIAL CHILD CARE OR TRANSPORTATION**
20 **ASSISTANCE IN WORK PARTICIPATION RATE.**

21 (a) IN GENERAL.—Section 407(a)(1) (42 U.S.C.
22 607(a)), as amended by sections 503 and 306 of this Act,
23 is amended by inserting “(including, at the option of the
24 State, a family that includes an adult who is receiving sub-
25 stantial child care or transportation benefits, as defined



1 by the Secretary, in consultation with directors of State
2 programs funded under this part, which definition shall
3 specify for each type of benefits a threshold which is a
4 dollar value or a length of time over which the benefits
5 are received, and take account of large one-time transition
6 payments, except any family taken into account under
7 paragraph (2)(B)(i)(I))” before the colon.

8 (b) STATE OPTION.—Section 407(b)(1)(B)(i) (42
9 U.S.C. 607(b)(1)(B)(i)) is amended—

10 (1) in clause (i), by inserting “plus, at the op-
11 tion of the State, the number of families that include
12 an adult who is receiving substantial child care or
13 transportation benefits, as determined under section
14 407(a)(1)” before the semicolon.

15 (2) in subclause (ii)(I), by inserting “including,
16 if the State has elected to include families with an
17 adult who is receiving substantial child care or
18 transportation benefits under clause (i), the number
19 of such families” before the semicolon.

20 (c) DATA COLLECTION AND REPORTING.—Section
21 411(a)(1)(A) of such Act (42 U.S.C. 611(a)(1)(A)) is
22 amended in the matter preceding clause (i) by inserting
23 “(including any family with respect to whom the State has
24 exercised its option under section 407(a)(1))” after “as-
25 sistance”.



1 **SEC. 208. EFFECTIVE DATE.**

2 (a) IN GENERAL.—Except as provided in subsection
3 (b), the amendments made by sections 204 through 207
4 shall take effect on October 1, 2003.

5 (b) STATE OPTION TO PHASE-IN REPLACEMENT OF
6 CASELOAD REDUCTION CREDIT WITH EMPLOYMENT
7 CREDIT AND DELAY APPLICABILITY OF OTHER PROVI-
8 SIONS.—A State may elect to have the amendments made
9 by sections 204(b) and 205 through 207 of this Act not
10 apply to the State program funded under part A of title
11 IV of the Social Security Act until October 1, 2004, and
12 if the State makes the election, then, in determining the
13 participation rate of the State for purposes of sections 407
14 and 409(a)(3) of the Social Security Act for fiscal year
15 2004, the State shall be credited with $\frac{1}{2}$ of the reduction
16 in the rate that would otherwise result from applying sec-
17 tion 407(a)(2) of the Social Security Act (as added by sec-
18 tion 204(a)(1) of this Act) to the State for fiscal year
19 2004 and $\frac{1}{2}$ of the reduction in the rate that would other-
20 wise result from applying such section 407(b)(2) to the
21 State for fiscal year 2004.

22 **TITLE III—REQUIRING AND**
23 **REWARDING WORK**

24 **SEC. 301. EFFECT OF WAGE SUBSIDIES ON 5-YEAR LIMIT.**

25 Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended
26 by adding at the end the following:

1 “(H) LIMITATION ON MEANING OF ‘AS-
2 SISTANCE’ FOR FAMILIES WITH INCOME FROM
3 EMPLOYMENT.—For purposes of this para-
4 graph, at the option of the State, a benefit or
5 service provided to a family during a month
6 under the State program funded under this
7 part shall not be considered assistance under
8 the program if—

9 “(i) during the month, the family in-
10 cludes an adult or a minor child head of
11 household who has received at least such
12 amount of income from employment as the
13 State may establish; and

14 “(ii) the average weekly earned in-
15 come of the family for the month is at
16 least \$100.”.

17 **SEC. 302. CHILD CARE.**

18 (a) INCREASE IN ENTITLEMENT FUNDING.—Section
19 418(a)(3) (42 U.S.C. 618(a)(3)) is amended—

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

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

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

25 “(G) \$3,967,000,000 for fiscal year 2003;



1 “(H) \$4,467,000,000 for fiscal year 2004;
 2 “(I) \$4,967,000,000 for fiscal year 2005;
 3 “(J) \$5,467,000,000 for fiscal year 2006;
 4 and
 5 “(K) \$5,967,000,000 for fiscal year
 6 2007.”.

7 (b) AMENDMENTS TO THE CHILD CARE AND DEVEL-
 8 OPMENT BLOCK GRANT ACT OF 1990.—

9 (1) AUTHORIZATION OF APPROPRIATIONS.—

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

13 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS;**
 14 **AMOUNTS AVAILABLE FOR INCENTIVE**
 15 **GRANTS TO IMPROVE QUALITY OF CHILD**
 16 **CARE SERVICES.**

17 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
 18 are authorized to be appropriated to carry out this sub-
 19 chapter \$2,350,000,000 for fiscal year 2003 and such
 20 sums as may be necessary for fiscal years 2004 through
 21 2007.

22 “(b) AMOUNTS AVAILABLE FOR INCENTIVE GRANTS
 23 TO IMPROVE QUALITY OF CHILD CARE SERVICES.—Of
 24 the amount made available to carry out this subchapter,



1 \$500,000,000 shall be used for each of the fiscal years
2 2003 through 2007 to make grants under section 658H.”.

3 (2) STATE PLAN REQUIREMENTS.—Section
4 658E(c)(2) of the Child Care and Development
5 Block Grant Act of 1990 (42 U.S.C. 9858e(c)(2)) is
6 amended—

7 (A) in subparagraph (A)—

8 (i) in clause (ii) by striking “and” at
9 the end;

10 (ii) in clause (iii) by adding “and” at
11 the end; and

12 (iii) by inserting after clause (iii) the
13 following:

14 “(iv) in order to help ensure that par-
15 ents have the freedom to choose quality
16 center-based child care services, the State
17 shall make significant effort to develop
18 contracts with accredited child care pro-
19 viders in low-income and rural commu-
20 nities;”;

21 (B) by amending subparagraph (D) to
22 read as follows:

23 “(D) CONSUMER EDUCATION INFORMA-
24 TION.—Certify that the State will collect and
25 disseminate to parents of eligible children and

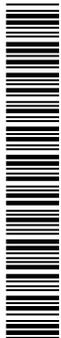


1 the general public, consumer education informa-
2 tion that will promote informed child care
3 choices, and describe how the State will inform
4 parents receiving assistance under a State pro-
5 gram funded under part A of title IV of the So-
6 cial Security Act (42 U.S.C. 601 et seq.) and
7 other low-income parents about eligibility for
8 assistance under this subchapter.”;

9 (C) by amending subparagraph (H) to
10 read as follows:

11 “(H) MEETING THE NEEDS OF CERTAIN
12 POPULATIONS.—Demonstrate the manner in
13 which the State will meet the specific child care
14 needs of families who are receiving assistance
15 under a State program under part A of title IV
16 of the Social Security Act, families who are at-
17 tempting through work activities to transition
18 off of such assistance program, families with
19 children with disabilities and other special
20 needs, low-income families not receiving cash
21 assistance under a State program under part A
22 of title IV of the Social Security Act, and fami-
23 lies that are at risk of becoming dependent on
24 such assistance.”; and

25 (D) by adding at the end the following:



1 “(I) AVAILABILITY OF STAFF.—Describe
2 how the State will ensure that staff from the
3 lead agency described in section 658D will be
4 available, at the offices of the State program
5 funded under part A of title IV of the Social
6 Security Act, to provide information about eligi-
7 bility for assistance under this subchapter and
8 to assist individuals in applying for such assist-
9 ance.

10 “(J) ELIGIBILITY REDETERMINATION.—
11 Demonstrate that each child that receives as-
12 sistance under this subchapter in the State will
13 receive such assistance for not less than 1 year
14 before the State redetermines the eligibility of
15 the child under this subchapter.

16 “(K) SUPPLEMENT NOT SUPPLANT.—Pro-
17 vide assurances that the amounts paid to a
18 State under this subchapter shall be used to
19 supplement and not supplant other State or
20 local funds expended or otherwise available to
21 support payments for child care assistance and
22 to increase the quality of available child care for
23 eligible families under this subchapter.”.



1 (3) PAYMENT RATES.—Section 658E(c)(4)(A)
2 of the Child Care and Development Block Grant Act
3 of 1990 (42 U.S.C. 9858c(c)(4)(A)) is amended—

4 (A) by striking “such access” and inserting
5 “equal access to comparable quality and types
6 of services”; and

7 (B) by adding at the end the following:

8 “(i) Market rate surveys (that reflect
9 variations in the cost of child care services
10 by locality) shall be conducted by the State
11 not less often than at 2-year intervals, and
12 the results of such surveys shall be used to
13 implement payment rates that ensure equal
14 access to comparable services as required
15 by this subparagraph.

16 “(ii) Payment rates shall be adjusted
17 at intervals between such surveys to reflect
18 increases in the cost of living, in such
19 manner as the Secretary may specify.

20 “(iii) Payment rates shall reflect vari-
21 ations in the cost of providing child care
22 services for children of different ages and
23 providing different types of care.”.

24 (4) CHILD CARE ACCOUNTABILITY IMPROVE-
25 MENTS.—Section 658G of the Child Care and Devel-



1 opment Block Grant Act of 1990 (42 U.S.C. 9858e)
2 is amended to read as follows:

3 **“SEC. 658G. CHILD CARE ACCOUNTABILITY IMPROVE-**
4 **MENTS.**

5 “(a) ACTIVITIES TO IMPROVE THE QUALITY OF
6 CHILD CARE.—A State that receives funds to carry out
7 this subchapter shall reserve and use not less than 12 per-
8 cent of the funds for improvements in the quality of child
9 care services provided in the State and in political subdivi-
10 sions of the State.

11 “(1) Not less than 35 percent of the funds re-
12 served under this subsection shall be used for activi-
13 ties that are designed to increase the quality and
14 supply of child care services for children from birth
15 through 3 years of age.

16 “(2) Funds reserved under this subsection shall
17 be used for 1 or more activities consisting of—

18 “(A) providing for the development, estab-
19 lishment, expansion, operation, and coordina-
20 tion of, child care resource and referral services;

21 “(B) making grants or providing loans to
22 eligible child care providers to assist the pro-
23 viders in meeting applicable State and local
24 child care standards and recognized accredita-
25 tion standards;



1 “(C) improving the ability of State or local
2 government, as applicable, to monitor compli-
3 ance with, and to enforce, State and local li-
4 censing and regulatory requirements (including
5 registration requirements) applicable to child
6 care providers;

7 “(D) providing training and technical as-
8 sistance in areas relating to the provision of
9 child care services, such as training relating to
10 promotion of health and safety, promotion of
11 good nutrition, provision of first aid, recogni-
12 tion of communicable diseases, child abuse de-
13 tection and prevention, and care of children
14 with disabilities and other special needs;

15 “(E) improving salaries and other com-
16 pensation paid to full-time and part-time staff
17 who provide child care services for which assist-
18 ance is made available under this subchapter;

19 “(F) making grants or providing financial
20 assistance to eligible child care providers for
21 training in child development and early edu-
22 cation;

23 “(G) making grants or providing financial
24 assistance to eligible child care providers to



1 support delivery of early education and child de-
2 velopment activities;

3 “(H) making grants or providing financial
4 assistance to eligible child care providers to
5 make minor renovations to such providers’
6 physical environments that enhance the quality
7 of the child care services they provide;

8 “(I) improving and expanding the supply
9 of child care services for children with disabil-
10 ities and other special needs;

11 “(J) increasing the supply of high quality
12 inclusive child care for children with and with-
13 out disabilities and other special needs;

14 “(K) supporting the system described in
15 paragraph (2);

16 “(L) providing technical assistance to fam-
17 ily child care providers and center-based child
18 care providers to enable them to provide appro-
19 priate child care services for children with dis-
20 abilities; and

21 “(M) other activities that can be dem-
22 onstrated to increase the quality of child care
23 services and parental choice.”.

