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Received; read twice and referred to the Committee on Finance

OCTOBER 3, 2003

Reported by Mr. GRASSLEY, with an amendment

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

AN ACT

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

~~**SECTION 1. SHORT TITLE.**~~

~~This Act may be cited as the "Personal Responsibility, Work, and Family Promotion Act of 2003".~~

1 **~~SEC. 2. TABLE OF CONTENTS.~~**

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

~~Sec. 1. Short title.~~
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~~Sec. 3. References.~~
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~~Sec. 403. Elimination of limitation on number of States that may be granted waivers to conduct demonstration projects on same topic.~~
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~~TITLE VI—STATE AND LOCAL FLEXIBILITY~~

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

~~TITLE VII—ABSTINENCE EDUCATION~~

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~~TITLE VIII—TRANSITIONAL MEDICAL ASSISTANCE~~

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

~~TITLE IX—EFFECTIVE DATE~~

~~Sec. 901. Effective date.~~

1 **~~SEC. 3. REFERENCES.~~**

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

~~of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.~~

~~SEC. 4. FINDINGS.~~

~~The Congress makes the following findings:~~

~~(1) The Temporary Assistance for Needy Families (TANF) Program established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) has succeeded in moving families from welfare to work and reducing child poverty.~~

~~(A) There has been a dramatic increase in the employment of current and former welfare recipients. The percentage of working recipients reached an all-time high in fiscal year 1999 and continued steady in fiscal years 2000 and 2001. In fiscal year 2001, 33 percent of adult recipients were working, compared to less than 7 percent in fiscal year 1992, and 11 percent in fiscal year 1996. All States met the overall participation rate standard in fiscal year 2001, as did the District of Columbia and Puerto Rico.~~

~~(B) Earnings for welfare recipients remaining on the rolls have also increased signifi-~~

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

~~(C) Welfare dependency has plummeted. As of June 2002, 2,025,000 families and 5,008,000 individuals were receiving assistance. Accordingly, the number of families in the welfare caseload and the number of individuals receiving cash assistance declined 54 percent and 58 percent, respectively, since the enactment of TANF. These declines have persisted even as unemployment rates have increased. unemployment rates nationwide rose 50 percent, from 3.9 percent in September 2000 to 6 percent in November 2002, while welfare caseloads continued to decline.~~

~~(D) The child poverty rate continued to decline between 1996 and 2001, falling 20 percent from 20.5 to 16.3 percent. The 2001 child poverty rate remains at the lowest level since 1979. Child poverty rates for African-American and Hispanic children have also fallen dramatically during the past 6 years. African-American child~~

~~poverty is at the lowest rate on record and Hispanic child poverty is at the lowest level reported in over 20 years.~~

~~(E) Despite these gains, States have had mixed success in fully engaging welfare recipients in work activities. While all States have met the overall work participation rates required by law, in 2001, in an average month, only just over ⅓ of all families with an adult participated in work activities that were countable toward the State's participation rate. Five jurisdictions failed to meet the more rigorous 2-parent work requirements, and 19 jurisdictions (States and territories) are not subject to the 2-parent requirements, most because they moved their 2-parent cases to separate State programs where they are not subject to a penalty for failing the 2-parent rates.~~

~~(2) As a Nation, we have made substantial progress in reducing teen pregnancies and births, slowing increases in nonmarital childbearing, and improving child support collections and paternity establishment.~~

~~(A) The teen birth rate has fallen continuously since 1991, down a dramatic 22 percent~~

~~by 2000. During the period of 1991–2000, teenage birth rates fell in all States and the District of Columbia, Puerto Rico, and the Virgin Islands. Declines also have spanned age, racial, and ethnic groups. There has been success in lowering the birth rate for both younger and older teens. The birth rate for those 15–17 years of age is down 29 percent since 1991, and the rate for those 18 and 19 is down 16 percent. Between 1991 and 2000, teen birth rates declined for all women ages 15–19—white, African American, American Indian, Asian or Pacific Islander, and Hispanic women ages 15–19. The rate for African American teens—until recently the highest—experienced the largest decline, down 31 percent from 1991 to 2000, to reach the lowest rate ever reported for this group. Most births to teens are nonmarital; in 2000, about 73 percent of the births to teens aged 15–19 occurred outside of marriage.~~

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

~~in 1994, while the proportion of births occurring outside of marriage has remained at approximately 33 percent since 1998.~~

~~(C) The negative consequences of out-of-wedlock birth on the mother, the child, the family, and society are well documented. These include increased likelihood of welfare dependency, increased risks of low birth weight, poor cognitive development, child abuse and neglect, and teen parenthood, and decreased likelihood of having an intact marriage during adulthood.~~

~~(D) An estimated 24,500,000 children do not live with their biological fathers, and 7,100,000 children do not live with their biological mothers. These facts are attributable largely to declining marriage rates, increasing divorce rates, and increasing rates of nonmarital births during the latter part of the 20th century.~~

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

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

~~(F) Children who live apart from their biological fathers, on average, are more likely to be poor, experience educational, health, emotional, and psychological problems, be victims of child abuse, engage in criminal behavior, and become involved with the juvenile justice system than their peers who live with their married, biological mother and father. A child living in a single-parent family is nearly 5 times as likely to be poor as a child living in a married-couple family. In 2001, in married-couple families, the child poverty rate was 8 percent, and in households headed by a single mother, the poverty rate was 39.3 percent.~~

~~(G) Since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, child support collections within the child support enforcement system have grown every year, increasing from $12,000,000,000 in fiscal year 1996 to nearly $19,000,000,000 in fiscal year 2001. The number of paternities established or acknowledged~~

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

~~(3) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 gave States great flexibility in the use of Federal funds to develop innovative programs to help families leave welfare and begin employment and to encourage the formation of 2-parent families.~~

~~(A) Total Federal and State TANF expenditures in fiscal year 2001 were $25,500,000,000, up from $24,000,000,000 in fiscal year 2000 and $22,600,000,000 in fiscal year 1999. This increased spending is attributable to significant new investments in supportive services in the TANF program, such as child care and activities to support work.~~

~~(B) Since the welfare reform effort began there has been a dramatic increase in work participation (including employment, community~~

~~service, and work experience) among welfare recipients, as well as an unprecedented reduction in the caseload because recipients have left welfare for work.~~

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

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

~~(ii) Most States increased the limits on countable assets above the former Aid to Families with Dependent Children (AFDC) program. Every State has increased the vehicle asset level above the prior AFDC limit for a family's primary automobile.~~

~~(iii) States are experimenting with programs to promote marriage and father involvement. Over half the States have eliminated restrictions on 2-parent families. Many States use TANF, child support, or State funds to support community-based activities to help fathers become~~

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

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

TITLE I—TANF

SEC. 101. PURPOSES.

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

(1) in the matter preceding paragraph (1), by striking ''increase'' and inserting ''improve child well-being by increasing'';

(2) in paragraph (1), by inserting ''and services'' after ''assistance'';

(3) in paragraph (2), by striking ''parents on government benefits'' and inserting ''families on government benefits and reduce poverty''; and

(4) in paragraph (4), by striking ''two-parent families'' and inserting ''healthy, 2-parent married families, and encourage responsible fatherhood''.

~~SEC. 102. FAMILY ASSISTANCE GRANTS.~~

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

~~(1) by striking "1996, 1997, 1998, 1999, 2000, 2001, and 2002" and inserting "2004 through 2008"; and~~

~~(2) by inserting "payable to the State for the fiscal year" before the period.~~

~~(b) STATE FAMILY ASSISTANCE GRANT.—Section 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking subparagraphs (B) through (E) and inserting the following:~~

~~"(B) STATE FAMILY ASSISTANCE GRANT.—The State family assistance grant payable to a State for a fiscal year shall be the amount that bears the same ratio to the amount specified in subparagraph (C) of this paragraph as the amount required to be paid to the State under this paragraph for fiscal year 2002 (determined without regard to any reduction pursuant to section 409 or 412(a)(1)) bears to the total amount required to be paid under this paragraph for fiscal year 2002 (as so determined).~~

~~"(C) APPROPRIATION.—Out of any money in the Treasury of the United States not other-~~

~~wise appropriated, there are appropriated for each of fiscal years 2004 through 2008 $16,566,542,000 for grants under this paragraph.''.~~

~~(c) MATCHING GRANTS FOR THE TERRITORIES.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by striking ''1997 through 2002'' and inserting ''2004 through 2008''.~~

~~SEC. 103. PROMOTION OF FAMILY FORMATION AND HEALTHY MARRIAGE.~~

~~(a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by adding at the end the following:~~

~~''(vii) Encourage equitable treatment of married, 2-parent families under the program referred to in clause (i).''.~~

~~(b) HEALTHY MARRIAGE PROMOTION GRANTS; REPEAL OF BONUS FOR REDUCTION OF ILLEGITIMACY RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended to read as follows:~~

~~''(2) HEALTHY MARRIAGE PROMOTION GRANTS.—~~

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

~~percent of the cost of developing and implementing innovative programs to promote and support healthy, married, 2-parent families.~~

~~"(B) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—Funds provided under subparagraph (A) shall be used to support any of the following programs or activities:~~

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

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

~~"(iii) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women and non-married expectant fathers.~~

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

~~"(v) Marriage enhancement and marriage skills training programs for married couples.~~

~~"(vi) Divorce reduction programs that teach relationship skills.~~

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

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

~~"(C) APPROPRIATION.—~~

~~"(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2003 through 2008 $100,000,000 for grants under this paragraph.~~

~~"(ii) EXTENDED AVAILABILITY OF FY2003 FUNDS.—Funds appropriated under clause (i) for fiscal year 2003 shall remain available to the Secretary through~~

~~fiscal year 2004, for grants under this paragraph for fiscal year 2003.''.~~

~~(c) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:~~

~~''(V) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—The term 'qualified State expenditures' includes the total expenditures by the State during the fiscal year under all State programs for a purpose described in paragraph (3) or (4) of section 401(a).''.~~

~~SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.~~

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

~~(1) in the subparagraph heading, by striking "OF GRANTS FOR FISCAL YEAR 2002";~~

~~(2) in clause (i), by striking "fiscal year 2002" and inserting "each of fiscal years 2004 through 2007";~~

~~(3) in clause (ii), by striking "2002" and inserting "2007"; and~~

~~(4) in clause (iii), by striking "fiscal year 2002" and inserting "each of fiscal years 2004 through 2007".~~

~~SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.~~

~~(a) REALLOCATION OF FUNDING.—~~

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

~~(A) in the paragraph heading, by striking "HIGH PERFORMANCE STATES" and inserting "EMPLOYMENT ACHIEVEMENT";~~

~~(B) in subparagraph (D)(ii)—~~

~~(i) in subclause (I), by striking "equals $200,000,000" and inserting "(other than 2003) equals $200,000,000,~~

~~and for bonus year 2003 equals $100,000,000'';~~ ~~and~~

~~(ii) in subclause (II), by striking ''$1,000,000,000'' and inserting ''$900,000,000'';~~ ~~and~~

~~(C) in subparagraph (F), by striking ''$1,000,000,000'' and inserting ''$900,000,000''.~~

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

~~(b) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—~~

~~(1) IN GENERAL.—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended by striking subparagraphs (A) through (F) and inserting the following:~~

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

~~''(B) AMOUNT OF GRANT.—~~

~~''(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant~~

~~payable under this paragraph to an employment achievement State for a bonus year, which shall be based on the performance of the State as determined under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.~~

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

~~"(C) FORMULA FOR MEASURING STATE PERFORMANCE.—~~

~~"(i) IN GENERAL.—Subject to clause (ii), not later than October 1, 2003, the Secretary, in consultation with the States, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals of employment entry, job retention, and increased earnings from employment for families receiving assistance under the program, as measured on an absolute basis and on the basis of improvement in State performance.~~

~~"(ii) SPECIAL RULE FOR BONUS YEAR 2004.—For the purposes of awarding a bonus under this paragraph for bonus year 2004, the Secretary may measure the performance of a State in fiscal year 2003 using the job entry rate, job retention rate, and earnings gain rate components of the formula developed under section 403(a)(4)(C) as in effect immediately before the effective date of this paragraph.~~

~~"(D) DETERMINATION OF STATE PERFORMANCE.—For each bonus year, the Secretary shall—~~

~~"(i) use the formula developed under subparagraph (C) to determine the performance of each eligible State for the fiscal year that precedes the bonus year; and~~

~~"(ii) prescribe performance standards in such a manner so as to ensure that—~~

~~"(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $100,000,000; and~~

~~"(II) the total amount of grants to be made under this paragraph for all bonus years equals $600,000,000.~~

~~"(E) DEFINITIONS.—In this paragraph:~~

~~"(i) BONUS YEAR.—The term 'bonus year' means each of fiscal years 2004 through 2009.~~

~~"(ii) EMPLOYMENT ACHIEVEMENT STATE.—The term 'employment achievement State' means, with respect to a bonus year, an eligible State whose performance determined pursuant to subparagraph (D)(i) for the fiscal year preceding the bonus year equals or exceeds the performance standards prescribed under subparagraph (D)(ii) for such preceding fiscal year.~~

~~"(F) APPROPRIATION.—~~

~~"(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 2004 through 2009 $600,000,000 for grants under this paragraph.~~

~~"(ii) EXTENDED AVAILABILITY OF PRIOR APPROPRIATION.—Amounts appropriated under section 403(a)(4)(F) of the Social Security Act (as in effect before the date of the enactment of this clause) that have not been expended as of such date of enactment shall remain available through fiscal year 2004 for grants under section 403(a)(4) of such Act (as in effect before such date of enactment) for bonus year 2003.~~

~~"(G) GRANTS FOR TRIBAL ORGANIZATIONS.—This paragraph shall apply with respect to tribal organizations in the same manner in which this paragraph applies with respect to States. In determining the criteria under which to make grants to tribal organizations under this paragraph, the Secretary shall consult with tribal organizations.".~~

~~(2) EFFECTIVE DATE.—The amendment made by paragraph (1), except for section 403(a)(4)(F)(ii) of the Social Security Act as inserted by the amendment, shall take effect on October 1, 2003.~~

~~**SEC. 106. CONTINGENCY FUND.**~~

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

~~(1) by striking "1997, 1998, 1999, 2000, 2001, and 2002" and inserting "2004 through 2008"; and~~

~~(2) by striking all that follows "$2,000,000,000" and inserting a period.~~

~~(b) GRANTS.—Section 403(b)(3)(C)(ii) (42 U.S.C. 603(b)(3)(C)(ii)) is amended by striking "fiscal years 1997 through 2002" and inserting "fiscal years 2004 through 2008".~~

~~(c) DEFINITION OF NEEDY STATE.—Clauses (i) and (ii) of section 403(b)(5)(B) (42 U.S.C. 603(b)(5)(B)) are amended by inserting after "1996" the following: ", and the Food Stamp Act of 1977 as in effect during the corresponding 3-month period in the fiscal year preceding such most recently concluded 3-month period,".~~

~~(d) ANNUAL RECONCILIATION: FEDERAL MATCHING OF STATE EXPENDITURES ABOVE "MAINTENANCE OF EFFORT" LEVEL.—Section 403(b)(6) (42 U.S.C. 603(b)(6)) is amended—~~

~~(1) in subparagraph (A)(ii)—~~

~~(A) by adding "and" at the end of subclause (I);~~

~~(B) by striking "; and" at the end of subclause (II) and inserting a period; and~~

~~(C) by striking subclause (III);~~

~~(2) in subparagraph (B)(i)(II), by striking all that follows "section 409(a)(7)(B)(iii))" and inserting a period;~~

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

~~"(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for the fiscal year; plus"; and~~

~~(4) by striking subparagraph (C).~~

~~(c) CONSIDERATION OF CERTAIN CHILD CARE EXPENDITURES IN DETERMINING STATE COMPLIANCE WITH CONTINGENCY FUND MAINTENANCE OF EFFORT REQUIREMENT.—Section 409(a)(10) (42 U.S.C. 609(a)(10)) is amended—~~

~~(1) by striking "(other than the expenditures described in subclause (I)(bb) of that paragraph)) under the State program funded under this part" and inserting a close parenthesis; and~~

~~(2) by striking "excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994,".~~

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

~~SEC. 107. USE OF FUNDS.~~

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

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

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

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

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

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

~~"(B) APPLICABLE PERCENT.—For purposes of subparagraph (A), the applicable percent is 10 percent for fiscal year 2004 and each succeeding fiscal year.".~~

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

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

~~"(e) AUTHORITY TO CARRYOVER OR RESERVE CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—~~

~~"(1) CARRYOVER.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.~~

~~"(2) CONTINGENCY RESERVE.—A State or tribe may designate any portion of a grant made to the State or tribe under this part as a contingency reserve for future needs, and may use any amount so designated to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part. If a State or tribe so designates a portion of such a grant, the State shall, on an annual basis, include in its report under section 411(a) the amount so designated.".~~

~~SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE PROGRAMS.~~

~~(a) REPEAL.—Section 406 (42 U.S.C. 606) is repealed.~~

~~(b) CONFORMING AMENDMENTS.—~~

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

~~(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.~~

~~(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking "406,".~~

~~SEC. 109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.~~

~~(a) MODIFICATION OF STATE PLAN REQUIREMENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses (ii) and (iii) and inserting the following:~~

~~"(ii) Require a parent or caretaker receiving assistance under the program to engage in work or alternative self-sufficiency activities (as defined by the State), consistent with section 407(e)(2).~~

~~"(iii) Require families receiving assistance under the program to engage in ac-~~

~~tivities in accordance with family self-sufficiency plans developed pursuant to section 408(b).''.~~

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

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

~~''(b) FAMILY SELF-SUFFICIENCY PLANS.—~~

~~''(1) IN GENERAL.—A State to which a grant is made under section 403 shall—~~

~~''(A) assess, in the manner deemed appropriate by the State, the skills, prior work experience, and employability of each work-eligible individual (as defined in section 407(b)(2)(C)) receiving assistance under the State program funded under this part;~~

~~''(B) establish for each family that includes such an individual, in consultation as the State deems appropriate with the individual, a self-sufficiency plan that specifies appropriate activities described in the State plan submitted pursuant to section 402, including direct work activities as appropriate designed to assist the family in achieving their maximum degree of self-sufficiency, and that provides for the ongo-~~