24 “(b) CHILD CARE RESOURCE AND REFERRAL SYS-
25 TEM.—The State shall use a portion of the funds reserved



1 under subsection (a) to support a system of local child
2 care resource and referral organizations coordinated by a
3 statewide, nonprofit, community-based child care resource
4 and referral organization. The local child care resource
5 and referral system shall—

6 “(1) provide parents in the State with informa-
7 tion and support concerning child care options in
8 their communities;

9 “(2) collect and analyze data on the supply of
10 and demand for child care in political subdivisions
11 within the State;

12 “(3) develop links with the business community
13 or other organizations involved in providing child
14 care services;

15 “(4) increase the supply and improve the qual-
16 ity of child care in the State and in political subdivi-
17 sions in the State;

18 “(5) provide (or facilitate the provision of) spe-
19 cialists in health, mental health consultation, early
20 literacy services for children with disabilities and
21 other special needs, and infant and toddler care, to
22 support or supplement community child care pro-
23 viders;

24 “(6) provide training or facilitate connections
25 for training to community child care providers; or



1 “(7) hire disability specialists, and provide
2 training and technical assistance to child care pro-
3 viders, to effectively meet the needs of children with
4 disabilities.

5 (5) INCENTIVE GRANTS TO STATES.—The Child
6 Care and Development Block Grant Act of 1990 (42
7 U.S.C. 9858 et seq.) is amended by inserting after
8 section 658G the following:

9 **“SEC. 658H. INCENTIVE GRANTS TO STATES.**

10 “(a) AUTHORITY.—

11 “(1) IN GENERAL.—The Secretary shall use the
12 amount made available under section 658B(b) for a
13 fiscal year to make grants to eligible States in ac-
14 cordance with this section.

15 “(2) ANNUAL PAYMENTS.—The Secretary shall
16 make an annual payment for such a grant to each
17 eligible State out of the allotment for that State de-
18 termined under subsection (c).

19 “(b) ELIGIBLE STATES.—

20 “(1) IN GENERAL.—In this section, the term
21 ‘eligible State’ means a State that—

22 “(A) has conducted a survey of the market
23 rates for child care services in the State within
24 the 2 years preceding the date of the submis-
25 sion of an application under paragraph (2); and



1 “(B) submits an application in accordance
2 with paragraph (2).

3 “(2) APPLICATION.—

4 “(A) IN GENERAL.—To be eligible to re-
5 ceive a grant under this section, a State shall
6 submit an application to the Secretary at such
7 time, in such manner, and accompanied by such
8 information, in addition to the information re-
9 quired under subparagraph (B), as the Sec-
10 retary may require.

11 “(B) INFORMATION REQUIRED.—Each ap-
12 plication submitted for a grant under this sec-
13 tion shall—

14 “(i) detail the methodology and re-
15 sults of the State market rates survey con-
16 ducted pursuant to paragraph (1)(A);

17 “(ii) describe the State’s plan to in-
18 crease payment rates from the initial base-
19 line determined under clause (i);

20 “(iii) describe how the State will in-
21 crease payment rates in accordance with
22 the market survey results, for all types of
23 child care providers who provide services
24 for which assistance is made available
25 under this subchapter;



1 “(iv) describe how rates are set to re-
2 flect the variations in the cost of providing
3 care for children of different ages, different
4 types of care, and in different localities in
5 the State; and

6 “(v) describe how the State will
7 prioritize increasing payment rates for care
8 of higher-than-average quality, such as
9 care by accredited providers, care that in-
10 cludes the provision of comprehensive serv-
11 ices, care provided at nonstandard hours,
12 care for children with disabilities and other
13 special needs, care in low-income and rural
14 communities, and care of a type that is in
15 short supply.

16 “(3) CONTINUING ELIGIBILITY REQUIRE-
17 MENT.—The Secretary may make an annual pay-
18 ment under this section to an eligible State only if—

19 “(A) the Secretary determines that the
20 State has made progress, through the activities
21 assisted under this subchapter, in maintaining
22 increased payment rates; and

23 “(B) at least once every 2 years, the State
24 conducts an update of the survey described in
25 paragraph (1)(A).



1 “(4) REQUIREMENT OF MATCHING FUNDS.—

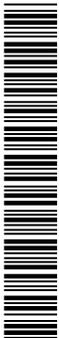
2 “(A) IN GENERAL.—To be eligible to re-
3 ceive a grant under this section, the State shall
4 agree to make available State contributions
5 from State sources toward the costs of the ac-
6 tivities to be carried out by a State pursuant to
7 subsection (d) in an amount that is not less
8 than 20 percent of such costs.

9 “(B) DETERMINATION OF STATE CON-
10 TRIBUTIONS.—State contributions shall be in
11 cash. Amounts provided by the Federal Govern-
12 ment may not be included in determining the
13 amount of such State contributions.

14 “(c) ALLOTMENTS TO ELIGIBLE STATES.—The
15 amount made available under section 658B(b) for a fiscal
16 year shall be allotted among the eligible States in the same
17 manner as amounts are allotted under section 658O(b).

18 “(d) USE OF FUNDS.—An eligible State that receives
19 a grant under this section shall use the funds received to
20 significantly increase the payment rate for the provision
21 of child care assistance in accordance with this subchapter
22 up to the 150th percentile of the market rate survey de-
23 scribed in subsection (b)(1)(A).

24 “(e) EVALUATIONS AND REPORTS.—



1 “(1) STATE EVALUATIONS.—Each eligible State
2 shall submit to the Secretary, at such time and in
3 such form and manner as the Secretary may require,
4 information regarding the State’s efforts to increase
5 payment rates and the impact increased rates are
6 having on the quality of, and accessibility to, child
7 care in the State.

8 “(2) REPORTS TO CONGRESS.—The Secretary
9 shall submit biennial reports to Congress on the in-
10 formation described in paragraph (1). Such reports
11 shall include data from the applications submitted
12 under subsection (b)(2) as a baseline for deter-
13 mining the progress of each eligible State in main-
14 taining increased payment rates.

15 “(f) PAYMENT RATE.—In this section, the term ‘pay-
16 ment rate’ means the rate of reimbursement to providers
17 for subsidized child care.”.

18 (6) ADMINISTRATION, ENFORCEMENT, AND
19 EVALUATION.—Section 658I of the Child Care and
20 Development Block Grant Act of 1990 (42 U.S.C.
21 9858g) is amended—

22 (A) in the heading by striking “**AND EN-**
23 **FORCEMENT**” and inserting “**, ENFORCE-**
24 **MENT, AND EVALUATION**”;



1 (B) in subsection (a)(3) by inserting before
2 the period at the end “and including the estab-
3 lishment of a national training and technical as-
4 sistance center specializing in infant and tod-
5 dler care and their families”; and

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

7 “(c) FEDERAL ADMINISTRATION AND EVALUATION
8 ACTIVITIES.—The Secretary shall—

9 “(1) establish a national data system through
10 grants, contracts or cooperative agreements to de-
11 velop statistics on the supply of, demand for, and
12 quality of child care, early education, and non-
13 school-hours programs, including use of data col-
14 lected through child care resource and referral orga-
15 nizations at the national, State, and local levels; and

16 “(2) prepare and submit to Congress an annual
17 report on the supply of, demand for, and quality of
18 child care, early education, and non-school-hours
19 programs, using data collected through State and
20 local child care resource and referral organizations
21 and other sources.”.

22 (7) REPORTS.—Section 658K(a) of the Child
23 Care and Development Block Grant Act of 1990 (42
24 U.S.C. 9858i(a)) is amended—

25 (A) in paragraph (1)(B)—



1 (i) in clause (ix) by striking “and” at
2 the end;

3 (ii) in clause (x) by adding “and” at
4 the end; and

5 (iii) by inserting after clause (x) the
6 following:

7 “(xi) whether the child care provider
8 is accredited by a national or State accred-
9 iting body;”; and

10 (B) in paragraph (2)—

11 (i) in the matter preceding subpara-
12 graph (A) by striking “aggregate data con-
13 cerning”;

14 (ii) in subparagraph (D) by striking
15 “and” at the end;

16 (iii) in subparagraph (E) by adding
17 “and” at the end; and

18 (iv) by indenting the left margin of
19 subparagraphs (A) through (E) 2 ems to
20 the right and redesignating such subpara-
21 graphs as clauses (i) through (v), respec-
22 tively;

23 (v) by inserting after clause (v), as so
24 redesignated, the following:



1 “(vi) findings from market rate sur-
2 veys, disaggregated by the types of services
3 provided and by the sub-State localities, as
4 appropriate;”; and

5 (vi) by inserting before clause (i), as
6 so redesignated, the following:

7 “(A) information on how all of the funds
8 reserved under section 658G were allocated and
9 spent, and information on the effect of those
10 expenditures, to the maximum extent prac-
11 ticable; and

12 “(B) aggregate date concerning—”.

13 (8) DEFINITIONS.—Section 658P(4)(C) of the
14 Child Care and Development Block Grant Act of
15 1990 (42 U.S.C. 9858n(4)(C)) is amended—

16 (A) in clause (i) by striking “or” at the
17 end;

18 (B) in clause (ii) by striking the period
19 and inserting “; or”; and

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

21 “(iii) is a foster child.”.

22 (9) CONFORMING AMENDMENTS.—The Child
23 Care and Development Block Grant Act of 1990 (42
24 U.S.C. 9858 et seq.) is amended—

25 (A) in section 658E(c)(3)—



1 (i) in subparagraph (B) by striking
2 “through (5) of section 658A(b)” and in-
3 sserting “through (6) of section 658A(c)”;
4 and

5 (ii) in subparagraph (D) by striking
6 “1997 through 2002” and inserting “2003
7 through 2007”;

8 (B) in section 658K(a)(2) by striking
9 “1997” and inserting “2003”; and

10 (C) in section 658L—

11 (i) by striking “July 31, 1998” and
12 inserting “October 1, 2004”;

13 (ii) by striking “Economic and Edu-
14 cational Opportunities” and inserting
15 “Education and the Workforce”; and

16 (iii) by striking “Labor and Human
17 Resources” and inserting “Health, Edu-
18 cation, Labor, and Pensions”.

19 (c) APPLICABILITY OF STATE OR LOCAL HEALTH
20 AND SAFETY STANDARDS TO OTHER TANF CHILD CARE
21 SPENDING.—Section 402(a) (42 U.S.C. 602(a)) is amend-
22 ed by adding at the end the following:

23 “(8) CERTIFICATION OF PROCEDURES TO EN-
24 SURE THAT CHILD CARE PROVIDERS COMPLY WITH
25 APPLICABLE STATE OR LOCAL HEALTH AND SAFETY



1 STANDARDS.—A certification by the chief executive
2 officer of the State that procedures are in effect to
3 ensure that any child care provider in the State that
4 provides services for which assistance is provided
5 under the State program funded under this part
6 complies with all applicable State or local health and
7 safety requirements as described in section
8 658E(c)(2)(F) of the Child Care and Development
9 Block Grant Act of 1990.”.

10 (d) AVAILABILITY OF CHILD CARE FOR PARENTS
11 REQUIRED TO WORK.—Section 407(e)(2) (42 U.S.C.
12 607(e)(2)) is amended by striking “6” and inserting “13”.

13 **SEC. 303. COMPETITIVE GRANTS TO IMPROVE ACCESS TO**
14 **VARIOUS BENEFIT PROGRAMS.**

15 (a) PURPOSES.—The purposes of this section are
16 to—

17 (1) inform low-income families with children
18 about programs available to families leaving welfare
19 and other programs to support low-income families
20 with children;

21 (2) provide incentives to States and counties to
22 improve and coordinate application and renewal pro-
23 cedures for low-income family with children support
24 programs; and



1 (3) track the extent to which low-income fami-
2 lies with children receive the benefits and services
3 for which they are eligible.

4 (b) DEFINITIONS.—In this section:

5 (1) LOCALITY.—The term locality means a mu-
6 nicipality that does not administer a temporary as-
7 sistance for needy families program funded under
8 part A of title IV of the Social Security Act (42
9 U.S.C. 601 et seq.) (in this section referred to as
10 “TANF”).

11 (2) LOW-INCOME FAMILY WITH CHILDREN SUP-
12 PORT PROGRAM.—The term “low-income family with
13 children support program” means a program de-
14 signed to provide low-income families with assistance
15 or benefits to enable the family to become self-suffi-
16 cient and includes—

17 (A) TANF;

18 (B) the food stamp program established
19 under the Food Stamp Act of 1977 (7 U.S.C.
20 2011 et seq.) (in this section referred to as
21 “food stamps”);

22 (C) the medicaid program funded under
23 title XIX of the Social Security Act (42 U.S.C.
24 1396 et seq.);



1 (D) the State children's health insurance
2 program (SCHIP) funded under title XXI of
3 the Social Security Act (42 U.S.C. 1397aa et
4 seq.);

5 (E) the child care program funded under
6 the Child Care Development Block Grant Act of
7 1990 (42 U.S.C. 9858 et seq.);

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

11 (G) the earned income tax credit under
12 section 32 of the Internal Revenue Code of
13 1986;

14 (H) the low-income home energy assistance
15 program (LIHEAP) established under the Low-
16 Income Home Energy Assistance Act of 1981
17 (42 U.S.C 8621 et seq.);

18 (I) the special supplemental nutrition pro-
19 gram for women, infants, and children (WIC)
20 established under section 17 of the Child Nutri-
21 tion Act of 1966 (42 U.S.C. 1786);

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



1 (K) any other Federal or State funded pro-
 2 gram designed to provide family and work sup-
 3 port to low-income families with children.

4 (3) NONPROFIT.—The term “nonprofit”, as ap-
 5 plied to a school, agency, organization, or institution
 6 means a school, agency, organization, or institution
 7 owned and operated by 1 or more nonprofit corpora-
 8 tions or associations, no part of the net earnings of
 9 which inures, or may lawfully inure, to the benefit
 10 of any private shareholder or individual.

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

13 (5) STATE.—The term “State” means each of
 14 the several States of the United States, the District
 15 of Columbia, the Commonwealth of Puerto Rico,
 16 American Samoa, Guam, and the United States Vir-
 17 gin Islands.

18 (c) AUTHORIZATION OF GRANTS.—

19 (1) STATES AND COUNTIES.—

20 (A) IN GENERAL.—The Secretary is au-
 21 thorized to award grants to States and counties
 22 to pay the Federal share of the costs involved
 23 in improving the administration of low-income
 24 family with children support programs, includ-
 25 ing simplifying application, recertification, re-



1 porting, and verification rules, and promoting
2 participation in such programs.

3 (B) FEDERAL SHARE.—The Federal share
4 shall be 80 percent.

5 (2) NONPROFITS AND LOCALITIES.—The Sec-
6 retary is authorized to award grants to nonprofits
7 and localities to promote participation in low-income
8 family with children support programs, and dis-
9 tribute information about and develop service centers
10 for low-income family with children support pro-
11 grams.

12 (d) GRANT APPROVAL CRITERIA.—

13 (1) IN GENERAL.—The Secretary, in consulta-
14 tion with the Secretary of Agriculture, shall establish
15 criteria for approval of an application for a grant
16 under this section that include consideration of—

17 (A) the extent to which the proposal, if
18 funded, is likely to result in improved service
19 and higher participation rates in low-income
20 children's support programs;

21 (B) an applicant's ability to reach hard-to-
22 serve populations;

23 (C) the level of innovation in the appli-
24 cant's grant proposal; and



1 (D) any partnerships between the public
2 and private sector in the applicant's grant pro-
3 posal.

4 (2) SEPARATE CRITERIA.—Separate criteria
5 shall be established for the grants authorized under
6 paragraphs (1) and (2) of subsection (c).

7 (e) USES OF FUNDS.—

8 (1) STATES AND COUNTIES.—

9 (A) IMPROVEMENTS IN PROGRAMS.—
10 Grants awarded to States and counties under
11 subsection (c)(1) shall be used to—

12 (i) simplify low-income family with
13 children support program application, re-
14 certification, reporting, and verification
15 rules;

16 (ii) create uniformity in eligibility cri-
17 teria for low-income family with children
18 support programs;

19 (iii) develop options for families to
20 apply for low-income family with children
21 support programs through the telephone,
22 mail, facsimile, Internet, or electronic mail,
23 and submit any recertifications or reports
24 required for such families through these
25 options;



1 (iv) co-locate eligibility workers for
2 various low-income family with children
3 support programs at strategically located
4 sites;

5 (v) develop or enhance one-stop serv-
6 ice centers for low-income family with chil-
7 dren support programs, including estab-
8 lishing evening and weekend hours at these
9 centers; and

10 (vi) improve training of staff in low-
11 income families with children support pro-
12 grams to enhance their ability to enroll eli-
13 gible applicants in low-income family with
14 children support programs, provide case
15 management, and refer eligible applicants
16 to other appropriate programs.

17 (B) CUSTOMER SURVEYS.—

18 (i) IN GENERAL.—A grant awarded to
19 a State or county under subsection (c)(1)
20 shall be used to carry out a customer sur-
21 vey.

22 (ii) MODEL SURVEYS.—The customer
23 survey under clause (i) of this subpara-
24 graph shall be modeled after a form devel-



1 oped by the Secretary under subsection
2 (g).

3 (iii) REPORTS TO SECRETARY.—Not
4 later than 1 year after a State or county
5 is awarded a grant under subsection (c)(1),
6 and annually thereafter, the State or coun-
7 ty shall submit a report to the Secretary
8 detailing the results of the customer survey
9 carried out under clause (i) of this sub-
10 paragraph.

11 (iv) REPORTS TO PUBLIC.—A State or
12 county receiving a grant under subsection
13 (c)(1) and the Secretary shall make the re-
14 port required under clause (iii) of this sub-
15 paragraph available to the public.

16 (v) PUBLIC COMMENT.—A State or
17 county receiving a grant under subsection
18 (c)(1) shall accept public comments and
19 hold public hearings on the report made
20 available under clause (iv) of this subpara-
21 graph.

22 (C) TRACKING SYSTEMS.—

23 (i) IN GENERAL.—A grant awarded to
24 a State or county under subsection (c)(1)
25 shall be used to implement a tracking sys-



1 tem to determine the level of participation
 2 in low-income family with children support
 3 programs of the eligible population.

4 (ii) REPORTS.—Not later than 1 year
 5 after a State or county is awarded a grant
 6 under subsection (c)(1), and annually
 7 thereafter, the State or county shall submit
 8 a report to the Secretary detailing the ef-
 9 fectiveness of the tracking system imple-
 10 mented under clause (i) of this subpara-
 11 graph.

12 (D) IN-PERSON INTERVIEWS.—A State or
 13 county awarded a grant under subsection (c)(1)
 14 may expend funds made available under the
 15 grant to provide for reporting and recertifi-
 16 cation procedures through the telephone, mail,
 17 facsimile, Internet, or electronic mail.

18 (E) JURISDICTION-WIDE IMPLEMENTA-
 19 TION.—

20 (i) IN GENERAL.—A grant awarded to
 21 a State or county under subsection (c)(1)
 22 shall be used for activities throughout the
 23 jurisdiction.

24 (ii) EXCEPTION.—A State or county
 25 awarded a grant under subsection (c)(1)



1 may use grant funds to develop one-stop
2 service centers and telephone, mail, fac-
3 simile, Internet, or electronic mail applica-
4 tion and renewal procedures for low-income
5 family with children support programs
6 without regard to the requirements of
7 clause (i) of this subparagraph.

8 (F) SUPPLEMENT NOT SUPPLANT.—Funds
9 provided to a State or county under a grant
10 awarded under subsection (c)(1) shall be used
11 to supplement and not supplant other State or
12 county public funds expended to provide sup-
13 port services for low-income families.

14 (2) NONPROFITS AND LOCALITIES.—A grant
15 awarded to a nonprofit or locality under subsection
16 (c)(2) shall be used to—

17 (A) develop one-stop service centers for
18 low-income family with children support pro-
19 grams in cooperation with States and counties;
20 or

21 (B) provide information about and refer-
22 rals to low-income family with children support
23 programs through the dissemination of mate-
24 rials at strategic locations, including schools,
25 clinics, and shopping locations.



1 (f) APPLICATION.—

2 (1) IN GENERAL.—Each applicant desiring a
3 grant under paragraph (1) or (2) of subsection (c)
4 shall submit an application to the Secretary at such
5 time, in such manner, and accompanied by such in-
6 formation as the Secretary may reasonably require.

7 (2) STATES AND COUNTIES.—

8 (A) NON-FEDERAL SHARE.—Each State or
9 county applicant shall provide assurances that
10 the applicant will pay the non-Federal share of
11 the activities for which a grant is sought.

12 (B) PARTNERSHIPS.—Each State or coun-
13 ty applicant shall submit a memorandum of un-
14 derstanding demonstrating that the applicant
15 has entered into a partnership to coordinate its
16 efforts under the grant with the efforts of other
17 State and county agencies that have responsi-
18 bility for providing low-income families with as-
19 sistance or benefits.