~~ing participation of the individual in the activities;~~

~~"(C) require, at a minimum, each such individual to participate in activities in accordance with the self-sufficiency plan;~~

~~"(D) monitor the participation of each such individual in the activities specified in the self sufficiency plan, and regularly review the progress of the family toward self-sufficiency;~~

~~"(E) upon such a review, revise the self-sufficiency plan and activities as the State deems appropriate.~~

~~"(2) TIMING.—The State shall comply with paragraph (1) with respect to a family—~~

~~"(A) in the case of a family that, as of October 1, 2003, is not receiving assistance from the State program funded under this part, not later than 60 days after the family first receives assistance on the basis of the most recent application for the assistance; or~~

~~"(B) in the case of a family that, as of such date, is receiving the assistance, not later than 12 months after the date of enactment of this subsection.~~

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

~~"(4) RULE OF INTERPRETATION.—Nothing in this part shall preclude a State from requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being.".~~

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

~~(A) in the paragraph heading, by inserting "OR ESTABLISH FAMILY SELF-SUFFICIENCY PLAN" after "RATES"; and~~

~~(B) in subparagraph (A), by inserting "or 408(b)" after "407(a)".~~

~~SEC. 110. WORK PARTICIPATION REQUIREMENTS.~~

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

~~(1) IN GENERAL.—~~

~~(A) Section 407 (42 U.S.C. 607) is amended in each of subsections (a) and (b) by striking paragraph (2).~~

~~(B) Section 407(b)(4) (42 U.S.C. 607(b)(4)) is amended by striking "paragraphs (1)(B) and (2)(B)" and inserting "paragraph (1)(B)".~~

~~(C) Section 407(c)(1) (42 U.S.C. 607(c)(1)) is amended by striking subparagraph (B).~~

~~(D) Section 407(c)(2)(D) (42 U.S.C. 607(c)(2)(D)) is amended by striking "paragraphs (1)(B)(i) and (2)(B) of subsection (b)" and inserting "subsection (b)(1)(B)(i)".~~

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

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

~~"SEC. 407. WORK PARTICIPATION REQUIREMENTS.~~

~~"(a) PARTICIPATION RATE REQUIREMENTS.—A State to which a grant is made under section 403 for a fiscal year shall achieve a minimum participation rate equal to not less than—~~

~~"(1) 50 percent for fiscal year 2004;~~

~~"(2) 55 percent for fiscal year 2005;~~

~~"(3) 60 percent for fiscal year 2006;~~

~~"(4) 65 percent for fiscal year 2007; and~~

~~"(5) 70 percent for fiscal year 2008 and each succeeding fiscal year.~~

~~"(b) CALCULATION OF PARTICIPATION RATES.—~~

~~"(1) AVERAGE MONTHLY RATE.—For purposes of subsection (a), the participation rate of a State for a fiscal year is the average of the participation rates of the State for each month in the fiscal year.~~

~~"(2) MONTHLY PARTICIPATION RATES; INCORPORATION OF 40-HOUR WORK WEEK STANDARD.—~~

~~"(A) IN GENERAL.—For purposes of paragraph (1), the participation rate of a State for a month is—~~

~~"(i) the total number of countable hours (as defined in subsection (c)) with respect to the counted families for the State for the month; divided by~~

~~"(ii) 160 multiplied by the number of counted families for the State for the month.~~

~~"(B) COUNTED FAMILIES DEFINED.—~~

~~"(i) IN GENERAL.—In subparagraph (A), the term 'counted family' means, with respect to a State and a month, a family that includes a work-eligible individual and that receives assistance in the month under the State program funded under this part, subject to clause (ii).~~

~~"(ii) STATE OPTION TO EXCLUDE CERTAIN FAMILIES.—At the option of a State, the term 'counted family' shall not include—~~

~~"(I) a family in the first month for which the family receives assistance from a State program funded under this part on the basis of the most recent application for such assistance; or~~

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

~~"(iii) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN OR TRIBAL WORK PROGRAM.—At the option of a State, the term 'counted family' may in-~~

~~clude families in the State that are receiving assistance under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.~~

~~"(C) WORK-ELIGIBLE INDIVIDUAL DEFINED.—In this section, the term 'work-eligible individual' means an individual—~~

~~"(i) who is married or a single head of household; and~~

~~"(ii) whose needs are (or, but for sanctions under this part that have been in effect for more than 3 months (whether or not consecutive) in the preceding 12 months or under part D, would be) included in determining the amount of cash assistance to be provided to the family under the State program funded under this part.".~~

~~(c) RECALIBRATION OF CASELOAD REDUCTION CREDIT.—~~

~~(1) IN GENERAL.—Section 407(b)(3)(A)(ii) (42 U.S.C. 607(b)(3)(A)(ii)) is amended to read as follows:~~

~~"(ii) the average monthly number of families that received assistance under the State program funded under this part during the base year.".~~

~~(2) CONFORMING AMENDMENT.—Section 407(b)(3)(B) (42 U.S.C. 607(b)(3)(B)) is amended by striking "and eligibility criteria" and all that follows through the close parenthesis and inserting "and the eligibility criteria in effect during the then applicable base year".~~

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

~~"(C) BASE YEAR DEFINED.—In this paragraph, the term 'base year' means, with respect to a fiscal year—~~

~~"(I) if the fiscal year is fiscal year 2004, fiscal year 1996;~~

~~"(II) if the fiscal year is fiscal year 2005, fiscal year 1998;~~

~~"(III) if the fiscal year is fiscal year 2006, fiscal year 2001; or~~

~~"(IV) if the fiscal year is fiscal year 2007 or any succeeding fiscal~~

~~year, the then 4th preceding fiscal year.''.~~

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

~~''(4) SUPERACHIEVER CREDIT.—~~

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

~~''(i) the amount (if any) of the superachiever credit applicable to the State; or~~

~~''(ii) the number of percentage points (if any) by which the minimum participation rate required by subsection (a) for the fiscal year exceeds 50 percent.~~

~~''(B) SUPERACHIEVER STATE.—For purposes of subparagraph (A), a State is a superachiever State if the State caseload for fiscal year 2001 has declined by at least 60 percent from the State caseload for fiscal year 1995.~~

~~''(C) AMOUNT OF CREDIT.—The superachiever credit applicable to a State is the number of percentage points (if any) by which the~~

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

~~"(D) DEFINITIONS.—In this paragraph:~~

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

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

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

~~"(c) COUNTABLE HOURS.—~~

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

activity or other activities specified by the State (excluding an activity that does not address a purpose specified in section 401(a)), subject to the other provisions of this subsection.

"(2) LIMITATIONS.—Subject to such regulations as the Secretary may prescribe:

"(A) MINIMUM WEEKLY AVERAGE OF 24 HOURS OF DIRECT WORK ACTIVITIES REQUIRED.—If the work-eligible individuals in a family are engaged in a direct work activity for an average total of fewer than 24 hours per week in a month, then the number of countable hours with respect to the family for the month shall be zero.

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

"(3) SPECIAL RULES.—For purposes of paragraph (1):

"(A) PARTICIPATION IN QUALIFIED ACTIVITIES.—

~~"(i) IN GENERAL.—If, with the approval of the State, the work-eligible individuals in a family are engaged in 1 or more qualified activities for an average total of at least 24 hours per week in a month, then all such engagement in the month shall be considered engagement in a direct work activity, subject to clause (iii).~~

~~"(ii) QUALIFIED ACTIVITY DEFINED.—The term 'qualified activity' means an activity specified by the State (subject to the exclusion described in paragraph (1)) that meets such standards and criteria as the State may specify, including—~~

~~"(I) substance abuse counseling or treatment;~~

~~"(II) rehabilitation treatment and services;~~

~~"(III) work-related education or training directed at enabling the family member to work;~~

~~"(IV) job search or job readiness assistance; and~~

~~"(V) any other activity that addresses a purpose specified in section 401(a).~~

~~"(iii) LIMITATION.—~~

~~"(I) IN GENERAL.—Except as provided in subclause (II), clause (i) shall not apply to a family for more than 3 months in any period of 24 consecutive months.~~

~~"(II) SPECIAL RULE APPLICABLE TO EDUCATION AND TRAINING.—A State may, on a case-by-case basis, apply clause (i) to a work-eligible individual so that participation by the individual in education or training, if needed to permit the individual to complete a certificate program or other work-related education or training directed at enabling the individual to fill a known job need in a local area, may be considered countable hours with respect to the family of the individual for not more than 4 months in any period of 24 consecutive months.~~

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

~~"(i) maintains satisfactory attendance at secondary school or the equivalent in the month; or~~

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

~~"(d) DIRECT WORK ACTIVITY.—In this section, the term 'direct work activity' means—~~

~~"(1) unsubsidized employment;~~

~~"(2) subsidized private sector employment;~~

~~"(3) subsidized public sector employment;~~

~~"(4) on-the-job training;~~

~~"(5) supervised work experience; or~~

~~"(6) supervised community service.".~~

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

~~"(1) REDUCTION OR TERMINATION OF ASSISTANCE.—~~

~~"(A) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under a State program funded under this part fails to engage in activities required in accordance with this section, or other activities required by the State under the program, and the family does not otherwise engage in activities in accordance with the self-sufficiency plan established for the family pursuant to section 408(b), the State shall—~~

~~"(i) if the failure is partial or persists for not more than 1 month—~~

~~"(I) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the failure occurs; or~~

~~"(II) terminate all assistance to the family, subject to such good cause exceptions as the State may establish; or~~

~~"(ii) if the failure is total and persists for at least 2 consecutive months, terminate all cash payments to the family including qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for at least 1 month and thereafter until the State determines that the individual has resumed full participation in the activities, subject to such good cause exceptions as the State may establish.~~

~~"(B) SPECIAL RULE.—~~

~~"(i) IN GENERAL.—In the event of a conflict between a requirement of clause (i)(II) or (ii) of subparagraph (A) and a requirement of a State constitution, or of a State statute that, before 1966, obligated local government to provide assistance to needy parents and children, the State constitutional or statutory requirement shall control.~~

~~"(ii) LIMITATION.—Clause (i) of this subparagraph shall not apply after the 1-year period that begins with the date of the enactment of this subparagraph.".~~

~~(g) CONFORMING AMENDMENTS.—~~

~~(1) Section 407(f) (42 U.S.C. 607(f)) is amended in each of paragraphs (1) and (2) by striking "work activity described in subsection (d)" and inserting "direct work activity".~~

~~(2) The heading of section 409(a)(14) (42 U.S.C. 609(a)(14)) is amended by inserting "OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY SELF-SUFFICIENCY PLAN" after "WORK".~~

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

~~SEC. 111. MAINTENANCE OF EFFORT.~~

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

~~(1) in subparagraph (A) by striking "fiscal year 1998, 1999, 2000, 2001, 2002, or 2003" and inserting "fiscal year 2003, 2004, 2005, 2006, 2007, 2008, or 2009"; and~~

~~(2) in subparagraph (B)(ii)—~~

~~(A) by inserting "preceding" before "fiscal year"; and~~

~~(B) by striking "for fiscal years 1997 through 2002,".~~

~~(b) STATE SPENDING ON PROMOTING HEALTHY MARRIAGE.—~~

~~(1) IN GENERAL.—Section 404 (42 U.S.C. 604) is amended by adding at the end the following:~~

~~"(l) MARRIAGE PROMOTION.—A State, territory, or tribal organization to which a grant is made under section 403(a)(2) may use a grant made to the State, territory, or tribal organization under any other provision of section 403 for marriage promotion activities, and the amount of any such grant so used shall be considered State funds for purposes of section 403(a)(2).".~~

~~(2) FEDERAL TANF FUNDS USED FOR MARRIAGE PROMOTION DISREGARDED FOR PURPOSES OF MAINTENANCE OF EFFORT REQUIREMENT.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended by section 103(c) of this Act, is amended by adding at the end the following:~~

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

~~SEC. 112. PERFORMANCE IMPROVEMENT.~~

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

~~(1) in paragraph (1)—~~

~~(A) in subparagraph (A)—~~

~~(i) by redesignating clause (vi) and clause (vii) (as added by section 103(a) of this Act) as clauses (vii) and (viii), respectively; and~~

~~(ii) by striking clause (v) and inserting the following:~~

~~"(v) The document shall—~~

~~"(I) describe how the State will pursue ending dependence of needy families on government benefits and reducing poverty by promoting job preparation and work;~~

~~"(II) describe how the State will encourage the formation and maintenance of healthy 2-parent married families, encourage responsible fatherhood, and prevent and reduce the incidence of out-of-wedlock pregnancies;~~

~~"(III) include specific, numerical, and measurable performance objectives for accomplishing subclauses (I) and (II), and with respect to subclause (I), include objectives con-~~

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

~~"(IV) describe the methodology that the State will use to measure State performance in relation to each such objective.~~

~~"(vi) Describe any strategies and programs the State may be undertaking to address—~~

~~"(I) employment retention and advancement for recipients of assistance under the program, including placement into high-demand jobs, and whether the jobs are identified using labor market information;~~

~~"(II) efforts to reduce teen pregnancy;~~

~~"(III) services for struggling and noncompliant families, and for clients with special problems; and~~

~~"(IV) program integration, including the extent to which employment and training services under the~~

~~program are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through such Act.''; and~~

~~(B) in subparagraph (B), by striking clause (iii) (as so redesignated by section 107(b)(1) of this Act) and inserting the following:~~

~~''(iii) The document shall describe strategies and programs the State is undertaking to engage religious organizations in the provision of services funded under this part and efforts related to section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.~~

~~''(iv) The document shall describe strategies to improve program management and performance.''; and~~

~~(2) in paragraph (4), by inserting ''and tribal'' after ''that local''.~~

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

~~(1) by striking "and" at the end of subparagraph (E);~~

~~(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and~~

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

~~"(G) provides an assurance that the State in which the tribe is located has been consulted regarding the plan and its design.".~~

~~(c) PERFORMANCE MEASURES.—Section 413 (42 U.S.C. 613) is amended by adding at the end the following:~~

~~"(k) PERFORMANCE IMPROVEMENT.—The Secretary, in consultation with the States, shall develop uniform performance measures designed to assess the degree of effectiveness, and the degree of improvement, of State programs funded under this part in accomplishing the purposes of this part.".~~

~~(d) ANNUAL RANKING OF STATES.—Section 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking "long-term private sector jobs" and inserting "private sector jobs, the success of the recipients in retaining employment, the ability of the recipients to increase their wages".~~

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

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

~~(1) in the matter preceding clause (i), by inserting "and on families receiving assistance under State programs funded with other qualified State expenditures (as defined in section 409(a)(7)(B))" before the colon;~~

~~(2) in clause (vii), by inserting "and minor parent" after "of each adult";~~

~~(3) in clause (viii), by striking "and educational level";~~

~~(4) in clause (ix), by striking ", and if the latter 2, the amount received";~~

~~(5) in clause (x)—~~

~~(A) by striking "each type of"; and~~

~~(B) by inserting before the period "and, if applicable, the reason for receipt of the assistance for a total of more than 60 months";~~

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

~~"(I) Subsidized private sector employment.~~

~~"(II) Unsubsidized employment.~~

~~"(III) Public sector employment, supervised work experience, or supervised community service.~~

~~"(IV) On-the-job training.~~

~~"(V) Job search and placement.~~

~~"(VI) Training.~~

~~"(VII) Education.~~

~~"(VIII) Other activities directed at the purposes of this part, as specified in the State plan submitted pursuant to section 402.";~~

~~(7) in clause (xii), by inserting "and progress toward universal engagement" after "participation rates";~~

~~(8) in clause (xiii), by striking "type and" before "amount of assistance";~~

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

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

~~"(xviii) The date the family first received assistance from the State program on the basis of the most recent application for such assistance.~~

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

~~"(xx) With respect to any child in the family, the marital status of the parents at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.".~~

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

~~(1) in clause (i)—~~

~~(A) by striking "a sample" and inserting "samples"; and~~

~~(B) by inserting before the period ", except that the Secretary may designate core data elements that must be reported on all families"; and~~

~~(2) in clause (ii), by striking "funded under this part" and inserting "described in subparagraph (A)".~~

~~(c) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42 U.S.C. 611(a)) is amended—~~

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

~~(2) by redesignating paragraph (6) as paragraph (5); and~~

~~(3) by inserting after paragraph (5) (as so redesignated) the following:~~

~~"(6) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter the number of families and total number of individuals that, during the month, became ineligible to receive assistance under the State program funded under this part (broken down by the number of families that become so ineligible due to earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons).".~~

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

~~(1) by inserting "and to collect the necessary data" before "with respect to which reports";~~

~~(2) by striking "subsection" and inserting "section"; and~~

~~(3) by striking "in defining the data elements" and all that follows and inserting ", the National Governors' Association, the American Public Human Services Association, the National Conference of~~

~~State Legislatures, and others in defining the data elements.''.~~

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

~~(1) by redesignating subsection (b) as subsection (c); and~~

~~(2) by inserting after subsection (a) the following:~~

~~''(b) ANNUAL REPORTS ON PROGRAM CHARACTERISTICS.—Not later than 90 days after the end of fiscal year 2004 and each succeeding fiscal year, each eligible State shall submit to the Secretary a report on the characteristics of the State program funded under this part and other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)). The report shall include, with respect to each such program, the program name, a description of program activities, the program purpose, the program eligibility criteria, the sources of program funding, the number of program beneficiaries, sanction policies, and any program work requirements.~~

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

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

~~"(d) ANNUAL REPORT ON PERFORMANCE IMPROVEMENT.—Beginning with fiscal year 2005, not later than January 1 of each fiscal year, each eligible State shall submit to the Secretary a report on achievement and improvement during the preceding fiscal year under the numerical performance goals and measures under the State program funded under this part with respect to each of the matters described in section 402(a)(1)(A)(v).".~~

~~(f) ANNUAL REPORTS TO CONGRESS BY THE SECRETARY.—Section 411(e), as so redesignated by subsection (e) of this section, is amended—~~

~~(1) in the matter preceding paragraph (1), by striking "and each fiscal year thereafter" and inserting "and by July 1 of each fiscal year thereafter";~~

~~(2) in paragraph (2), by striking "families applying for assistance," and by striking the last comma; and~~

~~(3) in paragraph (3), by inserting "and other programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))" before the semicolon.~~

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

~~"(f) INCREASED ANALYSIS OF STATE SINGLE AUDIT REPORTS.—~~

~~"(1) IN GENERAL.—Within 3 months after a State submits to the Secretary a report pursuant to section 7502(a)(1)(A) of title 31, United States Code, the Secretary shall analyze the report for the purpose of identifying the extent and nature of problems related to the oversight by the State of nongovernmental entities with respect to contracts entered into by such entities with the State program funded under this part, and determining what additional actions may be appropriate to help prevent and correct the problems.~~

~~"(2) INCLUSION OF PROGRAM OVERSIGHT SECTION IN ANNUAL REPORT TO THE CONGRESS.—The Secretary shall include in each report under subsection (e) a section on oversight of State programs funded under this part, including findings on the extent and nature of the problems referred to in paragraph (1), actions taken to resolve the problems, and to the extent the Secretary deems appropriate make~~

~~recommendations on changes needed to resolve the problems.''.~~

~~SEC. 114. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.~~

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

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

~~SEC. 115. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.~~

~~(a) SECRETARY'S FUND FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section 413 (42 U.S.C. 613), as amended by section 112(c) of this Act, is further amended by adding at the end the following:~~

~~''(l) FUNDING FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—~~

~~''(1) APPROPRIATION.—~~

~~''(A) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise~~

~~appropriated, there are appropriated $102,000,000 for each of fiscal years 2003 through 2008, which shall be available to the Secretary for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under this part, which shall be expended primarily on activities described in section 403(a)(2)(B), and which shall be in addition to any other funds made available under this part.~~

~~"(B) EXTENDED AVAILABILITY OF FY 2003 FUNDS.—Funds appropriated under this paragraph for fiscal year 2003 shall remain available to the Secretary through fiscal year 2004, for use in accordance with this paragraph for fiscal year 2003.~~

~~"(2) SET ASIDE FOR DEMONSTRATION PROJECTS FOR COORDINATION OF PROVISION OF CHILD WELFARE AND TANF SERVICES TO TRIBAL FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—~~

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

~~$2,000,000 shall be awarded on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.~~

~~"(B) USE OF FUNDS.—A grant made to such a project shall be used—~~

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

~~"(ii) for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and~~

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

~~"(C) REPORTS.—The Secretary may require a recipient of funds awarded under this paragraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee~~

~~the administration of any project for which funds are provided under this paragraph.''.~~

~~(b) FUNDING OF STUDIES AND DEMONSTRATIONS.—Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in the matter preceding subparagraph (A) by striking ''1997 through 2002'' and inserting ''2004 through 2008''.~~

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

~~(d) REPORT ON COORDINATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services and the Secretary of Labor shall jointly submit a report to the Congress describing common or conflicting data elements, definitions, performance measures, and reporting requirements in the Workforce Investment Act of 1998 and part A of title IV of the Social Security Act, and, to the degree each Secretary deems appropriate, at the discretion of either Secretary, any other program administered by the re-~~

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

~~SEC. 116. STUDIES BY THE CENSUS BUREAU AND THE GENERAL ACCOUNTING OFFICE.~~

~~(a) CENSUS BUREAU STUDY.—~~

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

~~"(a) IN GENERAL.—The Bureau of the Census shall implement or enhance a longitudinal survey of program participation, developed in consultation with the Secretary and made available to interested parties, to allow for the assessment of the outcomes of continued welfare reform on the economic and child well-being of low-income families with children, including those who received assistance or services from a State program funded under this part, and, to the extent possible, shall provide State representative samples. The content of the survey should include such information as may be necessary to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency and compliance with work requirements, the beginning and ending of spells of assistance, work, earnings and employment stability, and the well-being of children.".~~

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

~~(A) by striking "1996," and all that follows through "2002" and inserting "2004 through 2008"; and~~

~~(B) by adding at the end the following: "Funds appropriated under this subsection shall remain available through fiscal year 2008 to carry out subsection (a).".~~

~~(b) GAO STUDY.—~~

~~(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study to determine the combined effect of the phase-out rates for Federal programs and policies which provide support to low-income families and individuals as they move from welfare to work, at all earning levels up to $35,000 per year, for at least 5 States including Wisconsin and California, and any potential disincentives the combined phase-out rates create for families to achieve independence or to marry.~~

~~(2) REPORT.—Not later than 1 year after the date of the enactment of this subsection, the Comptroller General shall submit a report to Congress containing the results of the study conducted under this section and, as appropriate, any recommendations consistent with the results.~~

~~**SEC. 117. DEFINITION OF ASSISTANCE.**~~

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

~~"(6) ASSISTANCE.—~~

~~"(A) IN GENERAL.—The term 'assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).~~

~~"(B) EXCEPTION.—The term 'assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary).".~~

~~(b) CONFORMING AMENDMENTS.—~~

~~(1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is amended by striking "assistance" and inserting "aid".~~

~~(2) Section 404(f) (42 U.S.C. 604(f)) is amended by striking "assistance" and inserting "benefits or services".~~

~~(3) Section 408(a)(5)(B)(i) (42 U.S.C. 608(a)(5)(B)(i)) is amended in the heading by striking "ASSISTANCE" and inserting "AID".~~

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

~~SEC. 118. TECHNICAL CORRECTIONS.~~

~~(a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is amended by inserting a comma after "appropriate".~~

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

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

~~(d)(1) Section 413 (42 U.S.C. 613) is amended by striking subsection (g) and redesignating subsections (h) through (j) and subsections (k) and (l) (as added by sections 112(c) and 115(a) of this Act, respectively) as subsections (g) through (k), respectively.~~

~~(2) Each of the following provisions is amended by striking "413(j)" and inserting "413(i)":~~

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

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

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

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

~~SEC. 119. FATHERHOOD PROGRAM.~~

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

~~(b) FATHERHOOD PROGRAM.—~~

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

~~"SEC. 117. FATHERHOOD PROGRAM.~~

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

~~"'PART C—FATHERHOOD PROGRAM~~

~~"'SEC. 441. FINDINGS AND PURPOSES.~~

~~"'(a) FINDINGS.—The Congress finds that there is substantial evidence strongly indicating the urgent need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children, including data demonstrating the following:~~

~~"'(1) In approximately 90 percent of cases where a parent is absent, that parent is the father.~~

~~"'(2) By some estimates, 60 percent of children born in the 1990's will spend a significant portion of their childhood in a home without a father.~~

~~"'(3) Nearly 75 percent of children in single-parent homes will experience poverty before they are 11 years old, compared with only 20 percent of children in 2-parent families.~~

~~"'(4) Low income is positively correlated with children's difficulties with education, social adjustment, and delinquency, and single-parent households constitute a disproportionate share of low-income households.~~

~~"'(5) Where families (whether intact or with a parent absent) are living in poverty, a significant factor is the father's lack of job skills.~~

~~"'(6) Children raised in 2-parent married families, on average, fare better as a group in key areas, including better school performance, reduced rates of substance abuse, crime, and delinquency, fewer health, emotional, and behavioral problems, lower rates of teenage sexual activity, less risk of abuse or neglect, and lower risk of teen suicide.~~

~~"'(7) Committed and responsible fathering during infancy and early childhood contributes to the development of emotional security, curiosity, and math and verbal skills.~~

~~"'(8) An estimated 24,000,000 children (33.5 percent) live apart from their biological father.~~

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

~~"'(b) PURPOSES.—The purposes of this part are:~~

~~"'(1) To provide for projects and activities by public entities and by nonprofit community entities, including religious organizations, designed to test promising approaches to accomplishing the following objectives:~~

~~"'(A) Promoting responsible, caring, and effective parenting through counseling, mentoring, and parenting education, dissemination of educational materials and information on parenting skills, encouragement of positive father involvement, including the positive involvement of nonresident fathers, and other methods.~~

~~"'(B) Enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take full advantage of education, job training, and job search programs, to improve work habits and work skills, to secure career advancement by activities such as outreach and information dissemination, coordination, as appropriate, with employment services and job training programs, including the One-Stop delivery system established under title I of the Workforce Investment Act of 1998, encouragement and support of timely payment of current child support and regular payment toward past due child support obligations in appropriate cases, and other methods.~~

~~"'(C) Improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in matters including household management, budgeting, banking, and handling of financial transactions, time management, and home maintenance.~~

~~"'(D) Encouraging and supporting healthy marriages and married fatherhood through such activities as premarital education, including the use of premarital inventories, marriage preparation programs, skills-based marriage education programs, marital therapy, couples counseling, divorce education and reduction programs, divorce mediation and counseling, relationship skills enhancement programs, including those designed to reduce child abuse and domestic violence, and dissemination of information about the benefits of marriage for both parents and children.~~

~~"'(2) Through the projects and activities described in paragraph (1), to improve outcomes for children with respect to measures such as increased family income and economic security, improved school performance, better health, improved emotional and behavioral stability and social adjustment, and reduced risk of delinquency, crime, substance abuse, child abuse and neglect, teen sexual activity, and teen suicide.~~

~~"'(3) To evaluate the effectiveness of various approaches and to disseminate findings concerning outcomes and other information in order to encour-~~

age and facilitate the replication of effective approaches to accomplishing these objectives.

"'SEC. 442. DEFINITIONS.

"'In this part, the terms "Indian tribe" and "tribal organization" have the meanings given them in subsections (c) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act.

"'SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.

"'(a) IN GENERAL.—The Secretary may make grants for fiscal years 2004 through 2008 to public and nonprofit community entities, including religious organizations, and to Indian tribes and tribal organizations, for demonstration service projects and activities designed to test the effectiveness of various approaches to accomplish the objectives specified in section 441(b)(1).

"'(b) ELIGIBILITY CRITERIA FOR FULL SERVICE GRANTS.—In order to be eligible for a grant under this section, except as specified in subsection (c), an entity shall submit an application to the Secretary containing the following:

"'(1) PROJECT DESCRIPTION.—A statement including—

"'(A) a description of the project and how it will be carried out, including the geographical area to be covered and the number and charac-

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

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

"'(2) EXPERIENCE AND QUALIFICATIONS.—A demonstration of ability to carry out the project, by means such as demonstration of experience in successfully carrying out projects of similar design and scope, and such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

"'(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

1 ~~"'(4) ADDRESSING CONCERNS RELATING TO~~
2 ~~SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-~~
3 ~~mitment to make available to each individual partici-~~
4 ~~pating in the project education about alcohol, to-~~
5 ~~bacco, and other drugs, and about the health risks~~
6 ~~associated with abusing such substances, and infor-~~
7 ~~mation about diseases and conditions transmitted~~
8 ~~through substance abuse and sexual contact, includ-~~
9 ~~ing HIV/AIDS, and to coordinate with providers of~~
10 ~~services addressing such problems, as appropriate.~~
11 ~~"'(5) COORDINATION WITH SPECIFIED PRO-~~
12 ~~GRAMS.—An undertaking to coordinate, as appro-~~
13 ~~priate, with State and local entities responsible for~~
14 ~~the programs under parts A, B, and D of this title,~~
15 ~~including programs under title I of the Workforce~~
16 ~~Investment Act of 1998 (including the One-Stop de-~~
17 ~~livery system), and such other programs as the Sec-~~
18 ~~retary may require.~~
19 ~~"'(6) RECORDS, REPORTS, AND AUDITS.—An~~
20 ~~agreement to maintain such records, make such re-~~
21 ~~ports, and cooperate with such reviews or audits as~~
22 ~~the Secretary may find necessary for purposes of~~
23 ~~oversight of project activities and expenditures.~~
24 ~~"'(7) SELF-INITIATED EVALUATION.—If the~~
25 ~~entity elects to contract for independent evaluation~~

of the project (part or all of the cost of which may be paid for using grant funds), a commitment to submit to the Secretary a copy of the evaluation report within 30 days after completion of the report and not more than 1 year after completion of the project.

"'(8) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including random assignment of clients to service recipient and control groups, if determined by the Secretary to be appropriate, and affording the Secretary access to the project and to project-related records and documents, staff, and clients.

"'(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE GRANTS.—In order to be eligible for a grant under this section in an amount under $25,000 per fiscal year, an entity shall submit an application to the Secretary containing the following:

"'(1) PROJECT DESCRIPTION.—A description of the project and how it will be carried out, including the number and characteristics of clients to be served, the proposed duration of the project, and

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

"'(2) QUALIFICATIONS.—Such information as the Secretary may require as to the capacity of the entity to carry out the project, including any previous experience with similar activities.

"'(3) COORDINATION WITH RELATED PROGRAMS.—As required by the Secretary in appropriate cases, an undertaking to coordinate and cooperate with State and local entities responsible for specific programs relating to the objectives of the project including, as appropriate, jobs programs and programs serving children and families.

"'(4) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

"'(5) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.

~~"'(d) CONSIDERATIONS IN AWARDING GRANTS.—~~

~~"'(1) DIVERSITY OF PROJECTS.—In awarding grants under this section, the Secretary shall seek to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban and in rural areas, and entities employing differing methods of achieving the purposes of this section, including working with the State agency responsible for the administration of part D to help fathers satisfy child support arrearage obligations.~~

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

~~"'(e) FEDERAL SHARE.—~~

~~"'(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for a share of the cost of such project in such fiscal year equal to—~~

~~"'(A) up to 80 percent (or up to 90 percent, if the entity demonstrates to the Secretary's satisfaction circumstances limiting the entity's ability to secure non-Federal resources)~~

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

"'(B) up to 100 percent, in the case of a project under subsection (c).

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

"'SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION PROJECTS.

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

"'(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section must be a national nonprofit fatherhood promotion organization that meets the following requirements:

"'(1) EXPERIENCE WITH FATHERHOOD PROGRAMS.—The organization must have substantial experience in designing and successfully conducting

programs that meet the purposes described in section 441.

"'(2) EXPERIENCE WITH MULTICITY, MULTISTATE PROGRAMS AND GOVERNMENT COORDINATION.—The organization must have experience in simultaneously conducting such programs in more than 1 major metropolitan area in more than 1 State and in coordinating such programs, where appropriate, with State and local government agencies and private, nonprofit agencies (including community-based and religious organizations), including State or local agencies responsible for child support enforcement and workforce development.

"'(c) APPLICATION REQUIREMENTS.—In order to be eligible for a grant under this section, an entity must submit to the Secretary an application that includes the following:

"'(1) QUALIFICATIONS.—

"'(A) ELIGIBLE ENTITY.—A demonstration that the entity meets the requirements of subsection (b).

"'(B) OTHER.—Such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the

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

~~"'(2) PROJECT DESCRIPTION.—A description of and commitments concerning the project design, including the following:~~

~~"'(A) IN GENERAL.—A detailed description of the proposed project design and how it will be carried out, which shall—~~

~~"'(i) provide for the project to be conducted in at least 3 major metropolitan areas;~~

~~"'(ii) state how it will address each of the 4 objectives specified in section 441(b)(1);~~

~~"'(iii) demonstrate that there is a sufficient number of potential clients to allow for the random selection of individuals to participate in the project and for comparisons with appropriate control groups composed of individuals who have not participated in such projects; and~~

~~"'(iv) demonstrate that the project is designed to direct a majority of project resources to activities serving low-income fa-~~

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

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

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

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

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

~~access to the project and to project-related records and documents, staff, and clients.~~

~~"'(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.~~

~~"'(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.~~

~~"'(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs funded under parts A, B, and D of this title, programs under title I of the Workforce Investment Act of 1998 (including the One-Stop de-~~

livery system), and such other programs as the Secretary may require.

"'(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits (in addition to those required under the preceding provisions of paragraph (2)) as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

"'(d) FEDERAL SHARE.—

"'(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for up to 80 percent of the cost of such project in such fiscal year.

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

"'SEC. 445. EVALUATION.

"'(a) IN GENERAL.—The Secretary, directly or by contract or cooperative agreement, shall evaluate the effectiveness of service projects funded under sections 443 and 444 from the standpoint of the purposes specified in section 441(b)(1).

~~"'(b) EVALUATION METHODOLOGY.—Evaluations under this section shall—~~

~~"'(1) include, to the maximum extent feasible, random assignment of clients to service delivery and control groups and other appropriate comparisons of groups of individuals receiving and not receiving services;~~

~~"'(2) describe and measure the effectiveness of the projects in achieving their specific project goals; and~~

~~"'(3) describe and assess, as appropriate, the impact of such projects on marriage, parenting, domestic violence, child abuse and neglect, money management, employment and earnings, payment of child support, and child well-being, health, and education.~~

~~"'(c) EVALUATION REPORTS.—The Secretary shall publish the following reports on the results of the evaluation:~~

~~"'(1) An implementation evaluation report covering the first 24 months of the activities under this part to be completed by 36 months after initiation of such activities.~~

~~"'(2) A final report on the evaluation to be completed by September 30, 2011.~~

"'SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.

"'The Secretary is authorized, by grant, contract, or cooperative agreement, to carry out projects and activities of national significance relating to fatherhood promotion, including—

"'(1) COLLECTION AND DISSEMINATION OF INFORMATION.—Assisting States, communities, and private entities, including religious organizations, in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, developing, and making available (through the Internet and by other means) to all interested parties information regarding approaches to accomplishing the objectives specified in section 441(b)(1).

"'(2) MEDIA CAMPAIGN.—Developing, promoting, and distributing to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that promotes and encourages involved, committed, and responsible fatherhood and married fatherhood.

"'(3) TECHNICAL ASSISTANCE.—Providing technical assistance, including consultation and training, to public and private entities, including community organizations and faith-based organiza-

~~tions, in the implementation of local fatherhood promotion programs.~~

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

~~"'SEC. 447. NONDISCRIMINATION.~~

~~"'The projects and activities assisted under this part shall be available on the same basis to all fathers and expectant fathers able to benefit from such projects and activities, including married and unmarried fathers and custodial and noncustodial fathers, with particular attention to low-income fathers, and to mothers and expectant mothers on the same basis as to fathers.~~

~~"'SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RESERVATION FOR CERTAIN PURPOSE.~~

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

~~"'(b) RESERVATION.—Of the amount appropriated under this section for each fiscal year, not more than 15 percent shall be available for the costs of the multicity, multicounty, multistate demonstration projects under section 444, evaluations under section 445, and projects of national significance under section 446.'.~~

~~"(b) INAPPLICABILITY OF EFFECTIVE DATE PROVISIONS.—Section 116 shall not apply to the amendment made by subsection (a) of this section.".~~

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

~~"Sec. 117. Fatherhood program.".~~

~~SEC. 120. STATE OPTION TO MAKE TANF PROGRAMS MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.~~

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

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

SEC. 121. SENSE OF THE CONGRESS.