20 (g) DUTIES OF THE SECRETARY.—

21 (1) SURVEY FORM.—The Secretary, in coopera-
22 tion with other relevant agencies, shall develop a
23 customer survey form to determine whether low-in-
24 come families—



1 (A) encounter any impediments in applying
2 for or renewing their participation in low-in-
3 come family with children support programs;
4 and

5 (B) are unaware of low-income family with
6 children support programs for which they are
7 eligible.

8 (2) REPORTS.—

9 (A) ANNUAL REPORTS.—Not later than 1
10 year after the date of enactment of this Act,
11 and annually thereafter, the Secretary shall
12 submit a report to Congress describing the uses
13 of grant funds awarded under this section.

14 (B) RESULTS OF TRACKING SYSTEMS AND
15 SURVEYS.—The Secretary shall submit a report
16 to Congress detailing the results of the tracking
17 systems implemented and customer surveys car-
18 ried out by States and counties under sub-
19 section (e) as the information becomes avail-
20 able.

21 (h) MISCELLANEOUS.—

22 (1) MATCHING FUNDS.—Matching funds re-
23 quired from a State or county awarded a grant
24 under subsection (c)(1) of this section may—



1 (A) include in-kind services and expendi-
2 tures by municipalities and private entities; and

3 (B) be considered a qualified State expendi-
4 ture for purposes of determining whether the
5 State has satisfied the maintenance of effort re-
6 quirements of the temporary assistance for
7 needy families program under section 409(a)(7)
8 of the Social Security Act (42 U.S.C.
9 609(a)(7)).

10 (2) LIMITATION ON EXPENDITURES.—Subject
11 to paragraph (3) of this subsection, not more than
12 20 percent of a grant awarded under subsection (c)
13 shall be expended on customer surveys or tracking
14 systems.

15 (3) REVERSION OF FUNDS.—Any funds not ex-
16 pended by a grantee within 2 years after awarded a
17 grant shall be available for redistribution among
18 other grantees in such manner and amount as the
19 Secretary may determine, unless the Secretary ex-
20 tends by regulation the 2-year time period to expend
21 funds.

22 (4) NONAPPORTIONMENT.—Notwithstanding
23 any other provision of law, a State, county, locality,
24 or nonprofit awarded a grant under subsection (c) is
25 not required to apportion the costs of providing in-



1 formation about low-income family with children
2 support programs among all low-income family with
3 children support programs.

4 (5) ADMINISTRATIVE COSTS OF THE SEC-
5 RETARY.—Not more than 5 percent of the funds ap-
6 propriated to carry out this section shall be ex-
7 pended on administrative costs of the Secretary.

8 (i) AUTHORIZATION OF APPROPRIATIONS.—There is
9 authorized to be appropriated to carry out this section
10 \$500,000,000 for the period of fiscal years 2003 through
11 2007.

12 **SEC. 304. ASSESSMENTS FOR TANF RECIPIENTS.**

13 Section 408(b) (42 U.S.C. 608(b)) is amended—

14 (1) by striking paragraph (1) and inserting the
15 following:

16 “(1) ASSESSMENT.—The State agency respon-
17 sible for administering the State program funded
18 under this part shall, for each recipient of assistance
19 under the program who is a head of household,
20 make an initial assessment of the skills, prior work
21 experience, and circumstances related to the employ-
22 ability of the recipient, including physical or mental
23 impairments, proficiency in English, child care
24 needs, and whether the recipient is a victim of do-
25 mestic violence.”;



1 (2) in paragraph (2)(A), by striking “may de-
2 velop” and inserting “shall develop”; and

3 (3) by striking paragraph (4).

4 **SEC. 305. APPLICABILITY OF WORKPLACE LAWS.**

5 Section 408 (42 U.S.C. 608) is amended by adding
6 at the end the following:

7 “(h) No individual engaged in any activity funded in
8 whole or in part by the TANF program shall be subjected
9 to discrimination based on race, color, religion, sex, na-
10 tional origin, age, or disability, nor shall such an indi-
11 vidual be denied the benefits or protections of any Federal,
12 State or local employment, civil rights, or health and safe-
13 ty law because of such individual’s status as a participant
14 in the TANF program.”.

15 **SEC. 306. WORK PARTICIPATION REQUIREMENTS.**

16 Section 407(a)(1) (42 U.S.C. 607(a)), as amended by
17 section 503 of this Act, is amended to read as follows:

18 “(1) IN GENERAL.—A State to which a grant
19 is made under section 403 for a fiscal year shall
20 achieve a minimum participation rate equal to not
21 less than—

22 “(A) 50 percent for fiscal year 2003;

23 “(B) 55 percent for fiscal year 2004;

24 “(C) 60 percent for fiscal year 2005;

25 “(D) 65 percent for fiscal year 2006; and



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

3 **SEC. 307. HOURS OF WORK-RELATED ACTIVITIES.**

4 Section 407(c)(1)(A) (42 U.S.C. 607(c)(1)(A)) is
5 amended by striking “20” and inserting “24”.

6 **SEC. 308. STATE OPTION TO REQUIRE RECIPIENTS TO EN-
7 GAGE IN WORK FOR 40 HOURS PER WEEK.**

8 Section 407(c)(1)(A) (42 U.S.C. 607(c)(1)(A)) is
9 amended by adding at the end the following flush sen-
10 tence:

11 “At the option of a State, the State may re-
12 quire, a recipient not referred to in paragraph
13 (2)(B) to engage in work for an average of 40
14 hours per week in each month in a particular
15 fiscal year.”.

16 **SEC. 309. REVISION AND SIMPLIFICATION OF THE TRANSI-
17 TIONAL MEDICAL ASSISTANCE PROGRAM
18 (TMA).**

19 (a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12
20 MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO
21 AN ADDITIONAL YEAR.—

22 (1) OPTION OF CONTINUOUS ELIGIBILITY FOR
23 12 MONTHS BY MAKING REPORTING REQUIREMENTS
24 OPTIONAL.—Section 1925(b) (42 U.S.C. 1396r-
25 6(b)) is amended—



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

3 (B) in paragraph (2)(A), by inserting
4 “Subject to subparagraph (C)—” after “(A)
5 NOTICES.—”;

6 (C) in paragraph (2)(B), by inserting
7 “Subject to subparagraph (C)—” after “(B)
8 REPORTING REQUIREMENTS.—”;

9 (D) by adding at the end the following new
10 subparagraph:

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

19 (E) in paragraph (3)(A)(iii), by inserting
20 “the State has not waived under paragraph
21 (2)(C) the reporting requirement with respect
22 to such month under paragraph (2)(B) and if”
23 after “6-month period if”.

24 (2) STATE OPTION TO EXTEND ELIGIBILITY
25 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-



1 TIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r–
2 6) is further amended—

3 (A) by redesignating subsections (c)
4 through (f) as subsections (d) through (g); and

5 (B) by inserting after subsection (b) the
6 following new subsection:

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

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

19 “(2) INCOME RESTRICTION.—The option under
20 paragraph (1) shall not be made available to a fam-
21 ily for a succeeding period unless the State deter-
22 mines that the family’s average gross monthly earn-
23 ings (less such costs for such child care as is nec-
24 essary for the employment of the caretaker relative)
25 as of the end of the 6-month period under sub-

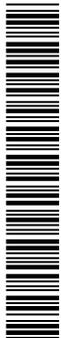


1 section (b) does not exceed 185 percent of the offi-
2 cial poverty line (as defined by the Office of Man-
3 agement and Budget, and revised annually in ac-
4 cordance with section 673(2) of the Omnibus Budget
5 Reconciliation Act of 1981) applicable to a family of
6 the size involved.

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

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

22 “(B) any reference to a provision of sub-
23 section (a) or (b) is deemed a reference to the
24 corresponding provision of subsection (b) or of
25 this subsection, respectively.”.



1 (b) STATE OPTION TO WAIVE RECEIPT OF MED-
2 ICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR
3 TMA.—Section 1925(a)(1) (42 U.S.C. 1396r–6(a)(1)) is
4 amended by adding at the end the following: “A State
5 may, at its option, also apply the previous sentence in the
6 case of a family that was receiving such aid for fewer than
7 3 months, or that had applied for and was eligible for such
8 aid for fewer than 3 months, during the 6 immediately
9 preceding months described in such sentence.”.

10 (c) ELIMINATION OF SUNSET FOR TMA.—

11 (1) Subsection (g) of section 1925 (42 U.S.C.
12 1396r–6), as redesignated under subsection (a)(2),
13 is repealed.

14 (2) Section 1902(e)(1) of such Act (42 U.S.C.
15 1396a(e)(1)) is amended by striking “(A)
16 Notwithstanding” and all that follows through
17 “During such period, for” in subparagraph (B) and
18 inserting “For”.

19 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-
20 TION RATES UNDER TMA.—Section 1925, as amended
21 by subsections (a)(2) and (c), is amended by adding at
22 the end the following new subsection:

23 “(g) ADDITIONAL PROVISIONS.—

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



1 “(A) collect and submit to the Secretary,
2 in a format specified by the Secretary, informa-
3 tion on average monthly enrollment and average
4 monthly participation rates for adults and chil-
5 dren under this section; and

6 “(B) make such information publicly avail-
7 able.

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

14 (e) COORDINATION OF WORK.—Section 1925(g), as
15 added by subsection (d), is amended by adding at the end
16 the following new paragraph:

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



1 (f) ELIMINATION OF TMA REQUIREMENT FOR
2 STATES THAT EXTEND COVERAGE TO CHILDREN AND
3 PARENTS THROUGH 185 PERCENT OF POVERTY.—

4 (1) IN GENERAL.—Section 1925 is further
5 amended by adding at the end the following new
6 subsection:

7 “(h) PROVISIONS OPTIONAL FOR STATES THAT EX-
8 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH
9 185 PERCENT OF POVERTY.—A State may (but is not re-
10 quired to) meet the requirements of subsections (a) and
11 (b) if it provides for medical assistance under this title
12 (whether under section 1931, through a waiver under sec-
13 tion 1115, or otherwise) to families (including both chil-
14 dren and caretaker relatives) the average gross monthly
15 earning of which (less such costs for such child care as
16 is necessary for the employment of a caretaker relative)
17 is at or below a level that is at least 185 percent of the
18 official poverty line (as defined by the Office of Manage-
19 ment and Budget, and revised annually in accordance with
20 section 673(2) of the Omnibus Budget Reconciliation Act
21 of 1981) applicable to a family of the size involved.”.

22 (2) CONFORMING AMENDMENTS.—Such section
23 is further amended, in subsections (a)(1) and (b)(1),
24 by inserting “, but subject to subsection (h),” after

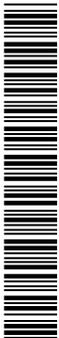


1 “Notwithstanding any other provision of this title,”
2 each place it appears.