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

SEC. 122. EXTENSION THROUGH FISCAL YEAR 2003.

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

TITLE II—CHILD CARE

SEC. 201. SHORT TITLE.

This title may be cited as the ''Caring for Children Act of 2003''.

SEC. 202. GOALS.

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

(1) in paragraph (3) by striking ''encourage'' and inserting ''assist'',

(2) by amending paragraph (4) to read as follows:

''(4) to assist States to provide child care to low-income parents;'',

(3) by redesignating paragraph (5) as paragraph (7), and

~~(4) by inserting after paragraph (4) the following:~~

~~"(5) to encourage States to improve the quality of child care available to families;~~

~~"(6) to promote school readiness by encouraging the exposure of young children in child care to nurturing environments and developmentally-appropriate activities, including activities to foster early cognitive and literacy development; and".~~

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

~~SEC. 203. AUTHORIZATION OF APPROPRIATIONS.~~

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

~~(1) by striking "is" and inserting "are", and~~

~~(2) by striking "$1,000,000,000 for each of the fiscal years 1996 through 2002" and inserting "$2,100,000,000 for fiscal year 2003, $2,300,000,000 for fiscal year 2004, $2,500,000,000 for fiscal year 2005, $2,700,000,000 for fiscal year 2006, $2,900,000,000 for fiscal year 2007, and $3,100,000,000 for fiscal year 2008".~~

~~SEC. 204. APPLICATION AND PLAN.~~

~~Section 658E(c)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858C(c)(2)) is amended—~~

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

~~"(D) CONSUMER AND CHILD CARE PROVIDER EDUCATION INFORMATION.—Certify that the State will collect and disseminate, through resource and referral services and other means as determined by the State, to parents of eligible children, child care providers, and the general public, information regarding—~~

~~"(i) the promotion of informed child care choices, including information about the quality and availability of child care services;~~

~~"(ii) research and best practices on children's development, including early cognitive development;~~

~~"(iii) the availability of assistance to obtain child care services; and~~

~~"(iv) other programs for which families that receive child care services for which financial assistance is provided under this subchapter may be eligible, in-~~

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

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

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

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

~~leverage existing service delivery systems of early childhood education and increase the supply and quality of child care services.~~

~~"(K) CHILD CARE SERVICE QUALITY.—~~

~~"(i) CERTIFICATION.—For each fiscal year after fiscal year 2004, certify that during the then preceding fiscal year the State was in compliance with section 658G and describe how funds were used to comply with such section during such preceding fiscal year.~~

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

~~"(I) a statement specifying how the State will address the activities described in paragraphs (1), (2), and (3) of section 658G;~~

~~"(II) a description of quantifiable, objective measures for evaluating~~

~~the quality of child care services separately with respect to the activities listed in each of such paragraphs that the State will use to evaluate its progress in improving the quality of such child care services;~~

~~"(III) a list of State-developed child care service quality targets for such fiscal year quantified on the basis of such measures; and~~

~~"(IV) for each fiscal year after fiscal year 2004, a report on the progress made to achieve such targets during the then preceding fiscal year.~~

~~"(iii) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed to require that the State apply measures for evaluating quality to specific types of child care providers.~~

~~"(L) ACCESS TO CARE FOR CERTAIN POPULATIONS.—Demonstrate how the State is addressing the child care needs of parents eligible for child care services for which financial assistance is provided under this subchapter who have children with special needs, work nontradi-~~

~~tional hours, or require child care services for infants or toddlers.''.~~

~~SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.~~

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

~~''SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE SERVICES.~~

~~''A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 6 percent of the amount of such funds for activities provided through resource and referral services or other means, that are designed to improve the quality of child care services in the State available to low-income parents from eligible child care providers. Such activities include—~~

~~''(1) programs that provide training, education, and other professional development activities to enhance the skills of the child care workforce, including training opportunities for caregivers in informal care settings;~~

~~''(2) activities within child care settings to enhance early learning for young children, to promote early literacy, and to foster school readiness;~~

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

~~"(4) other activities deemed by the State to improve the quality of child care services provided in such State.".~~

~~SEC. 206. REPORT BY SECRETARY.~~

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

~~"SEC. 658L. REPORT BY SECRETARY.~~

~~"(a) REPORT REQUIRED.—Not later than October 1, 2005, and biennially thereafter, the Secretary shall prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate a report that contains the following:~~

~~"(1) A summary and analysis of the data and information provided to the Secretary in the State reports submitted under section 658K.~~

~~"(2) Aggregated statistics on the supply of, demand for, and quality of child care, early education, and non-school-hours programs.~~

~~"(3) An assessment, and where appropriate, recommendations for the Congress concerning efforts that should be undertaken to improve the access of the public to quality and affordable child care in the United States.~~

~~"(b) COLLECTION OF INFORMATION.—The Secretary may utilize the national child care data system available through resource and referral organizations at the local, State, and national level to collect the information required by subsection (a)(2).~~

~~SEC. 207. DEFINITIONS.~~

~~Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858N(4)(B)) is amended by striking "85 percent of the State median income" and inserting "income levels as established by the State, prioritized by need,".~~

~~SEC. 208. ENTITLEMENT FUNDING.~~

~~Section 418(a)(3) (42 U.S.C. 618(a)(3)) is amended—~~

~~(1) by striking "and" at the end of subparagraph (E);~~

~~(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and~~

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

~~"(G) $2,917,000,000 for each of fiscal years 2004 through 2008.".~~

~~TITLE III—CHILD SUPPORT~~

~~SEC. 301. FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.~~

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

~~(1) in paragraph (1)(A), by inserting "subject to paragraph (7)" before the semicolon; and~~

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

~~"(7) FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.—Notwithstanding paragraph (1), a State shall not be required to pay to the Federal Government the Federal share of an amount collected during a month on behalf of a family that is a recipient of assistance under the State program funded under part A, to the extent that—~~

~~"(A) the State distributes the amount to the family;~~

~~"(B) the total of the amounts so distributed to the family during the month—~~

~~"(i) exceeds the amount (if any) that, as of December 31, 2001, was required~~

~~under State law to be distributed to a family under paragraph (1)(B); and~~

~~"(ii) does not exceed the greater of—~~

~~"(I) $100; or~~

~~"(II) $50 plus the amount described in clause (i); and~~

~~"(C) the amount is disregarded in determining the amount and type of assistance provided to the family under the State program funded under part A.".~~

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

~~SEC. 302. STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.~~

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

~~(1) in paragraph (2)(B), in the matter preceding clause (i), by inserting ", except as provided in paragraph (8)," after "shall"; and~~

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

~~"(8) STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FOR-~~

~~MERLY RECEIVED TANF.—In lieu of applying paragraph (2) to any family described in paragraph (2), a State may distribute to the family any amount collected during a month on behalf of the family.''.~~

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

~~SEC. 303. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.~~

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

~~(1) by striking ''parent, or,'' and inserting ''parent or''; and~~

~~(2) by striking ''upon the request of the State agency under the State plan or of either parent,''.~~

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

~~SEC. 304. MANDATORY FEE FOR SUCCESSFUL CHILD SUPPORT COLLECTION FOR FAMILY THAT HAS NEVER RECEIVED TANF.~~

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

~~(1) by inserting ''(i)'' after ''(B)'';~~

~~(2) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;~~

~~(3) by adding "and" after the semicolon; and~~

~~(4) by adding after and below the end the following new clause:~~

~~"(ii) in the case of an individual who has never received assistance under a State program funded under part A and for whom the State has collected at least $500 of support, the State shall impose an annual fee of $25 for each case in which services are furnished, which shall be retained by the State from support collected on behalf of the individual (but not from the 1st $500 so collected), paid by the individual applying for the services, recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and such fees shall be considered income to the program);".~~

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

~~"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State~~

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

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

~~SEC. 305. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.~~

~~Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed. The report shall include an estimate of the total amount of undistributed child support and the average length of time it takes undistributed child support to be distributed. To the extent the Secretary deems appropriate, the Secretary shall include in the report recommendations as to whether additional procedures should be established at the State or Federal level to expedite the payment of undistributed child support.~~

~~SEC. 306. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.~~

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

~~"(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—~~

~~"(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name, address, and employer identification number of any putative employer of the individual, subject to this paragraph.~~

~~"(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.~~

~~"(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).".~~

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

~~SEC. 307. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.~~

~~(a) IN GENERAL.—Section 452(k)(1) (42 U.S.C. 652(k)(1)) is amended by striking "$5,000" and inserting "$2,500".~~

~~(b) CONFORMING AMENDMENT.—Section 454(31) (42 U.S.C. 654(31)) is amended by striking "$5,000" and inserting "$2,500".~~

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

~~SEC. 308. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.~~

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

~~(1) in subsection (a)(2)(A), by striking "(as that term is defined for purposes of this paragraph under subsection (c))"; and~~

~~(2) in subsection (c)—~~

~~(A) in paragraph (1)—~~

~~(i) by striking "(1) Except as provided in paragraph (2), as used in" and inserting "In"; and~~

~~(ii) by inserting "(whether or not a minor)" after "a child" each place it appears; and~~

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

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

~~SEC. 309. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE CHILD SUPPORT OBLIGATIONS.~~

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

~~(1) in paragraph (1)(A)(ii)(V), by striking all that follows "Armed Forces" and inserting a semicolon; and~~

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

~~"(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:~~

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

~~"(i) for payment of alimony; or~~

~~"(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.~~

~~"(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.".~~

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

~~SEC. 310. IMPROVING FEDERAL DEBT COLLECTION PRACTICES.~~

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

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

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

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

~~SEC. 311. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.~~

~~Section 452(j) (42 U.S.C. 652(j)) is amended by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater,'' before ''which shall be available''.~~

~~SEC. 312. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.~~

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

~~(1) in the 1st sentence, by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater,'' before ''which shall be available''; and~~

~~(2) in the 2nd sentence, by striking ''for each of fiscal years 1997 through 2001''.~~

~~TITLE IV—CHILD WELFARE~~

~~SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.~~

~~Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking ''2002'' and inserting ''2008''.~~

~~SEC. 402. ELIMINATION OF LIMITATION ON NUMBER OF WAIVERS.~~

~~Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking "not more than 10".~~

~~SEC. 403. ELIMINATION OF LIMITATION ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT DEMONSTRATION PROJECTS ON SAME TOPIC.~~

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

~~"(h) NO LIMIT ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR DEMONSTRATION PROJECTS.—The Secretary shall not refuse to grant a waiver to a State under this section on the grounds that a purpose of the waiver or of the demonstration project for which the waiver is necessary would be the same as or similar to a purpose of another waiver or project that is or may be conducted under this section.".~~

~~SEC. 404. ELIMINATION OF LIMITATION ON NUMBER OF WAIVERS THAT MAY BE GRANTED TO A SINGLE STATE FOR DEMONSTRATION PROJECTS.~~

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

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

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

~~SEC. 405. STREAMLINED PROCESS FOR CONSIDERATION OF AMENDMENTS TO AND EXTENSIONS OF DEMONSTRATION PROJECTS REQUIRING WAIVERS.~~

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

~~''(j) STREAMLINED PROCESS FOR CONSIDERATION OF AMENDMENTS AND EXTENSIONS.—The Secretary shall develop a streamlined process for consideration of amendments and extensions proposed by States to demonstration projects conducted under this section.''.~~

~~SEC. 406. AVAILABILITY OF REPORTS.~~

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

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

~~this section, with a focus on information that may promote best practices and program improvements.''.~~

~~SEC. 407. TECHNICAL CORRECTION.~~

~~Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is amended by striking ''422(b)(9)'' and inserting ''422(b)(10)''.~~

~~TITLE V—SUPPLEMENTAL SECURITY INCOME~~

~~SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.~~

~~Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following:~~

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

~~''(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—~~

~~''(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2004;~~

~~"(ii) at least 40 percent of all such determinations that are made in fiscal year 2005; and~~

~~"(iii) at least 50 percent of all such determinations that are made in fiscal year 2006 or thereafter.~~

~~"(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.".~~

~~TITLE VI—STATE AND LOCAL FLEXIBILITY~~

~~SEC. 601. PROGRAM COORDINATION DEMONSTRATION PROJECTS.~~

~~(a) PURPOSE.—The purpose of this section is to establish a program of demonstration projects in a State or portion of a State to coordinate multiple public assistance, workforce development, and other programs, for the purpose of supporting working individuals and families, helping families escape welfare dependency, promoting child well-being, or helping build stronger families, using innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.~~

~~(b) DEFINITIONS.—In this section:~~

~~(1) ADMINISTERING SECRETARY.—The term "administering Secretary" means, with respect to a~~

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

~~(2) QUALIFIED PROGRAM.—The term "qualified program" means—~~

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

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

~~(C) activities funded under title I of the Workforce Investment Act of 1998, except subtitle C of such title;~~

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

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

~~(F) activities funded under the Adult Education and Family Literacy Act;~~

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

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

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

~~(ii) the program under section 7 of such Act (42 U.S.C. 1437e) for designating public housing for occupancy by certain populations;~~

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

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

~~(c) APPLICATION REQUIREMENTS.—The head of a State entity or of a sub-State entity administering 2 or more qualified programs proposed to be included in a demonstration project under this section shall (or, if the project is proposed to include qualified programs administered by 2 or more such entities, the heads of the administering entities (each of whom shall be considered an applicant for purposes of this section) shall jointly) submit to the administering Secretary of each such program an application that contains the following:~~

~~(1) PROGRAMS INCLUDED.—A statement identifying each qualified program to be included in the~~

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

~~(2) POPULATION SERVED.—A statement identifying the population to be served by the project and specifying the eligibility criteria to be used.~~

~~(3) DESCRIPTION AND JUSTIFICATION.—A detailed description of the project, including—~~

~~(A) a description of how the project is expected to improve or enhance achievement of the purposes of the programs to be included in the project, from the standpoint of quality, of cost-effectiveness, or of both; and~~

~~(B) a description of the performance objectives for the project, including any proposed modifications to the performance measures and reporting requirements used in the programs.~~

~~(4) WAIVERS REQUESTED.—A description of the statutory and regulatory requirements with respect to which a waiver is requested in order to carry out the project, and a justification of the need for each such waiver.~~

~~(5) COST NEUTRALITY.—Such information and assurances as necessary to establish to the satisfaction of the administering Secretary, in consultation with the Director of the Office of Management and~~

~~Budget, that the proposed project is reasonably expected to meet the applicable cost neutrality requirements of subsection (d)(4).~~

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

~~(7) PUBLIC HOUSING AGENCY PLAN.—In the case of an application proposing a demonstration project that includes activities referred to in subsection (b)(2)(H) of this section—~~

~~(A) a certification that the applicable annual public housing agency plan of any agency affected by the project that is approved under section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c–1) by the Secretary includes the information specified in paragraphs (1) through (4) of this subsection; and~~

~~(B) any resident advisory board recommendations, and other information, relating to the project that, pursuant to section 5A(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(e)(2), is required to~~

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

(8) OTHER INFORMATION AND ASSURANCES.—Such other information and assurances as the administering Secretary may require.

(d) APPROVAL OF APPLICATIONS.—

(1) IN GENERAL.—The administering Secretary with respect to a qualified program that is identified in an application submitted pursuant to subsection (c) may approve the application and, except as provided in paragraph (2), waive any requirement applicable to the program, to the extent consistent with this section and necessary and appropriate for the conduct of the demonstration project proposed in the application, if the administering Secretary determines that the project—

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

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

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

~~(2) PROVISIONS EXCLUDED FROM WAIVER AUTHORITY.—A waiver shall not be granted under paragraph (1)—~~

~~(A) with respect to any provision of law relating to—~~

~~(i) civil rights or prohibition of discrimination;~~

~~(ii) purposes or goals of any program;~~

~~(iii) maintenance of effort requirements;~~

~~(iv) health or safety;~~

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

~~(vi) environmental protection;~~

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

~~(C) in the case of a program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), with respect to any requirement under section 5A of such Act (42 U.S.C. 1437c–1; relating to public housing agency plans and resident advisory boards);~~

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

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

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

~~(ii) title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1601 et seq.);~~

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

~~(G) if the waiver would waive any funding restriction or limitation provided in an appropriations Act, or would have the effect of transferring appropriated funds from 1 appropriations account to another; or~~

~~(II) except as otherwise provided by statute, if the waiver would waive any funding restriction applicable to a program authorized under an Act which is not an appropriations Act (but not including program requirements such as application procedures, performance standards, reporting requirements, or eligibility standards), or would have the effect of transferring funds from a program for which there is direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to another program.~~

~~(3) AGREEMENT OF EACH ADMINISTERING SECRETARY REQUIRED.—~~

~~(A) IN GENERAL.—An applicant may not conduct a demonstration project under this section unless each administering Secretary with respect to any program proposed to be included in the project has approved the application to conduct the project.~~

~~(B) AGREEMENT WITH RESPECT TO FUNDING AND IMPLEMENTATION.—Before approving an application to conduct a demonstration project under this section, an administering Secretary shall have in place an agreement with~~

~~the applicant with respect to the payment of funds and responsibilities required of the administering Secretary with respect to the project.~~

~~(4) COST-NEUTRALITY REQUIREMENT.—~~

~~(A) GENERAL RULE.—Notwithstanding any other provision of law (except subparagraph (B)), the total of the amounts that may be paid by the Federal Government for a fiscal year with respect to the programs in the State in which an entity conducting a demonstration project under this section is located that are affected by the project shall not exceed the estimated total amount that the Federal Government would have paid for the fiscal year with respect to the programs if the project had not been conducted, as determined by the Director of the Office of Management and Budget.~~

~~(B) SPECIAL RULE.—If an applicant submits to the Director of the Office of Management and Budget a request to apply the rules of this subparagraph to the programs in the State in which the applicant is located that are affected by a demonstration project proposed in an application submitted by the applicant pur-~~

~~suant to this section, during such period of not more than 5 consecutive fiscal years in which the project is in effect, and the Director determines, on the basis of supporting information provided by the applicant, to grant the request, then, notwithstanding any other provision of law, the total of the amounts that may be paid by the Federal Government for the period with respect to the programs shall not exceed the estimated total amount that the Federal Government would have paid for the period with respect to the programs if the project had not been conducted.~~

~~(5) 90-DAY APPROVAL DEADLINE.—~~

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

~~(i) the administering Secretary is deemed to have approved the application for such period as is requested in the application, except to the extent inconsistent with subsection (c); and~~

~~(ii) any waiver requested in the application which applies to a qualified program that is identified in the application and is administered by the administering Secretary is deemed to be granted, except to the extent inconsistent with paragraph (2) or (4) of this subsection.~~

~~(B) DEADLINE EXTENDED IF ADDITIONAL INFORMATION IS SOUGHT.—The 90-day period referred to in subparagraph (A) shall not include any period that begins with the date the Secretary requests the applicant to provide additional information with respect to the application and ends with the date the additional information is provided.~~

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

~~(f) REPORTS TO CONGRESS.—~~

~~(1) REPORT ON DISPOSITION OF APPLICATIONS.—Within 90 days after an administering Secretary receives an application submitted pursuant to this section, the administering Secretary shall submit to each Committee of the Congress which has jurisdiction over a qualified program identified in~~

~~the application notice of the receipt, a description of the decision of the administering Secretary with respect to the application, and the reasons for approving or disapproving the application.~~

~~(2) REPORTS ON PROJECTS.—Each administering Secretary shall provide annually to the Congress a report concerning demonstration projects approved under this section, including—~~

~~(A) the projects approved for each applicant;~~

~~(B) the number of waivers granted under this section, and the specific statutory provisions waived;~~

~~(C) how well each project for which a waiver is granted is improving or enhancing program achievement from the standpoint of quality, cost-effectiveness, or both;~~

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

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

~~(F) to the extent the administering Secretary deems appropriate, recommendations for~~

~~modification of programs based on outcomes of the projects.~~

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

~~(1) by redesignating paragraph (18) as paragraph (19); and~~

~~(2) by inserting after paragraph (17) the following new paragraph:~~

~~"(18) PROGRAM COORDINATION DEMONSTRATION PROJECTS.—In the case of an agency that administers an activity referred to in section 701(b)(2)(H) of the Personal Responsibility, Work, and Family Promotion Act of 2003 that, during such fiscal year, will be included in a demonstration project under section 701 of such Act, the information that is required to be included in the application for the project pursuant to paragraphs (1) through (4) of section 701(b) of such Act.".~~

~~SEC. 602. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.~~

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

~~"SEC. 28. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.~~

~~"(a) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—~~

~~"(1) food assistance to needy individuals and families residing in the State;~~

~~"(2) funds to operate an employment and training program under subsection (g) for needy individuals under the program; and~~

~~"(3) funds for administrative costs incurred in providing the assistance.~~

~~"(b) ELECTION.—~~

~~"(1) IN GENERAL.—A State may elect to participate in the program established under subsection (a).~~

~~"(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently reverse the election of the State only once thereafter. Following the reversal, the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not receive a block grant under this section.~~

~~"(3) PROGRAM EXCLUSIVE.—A State that is participating in the program established under sub-~~

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

~~"(c) LEAD AGENCY.—~~

~~"(1) DESIGNATION.—A State desiring to participate in the program established under subsection (a) shall designate, in an application submitted to the Secretary under subsection (d)(1), an appropriate State agency that complies with paragraph (2) to act as the lead agency for the State.~~

~~"(2) DUTIES.—The lead agency shall—~~

~~"(A) administer, either directly, through other State agencies, or through local agencies, the assistance received under this section by the State;~~

~~"(B) develop the State plan to be submitted to the Secretary under subsection (d)(1); and~~

~~"(C) coordinate the provision of food assistance under this section with other Federal, State, and local programs.~~

~~"(d) APPLICATION AND PLAN.—~~

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

~~time, in such manner, and containing such information as the Secretary shall by regulation require, including—~~

~~"(A) an assurance that the State will comply with the requirements of this section;~~

~~"(B) a State plan that meets the requirements of paragraph (2); and~~

~~"(C) an assurance that the State will comply with the requirements of the State plan under paragraph (2).~~

~~"(2) REQUIREMENTS OF PLAN.—~~

~~"(A) LEAD AGENCY.—The State plan shall identify the lead agency.~~

~~"(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—~~

~~"(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i);~~

~~"(ii) to administer an employment and training program under subsection (g) for needy individuals under the program~~

~~and to provide reimbursements to needy individuals and families as would be allowed under section 16(h)(3); and~~

~~"(iii) to pay administrative costs incurred in providing the assistance.~~

~~"(C) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.~~

~~"(D) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.~~

~~"(E) OTHER ASSISTANCE.—~~

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

~~"(ii) PENALTIES.—If an individual or family is penalized for violating part A of~~

title IV of the Act, the State plan may reduce the amount of assistance provided under this section or otherwise penalize the individual or family.

"(F) ELIGIBILITY LIMITATIONS.—The State plan shall describe the income and resource eligibility limitations that are established for the receipt of assistance under this section.

"(G) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system to verify and otherwise ensure that no individual or family shall receive benefits under this section in more than 1 jurisdiction within the State.

"(H) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

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

"(3) APPROVAL OF APPLICATION AND PLAN.—During fiscal years 2004 through 2008, the Secretary may approve the applications and State plans

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

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

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

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

"(h) ENFORCEMENT.—

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

"(2) NONCOMPLIANCE.—

~~"(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—~~

~~"(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (d)(3); or~~

~~"(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section, the Secretary shall notify the State of the finding and that no further payments will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.~~

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

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

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

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

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

~~"(B) imposing sanctions under this section.~~

~~"(i) PAYMENTS.—~~

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

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

~~"(3) SPENDING OF FUNDS BY STATE.—~~

~~"(A) IN GENERAL.—Except as provided in subparagraph (B), payments to a State from an allotment under subsection (l)(2) for a fiscal year may be expended by the State only in the fiscal year.~~

~~"(B) CARRYOVER.—The State may reserve up to 10 percent of an allotment under subsection (l)(2) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total allotment received under this section for a fiscal year.~~

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

~~to food purchases, or direct provision of commodities.~~

~~"(5) DEFINITION OF FOOD ASSISTANCE.—In this section, the term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).~~

~~"(j) AUDITS.—~~

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

~~"(2) INDEPENDENT AUDITOR.—An audit under this section shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this section and be in accordance with generally accepted auditing principles.~~

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

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

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

"(5) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this section to have not been expended in accordance with this section or to have not been expended in accordance with the State plan, or the Secretary may offset the amounts against any other amount paid to the State under this section.

"(k) NONDISCRIMINATION.—

"(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

"(2) ENFORCEMENT.—The powers, remedies, and procedures set forth in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) may be used by the Secretary to enforce paragraph (1).

"(l) ALLOTMENTS.—

"(1) DEFINITION OF STATE.—In this section, the term 'State' means each of the 50 States, the

District of Columbia, Guam, and the Virgin Islands of the United States.

"(2) STATE ALLOTMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), from the amounts made available under section 18 of this Act for each fiscal year, the Secretary shall allot to each State participating in the program established under subsection (a) an amount that is equal to the sum of—

"(i) the greater of, as determined by the Secretary—

"(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 2003; or

"(II) the average per fiscal year of the total dollar value of all benefits issued under the food stamp program by the State during each of fiscal years 2001 through 2003; and

"(ii) the greater of, as determined by the Secretary—

"(I) the total amount received by the State for administrative costs and

~~the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for fiscal year 2003; or~~

~~"(II) the average per fiscal year of the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for each of fiscal years 2001 through 2003.~~

~~"(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.".~~

~~TITLE VII—ABSTINENCE EDUCATION~~

~~SEC. 701. EXTENSION OF ABSTINENCE EDUCATION PROGRAM.~~

~~(a) EXTENSION OF APPROPRIATIONS.—Section 510(d) (42 U.S.C. 710(d)) is amended by striking "2002" and inserting "2008".~~

~~(b) ALLOTMENT OF FUNDS.—Section 510(a) (42 U.S.C. 710(a)) is amended—~~

~~(1) in the matter preceding paragraph (1), by striking "an application for the fiscal year under section 505(a)" and inserting ", for the fiscal year, an application under section 505(a), and an application under this section (in such form and meeting such terms and conditions as determined appropriate by the Secretary),"; and~~

~~(2) in paragraph (2), to read as follows:~~

~~"(2) the percentage that would be determined for the State under section 502(c)(1)(B)(ii) if the calculation under such section took into consideration only those States that transmitted both such applications for such fiscal year.".~~

~~(c) REALLOTMENT OF FUNDS.—Section 510 (42 U.S.C. 710(a)) is amended by adding at the end the following new subsection:~~

~~"(e)(1) With respect to allotments under subsection (a) for fiscal year 2004 and subsequent fiscal years, the amount of any allotment to a State for a fiscal year that the Secretary determines will not be required to carry out a program under this section during such fiscal year or the succeeding fiscal year shall be available for reallotment from time to time during such fiscal years on such dates as the Secretary may fix, to other States that the Secretary determines—~~

~~"(A) require amounts in excess of amounts previously allotted under subsection (a) to carry out a program under this section; and~~

~~"(B) will use such excess amounts during such fiscal years.~~

~~"(2) Reallotments under paragraph (1) shall be made on the basis of such States' applications under this section, after taking into consideration the population of low-income children in each such State as compared with the population of low-income children in all such States with respect to which a determination under paragraph (1) has been made by the Secretary.~~

~~"(3) Any amount reallotted under paragraph (1) to a State is deemed to be part of its allotment under subsection (a).".~~

~~(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to the program under section 510 for fiscal years 2004 and succeeding fiscal years.~~

~~TITLE VIII—TRANSITIONAL MEDICAL ASSISTANCE~~

~~SEC. 801. EXTENSION OF MEDICAID TRANSITIONAL MEDICAL ASSISTANCE PROGRAM THROUGH FISCAL YEAR 2004.~~

~~(a) IN GENERAL.—Section 1925(f) (42 U.S.C. 1396r–6(f)) is amended by striking "2002" and inserting "2004".~~

~~(b) CONFORMING AMENDMENT.—Section 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by striking "September 30, 2002" and inserting "the last date (if any) on which section 1925 applies under subsection (f) of that section".~~

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

~~SEC. 802. ADJUSTMENT TO PAYMENTS FOR MEDICAID ADMINISTRATIVE COSTS TO PREVENT DUPLICATIVE PAYMENTS AND TO FUND EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE.~~

~~Section 1903 (42 U.S.C. 1396b) is amended—~~

~~(1) in subsection (a)(7), by striking "section 1919(g)(3)(B)" and inserting "subsection (x) and section 1919(g)(3)(C)"; and~~

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

~~"(x) ADJUSTMENTS TO PAYMENTS FOR ADMINISTRATIVE COSTS TO FUND EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE.—~~

~~"(1) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Effective for each calendar quarter in fiscal year 2004 and fiscal year 2005, the Secretary shall reduce the amount paid under subsection (a)(7) to each State by an amount equal to 45 percent for fiscal year 2004, and 80 percent for fiscal year 2005, of one-quarter of the annualized amount determined for the medicaid program under section 16(k)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(2)(B)).~~

~~"(2) ALLOCATION OF ADMINISTRATIVE COSTS.—None of the funds or expenditures described in section 16(k)(5)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(5)(B)) may be used to pay for costs—~~

~~"(A) eligible for reimbursement under subsection (a)(7) (or costs that would have been el-~~

igible for reimbursement but for this subsection); and

"(B) allocated for reimbursement to the program under this title under a plan submitted by a State to the Secretary to allocate administrative costs for public assistance programs;

except that, for purposes of subparagraph (A), the reference in clause (iii) of that section to 'subsection (a)' is deemed a reference to subsection (a)(7) and clause (iv)(II) of that section shall be applied as if 'medicaid program' were substituted for 'food stamp program'.".

TITLE IX—EFFECTIVE DATE

SEC. 901. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided, the amendments made by this Act shall take effect on the date of the enactment of this Act.

(b) EXCEPTION.—In the case of a State plan under part A or D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first reg-

~~ular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.~~

SECTION 1. SHORT TITLE.

This Act may be cited as the "Personal Responsibility and Individual Development for Everyone Act" or the "PRIDE Act".

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.

TITLE I—TANF

Sec. 101. State plan.
Sec. 102. Family assistance grants.
Sec. 103. Promotion of family formation and healthy marriage.
Sec. 104. Supplemental grant for population increases in certain States.
Sec. 105. Bonus to reward employment achievement.
Sec. 106. Contingency fund.
Sec. 107. Use of funds.
Sec. 108. Repeal of Federal loan for State welfare programs.
Sec. 109. Work participation requirements.
Sec. 110. Universal engagement and family self-sufficiency plan requirements; other prohibitions and requirements.
Sec. 111. Penalties.
Sec. 112. Data collection and reporting.
Sec. 113. Direct funding and administration by Indian tribes.
Sec. 114. Research, evaluations, and national studies.
Sec. 115. Study by the Census Bureau.
Sec. 116. Funding for child care.
Sec. 117. Definitions.
Sec. 118. Responsible fatherhood program.
Sec. 119. Additional grants.
Sec. 120. Technical corrections.

TITLE II—ABSTINENCE EDUCATION

Sec. 201. Extension of abstinence education program.

TITLE III—CHILD SUPPORT

Sec. 301. Distribution of child support collected by States on behalf of children receiving certain welfare benefits.
Sec. 302. Mandatory review and adjustment of child support orders for families receiving TANF.
Sec. 303. Report on undistributed child support payments.
Sec. 304. Use of new hire information to assist in administration of unemployment compensation programs.
Sec. 305. Decrease in amount of child support arrearage triggering passport denial.
Sec. 306. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.
Sec. 307. Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce obligations.
Sec. 308. Improving Federal debt collection practices.
Sec. 309. Maintenance of technical assistance funding.
Sec. 310. Maintenance of Federal parent locator service funding.
Sec. 311. Identification and seizure of assets held by multistate financial institutions.
Sec. 312. Information comparisons with insurance data.
Sec. 313. Tribal access to the Federal parent locator service.
Sec. 314. Reimbursement of Secretary's costs of information comparisons and disclosure for enforcement of obligations on Higher Education Act loans and grants.
Sec. 315. Technical amendment relating to cooperative agreements between States and Indian tribes.
Sec. 316. Claims upon longshore and harbor workers' compensation for child support.
Sec. 317. State option to use statewide automated data processing and information retrieval system for interstate cases.
Sec. 318. Interception of gambling winnings for child support.
Sec. 319. State law requirement concerning the Uniform Interstate Family Support Act (UIFSA).
Sec. 320. Grants to States for access and visitation programs.
Sec. 321. Timing of corrective action year for State noncompliance with child support enforcement program requirements.

TITLE IV—CHILD WELFARE

Sec. 401. Extension of authority to approve demonstration projects.
Sec. 402. Removal of Commonwealth of Puerto Rico foster care funds from limitation on payments.
Sec. 403. Technical correction.

TITLE V—SUPPLEMENTAL SECURITY INCOME

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

TITLE VI—TRANSITIONAL MEDICAL ASSISTANCE

Sec. 601. Extension and simplification of the transitional medical assistance program (TMA).

Sec. 602. Prohibition against covering childless adults with SCHIP funds.

TITLE VII—EFFECTIVE DATE

Sec. 701. Effective date.

SEC. 3. REFERENCES.

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

TITLE I—TANF

SEC. 101. STATE PLAN.

(a) PERFORMANCE IMPROVEMENT.—Section 402(a) (42 U.S.C. 602(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by redesignating clause (vi) as clause (vii); and

(ii) by striking clause (v) and inserting the following:

"(v) Establish specific measurable performance objectives for pursuing the purposes of the program under this part as described in section 401(a), including by—

"(I) establishing objectives consistent (as determined by the State) with the criteria used by the Secretary

in establishing performance targets under section 403(a)(4)(C) (including with respect to workplace attachment and advancement), and with such additional criteria related to other purposes of the program under this part as described in section 401(a) as the Secretary, in consultation with the National Governors' Association and the American Public Human Services Association, shall establish; and

"(II) describing the methodology that the State will use to measure State performance in relation to each such objective.

"(vi) Describe any strategies and programs the State plans to use to address—

"(I) employment retention and advancement for recipients of assistance under the program, including placement into high-demand jobs, and whether the jobs are identified using labor market information;

"(II) efforts to reduce teen pregnancy;

"(III) services for struggling and noncompliant families, and for clients with special problems; and

"(IV) program integration, including the extent to which employment and training services under the program are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through such Act."; and

(B) in subparagraph (B)—

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

(ii) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively; and

(iii) by inserting after clause (ii) (as so redesignated by clause (ii)) the following:

"(iii) If the State is undertaking any strategies or programs to engage faith-based organizations in the provision of services funded under this part, or that otherwise relate to section 104 of the Personal Responsi-

bility and Work Opportunity Reconciliation Act of 1996, the document shall describe such strategies and programs.

"(iv) The document shall describe strategies to improve program management and performance.

"(v) The document shall include a performance report which details State progress toward full engagement for all adult or minor child head of household recipients of assistance.";

(2) in paragraph (4), by inserting "and tribal" after "that local"; and

(3) by adding at the end the following:

"(8) CERTIFICATION OF CONSULTATION ON PROVISION OF TRANSPORTATION AID.—In the case of a State that provides transportation aid under the State program, a certification by the chief executive officer of the State that State and local transportation agencies and planning bodies have been consulted in the development of the plan.".

(b) PROCEDURES FOR SUBMITTING AND AMENDING STATE PLANS.—

(1) IN GENERAL.—Subsection (b) of section 402 (42 U.S.C. 602(b)) is amended to read as follows:

"(b) PROCEDURES FOR SUBMITTING AND AMENDING STATE PLANS.—

"(1) STANDARD STATE PLAN FORMAT.—The Secretary shall, after notice and public comment, develop a proposed Standard State Plan Form to be used by States under subsection (a). Such form shall be finalized by the Secretary for use by States not later than 9 months after the date of enactment of the Personal Responsibility and Individual Development for Everyone Act.

"(2) REQUIREMENT FOR COMPLETED PLAN USING STANDARD STATE PLAN FORMAT BY FISCAL YEAR 2005.—Notwithstanding any other provision of law, each State shall submit a complete State plan, using the Standard State Plan Form developed under paragraph (1), not later than October 1, 2004.