3 (g) REQUIREMENT OF NOTICE FOR ALL FAMILIES
4 LOSING TANF.—Subsection (a)(2) of such section is
5 amended by adding after and below subparagraph (B), the
6 following:

7 “Each State shall provide, to families whose aid
8 under part A or E of title IV has terminated but
9 whose eligibility for medical assistance under this
10 title continues, written notice of their ongoing eligi-
11 bility for such medical assistance. If a State makes
12 a determination that any member of a family whose
13 aid under part A or E of title IV is being terminated
14 is also no longer eligible for medical assistance under
15 this title, the notice of such determination shall be
16 supplemented by a one-page notification form de-
17 scribing the different ways in which individuals and
18 families may qualify for such medical assistance and
19 explaining that individuals and families do not have
20 to be receiving aid under part A or E of title IV in
21 order to qualify for such medical assistance.”.

22 (h) EXTENDING USE OF OUTSTATIONED WORKERS
23 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL
24 ASSISTANCE.—Section 1902(a)(55) (42 U.S.C.



1 1396a(a)(55)) is amended by inserting “and under section
2 1931” after “(a)(10)(A)(ii)(IX)”.

3 (i) EFFECTIVE DATES.—(1) Except as provided in
4 this subsection, the amendments made by this section shall
5 apply to calendar quarters beginning on or after October
6 1, 2001, without regard to whether or not final regulations
7 to carry out such amendments have been promulgated by
8 such date.

9 (2) The amendment made by subsection (g) shall take
10 effect 6 months after the date of the enactment of this
11 Act.

12 (3) In the case of a State plan for medical assistance
13 under title XIX of the Social Security Act which the Sec-
14 retary of Health and Human Services determines requires
15 State legislation (other than legislation appropriating
16 funds) in order for the plan to meet the additional require-
17 ments imposed by the amendments made by this section,
18 the State plan shall not be regarded as failing to comply
19 with the requirements of such title solely on the basis of
20 its failure to meet these additional requirements before the
21 first day of the first calendar quarter beginning after the
22 close of the first regular session of the State legislature
23 that begins after the date of the enactment of this Act.
24 For purposes of the previous sentence, in the case of a
25 State that has a 2-year legislative session, each year of



1 such session shall be deemed to be a separate regular ses-
2 sion of the State legislature.

3 **SEC. 310. ENSURING TANF FUNDS ARE NOT USED TO DIS-**
4 **PLACE PUBLIC EMPLOYEES.**

5 (a) WELFARE-TO-WORK WORKER PROTECTIONS.—
6 Section 403(a)(5)(I) (42 U.S.C. 603(a)(5)(I)) is
7 amended—

8 (1) by striking clauses (i) and (iv);

9 (2) by redesignating clauses (v) and (vi) as
10 clauses (iv) and (v), respectively; and

11 (3) by inserting before clause (ii) the following:

12 “(i) NONDISPLACEMENT.—A State
13 shall establish and maintain such proce-
14 dures as are necessary to do the following
15 with respect to activities funded in whole
16 or in part under this part:

17 “(I) Prohibit the placement of an
18 individual in a work activity specified
19 in section 407(d) from resulting in the
20 displacement of any employee or posi-
21 tion (including partial displacement,
22 such as a reduction in the hours of
23 nonovertime work wages, or employ-
24 ment benefits, or fill any unfilled va-
25 cancy, or performing work when any



1 other individual is on layoff from the
2 same or any substantially equivalent
3 job).

4 “(II) Prohibit the placement of
5 an individual in a work activity speci-
6 fied in section 407(d) which would im-
7 pair any contract for services, be in-
8 consistent with any employment-re-
9 lated State or local law or regulation,
10 or collective bargaining agreement, or
11 infringe on the recall rights or pro-
12 motional opportunities of any worker.

13 “(III) Maintain an impartial
14 grievance procedure to resolve any
15 complaints alleging violations of sub-
16 clause (I) or (II) within 60 days after
17 receipt of the complaint, and if a deci-
18 sion is adverse to the party who filed
19 such a grievance or no decision has
20 been reached, provided for the comple-
21 tion of an arbitration procedure with-
22 in 75 days after receipt of the com-
23 plaint or the adverse decision or con-
24 clusion of the 60-day period, which-
25 ever is earlier. The procedures shall



1 include a right to a hearing. The pro-
2 cedures shall include remedies for vio-
3 lations of the requirement that shall
4 include termination or suspension of
5 payments, prohibition of the partici-
6 pant, reinstatement of an employee, and
7 other appropriate relief. The proce-
8 dures shall specify that if a direct
9 work activity engaged in by a recipi-
10 ent of assistance under the State pro-
11 gram funded under this part involves
12 a placement in a State agency or local
13 government agency pursuant to this
14 section and the agency experiences a
15 net reduction in its overall workforce
16 in a given year, there is a rebuttable
17 presumption that the placement has
18 resulted in displacement of the em-
19 ployees of the agency in violation of
20 this subparagraph.”.

21 (b) STATE PLAN REQUIREMENT.—Section 402(a)
22 (42 U.S.C. 602(a)) is amended by adding at the end the
23 following:

24 “(5) A plan that outlines the resources and pro-
25 cedures that will be used to ensure that the State



1 will establish and maintain the procedures described
2 in section 403(a)(5)(I)(i).”

3 **TITLE IV—HELPING WELFARE**
4 **LEAVERS CLIMB THE EM-**
5 **PLOYMENT LADDER**

6 **SEC. 401. STATE PLAN REQUIREMENT ON EMPLOYMENT**
7 **ADVANCEMENT.**

8 (a) IN GENERAL.—Section 402(a)(1)(A) (42 U.S.C.
9 602(a)(1)(A)) is amended by adding at the end the fol-
10 lowing:

11 (vii) Establish goals and take action
12 to improve initial earnings, job advance-
13 ment, and employment retention for indi-
14 viduals in and individuals leaving the pro-
15 gram.”

16 (b) INCLUSION IN ANNUAL REPORTS OF PROGRESS
17 IN ACHIEVING EMPLOYMENT ADVANCEMENT GOALS.—
18 Section 411(b) (42 U.S.C. 611(b)) is amended—

19 (1) by striking “and” at the end of paragraph
20 (3);

21 (2) by striking the period at the end of para-
22 graph (4) and inserting “; and” ; and

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

24 “(5) in each report submitted after fiscal year
25 2003, the progress made by the State in achieving



1 the goals referred to in section 402(a)(1)(A)(vii) in
2 the most recent State plan submitted pursuant to
3 section 402(a).”.

4 **SEC. 402. EMPLOYMENT ADVANCEMENT FUND.**

5 Section 403(a) (42 U.S.C. 603(a)) is further amend-
6 ed by adding at the end the following:

7 “(8) EMPLOYMENT ADVANCEMENT FUND.—

8 “(A) IN GENERAL.—The Secretary shall
9 provide grants to States and localities for re-
10 search, evaluation, technical assistance, and
11 demonstration projects that focus on—

12 “(i) improving wages for low-income
13 workers, regardless of whether such work-
14 ers are recipients of assistance under a
15 State program funded under this part,
16 through training and other services; and

17 “(ii) enhancing employment prospects
18 for recipients of such assistance with bar-
19 riers to employment, such as a physical or
20 mental impairment, a substance abuse
21 problem, or limited proficiency in English.

22 “(B) ADMINISTRATION.—

23 “(i) ALLOCATION OF FUNDS.—The
24 Secretary shall allocate at least 40 percent
25 of the funds made available pursuant to



1 this paragraph for projects that focus on
2 the matters described in subparagraph
3 (A)(i), and at least 40 percent of the funds
4 for projects that focus on the matters de-
5 scribed in subparagraph (A)(ii).

6 “(ii) DIVERSITY OF PROJECTS.—The
7 Secretary shall attempt to provide funds
8 under this paragraph for diverse projects
9 from geographically different areas.

10 “(C) AID UNDER THIS PARAGRAPH NOT
11 ‘ASSISTANCE’.—A benefit or service provided
12 with funds made available under this paragraph
13 shall not, for any purpose, be considered assist-
14 ance under a State program funded under this
15 part.

16 “(D) APPROPRIATION.—Out of any money
17 in the Treasury of the United States not other-
18 wise appropriated, there are appropriated for
19 each of fiscal years 2003 through 2007
20 \$150,000,000 for grants under this para-
21 graph.”.



1 **SEC. 403. ELIMINATION OF LIMIT ON NUMBER OF TANF RE-**
2 **CIPIENTS ENROLLED IN VOCATIONAL EDU-**
3 **CATION OR HIGH SCHOOL WHO MAY BE**
4 **COUNTED TOWARDS THE WORK PARTICIPA-**
5 **TION REQUIREMENT.**

6 Section 407(c)(2) (42 U.S.C. 607(c)(2)) is amended
7 by striking subparagraph (D).

8 **SEC. 404. COUNTING OF UP TO 2 YEARS OF VOCATIONAL OR**
9 **EDUCATIONAL TRAINING (INCLUDING POST-**
10 **SECONDARY EDUCATION), WORK-STUDY, AND**
11 **RELATED INTERNSHIPS AS WORK ACTIVI-**
12 **TIES.**

13 Section 407(d)(8) (42 U.S.C. 607(d)(8)) is amended
14 to read as follows:

15 “(8) not more than 24 months of participation
16 by an individual in—

17 “(A) vocational or educational training (in-
18 cluding postsecondary education), at an eligible
19 educational institution (as defined in section
20 404(h)(5)(A)) leading to attainment of a cre-
21 dential from the institution related to employ-
22 ment or a job skill;

23 “(B) a State or Federal work-study pro-
24 gram under part C of title IV of the Higher
25 Education Act of 1965 or an internship related
26 to vocational or postsecondary education, super-



1 vised by an eligible educational institution (as
2 defined in section 404(h)(5)(A)); or

3 “(C) a course of study leading to adult lit-
4 eracy, in which English is taught as a second
5 language, or leading to a certificate of high
6 school equivalency, if the State considers the
7 activities important to improving the ability of
8 the individual to find and maintain employ-
9 ment.”.

10 **SEC. 405. LIMITED COUNTING OF CERTAIN ACTIVITIES**

11 **LEADING TO EMPLOYMENT AS WORK ACTIV-**
12 **ITY.**

13 (a) IN GENERAL.—Section 407(d) (42 U.S.C.
14 607(d)) is amended—

15 (1) by striking “and” at the end of paragraph
16 (11);

17 (2) by striking the period at the end of para-
18 graph (12) and inserting “; and”; and

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

20 “(13) Up to 6 months of participation (as de-
21 termined by the State) in services designed to im-
22 prove future employment opportunities, including
23 substance abuse treatment services, services to ad-
24 dress sexual or domestic violence, and physical reha-
25 bilitation and mental health services.”.



1 (b) CONFORMING AMENDMENT.—Section 407(c)(1)
2 (42 U.S.C. 607(c)(1)) is amended by striking “and (12)”
3 each place it appears and inserting “(12), and (13)”.

4 **SEC. 406. CLARIFICATION OF AUTHORITY OF STATES TO**
5 **USE TANF FUNDS CARRIED OVER FROM**
6 **PRIOR YEARS TO PROVIDE TANF BENEFITS**
7 **AND SERVICES.**

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

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

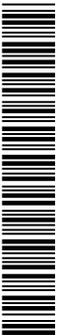
12 (2) after the heading, by striking “assistance”
13 and inserting “any benefit or service that may be
14 provided”.