"(3) PUBLIC NOTICE AND COMMENT.—Prior to submitting a State plan to the Secretary under this section, the State shall—

"(A) make the proposed State plan available to the public through an appropriate State maintained Internet website and through other means as the State determines appropriate;

"(B) allow for a reasonable public comment period of not less than 45 days; and

"(C) make comments received concerning such plan or, at the discretion of the State, a summary of the comments received available to the public through such website and through other means as the State determines appropriate.

"(4) PUBLIC AVAILABILITY OF STATE PLAN.—A State shall ensure that the State plan that is in effect for any fiscal year is available to the public through an appropriate State maintained Internet website and through other means as the State determines appropriate.

"(5) AMENDING THE STATE PLAN.—A State shall file an amendment to the State plan with the Secretary if the State determines that there has been a material change in any information required to be included in the State plan or any other information that the State has included in the plan, including substantial changes in the use of funding. Prior to submitting an amendment to the State plan to the Secretary, the State shall—

"(A) make the proposed amendment available to the public as provided for in paragraph (3)(A);

"(B) allow for a reasonable public comment period of not less than 45 days; and

"(C) make the comments available as provided for in paragraph (3)(C).".

(2) CONFORMING AMENDMENT.—Section 402 (42 U.S.C. 602) is amended by striking subsection (c).

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

(1) in subparagraph (E), by striking "and" at the end;

(2) in subparagraph (F), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(G) provides an assurance that the State in which the tribe is located has been consulted regarding the plan and its design.".

(d) PERFORMANCE MEASURES.—Section 413 (42 U.S.C. 613) is amended by adding at the end the following:

"(k) PERFORMANCE IMPROVEMENT.—The Secretary, in consultation with the States, shall develop uniform performance measures designed to assess the degree of effectiveness, and the degree of improvement, of State programs funded under this part in accomplishing the purposes of this part.".

(e) ANNUAL RANKING OF STATES.—Section 413(d)(1) (42 U.S.C. 613(d)(1)) is amended to read as follows:

"(1) ANNUAL RANKING OF STATES.—

"(A) IN GENERAL.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in—

"(i) placing recipients of assistance under the State program funded under this part into private sector jobs;

"(ii) the success of the recipients in retaining employment;

"(iii) the ability of the recipients to increase their wages;

"(iv) the degree to which recipients have workplace attachment and advancement;

"(v) reducing the overall welfare caseload; and

"(vi) when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance.

"(B) CONSIDERATION OF OTHER FACTORS.—In ranking States under this paragraph, the Secretary shall take into account the average

number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State under this part for such families.".

SEC. 102. FAMILY ASSISTANCE GRANTS.

(a) EXTENSION OF AUTHORITY.—Section 403(a)(1) (42 U.S.C. 603(a)(1)(A)), as amended by section 3(a) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 836), is amended—

(1) in subparagraph (A)—

(A) by striking "1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003" and inserting "2004 through 2008"; and

(B) by inserting "payable to the State for the fiscal year" before the period; and

(2) in subparagraph (C), by striking "for fiscal year 2003" and all that follows through the period, and inserting "for each of fiscal years 2004 through 2008, $16,566,542,000 for grants under this paragraph.".

(b) MATCHING GRANTS FOR THE TERRITORIES.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)), as amended by section 3(b) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 836), is amended by striking "1997 through 2003" and inserting "2004 through 2008".

SEC. 103. PROMOTION OF FAMILY FORMATION AND HEALTHY MARRIAGE.

(a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)), as amended by section 101(a), is amended by adding at the end the following:

"(viii) Encourage equitable treatment of healthy 2-parent married families under the program referred to in clause (i).".

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

"(2) HEALTHY MARRIAGE PROMOTION GRANTS.—

"(A) AUTHORITY.—

"(i) IN GENERAL.—The Secretary shall award competitive grants to States, territories, and Indian tribes and tribal organizations for not more than 50 percent of the cost of developing and implementing innovative programs to promote and support healthy 2-parent married families.

"(ii) USE OF OTHER TANF FUNDS.—A State or Indian tribe with an approved tribal family assistance plan may use funds provided under other grants made under

this part for all or part of the expenditures incurred for the remainder of the costs described in clause (i). In the case of a State, any such funds expended shall not be considered qualified State expenditures for purposes of section 409(a)(7).

"(B) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—Funds provided under subparagraph (A) shall be used to support any of the following programs or activities:

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

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

"(iii) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women, non-married expectant fathers, and non-married recent parents.

"(iv) Pre-marital education and marriage skills training for engaged couples and

for couples or individuals interested in marriage.

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

"(vi) Divorce reduction programs that teach relationship skills.

"(vii) Marriage mentoring programs which use married couples as role models and mentors.

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

"(C) VOLUNTARY PARTICIPATION.—Participation in programs or activities described in any of clauses (iii) through (vii) shall be voluntary.

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

"(E) REQUIREMENTS FOR RECEIPT OF FUNDS.—A State, territory, or Indian tribe or

tribal organization may not be awarded a grant under this paragraph unless the State, territory, Indian tribe or tribal organization, as a condition of receiving funds under such a grant—

"(i) consults with experts in domestic violence or with relevant community domestic violence coalitions in developing such programs or activities; and

"(ii) describes in the application for a grant under this paragraph—

"(I) how the programs or activities proposed to be conducted will address, as appropriate, issues of domestic violence; and

"(II) what the State, territory, or Indian tribe or tribal organization, will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary, and to inform potential participants that their involvement is voluntary.

"(F) APPROPRIATION.—

"(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appro-

priated for each of fiscal years 2004 through 2008, $100,000,000 for grants under this paragraph.

"(ii) EXTENDED AVAILABILITY OF FUNDS.—

"(I) IN GENERAL.—Funds appropriated under clause (i) for each of fiscal years 2004 through 2008 shall remain available to the Secretary until expended.

"(II) AUTHORITY FOR GRANT RECIPIENTS.—A State, territory, or Indian tribe or tribal organization may use funds made available under a grant awarded under this paragraph without fiscal year limitation pursuant to the terms of the grant.".

(c) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:

"(V) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—Subject to subclauses (II) and (III), the term 'qualified State expenditures' includes the total expenditures by the State during the fiscal year under all State programs for a purpose described in paragraph (3) or (4) of section 401(a).".

(d) PURPOSES.—Section 401(a)(4) (42 U.S.C. 601(a)(4)) is amended by striking "two-parent families" and inserting "healthy 2-parent married families, and encourage responsible fatherhood".

SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.

Section 403(a)(3)(H) (42 U.S.C. 603(a)(3)(H)), as amended by section 3(d) of the Welfare Reform Extension Act of 2003 (Public Law 108–040), 117 Stat. 837), is amended—

(1) in clause (i), by striking "2002 and 2003" and inserting "2004 through 2007";

(2) in clause (ii), by striking "2003" and inserting "2007"; and

(3) in clause (iii), by striking "2002 and 2003" and inserting "2004 through 2007".

SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.

(a) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended to read as follows:

"(4) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—

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

"(B) AMOUNT OF GRANT.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary shall determine the amount of the grant payable under this paragraph to an employment achievement State for a bonus year, which shall be based on the performance of the State as determined under subparagraph (D)(i) for the

fiscal year that immediately precedes the bonus year.

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

"(C) FORMULA FOR MEASURING STATE PERFORMANCE.—

"(i) IN GENERAL.—Subject to clause (ii), not later than October 1, 2004, the Secretary, in consultation with the States, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals of employment entry, job retention, increased earnings from employment, and workplace attachment and advancement for families receiving assistance under the program, as measured on an absolute basis and on the basis of improvement in State performance.

"(ii) SPECIAL RULE FOR BONUS YEARS 2004 AND 2005.—For the purposes of awarding a bonus under this paragraph for bonus year 2004 or 2005, the Secretary may

measure the performance of a State in fiscal year 2003 or 2004 (as the case may be) using the job entry rate, job retention rate, and earnings gain rate components of the formula developed under section 403(a)(4)(C) as in effect immediately before the effective date of this paragraph.

"(D) DETERMINATION OF STATE PERFORMANCE.—For each bonus year, the Secretary shall—

"(i) use the formula developed under subparagraph (C) to determine the performance of each eligible State for the fiscal year that precedes the bonus year; and

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

"(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $100,000,000; and

"(II) the total amount of grants to be made under this paragraph for all bonus years equals $600,000,000.

"(E) DEFINITIONS.—In this paragraph:

"(i) BONUS YEAR.—The term 'bonus year' means each of fiscal years 2004 through 2009.

"(ii) EMPLOYMENT ACHIEVEMENT STATE.—The term 'employment achievement State' means, with respect to a bonus year, an eligible State whose performance determined pursuant to subparagraph (D)(i) for the fiscal year preceding the bonus year equals or exceeds the performance standards prescribed under subparagraph (D)(ii) for such preceding fiscal year.

"(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for the period of fiscal years 2004 through 2009, $600,000,000 for grants under this paragraph.

"(G) GRANTS FOR TRIBAL ORGANIZATIONS.—This paragraph shall apply with respect to tribal organizations in the same manner in which this paragraph applies with respect to States. In determining the criteria under which to make grants to tribal organizations under this paragraph, the Secretary shall consult with tribal organizations.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2003.

SEC. 106. CONTINGENCY FUND.

(a) CONTINGENCY FUNDING AVAILABLE TO NEEDY STATES.—Section 403(b) (42 U.S.C. 603(b)) is amended—

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

"(1) CONTINGENCY FUND GRANTS.—

"(A) PAYMENTS.—Subject to subparagraph (C), and out of funds appropriated under subparagraph (E), each State shall receive a contingency fund grant for each eligible month in which the State is a needy State under paragraph (3).

"(B) MONTHLY CONTINGENCY FUND GRANT AMOUNT.—For each eligible month in which a State is a needy State, the State shall receive a contingency fund grant equal to the product of—

"(i) the applicable percentage (as defined under subparagraph (D)(i)) of the applicable benefit level (as defined in subparagraph (D)(ii)); and

"(ii) the amount by which the total number of families that received assistance under the State program funded under this

part in the most recently concluded 3-month period for which data are available from the State exceeds a 5-percent increase in the number of such families in the corresponding 3-month period in either of the 2 most recent preceding fiscal years and that was due, in large measure, to economic conditions rather than State policy changes.

"(C) LIMITATION.—The total amount paid to a single State under subparagraph (A) during a fiscal year shall not exceed the amount equal to 10 percent of the State family assistance grant (as defined under subparagraph (B) of subsection (a)(1)).

"(D) DEFINITIONS.—In this paragraph:

"(i) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means the Federal medical assistance percentage for the State (as defined in section 1905(b)).

"(ii) APPLICABLE BENEFIT LEVEL.—

"(I) IN GENERAL.—Subject to subclause (II), the term 'applicable benefit level' means the amount equal to the maximum cash assistance grant for a family consisting of 3 individuals

under the State program funded under this part.

"(II) RULE FOR STATES WITH MORE THAN 1 MAXIMUM LEVEL.—In the case of a State that has more than 1 maximum cash assistance grant level for families consisting of 3 individuals, the basic assistance cost shall be the amount equal to the maximum cash assistance grant level applicable to the largest number of families consisting of 3 individuals receiving assistance under the State program funded under this part.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for the period of fiscal years 2004 through 2008, such sums as are necessary for making contingency fund grants under this subsection in a total amount not to exceed $2,000,000,000.";

(2) by redesignating paragraph (4) as paragraph (2); and

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

(A) by striking "(3)(A)" and inserting "(1)"; and

(B) by striking "2-month period that begins with any" and inserting "fiscal year quarter that includes a".

(b) MODIFICATION OF DEFINITION OF NEEDY STATE.—Section 403(b), as amended by subsection (a), (42 U.S.C. 603(b)) is further amended—

(1) by striking paragraphs (5) and (6);

(2) by redesignating paragraphs (7) and (8) as paragraphs (5) and (6), respectively; and

(3) by inserting after paragraph (2) (as redesignated by subsection (a)(2)) the following:

"(3) INITIAL DETERMINATION OF WHETHER A STATE QUALIFIES AS A NEEDY STATE.—

"(A) IN GENERAL.—For purposes of paragraph (1), subject to paragraph (4), a State will be initially determined to be a needy State for a month if, as determined by the Secretary—

"(i) the monthly average of the unduplicated number of families that received assistance under the State program funded under this part in the most recently concluded 3-month period for which data are available from the State increased by at

least 5 percent over the number of such families that received such benefits in the corresponding 3-month period in either of the 2 most recent preceding fiscal years;

"(ii) the increase in the number of such families for the State was due, in large measure, to economic conditions rather than State policy changes; and

"(iii) the State satisfies any of the following criteria:

"(I) The average rate of total unemployment in the State (seasonally adjusted) for the period consisting of the most recent 3 months for which data are available has increased by the lesser of 1.5 percentage points or by 50 percent over the corresponding 3-month period in either of the 2 most recent preceding fiscal years.

"(II) The average insured unemployment rate for the most recent 13 weeks for which data are available has increased by 1 percentage point over the corresponding 13-week period in ei-

ther of the 2 most recent preceding fiscal years.

"(III) As determined by the Secretary of Agriculture, the monthly average number of households (as of the last day of each month) that participated in the food stamp program in the State in the then most recently concluded 3-month period for which data are available exceeds by at least 15 percent the monthly average number of households (as of the last day of each month) in the State that participated in the food stamp program in the corresponding 3-month period in either of the 2 most recent preceding fiscal years, but only if the Secretary and the Secretary of Agriculture concur in the determination that the State's increased caseload was due, in large measure, to economic conditions rather than changes in Federal or State policies related to the food stamp program.

"(B) DURATION.—A State that qualifies as a needy State—

"(i) under subclause (I) or (II) of subparagraph (A)(iii), shall be considered a needy State until the State's average rate of total unemployment or the State's insured unemployment rate, respectively, falls below the level attained in the applicable period that was first used to determine that the State qualified as a needy State under that subparagraph (and in the case of the insured unemployment rate, without regard to any declines in the rate that are the result of seasonal variation); and

"(ii) under subclause (III) of subparagraph (A)(iii), shall be considered a needy State so long as the State meets the criteria for being considered a needy State under that subparagraph.

"(4) EXCEPTIONS.—

"(A) UNEXPENDED BALANCES.—

"(i) IN GENERAL.—Notwithstanding paragraph (3), a State that has unexpended TANF balances in an amount that exceeds 30 percent of the total amount of grants received by the State under subsection (a) for the most recently completed fiscal year

(other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000), shall not be a needy State under this subsection.

"(ii) DEFINITION OF UNEXPENDED TANF BALANCES.—In clause (i), the term 'unexpended TANF balances' means the lessor of—

"(I) the total amount of grants made to the State (regardless of the fiscal year in which such funds were awarded) under subsection (a) (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000) but not yet expended as of the end of the fiscal year preceding the fiscal year for which the State would, in the absence of this subparagraph, be considered a needy State under this subsection; and

"(II) the total amount of grants made to the State under subsection (a) (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000) but

not yet expended as of the end of such preceding fiscal year, plus the difference between—

"(aa) the pro rata share of the current fiscal year grant to be made under subsection (a) to the State; and

"(bb) current year expenditures of the total amount of grants made to the State under subsection (a) (regardless of the fiscal year in which such funds were awarded) (other than such welfare-to-work grants) through the end of the most recent calendar quarter.

"(B) FAILURE TO SATISFY MAINTENANCE OF EFFORT REQUIREMENT.—Notwithstanding paragraph (3), a State that fails to satisfy the requirement of section 409(a)(7) with respect to a fiscal year shall not be a needy State under this subsection for that fiscal year.".

(c) CLARIFICATION OF REPORTING REQUIREMENTS.—Paragraph (6) of section 403(b) (42 U.S.C. 603(b)), as redesignated by subsection (b)(2), is amended by striking "on

the status of the Fund" and inserting "on the States that qualified for contingency funds and the amount of funding awarded under this subsection".

(d) ELIMINATION OF PENALTY FOR FAILURE TO MAINTAIN 100 PERCENT MAINTENANCE OF EFFORT.—

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

(A) by striking paragraph (10); and

(B) by redesignating paragraphs (11) through (14) as paragraphs (10) through (13), respectively.

(2) CONFORMING AMENDMENTS.—Section 409 (42 U.S.C. 609) is amended—

(A) in subsection (a)(7)(B)(i)(III), by striking "(12)" and inserting "(11)";

(B) in subsection (b)(2), by striking "(10), (12), or (13)" and inserting "(11), or (12)"; and

(C) in subsection (c)(4), by striking "(10), (12), or (13)" and inserting "(11), or (12)".

SEC. 107. USE OF FUNDS.

(a) TREATMENT OF INTERSTATE IMMIGRANTS.—Section 404 (42 U.S.C. 604) is amended by striking subsection (c).

(b) RESTORATION OF AUTHORITY TO TRANSFER UP TO 10 PERCENT OF TANF FUNDS TO THE SOCIAL SERV-

ICES BLOCK GRANT.—Section 404(d)(2) (42 U.S.C. 604(d)(2)) is amended to read as follows:

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

(c) CLARIFICATION OF AUTHORITY OF STATES TO USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS TO PROVIDE TANF BENEFITS AND SERVICES.—Section 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

"(e) AUTHORITY TO CARRYOVER OR RESERVE CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—

"(1) CARRYOVER.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.

"(2) CONTINGENCY RESERVE.—A State or tribe may designate any portion of a grant made to the State or tribe under this part as a contingency reserve for future needs, and may use any amount so designated to provide, without fiscal year limitation,

any benefit or service that may be provided under the State or tribal program funded under this part. If a State or tribe so designates a portion of such a grant, the State or tribe shall include in its report under section 411(a) the amount so designated.".

(d) STATE OPTION TO ESTABLISH UNDERGRADUATE POSTSECONDARY OR VOCATIONAL EDUCATIONAL PROGRAM.—

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

"(l) AUTHORITY TO ESTABLISH UNDERGRADUATE POSTSECONDARY OR VOCATIONAL EDUCATIONAL PROGRAM.—

"(1) IN GENERAL.—Subject to the succeeding paragraphs of this subsection, a State to which a grant is made under section 403 may use the grant to establish a program under which an eligible participant (as defined in paragraph (5)) may be provided support services described in paragraph (7) and, subject to paragraph (8), may have hours of participation in such program counted as being engaged in work for purposes of determining monthly participation rates under section 407(b)(1)(B)(i).

"(2) STATE PLAN REQUIREMENT.—In order to establish a program under this subsection, a State

shall describe (in an addendum to the State plan submitted under section 402) the applicable eligibility criteria that is designed to limit participation in the program to only those individuals—

"(A) whose past earnings indicate that the individuals cannot qualify for employment that pays enough to allow them to obtain self-sufficiency (as determined by the State); and

"(B) for whom enrollment in the program will prepare the individuals for higher-paying occupations in demand in the State.

"(3) LIMITATION ON ENROLLMENT.—The number of eligible participants in a program established under this subsection may not exceed 10 percent of the total number of families receiving assistance under the State program funded under this part.

"(4) NO FEDERAL FUNDS FOR TUITION.—A State may not use Federal funds provided under a grant made under section 403 to pay tuition for an eligible participant.

"(5) DEFINITION OF ELIGIBLE PARTICIPANT.—In this subsection, the term 'eligible participant' means an individual who receives assistance under the State program funded under this part and satisfies the following requirements:

"(i) The individual is enrolled in a postsecondary 2- or 4-year degree program or in a vocational educational training program.

"(ii) During the period the individual participates in the program, the individual maintains satisfactory academic progress, as defined by the institution operating the undergraduate postsecondary or vocational educational program in which the individual is enrolled.

"(6) REQUIRED TIME PERIODS FOR COMPLETION OF DEGREE OR VOCATIONAL EDUCATIONAL TRAINING PROGRAM.—

"(A) IN GENERAL.—Subject to subparagraph (B), an eligible participant participating in a program established under this subsection shall be required to complete the requirements of a degree or vocational educational training program within the normal timeframe for full-time students seeking the particular degree or completing the vocational educational training program.

"(B) EXCEPTION.—For good cause, the State may allow an eligible participant to com-

plete their degree requirements or vocational educational training program within a period not to exceed 1½ times the normal timeframe established under subparagraph (A) (unless further modification is required by the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)) and may modify the requirements applicable to an individual participating in the program. For purposes of the preceding sentence, good cause includes the case of an eligible participant with 1 or more significant barriers to normal participation, as determined by the State, such as the need to care for a family member with special needs.

"(7) SUPPORT SERVICES DESCRIBED.—For purposes of paragraph (1), the support services described in this paragraph include any or all of the following during the period the eligible participant is in the program established under this subsection:

"(A) Child care.

"(B) Transportation services.

"(C) Payment for books and supplies.

"(D) Other services provided under policies determined by the State to ensure coordination

and lack of duplication with other programs available to provide support services.

"(8) RULES FOR INCLUSION IN MONTHLY WORK PARTICIPATION RATES.—

"(A) FAMILIES COUNTED AS PARTICIPATING IF THEY MEET THE REQUIREMENTS OF SUBPARAGRAPHS (B) OR (C).—For each eligible participant, a State may elect, for purposes of determining monthly participation rates under section 407(b)(1)(B)(i), to include such participant in the determination of such rates in accordance with subparagraph (B) or (C).

"(B) FULL OR PARTIAL CREDIT FOR HOURS OF PARTICIPATION IN EDUCATIONAL OR RELATED ACTIVITIES.—

"(i) IN GENERAL.—Subject to clause (iv), an eligible participant who participates in educational or related activities (as determined by the State) under a program established under this subsection shall be given credit for the number of hours of such participation to the extent that an adult recipient or minor child head of household would be given credit under section 407(c) for being engaged in the same number of

hours of work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of section 407(d).

"(ii) RELATED ACTIVITIES.—For purposes of clause (i), related activities shall include—

"(I) work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of section 407(d);

"(II) work study, practicums, internships, clinical placements, laboratory or field work, or such other activities as will enhance the eligible participant's employability in the participant's field of study, as determined by the State; or

"(III) subject to clause (iii), study time.

"(iii) LIMITATION ON INCLUSION OF STUDY TIME.—For purposes of determining hours per week of participation by an eligible participant under a program established under this subsection, a State may not count study time of less than 1 hour for

every hour of class time or more than 2 hours for every hour of class time.

"(iv) TOTAL NUMBER OF HOURS LIMITED TO BEING COUNTED AS 1 FAMILY.—In no event may hours per week of participation by an eligible participant under a program established under this subsection be counted as more than 1 family for purposes of determining monthly participation rates under section 407(b)(1)(B)(i).

"(C) FULL CREDIT FOR BEING ENGAGED IN DIRECT WORK ACTIVITIES FOR CERTAIN HOURS PER WEEK.—

"(i) IN GENERAL.—A family that includes an eligible participant who, in addition to complying with the full-time educational participation requirements of the degree or vocational educational training program they are enrolled in, participates in an activity described in subclause (I), (II), or (III) of subparagraph (B)(ii) for not less than the number of hours required per week under clause (ii) shall be counted as 1 family.

"(ii) REQUIRED HOURS PER WEEK.—For purposes of clause (i), subject to clause (iii), the number of hours per week are—

"(I) 6 hours per week during the first 12-month period that an eligible participant participates in a program established under this subsection;

"(II) 8 hours per week during the second 12-month period of such participation;

"(II) 10 hours per week during the third 12-month period of such participation; and

"(II) 12 hours per week during the fourth or any other succeeding 12-month period of such participation.

"(iii) MODIFICATION OF REQUIREMENTS FOR GOOD CAUSE.—A State may modify the number of hours per week required under clause (ii) for good cause. For purposes of the preceding sentence, good cause includes the case of an eligible participant with 1 or more significant barriers to normal participation, as determined by the

State, such as the need to care for a family member with special needs.".

(2) CONFORMING AMENDMENT.—Section 407(d)(8) (42 U.S.C. 607(d)(8)) is amended by inserting "other than an individual participating in a program established under section 404(l)" after "individual".

SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE PROGRAMS.

(a) REPEAL.—Section 406 (42 U.S.C. 606) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 409 (42 U.S.C. 609), as amended by section 106(d)(2), is amended—

(A) in subsection (a), by striking paragraph (6);

(B) in subsection (b)(2), by striking "(6),"; and

(C) in subsection (c)(4), by striking "(6),".

(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.

(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking "406,".

SEC. 109. WORK PARTICIPATION REQUIREMENTS.

(a) ELIMINATION OF SEPARATE WORK PARTICIPATION RATE FOR 2-PARENT FAMILIES BEGINNING WITH FISCAL YEAR 2003.—

(1) IN GENERAL.—Section 407 (42 U.S.C. 607) is amended—

(A) in subsection (a)—

(i) in the heading, by striking "PARTICIPATION RATE REQUIREMENTS" and all that follows through "A State" and inserting "PARTICIPATION RATE REQUIREMENTS.—A State"; and

(ii) by striking paragraph (2);

(B) in subsection (b)—

(i) by striking paragraph (2);

(ii) in paragraph (4), by striking "paragraphs (1)(B) and (2)(B)" and inserting "determining monthly participation rates under paragraph (1)(B)"; and

(iii) in paragraph (5), by striking "rates" and inserting "rate"; and

(C) in subsection (c)—

(i) in paragraph (1)—

(I) by striking "GENERAL RULES.—" and all that follows through "For purposes" in subparagraph (A)

and inserting "GENERAL RULE.—For purposes"; and

(II) by striking subparagraph (B); and

(ii) in paragraph (2)(D)—

(I) by striking "paragraphs (1)(B)(i) and (2)(B) of subsection (b)" and inserting "subsection (b)(1)(B)(i)"; and

(II) by striking "and in 2-parent families, respectively,".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect as if enacted on October 1, 2002.

(b) MINIMUM PARTICIPATION RATES.—Section 407(a) (42 U.S.C. 607(a)), as amended by subsection (a)(1)(A), is amended to read as follows:

"(a) PARTICIPATION RATE REQUIREMENTS.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 for a fiscal year shall achieve a minimum participation rate with respect to all families receiving assistance under the State program funded under this part that is equal to not less than—

"(A) 50 percent for fiscal year 2004;

"(B) 55 percent for fiscal year 2005;

"(C) 60 percent for fiscal year 2006;

"(D) 65 percent for fiscal year 2007; and

"(E) 70 percent for fiscal year 2008 and each succeeding fiscal year.".

(c) LIMITATION ON REDUCTION OF PARTICIPATION RATE THROUGH APPLICATION OF CREDITS.—Section 407(a) (42 U.S.C. 607(b)), as amended by subsection (b), is amended by adding at the end the following:

"(2) LIMITATION ON REDUCTION OF PARTICIPATION RATE THROUGH APPLICATION OF CREDITS.—Notwithstanding any other provision of this part, the net effect of any percentage reduction in the minimum participation rate otherwise required under this section with respect to families receiving assistance under the State program funded under this part as a result of the application of any employment credit, caseload reduction credit, or other credit against such rate for a fiscal year, shall not exceed—

"(A) 40 percentage points, in the case of fiscal year 2004;

"(B) 35 percentage points, in the case of fiscal year 2005;

"(C) 30 percentage points, in the case of fiscal year 2006;

"(D) 25 percentage points, in the case of fiscal year 2007; or

"(E) 20 percentage points, in the case of fiscal year 2008 or any fiscal year thereafter.".

(d) REPLACEMENT OF CASELOAD REDUCTION CREDIT WITH EMPLOYMENT CREDIT.—

(1) EMPLOYMENT CREDIT TO REWARD STATES IN WHICH FAMILIES LEAVE WELFARE FOR WORK; ADDITIONAL CREDIT FOR FAMILIES WITH HIGHER EARNINGS.—

(A) IN GENERAL.—Section 407(b) (42 U.S.C. 607(b)), as amended by subsection (a)(1)(B)(i), is amended by inserting after paragraph (1) the following:

"(2) EMPLOYMENT CREDIT.—

"(A) IN GENERAL.—Subject to subsection (a)(2), the Secretary shall, by regulation, reduce the minimum participation rate otherwise applicable to a State under this subsection for a fiscal year by the number of percentage points in the employment credit for the State for the fiscal year, as determined by the Secretary—

"(i) using information in the National Directory of New Hires;

"(ii) with respect to a recipient of assistance or former recipient of assistance under the State program funded under this part who is placed with an employer whose hiring information is not reported to the National Directory of New Hires, using quarterly wage information submitted by the State to the Secretary not later than such date as the Secretary shall prescribe in regulations; or

"(iii) with respect to families described in subclause (II) or (III) of subparagraph (B)(ii), using such other data as the Secretary may require in order to determine the employment credit for a State under this paragraph.

"(B) CALCULATION OF CREDIT.—

"(i) IN GENERAL.—The employment credit for a State for a fiscal year is an amount equal to the sum of the amounts determined under clause (ii), divided by the amount determined under clause (iii).

"(ii) NUMERATOR.—For purposes of clause (i), the amounts determined under this clause are the following:

"(I) Twice the quarterly average unduplicated number of families that include an adult or minor child head of household recipient of assistance under the State program funded under this part, that ceased to receive such assistance for at least 2 consecutive months following the date of the case closure for the family during the applicable period (as defined in clause (v)), that did not receive assistance under a separate State-funded program during such 2-month period, and that were employed during the calendar quarter immediately succeeding the quarter in which the assistance under the State program funded under this part ceased.

"(II) At the option of the State, twice the quarterly average number of families that received a nonrecurring short-term benefit under the State program funded under this part during the applicable period (as so defined), that were employed during the cal-

endar quarter immediately succeeding the quarter in which the nonrecurring short-term benefit was so received, and that earned at least $1,000 during the applicable period (as so defined).

"(III) At the option of the State, twice the quarterly average number of families that includes an adult who is receiving substantial child care or transportation assistance (as defined by the Secretary, in consultation with directors of State programs funded under this part, which definition shall specify for each type of assistance a threshold which is a dollar value or a length of time over which the assistance is received, and which takes account of large one-time transition payments)) during the applicable period (as so defined).

"(iii) DENOMINATOR.—For purposes of clause (i), the amount determined under this clause is the amount equal to the sum of the following:

"(I) The average monthly number of families that include an adult or minor child head of household who received assistance under the State program funded under this part during the applicable period (as defined under clause (v)).

"(II) If the State elected the option under clause (ii)(II), twice the quarterly average number of families that received a nonrecurring short-term benefit under the State program funded under this part during the applicable period (as so defined).

"(III) If the State elected the option under clause (ii)(III), twice the quarterly average number of families that includes an adult who is receiving substantial child care or transportation assistance during the applicable period (as so defined).

"(iv) SPECIAL RULE FOR FORMER RECIPIENTS WITH HIGHER EARNINGS.—In calculating the employment credit for a State for a fiscal year, in the case of a family

that includes an adult or a minor child head of household that is to be included in the amount determined under clause (ii)(I) and that, with respect to the quarter in which the family's earnings was examined during the applicable period, earned at least 33 percent of the average quarterly earnings in the State (determined on the basis of State unemployment data), the family shall be considered to be 1.5 families.

"(v) DEFINITION OF APPLICABLE PERIOD.—For purposes of this paragraph, the term 'applicable period' means, with respect to a fiscal year, the most recent 4 quarters for which data are available to the Secretary providing information on the work status of—

"(I) individuals in the quarter after the individuals ceased receiving assistance under the State program funded under this part;

"(II) at State option, individuals in the quarter after the individuals received a short-term, nonrecurring benefit; and

"(III) at State option, individuals in the quarter after the individuals ceased receiving substantial child care or transportation assistance.

"(C) NOTIFICATION TO STATE.—Not later than August 30 of each fiscal year, the Secretary shall—

"(i) determine, on the basis of the applicable period, the amount of the employment credit that will be used in determining the minimum participation rate for a State under subsection (a) for the immediately succeeding fiscal year; and

"(ii) notify each State conducting a State program funded under this part of the amount of the employment credit for such program for the succeeding fiscal year.".

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

"(5) CALCULATION OF EMPLOYMENT CREDIT FOR PURPOSES OF DETERMINING STATE WORK PARTICIPATION RATES UNDER TANF.—The Secretary may use the information in the National Directory of New

Hires for purposes of calculating State employment credits pursuant to section 407(b)(2).".

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

(3) EFFECTIVE DATES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the amendments made by this subsection shall take effect on October 1, 2005.

(B) STATE OPTION TO PHASE-IN REPLACEMENT OF CASELOAD REDUCTION CREDIT WITH EMPLOYMENT CREDIT AND DELAY APPLICABILITY OF OTHER PROVISIONS.—A State may elect to have the amendments made by this subsection not apply to the State program funded under part A of title IV of the Social Security Act until October 1, 2006, and if the State makes the election, then, in determining the participation rate of the State for purposes of section 407 of the Social Security Act for fiscal year 2006, the State shall be credited with ½ of the reduction in the rate that would otherwise result from applying

section 407(b)(2) of the Social Security Act (as added by paragraph (1)(A)) to the State for fiscal year 2006 and ½ of the reduction in the rate that would otherwise result from applying section 407(b)(3) of the Social Security Act (as in effect with respect to fiscal year 2003) to the State for fiscal year 2006.

(C) AUTHORITY TO USE INFORMATION IN THE NATIONAL DIRECTORY OF NEW HIRES.—The amendment made by paragraph (1)(B) shall take effect on October 1, 2003.

(e) STATE OPTIONS FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—Section 407(b)(4) (42 U.S.C. 607(b)(4)), as amended by subsection (a)(1)(B)(iii) and redesignated by subsection (d)(2), is amended to read as follows:

"(4) STATE OPTIONS FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—At the option of a State, a State may, on a case-by-case basis—

"(A) not include a family in the determination of the monthly participation rate for the State in the first month for which the family receives assistance from the State program funded under this part on the basis of the most recent application for such assistance; or

"(B) not require a family in which the youngest child has not attained 12 months of age to engage in work, and may disregard that family in determining the minimum participation rate under subsection (a) for the State for not more than 12 months.".

(f) DETERMINATION OF COUNTABLE HOURS ENGAGED IN WORK.—

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

"(c) DETERMINATION OF COUNTABLE HOURS ENGAGED IN WORK.—

"(1) SINGLE PARENT OR RELATIVE WITH A CHILD OVER AGE 6.—

"(A) MINIMUM AVERAGE NUMBER OF HOURS PER WEEK.—Subject to the succeeding paragraphs of this subsection, a family in which an adult recipient or minor child head of household in the family is participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) as follows:

"(i) In the case of a family in which the total number of hours in which any

adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 20, but less than 24, hours per week in a month, as 0.675 of a family.

"(ii) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 24, but less than 30, hours per week in a month, as 0.75 of a family.

"(iii) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 30, but less than 34, hours per week in a month, as 0.875 of a family.

"(iv) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at

least 34, but less than 35, hours per week in a month, as 1 family.

"(v) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 35, but less than 38, hours per week in a month, as 1.05 families.

"(vi) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 38 hours per week in a month, as 1.08 families.

"(B) DIRECT WORK ACTIVITIES REQUIRED FOR AN AVERAGE OF 24 HOURS PER WEEK.—Except as provided in subparagraph (C)(i), a State may not count any hours of participation in work activities specified in paragraph (9), (10), or (11) of subsection (d) of any adult recipient or minor child head of household in a family before the total number of hours of participation by any adult recipient or minor child head of

household in the family in work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) for the family for the month averages at least 24 hours per week.

"(C) STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—

"(i) QUALIFIED ACTIVITIES FOR 3-MONTHS IN ANY 24-MONTH PERIOD.—

"(I) 24-HOURS PER WEEK REQUIRED.—Subject to subclauses (III) and (IV), for purposes of determining hours under subparagraph (A), a State may count the total number of hours any adult recipient or minor child head of household in a family engages in qualified activities described in subclause (II) as a work activity described in subsection (d), without regard to whether the recipient has satisfied the requirement of subparagraph (B), but only if—

"(aa) the total number of hours of participation in such qualified activities for the family

for the month average at least 24 hours per week; and

"(bb) engaging in such qualified activities is a requirement of the family self-sufficiency plan.

"(II) QUALIFIED ACTIVITIES DESCRIBED.—For purposes of subclause (I), qualified activities described in this subclause are any of the following:

"(aa) Postsecondary education.

"(bb) Adult literacy programs or activities.

"(cc) Substance abuse counseling or treatment.

"(dd) Programs or activities designed to remove barriers to work, as defined by the State.

"(ee) Work activities authorized under any waiver for any State that was continued under section 415 before the date of enactment of the Personal Responsibility and Individual Development for Everyone Act.