15 **SEC. 407. DEFINITION OF ASSISTANCE.**

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

18 “(6) ASSISTANCE.—

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



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

6 (b) CONFORMING AMENDMENTS.—

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

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

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

16 **TITLE V—PROMOTING FAMILY**
 17 **FORMATION AND RESPON-**
 18 **SIBLE PARENTING**

19 **SEC. 501. FAMILY FORMATION FUND.**

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

22 “(2) FAMILY FORMATION FUND.—

23 “(A) IN GENERAL.—The Secretary shall
 24 provide grants to States and localities for re-
 25 search, technical assistance, and demonstration



1 projects to promote and fund best practices in
2 the following areas:

3 “(i) Promoting the formation of 2-
4 parent families.

5 “(ii) Reducing teenage pregnancies.

6 “(iii) Increasing the ability of non-
7 custodial parents to financially support
8 and be involved with their children.

9 “(B) ALLOCATION OF FUNDS.—In making
10 grants under this paragraph, the Secretary
11 shall ensure that not less than 30 percent of
12 the funds made available pursuant to this para-
13 graph for a fiscal year are used in each of the
14 areas described in subparagraph (A).

15 “(C) CONSIDERATION OF DOMESTIC VIO-
16 LENCE IMPACT.—In making grants under this
17 paragraph, the Secretary shall consider the po-
18 tential impact of a project on the incidence of
19 domestic violence.

20 “(D) APPROPRIATION.—Out of any money
21 in the Treasury of the United States not other-
22 wise appropriated, there are appropriated for
23 each of fiscal years 2003 through 2007
24 \$100,000,000 for grants under this para-
25 graph.”.



1 **SEC. 502. DISTRIBUTION OF CHILD SUPPORT COLLECTED**
2 **BY STATES ON BEHALF OF CHILDREN RE-**
3 **CEIVING CERTAIN WELFARE BENEFITS.**

4 (a) MODIFICATION OF RULE REQUIRING ASSIGN-
5 MENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIV-
6 ING TANF.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is
7 amended to read as follows:

8 “(3) NO ASSISTANCE FOR FAMILIES NOT AS-
9 SIGNING CERTAIN SUPPORT RIGHTS TO THE
10 STATE.—A State to which a grant is made under
11 section 403 shall require, as a condition of providing
12 assistance to a family under the State program
13 funded under this part, that a member of the family
14 assign to the State any rights the family member
15 may have (on behalf of the family member or of any
16 other person for whom the family member has ap-
17 plied for or is receiving such assistance) to support
18 from any other person, not exceeding the total
19 amount of assistance paid to the family under the
20 program, which accrues during the period that the
21 family receives assistance under the program.”.

22 (b) INCREASING CHILD SUPPORT PAYMENTS TO
23 FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBU-
24 TION RULES.—

25 (1) DISTRIBUTION RULES.—



1 (A) IN GENERAL.—Section 457(a) (42
2 U.S.C. 657(a)) is amended to read as follows:

3 “(a) IN GENERAL.—Subject to subsections (d) and
4 (e), the amounts collected on behalf of a family as support
5 by a State pursuant to a plan approved under this part
6 shall be distributed as follows:

7 “(1) FAMILIES RECEIVING ASSISTANCE.—In the
8 case of a family receiving assistance from the State,
9 the State shall—

10 “(A) pay to the Federal Government the
11 Federal share of the amount collected, subject
12 to paragraph (3)(A);

13 “(B) retain, or pay to the family, the State
14 share of the amount collected, subject to para-
15 graph (3)(B); and

16 “(C) pay to the family any remaining
17 amount.

18 “(2) FAMILIES THAT FORMERLY RECEIVED AS-
19 SISTANCE.—In the case of a family that formerly re-
20 ceived assistance from the State:

21 “(A) CURRENT SUPPORT.—To the extent
22 that the amount collected does not exceed the
23 current support amount, the State shall pay the
24 amount to the family.



1 “(B) ARREARAGES.—To the extent that
2 the amount collected exceeds the current sup-
3 port amount, the State—

4 “(i) shall first pay to the family the
5 excess amount, to the extent necessary to
6 satisfy support arrearages not assigned
7 pursuant to section 408(a)(3);

8 “(ii) if the amount collected exceeds
9 the amount required to be paid to the fam-
10 ily under clause (i), shall—

11 “(I) pay to the Federal Govern-
12 ment, the Federal share of the excess
13 amount described in this clause, sub-
14 ject to paragraph (3)(A); and

15 “(II) retain, or pay to the family,
16 the State share of the excess amount
17 described in this clause, subject to
18 paragraph (3)(B); and

19 “(iii) shall pay to the family any re-
20 maining amount.

21 “(3) LIMITATIONS.—

22 “(A) FEDERAL REIMBURSEMENTS.—The
23 total of the amounts paid by the State to the
24 Federal Government under paragraphs (1) and
25 (2) of this subsection with respect to a family



1 shall not exceed the Federal share of the
2 amount assigned with respect to the family pur-
3 suant to section 408(a)(3).

4 “(B) STATE REIMBURSEMENTS.—The
5 total of the amounts retained by the State
6 under paragraphs (1) and (2) of this subsection
7 with respect to a family shall not exceed the
8 State share of the amount assigned with respect
9 to the family pursuant to section 408(a)(3).

10 “(4) FAMILIES THAT NEVER RECEIVED ASSIST-
11 ANCE.—In the case of any other family, the State
12 shall pay the amount collected to the family.

13 “(5) FAMILIES UNDER CERTAIN AGREE-
14 MENTS.—Notwithstanding paragraphs (1) through
15 (4), in the case of an amount collected for a family
16 in accordance with a cooperative agreement under
17 section 454(33), the State shall distribute the
18 amount collected pursuant to the terms of the agree-
19 ment.

20 “(6) STATE FINANCING OPTIONS.—To the ex-
21 tent that the State share of the amount payable to
22 a family for a month pursuant to paragraph (2)(B)
23 of this subsection exceeds the amount that the State
24 estimates (under procedures approved by the Sec-
25 retary) would have been payable to the family for



1 the month pursuant to former section 457(a)(2) (as
2 in effect for the State immediately before the date
3 this subsection first applies to the State) if such
4 former section had remained in effect, the State may
5 elect to use the grant made to the State under sec-
6 tion 403(a) to pay the amount, or to have the pay-
7 ment considered a qualified State expenditure for
8 purposes of section 409(a)(7), but not both.

9 “(7) STATE OPTION TO PASS THROUGH ADDI-
10 TIONAL SUPPORT WITH FEDERAL FINANCIAL PAR-
11 TICIPATION.—

12 “(A) IN GENERAL.—Notwithstanding
13 paragraphs (1) and (2), a State shall not be re-
14 quired to pay to the Federal Government the
15 Federal share of an amount collected on behalf
16 of a family that is not a recipient of assistance
17 under the State program funded under part A,
18 to the extent that the State pays the amount to
19 the family and disregards the payment for pur-
20 poses of paying benefits under the State pro-
21 gram funded under part A.

22 “(B) RECIPIENTS OF TANF FOR LESS
23 THAN 5 YEARS.—Notwithstanding paragraphs
24 (1) and (2), a State shall not be required to pay
25 to the Federal Government the Federal share of



1 an amount collected on behalf of a family that
2 is a recipient of assistance under the State pro-
3 gram funded under part A and that has re-
4 ceived the assistance for not more than 5 years
5 after the date of the enactment of this para-
6 graph, to the extent that the State pays the
7 amount to the family.”.

8 (B) APPROVAL OF ESTIMATION PROCE-
9 DURES.—Not later than October 1, 2002, the
10 Secretary of Health and Human Services, in
11 consultation with the States (as defined for
12 purposes of part D of title IV of the Social Se-
13 curity Act), shall establish the procedures to be
14 used to make the estimate described in section
15 457(a)(6) of such Act.

16 (2) CURRENT SUPPORT AMOUNT DEFINED.—
17 Section 457(c) (42 U.S.C. 657(c)) is amended by
18 adding at the end the following:

19 “(5) CURRENT SUPPORT AMOUNT.—The term
20 ‘current support amount’ means, with respect to
21 amounts collected as support on behalf of a family,
22 the amount designated as the monthly support obli-
23 gation of the noncustodial parent in the order re-
24 quiring the support.”.



1 (c) BAN ON RECOVERY OF MEDICAID COSTS FOR
2 CERTAIN BIRTHS.—Section 454 (42 U.S.C. 654) is
3 amended—

4 (1) by striking “and” at the end of paragraph
5 (32);

6 (2) by striking the period at the end of para-
7 graph (33) and inserting “; and”; and

8 (3) by inserting after paragraph (33) the fol-
9 lowing:

10 “(34) provide that the State shall not use the
11 State program operated under this part to collect
12 any amount owed to the State by reason of costs in-
13 curred under the State plan approved under title
14 XIX for the birth of a child for whom support rights
15 have been assigned pursuant to section 408(a)(3),
16 471(a)(17), or 1912.”.

17 (d) STATE OPTION TO DISCONTINUE CERTAIN SUP-
18 PORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b))
19 is amended by striking “shall” and inserting “may”.

20 (e) CONFORMING AMENDMENTS.—

21 (1) Section 409(a)(7)(B)(i)(I)(aa) (42 U.S.C.
22 609(a)(7)(B)(i)(I)(aa)) is amended by striking
23 “457(a)(1)(B)” and inserting “457(a)(1)”.

24 (2) Section 404(a) (42 U.S.C. 604(a)) is
25 amended—



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

3 (B) by striking the period at the end of
4 paragraph (2) and inserting “; or”; and

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

6 “(3) to fund payment of an amount pursuant to
7 clause (i) or (ii) of section 457(a)(2)(B), but only to
8 the extent that the State properly elects under sec-
9 tion 457(a)(6) to use the grant to fund the pay-
10 ment.”.

11 (3) Section 409(a)(7)(B)(i) (42 U.S.C.
12 609(a)(7)(B)(i)) is amended by adding at the end
13 the following:

14 “(V) PORTIONS OF CERTAIN
15 CHILD SUPPORT PAYMENTS COL-
16 LECTED ON BEHALF OF AND DISTRIB-
17 UTED TO FAMILIES NO LONGER RE-
18 CEIVING ASSISTANCE.—Any amount
19 paid by a State pursuant to clause (i)
20 or (ii) of section 457(a)(2)(B), but
21 only to the extent that the State prop-
22 erly elects under section 457(a)(6) to
23 have the payment considered a quali-
24 fied State expenditure.”.

25 (f) EFFECTIVE DATE.—



1 (B) in paragraph (4), by striking “para-
2 graphs (1)(B) and (2)(B)” and inserting “para-
3 graph (1)(B)”;

4 (C) in paragraph (5), by striking “rates”
5 and inserting “rate”; and

6 (D) by redesignating paragraphs (4) and
7 (5) as paragraphs (2) and (3), respectively.

8 **SEC. 504. BAN ON IMPOSITION OF STRICTER ELIGIBILITY**
9 **CRITERIA FOR 2-PARENT FAMILIES; STATE**
10 **OPT-OUT.**

11 (a) PROHIBITION.—Section 408(a) (42 U.S.C.
12 608(a)) is further amended by adding at the end the fol-
13 lowing:

14 “(13) BAN ON IMPOSITION OF STRICTER ELIGI-
15 BILITY CRITERIA FOR 2-PARENT FAMILIES.—

16 “(A) IN GENERAL.—In determining the
17 eligibility of a 2-parent family for assistance
18 under a State program funded under this part,
19 the State shall not impose a requirement that
20 does not apply in determining the eligibility of
21 a 1-parent family for such assistance.

22 “(B) STATE OPT-OUT.—Subparagraph (A)
23 shall not apply to a State if the State legisla-
24 ture, by law, has elected to make subparagraph
25 (A) inapplicable to the State.”.



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

3 “(16) PENALTY FOR IMPOSITION OF STRICTER
4 ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—

5 “(A) IN GENERAL.—If the Secretary deter-
6 mines that a State to which a grant is made
7 under section 403 for a fiscal year has violated
8 section 408(a)(13) during the fiscal year, the
9 Secretary shall reduce the grant payable to the
10 State under section 403(a)(1) for the imme-
11 diately succeeding fiscal year by an amount
12 equal to 5 percent of the State family assist-
13 ance grant.

14 “(B) PENALTY BASED ON SEVERITY OF
15 FAILURE.—The Secretary shall impose reduc-
16 tions under subparagraph (A) with respect to a
17 fiscal year based on the degree of noncompli-
18 ance.”.

19 **SEC. 505. EXTENSION OF ABSTINENCE EDUCATION FUND-**
20 **ING UNDER MATERNAL AND CHILD HEALTH**
21 **PROGRAM.**

22 (a) IN GENERAL.—Section 510(d) (42 U.S.C.
23 710(d)) is amended by striking “2002” and inserting
24 “2007”.



1 (b) PURPOSE OF ALLOTMENTS.—For each of the fis-
2 cal years 2003 through 2007, section 510(b)(1) of the So-
3 cial Security Act is deemed to read as follows: “(1) The
4 purpose of an allotment under subsection (a) to a State
5 is to enable the State to provide abstinence education, and
6 at the option of the State—

7 “(A) programs that the State defines as an ap-
8 propriate approach to abstinence education that edu-
9 cates those who are currently sexually active or at
10 risk of sexual activity about methods to reduce unin-
11 tended pregnancy or other health risks; and

12 “(B) where appropriate, mentoring, counseling,
13 and adult supervision to promote abstinence from
14 sexual activity, with a focus on those groups which
15 are most likely to bear children out-of-wedlock.”.

16 (c) MEDICALLY AND SCIENTIFICALLY ACCURATE IN-
17 FORMATION.—For each of the fiscal years 2003 through
18 2007, there is deemed to appear in the matter preceding
19 subparagraph (A) of section 510(b)(2) of such Act the
20 phrase “a medically and scientifically accurate edu-
21 cational” in lieu of the phrase “an educational”, and there
22 is deemed to appear after and below subparagraph (H)
23 of such section the following:

24 “For purposes of this section, the term ‘medically accu-
25 rate’, with respect to information, means information that



1 is supported by research, recognized as accurate and ob-
2 jective by leading medical, psychological, psychiatric, and
3 public health organizations and agencies, and where rel-
4 evant, published in peer review journals.”.

5 (d) EFFECTIVE MODELS FOR PROGRAMS.—For each
6 of the fiscal years 2003 through 2007, section 510 of such
7 Act is deemed to have at the end the following subsection:

8 “(e)(1) None of the funds appropriated in this section
9 shall be expended for a program unless the program is
10 based on a model that has been demonstrated to be effec-
11 tive in reducing unwanted pregnancy, or in reducing the
12 transmission of a sexually transmitted disease or the
13 human immunodeficiency virus.

14 “(2) The requirement of paragraph (1) shall not
15 apply to programs that have been approved and funded
16 under this section on or before April 19, 2002.”.

17 (e) COMPARATIVE EVALUATION OF ABSTINENCE
18 EDUCATION PROGRAMS.—

19 (1) STUDY.—The Secretary of Health and
20 Human Services (referred to in this subsection as
21 the “Secretary”) shall, in consultation with an advi-
22 sory panel of researchers identified by the Board on
23 Children Youth and Families of the National Acad-
24 emy of Sciences, conduct an experimental study di-
25 rectly or through contract or interagency agreement



1 which assesses the relative efficacy of two ap-
2 proaches to abstinence education for adolescents.
3 The study design should enable a comparison of the
4 efficacy of an abstinence program which precludes
5 education about contraception with a similar absti-
6 nence program which includes education about con-
7 traception. Key outcomes that should be measured
8 in the study include rates of sexual activity, preg-
9 nancy, birth, and sexually transmitted diseases.

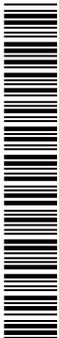
10 (2) REPORT.—Not later than 5 years after the
11 date of the enactment of this Act, the Secretary
12 shall submit a report to Congress the available find-
13 ings regarding the comparative analysis.

14 (3) FUNDING.—For the purpose of carrying out
15 this subsection, there are authorized to be appro-
16 priated such sums as may be necessary for each of
17 the fiscal years 2003 through 2007.

18 **TITLE VI—RESTORING FAIRNESS**
19 **FOR IMMIGRANT FAMILIES**

20 **SEC. 601. TREATMENT OF ALIENS UNDER THE TANF PRO-**
21 **GRAM.**

22 (a) EXCEPTION TO 5-YEAR BAN FOR QUALIFIED
23 ALIENS.—Section 403(c)(2) of the Personal Responsi-
24 bility and Work Opportunity Reconciliation Act of 1996



1 (8 U.S.C. 1613(c)(2)) is amended by adding at the end
2 the following:

3 “(L) Benefits under the Temporary Assist-
4 ance for Needy Families program described in
5 section 402(b)(3)(A).”.

6 (b) BENEFITS NOT SUBJECT TO REIMBURSE-
7 MENT.—Section 423(d) of the Personal Responsibility and
8 Work Opportunity Reconciliation Act of 1996 (8 U.S.C.
9 1138a note) is amended by adding at the end the fol-
10 lowing:

11 “(12) Benefits under part A of title IV of the
12 Social Security Act except for cash assistance pro-
13 vided to a sponsored alien who is subject to deeming
14 pursuant to section 408(h) of the Social Security
15 Act.”.

16 (c) TREATMENT OF ALIENS.—Section 408 (42
17 U.S.C. 608) is amended by adding at the end the fol-
18 lowing:

19 “(h) SPECIAL RULES RELATING TO THE TREAT-
20 MENT OF 213A ALIENS.—

21 “(1) IN GENERAL.—In determining whether a
22 213A alien is eligible for cash assistance under a
23 State program funded under this part, and in deter-
24 mining the amount or types of such assistance to be
25 provided to the alien, the State shall apply the rules



1 of paragraphs (1), (2), (3), (5), and (6) of sub-
2 section (f) of this section by substituting ‘213A’ for
3 ‘non-213A’ each place it appears, subject to section
4 421(e) of the Personal Responsibility and Work Op-
5 portunity Reconciliation Act of 1996, and subject to
6 section 421(f) of such Act (which shall be applied by
7 substituting ‘section 408(h) of the Social Security
8 Act’ for ‘subsection (a)’).

9 “(2) 213A ALIEN DEFINED.—An alien is a
10 213A alien for purposes of this subsection if the affi-
11 davit of support or similar agreement with respect to
12 the alien that was executed by the sponsor of the
13 alien’s entry into the United States was executed
14 pursuant to section 213A of the Immigration and
15 Nationality Act.”.

16 (d) EFFECTIVE DATE AND APPLICABILITY.—

17 (1) EFFECTIVE DATE.—The amendments made
18 by this section shall take effect October 1, 2002.

19 (2) APPLICABILITY.—The amendments made
20 by this section shall apply to benefits provided on or
21 after the effective date of this section.

22 **SEC. 602. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
23 **UNDER THE MEDICAID PROGRAM AND SCHIP.**

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



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

3 (2) by adding at the end the following new
4 paragraph:

5 “(4)(A) A State may elect (in a plan amendment
6 under this title) to provide medical assistance under this
7 title, notwithstanding sections 401(a), 402(b), 403, and
8 421 of the Personal Responsibility and Work Opportunity
9 Reconciliation Act of 1996, for aliens who are lawfully re-
10 siding in the United States (including battered aliens de-
11 scribed in section 431(c) of such Act) and who are other-
12 wise eligible for such assistance, within either or both of
13 the following eligibility categories:

14 “(i) PREGNANT WOMEN.—Women during preg-
15 nancy (and during the 60-day period beginning on
16 the last day of the pregnancy).

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

20 “(B) In the case of a State that has elected to provide
21 medical assistance to a category of aliens under subpara-
22 graph (A), no debt shall accrue under an affidavit of sup-
23 port against any sponsor of such an alien on the basis
24 of provision of assistance to such category and the cost



1 of such assistance shall not be considered as an unreim-
2 bursed cost.”.

3 (b) SCHIP.—Section 2107(e)(1) (42 U.S.C.
4 1397gg(e)(1)) as amended by section 803 of the Medicare,
5 Medicaid, and SCHIP Benefits Improvement and Protec-
6 tion Act of 2000, as enacted into law by section 1(a)(6)
7 of Public Law 106–554, is amended by redesignating sub-
8 paragraphs (C) and (D) as subparagraph (D) and (E),
9 respectively, and by inserting after subparagraph (B) the
10 following new subparagraph:

11 “(C) Section 1903(v)(4) (relating to op-
12 tional coverage of categories of permanent resi-
13 dent alien children), but only if the State has
14 elected to apply such section to the category of
15 children under title XIX.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section take effect on October 1, 2002, and apply to
18 medical assistance and child health assistance furnished
19 on or after such date.

20 **SEC. 603. ELIGIBILITY OF DISABLED CHILDREN WHO ARE**
21 **QUALIFIED ALIENS FOR SSI.**

22 (a) IN GENERAL.—Section 402(a)(2) of the Personal
23 Responsibility and Work Opportunity Reconciliation Act
24 of 1996 (8 U.S.C. 1612(a)(2)) is amended by inserting
25 after subparagraph (K) the following new subparagraph:



1 “(L) SSI EXCEPTION FOR DISABLED CHIL-
2 DREN.—With respect to eligibility for benefits
3 for the specified Federal program described in
4 paragraph (3)(A), paragraph (1) shall not apply
5 to a child who is considered disabled for pur-
6 poses of the supplemental security income pro-
7 gram under title XVI of the Social Security
8 Act.”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall take effect on October 1, 2002, and apply
11 to benefits furnished on or after such date.

12 **TITLE VII—ENSURING STATE** 13 **ACCOUNTABILITY**

14 **SEC. 701. INFLATION ADJUSTMENT OF MAINTENANCE-OF-** 15 **EFFORT REQUIREMENT.**

16 Section 409(a)(7) (42 U.S.C. 609(a)(7)) is
17 amended—

18 (1) in subparagraph (A), by inserting “infla-
19 tion-adjusted” before “historic State expenditures”;
20 and

21 (2) in subparagraph (B), by adding at the end
22 the following:

23 “(vi) INFLATION-ADJUSTED HISTORIC
24 STATE EXPENDITURES.—The term ‘infla-
25 tion-adjusted historic State expenditures’



1 means, with respect to a fiscal year, his-
2 toric State expenditures with respect to the
3 fiscal year, multiplied by the sum of 1.00
4 plus the inflation percentage (as defined in
5 section 403(a)(2)(F)) in effect for the fis-
6 cal year.”.

7 **SEC. 702. BAN ON USING FEDERAL TANF FUNDS TO RE-**
8 **PLACE STATE AND LOCAL SPENDING THAT**
9 **DOES NOT MEET THE DEFINITION OF QUALI-**
10 **FIED STATE EXPENDITURES.**

11 (a) PROHIBITION.—Section 408(a) (42 U.S.C.
12 608(a)) is further amended by adding at the end the fol-
13 lowing:

14 “(14) BAN ON USING FEDERAL TANF FUNDS
15 TO REPLACE STATE OR LOCAL SPENDING THAT
16 DOES NOT MEET THE DEFINITION OF QUALIFIED
17 STATE EXPENDITURES.—A State to which a grant is
18 made under section 403 and a sub-State entity that
19 receives funds from such a grant shall not expend
20 any part of the grant funds to supplant State or
21 local spending for benefits or services which are not
22 qualified State expenditures (within the meaning of
23 section 409(a)(7)(B)(i)).”.

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



1 “(17) PENALTY FOR USING FEDERAL TANF
2 FUNDS TO REPLACE STATE OR LOCAL SPENDING
3 THAT DOES NOT MEET THE DEFINITION OF QUALI-
4 FIED STATE EXPENDITURES.—

5 “(A) IN GENERAL.—If the Secretary deter-
6 mines that a State to which a grant is made
7 under section 403 for a fiscal year has violated
8 section 408(a)(14) during the fiscal year, the
9 Secretary shall reduce the grant payable to the
10 State under section 403(a)(1) for the imme-
11 diately succeeding fiscal year by an amount
12 equal to 5 percent of the State family assist-
13 ance grant.

14 “(B) PENALTY BASED ON SEVERITY OF
15 FAILURE.—The Secretary shall impose reduc-
16 tions under subparagraph (A) with respect to a
17 fiscal year based on the degree of noncompli-
18 ance.”.

19 **TITLE VIII—IMPROVING INFOR-**
20 **MATION ABOUT TANF RECIPI-**
21 **ENTS AND PROGRAMS**

22 **SEC. 801. EXTENSION OF FUNDING OF STUDIES AND DEM-**
23 **ONSTRATIONS.**

24 Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended
25 by striking “2002” and inserting “2007”.



1 **SEC. 802. LONGITUDINAL STUDIES OF EMPLOYMENT AND**
2 **EARNINGS OF TANF LEAVERS.**

3 Section 413 (42 U.S.C. 613) is amended—

4 (1) in subsection (h)(1)—

5 (A) by striking “and” at the end of sub-
6 paragraph (C);

7 (B) by striking the period and inserting “;
8 and”; and

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

10 “(E) the cost of conducting the studies de-
11 scribed in subsection (k).”; and

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

13 “(k) LONGITUDINAL STUDIES OF EMPLOYMENT AND
14 EARNINGS OF TANF LEAVERS.—

15 “(1) IN GENERAL.—The Secretary, directly or
16 through grants, contracts, or interagency agree-
17 ments shall conduct a study in each eligible State of
18 a statistically relevant cohort of individuals who
19 leave the State program funded under this part dur-
20 ing fiscal year 2003 and individuals who leave the
21 program during fiscal year 2005, which uses State
22 unemployment insurance data to track the employ-
23 ment and earnings status of the individuals during
24 the 3-year period beginning at the time the individ-
25 uals leave the program.



1 “(2) REPORTS.—The Secretary shall annually
2 publish the findings of the studies conducted pursu-
3 ant to paragraph (1) of this subsection, and shall
4 annually publish the earnings data used in making
5 determinations under section 407(b).”.

6 **SEC. 803. INCLUSION OF DISABILITY STATUS IN INFORMA-**
7 **TION STATES REPORT ABOUT TANF FAMI-**
8 **LIES.**

9 Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is
10 amended by adding at the end the following:

11 “(xviii) Whether the head of the fam-
12 ily has a significant physical or mental im-
13 pairment.

14 **SEC. 804. ANNUAL REPORT TO THE CONGRESS TO INCLUDE**
15 **GREATER DETAIL ABOUT STATE PROGRAMS**
16 **FUNDED UNDER TANF.**

17 Section 411(b)(3) (42 U.S.C. 611(b)(3)), as amended
18 by section 401(b)(1) of this Act, is amended to read as
19 follows:

20 “(3) the characteristics of each State program
21 funded under this part, including, with respect to
22 each program funded with amounts provided under
23 this part or with amounts the expenditure of which
24 is counted as a qualified State expenditure for pur-
25 poses of section 409(a)(7)—



1 “(A) the name of the program;

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

4 “(C) the purpose of the program;

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

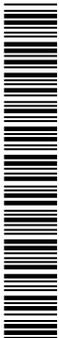
6 “(E) the total amount received by the pro-
7 gram from amounts provided under this part;

8 “(F) the total of the amounts received by
9 the program that are amounts the expenditure
10 of which are counted as qualified State expendi-
11 tures for purposes of section 409(a)(7);

12 “(G) the total funding level of the pro-
13 gram;

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

21 “(I) the eligibility criteria for participation
22 in the program;”.



1 **SEC. 805. ENHANCEMENT OF UNDERSTANDING OF THE**
2 **REASONS INDIVIDUALS LEAVE STATE TANF**
3 **PROGRAMS.**

4 (a) DEVELOPMENT OF COMPREHENSIVE LIST OF
5 CASE CLOSURE REASONS.—The Secretary of Health and
6 Human Services shall develop, in consultation with States
7 and policy experts, a comprehensive list of reasons why
8 individuals leave State programs funded under this part.
9 The list shall be aimed at substantially reducing the num-
10 ber of case closures under the programs for which a reason
11 is not known.

12 (b) INCLUSION IN QUARTERLY STATE REPORTS.—
13 Section 411(a)(1)(A)(xvi) (42 U.S.C. 611(a)(1)(A)(xvi)) is
14 amended—

15 (1) by striking “or” at the end of subclause
16 (IV);

17 (2) by striking the period at the end and insert-
18 ing “; or”; or

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

20 “(VI) a reason specified in the
21 list developed under section 805(a) of
22 the Next Step in Reforming Welfare
23 Act.”.

24 **SEC. 806. STANDARDIZED STATE PLANS.**

25 Within 6 months after the date of the enactment of
26 this Act, the Secretary of Health and Human Services,



1 after consulting with the States, shall establish a stand-
2 ardized format which States shall use to submit plans
3 under section 402(a) of the Social Security Act for fiscal
4 year 2004 and thereafter.

5 **SEC. 807. STUDY BY THE CENSUS BUREAU.**

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

8 “(a) IN GENERAL.—The Bureau of the Census shall
9 implement a new longitudinal survey of program dynam-
10 ics, developed in consultation with the Secretary and made
11 available to interested parties, to allow for the assessment
12 of the outcomes of continued welfare reform on the eco-
13 nomic and child well-being of low-income families with
14 children, including those who received assistance or serv-
15 ices from a State program funded under this part, and,
16 to the extent possible, shall provide State representative
17 samples.”.

18 (b) APPROPRIATION.—Section 414(b) (42 U.S.C.
19 614(b)) is amended by striking “1996,” and all that fol-
20 lows through “2002” and inserting “2003 through 2007”.

21 **SEC. 808. ACCESS TO WELFARE; WELFARE OUTCOMES.**

22 Section 411 (42 U.S.C. 611) is amended by adding
23 at the end the following:

24 “(c) ANNUAL REPORTS ON WELFARE ACCESS AND
25 OUTCOMES.—



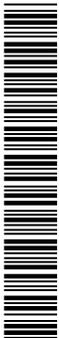
1 “(1) STATE REPORTS.—Not later than January
2 1 of each fiscal year, each eligible State shall collect
3 and report to the Secretary, with respect to the pre-
4 ceding fiscal year, the following information:

5 “(A) The number of applications for as-
6 sistance from the State program funded under
7 this part, the percentage that are approved ver-
8 sus those that are disapproved, and the reasons
9 for disapproval, broken down by race.

10 “(B) A copy of all rules and policies gov-
11 erning the State program funded under this
12 part that are not required by Federal law, and
13 a summary of the rules and policies, including
14 the amounts and types of assistance provided
15 and the types of sanctions imposed under the
16 program.

17 “(C) The types of occupations of, types of
18 job training received by, and types and levels of
19 educational attainment of recipients of assist-
20 ance from the State program funded under this
21 part, broken down by gender and race.

22 “(2) USE OF SAMPLING.—A State may comply
23 with this subsection by using a scientifically accept-
24 able sampling method approved by the Secretary.



1 “(3) REPORT TO THE CONGRESS.—Not later
2 than June 1 of each fiscal year, the Secretary shall
3 prepare and submit to the Committee on Ways and
4 Means of the House of Representatives and the
5 Committee on Finance of the Senate, publish in the
6 Federal Register, and make available to the public
7 a compilation of the reports submitted pursuant to
8 paragraph (1) for the preceding fiscal year.”.

9 **TITLE IX—EFFECTIVE DATE**

10 **SEC. 901. EFFECTIVE DATE.**

11 (a) IN GENERAL.—Except as provided in sections
12 208 and 502(f) and in subsection (b) of this section, the
13 amendments made by this Act shall take effect on October
14 1, 2002, and shall apply to payments under parts A and
15 D of title IV of the Social Security Act for calendar quar-
16 ters beginning on or after such date, without regard to
17 whether regulations to implement the amendments are
18 promulgated by such date.

19 (b) DELAY PERMITTED IF STATE LEGISLATION RE-
20 QUIRED.—In the case of a State plan under section 402(a)
21 or 454 of the Social Security Act which the Secretary of
22 Health and Human Services determines requires State
23 legislation (other than legislation appropriating funds) in
24 order for the plan to meet the additional requirements im-
25 posed by the amendments made by this Act, the State plan



1 shall not be regarded as failing to comply with the require-
2 ments of such section 402(a) or 454 solely on the basis
3 of the failure of the plan to meet such additional require-
4 ments before the 1st day of the 1st calendar quarter be-
5 ginning after the close of the 1st regular session of the
6 State legislature that begins after the date of the enact-
7 ment of this Act. For purposes of the previous sentence,
8 in the case of a State that has a 2-year legislative session,
9 each year of such session shall be deemed to be a separate
10 regular session of the State legislature.