"(III) LIMITATION.—Except as provided in clause (ii), subclause (I) shall not apply to a family for more than 3 months in any period of 24 consecutive months.

"(IV) CERTAIN ACTIVITIES.—The Secretary may allow a State to count the total hours of participation in qualified activities described in subclause (II) for an adult recipient or minor child head of household without regard to the minimum 24 hour average per week of participation requirement under subclause (I) if the State has demonstrated conclusively that such activity is part of a substantial and supervised program whose effectiveness in moving families to self-sufficiency is superior to any alternative activity and the effectiveness of the program in moving families to self-sufficiency would be substantially impaired if participating individuals participated in additional, concurrent qualified activities that enabled the in-

dividuals to achieve an average of at least 24 hours per week of participation.

"(ii) ADDITIONAL 3-MONTH PERIOD PERMITTED FOR CERTAIN ACTIVITIES.—

"(I) SELF-SUFFICIENCY PLAN REQUIREMENT COMBINED WITH MINIMUM NUMBER OF HOURS.—A State may extend the 3-month period under clause (i) for an additional 3 months in the same period of 24 consecutive months in the case of an adult recipient or minor child head of household who is receiving qualified rehabilitative services described in subclause (II) if—

"(aa) the total number of hours that the adult recipient or minor child head of household engages in such qualified rehabilitative services and, subject to subclause (III), a work activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) for the month aver-

age at least 24 hours per week; and

"(bb) engaging in such qualified rehabilitative services is a requirement of the family self-sufficiency plan.

"(II) QUALIFIED REHABILITATIVE SERVICES DESCRIBED.—For purposes of subclause (I), qualified rehabilitative services described in this subclause are any of the following:

"(aa) Adult literacy programs or activities.

"(bb) Participation in a program designed to increase proficiency in the English language.

"(cc) In the case of an adult recipient or minor child head of household who has been certified by a qualified medical, mental health, or social services professional (as defined by the State) as having a physical or mental disability, substance abuse problem, or other problem that requires a

rehabilitative service, substance abuse treatment, or mental health treatment, the service or treatment determined necessary by the professional.

"(III) NONAPPLICATION OF LIMITATIONS ON JOB SEARCH AND VOCATIONAL EDUCATIONAL TRAINING.—An adult recipient or minor child head of household who is receiving qualified rehabilitative services described in subclause (II) may engage in a work activity described in paragraph (6) or (8) of subsection (d) for purposes of satisfying the minimum 24 hour average per week of participation requirement under subclause (I)(aa) without regard to any limit that otherwise applies to the activity (including the 30 percent limitation on participation in vocational educational training under paragraph (6)(C)).

"(iii) HOURS IN EXCESS OF AN AVERAGE OF 24 WORK ACTIVITY HOURS PER WEEK.—If the total number of hours that

any adult recipient or minor child head of household in a family has participated in a work activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) averages at least 24 hours per week in a month, a State, for purposes of determining hours under subparagraph (A), may count any hours an adult recipient or minor child head of household in the family engages in—

"(I) any work activity described in subsection (d), without regard to any limit that otherwise applies to the activity (including the 30 percent limitation on participation in vocational educational training under paragraph (6)(C)); and

"(II) any qualified activity described in clause (i)(II), as a work activity described in subsection (d).

"(2) SINGLE PARENT OR RELATIVE WITH A CHILD UNDER AGE 6.—

"(A) IN GENERAL.—A family in which an adult recipient or minor child head of household in the family is the only parent or caretaker rel-

ative in the family of a child who has not attained 6 years of age and who is participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) as follows:

"(i) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 20, but less than 24, hours per week in a month, as 0.675 of a family.

"(ii) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 24, but less than 35, hours per week in a month, as 1 family.

"(iii) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at

least 35, but less than 38, hours per week in a month, as 1.05 families.

"(iv) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 38 hours per week in a month, as 1.08 families.

"(B) APPLICATION OF RULES REGARDING DIRECT WORK ACTIVITIES AND STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—Subparagraphs (B) and (C) of paragraph (1) apply to a family described in subparagraph (A) in the same manner as such subparagraphs apply to a family described in paragraph (1)(A).

"(3) 2-PARENT FAMILIES.—

"(A) IN GENERAL.—Subject to paragraph (6)(A), a 2-parent family in which an adult recipient or minor child head of household in the family is participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining

monthly participation rates under subsection (b)(1)(B)(i) as follows:

"(i) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 26, but less than 30, hours per week in a month, as 0.675 of a family.

"(ii) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 30, but less than 35, hours per week in a month, as 0.75 of a family.

"(iii) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 35, but less than 39, hours per week in a month, as 0.875 of a family.

"(iv) In the case of such a family in which the total number of hours in which

any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 39, but less than 40, hours per week in a month, as 1 family.

"(v) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 40, but less than 43, hours per week in a month, as 1.05 families.

"(vi) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 43 hours per week in a month, as 1.08 families.

"(B) APPLICATION OF RULES REGARDING DIRECT WORK ACTIVITIES AND STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—Subparagraphs (B) and (C) of paragraph (1) apply to a 2-parent family described in subparagraph (A) in the same manner as

such subparagraphs apply to a family described in paragraph (1)(A), except that subparagraph (B) of paragraph (1) shall be applied to a such a 2-parent family by substituting '34' for '24' each place it appears.

"(4) 2-PARENT FAMILIES THAT RECEIVE FEDERALLY FUNDED CHILD CARE.—

"(A) IN GENERAL.—Subject to paragraph (6)(A), if a 2-parent family receives federally funded child care assistance, an adult recipient or minor child head of household in the family participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) as follows:

"(i) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 40, but less than 45, hours per week in a month, as 0.675 of a family.

"(ii) In the case of such a family in which the total number of hours in which

any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 45, but less than 51, hours per week in a month, as 0.75 of a family.

"(iii) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 51, but less than 55, hours per week in a month, as 0.875 of a family.

"(iv) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 55, but less than 56, hours per week in a month, as 1 family.

"(v) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at

least 56, but less than 59, hours per week in a month, as 1.05 families.

"(vi) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 59 hours per week in a month, as 1.08 families.

"(B) APPLICATION OF RULES REGARDING DIRECT WORK ACTIVITIES AND STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—Subparagraphs (B) and (C) of paragraph (1) apply to a 2-parent family described in subparagraph (A) in the same manner as such subparagraphs apply to a family described in paragraph (1)(A), except that subparagraph (B) of paragraph (1) shall be applied to a such a 2-parent family by substituting '50' for '24' each place it appears.

"(5) CALCULATION OF HOURS PER WEEK.—The number of hours per week that a family is engaged in work is the quotient of—

"(A) the total number of hours per month that the family is engaged in work; divided by

"(B) 4.

"(6) SPECIAL RULES.—

"(A) FAMILY WITH A DISABLED PARENT NOT TREATED AS A 2-PARENT FAMILY.—A family that includes a disabled parent shall not be considered a 2-parent family for purposes of paragraph (3) or (4).

"(B) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—An individual shall not be considered to be engaged in work for a month by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part, after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States, or the State meets the criteria of subclause (I), (II), or (III) of section 403(b)(3)(A)(iii) or satisfies the applicable duration requirement of section 403(b)(3)(B)), 12 weeks).

"(C) SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED TEEN WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO COUNT AS 1 FAMILY.—For purposes of determining

hours under the preceding paragraphs of this subsection, with respect to a month, a State shall count a recipient who is married or a head of household and who has not attained 20 years of age as 1 family if the recipient—

"(i) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(ii) participates in education directly related to employment for an average of at least 20 hours per week during the month.

"(D) LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.—Except as provided in paragraph (1)(C)(ii)(I), for purposes of subsection (b)(1)(B)(i), not more than 30 percent of the number of individuals in all families in a State who are treated as engaged in work for a month may consist of individuals who are—

"(i) determined (without regard to individuals participating in a program established under section 404(l)) to be engaged in work for the month by reason of participation in vocational educational training (but

only with respect to such training that does not exceed 12 months with respect to any individual); or

"(ii) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph.

"(E) STATE OPTION TO DEEM SINGLE PARENT CARING FOR A CHILD OR ADULT DEPENDENT FOR CARE WITH A PHYSICAL OR MENTAL IMPAIRMENT TO BE MEETING ALL OR PART OF A FAMILY'S WORK PARTICIPATION REQUIREMENTS FOR A MONTH.—

"(i) IN GENERAL.—A State may count the number of hours per week that an adult recipient or minor child head of household who is the only parent or caretaker relative for a child or adult dependent for care with a physical or mental impairment engages in providing substantial ongoing care for such child or adult dependent for care if the State determines that—

"(I) the child or adult dependent for care has been verified through a medically acceptable clinical or diagnostic technique as having a signifi-

cant physical or mental impairment or combination of impairments that require substantial ongoing care;

"(II) the adult recipient or minor child head of household providing such care is the most appropriate means, as determined by the State, by which such care can be provided to the child or adult dependent for care;

"(III) for each month in which this subparagraph applies to the adult recipient or minor child head of household, the adult recipient or minor child head of household is in compliance with the requirements of the family's self-sufficiency plan; and

"(IV) the recipient is unable to participate fully in work activities, after consideration of whether there are supports accessible and available to the family for the care of the child or adult dependent for care.

"(ii) TOTAL NUMBER OF HOURS LIMITED TO BEING COUNTED AS 1 FAMILY.—In no event may a family that includes a re-

cipient to which clause (i) applies be counted as more than 1 family for purposes of determining monthly participation rates under subsection (b)(1)(B)(i).

"(iii) STATE REQUIREMENTS.—In the case of a recipient to which clause (i) applies, the State shall—

"(I) conduct regular, periodic evaluations of the family of the adult recipient or minor child head of household; and

"(II) include as part of the family's self-sufficiency plan, regular updates on what special needs of the child or the adult dependent for care, including substantial ongoing care, could be accommodated either by individuals other than the adult recipient or minor child head of household outside of the home.

"(iv) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed as prohibiting a State from including in a recipient's self-sufficiency plan a require-

ment to engage in work activities described in subsection (d).

"(F) OPTIONAL MODIFICATION OF WORK REQUIREMENTS FOR RECIPIENTS RESIDING IN AREAS OF INDIAN COUNTRY OR AN ALASKAN NATIVE VILLAGE WITH HIGH JOBLESSNESS.—If a State has included in the State plan a description of the State's policies in areas of Indian country or an Alaskan Native village described in section 408(a)(7)(D), the State may define the activities that the State will treat as being work activities described in subsection (d) that a recipient who resides in such an area and who is participating in such activities in accordance with a self-sufficiency plan under section 408(b) may engage in for purposes of satisfying work requirements under the State program and for purposes of determining monthly participation rates under subsection (b)(1)(B)(i).".

(2) CONFORMING AMENDMENT RELATING TO AUTHORITY TO DEEM SINGLE PARENT OF A CHILD OR ADULT DEPENDENT FOR CARE WITH A PHYSICAL OR MENTAL IMPAIRMENT DEEMED TO BE MEETING ALL OR PART OF A FAMILY'S WORK PARTICIPATION REQUIREMENTS FOR A MONTH.—Section 402(a)(1)(B)

(42 U.S.C. 602(a)(1)(B)), as amended by section 101(a)(1)(B), is amended by adding at the end the following:

"(vi) The document shall set forth the criteria for applying section 407(c)(6)(E) to an adult recipient or minor child head of household who is the only parent or caretaker relative for a child or adult dependent for care.".

SEC. 110. UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS; OTHER PROHIBITIONS AND REQUIREMENTS.

(a) UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.—

(1) MODIFICATION OF STATE PLAN REQUIREMENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses (ii) and (iii) and inserting the following:

"(ii) Require a parent or caretaker receiving assistance under the program to engage in work or alternative self-sufficiency activities (as defined by the State), consistent with section 407(e)(2).

"(iii) Require families receiving assistance under the program to engage in activi-

ties in accordance with family self-sufficiency plans developed pursuant to section 408(b).".

(2) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY PLANS.—

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

"(b) FAMILY SELF-SUFFICIENCY PLANS.—

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

"(A) make an initial screening and assessment, in the manner deemed appropriate by the State, of the skills, prior work experience, education obtained, work readiness, barriers to work, and employability of each adult or minor child head of household recipient of assistance in the family who—

"(i) has attained age 18; or

"(ii) has not completed high school or obtained a certificate of high school equivalency and is not attending secondary school;

"(B) assess, in the manner deemed appropriate by the State, the work support and other assistance and family support services for which each family receiving assistance is eligible; and

"(C) assess, in the manner deemed appropriate by the State, the well-being of the children in the family, and, where appropriate, activities or resources to improve the well-being of the children.

"(2) CONTENTS OF PLANS.—The State shall, in the manner deemed appropriate by the State—

"(A) establish for each family that includes an individual described in paragraph (1)(A), in consultation as the State deems appropriate with the individual, a self-sufficiency plan that—

"(i) specifies activities described in the State plan submitted pursuant to section 402, including work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of section 407(d), as appropriate;

"(ii) is designed to assist the family in achieving their maximum degree of self-sufficiency, and

"(iii) provides for the ongoing participation of the individual in the activities specified in the plan;

"(B) requires, at a minimum, each such individual to participate in activities in accordance with the self-sufficiency plan;

"(C) sets forth the appropriate supportive services the State intends to provide for the family;

"(D) establishes for the family a plan that addresses the issue of child well-being and, when appropriate, adolescent well-being, and that may include services such as domestic violence counseling, mental health referrals, and parenting courses; and

"(E) includes a section designed to assist the family by informing the family, in such manner as deemed appropriate by the State, of the work support and other assistance for which the family may be eligible including (but not limited to)—

"(i) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

"(ii) the medicaid program funded under title XIX;

"(iii) the State children's health insurance program funded under title XXI;

"(iv) Federal or State funded child care, including child care funded under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) and funds made available under this title or title XX;

"(v) the earned income tax credit under section 32 of the Internal Revenue Code of 1986;

"(vi) the low-income home energy assistance program established under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.);

"(vii) the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786);

"(viii) programs conducted under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.); and

"(ix) low-income housing assistance programs.

"(3) REVIEW.—

"(A) REGULAR REVIEW.—A State to which a grant is made under section 403 shall—

"(i) monitor the participation of each adult recipient or minor child head of household in the activities specified in the self-sufficiency plan, and regularly review the progress of the family toward self-sufficiency; and

"(ii) upon such a review, revise the plan and activities required under the plan as the State deems appropriate in consultation with the family.

"(B) PRIOR TO THE IMPOSITION OF A SANCTION.—Prior to imposing a sanction against an adult recipient, minor child head of household, or a family for failure to comply with a requirement of the self-sufficiency plan or the State program funded under this part, the State shall, to the extent determined appropriate by the State—

"(i) review the self-sufficiency plan; and

"(ii) make a good faith effort (as defined by the State) to consult with the family.

"(4) STATE DISCRETION.—A State shall have sole discretion, consistent with section 407, to define and design activities for families for purposes of this

subsection, to develop methods for monitoring and reviewing progress pursuant to this subsection, and to make modifications to the plan as the State deems appropriate to assist the individual in increasing their degree of self-sufficiency.

"(5) APPLICATION TO PARTIALLY-SANCTIONED FAMILIES.—The requirements of this subsection shall apply in the case of a family that includes an adult or minor child head of household recipient of assistance who is subject to a partial sanction.

"(6) TIMING.—The State shall initiate screening and assessment and the establishment of a family self-sufficiency plan in accordance with the requirements of this subsection—

"(A) in the case of a family that, as of the date of enactment of the Personal Responsibility and Individual Development for Everyone Act, is not receiving assistance from the State program funded under this part, not later than the later of—

"(i) 1 year after such date of enactment; or

"(ii) 60 days after the family first receives assistance on the basis of the most recent application for assistance; and

"(B) in the case of a family that, as of such date, is receiving assistance under the State program funded under this part, not later than 1 year after such date of enactment.

"(7) RULE OF INTERPRETATION.—Nothing in this subsection shall preclude a State from—

"(A) requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being; or

"(B) using job search or other appropriate job readiness or work activities to assess the employability of individuals and to determine appropriate future engagement activities.".

(B) PENALTY FOR FAILURE TO COMPLY WITH FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.—

(i) IN GENERAL.—Section 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

(I) in the paragraph heading, by inserting "OR COMPLY WITH FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS" after "RATES";

(II) in subparagraph (A), by inserting "or 408(b)" after "407(a)"; and

(III) by striking subparagraph (C) and inserting the following:

"(C) PENALTY BASED ON SEVERITY OF FAILURE.—

"(i) FAILURE TO SATISFY MINIMUM PARTICIPATION RATE.—If, with respect to fiscal year 2005 or any fiscal year thereafter, the Secretary finds that a State has failed or is failing to substantially comply with the requirements of section 407(a) for that fiscal year, the Secretary shall impose reductions under subparagraph (A) with respect to the immediately succeeding fiscal year based on the degree of substantial noncompliance. In assessing the degree of substantial noncompliance under section 407(a) for a fiscal year, the Secretary shall take into account factors such as—

"(I) the degree to which the State missed the minimum participation rate for that fiscal year;

"(II) the change in the number of individuals who are engaged in work in the State since the prior fiscal year; and

"(III) the number of consecutive fiscal years in which the State failed to reach the minimum participation rate.

"(ii) FAILURE TO COMPLY WITH SELF-SUFFICIENCY PLAN REQUIREMENTS.—If, with respect to fiscal year 2005 or any fiscal year thereafter, the Secretary finds that a State has failed or is failing to substantially comply with the requirements of section 408(b) for that fiscal year, the Secretary shall impose reductions under subparagraph (A) with respect to the immediately succeeding fiscal year based on the degree of substantial noncompliance. In assessing the degree of substantial noncompliance under section 408(b), the Secretary shall take into account factors such as—

"(I) the number or percentage of families for which a self-sufficiency plan is not established in a timely fashion for that fiscal year;

"(II) the duration of the delays in establishing a self-sufficiency plan during that fiscal year;

"(III) whether the failures are isolated and nonrecurring; and

"(IV) the existence of systems designed to ensure that self-sufficiency plans are established for all families in a timely fashion and that families' progress under such plans is monitored.

"(iii) AUTHORITY TO REDUCE THE PENALTY.—The Secretary may reduce the penalty that would otherwise apply under this paragraph if the substantial noncompliance is due to circumstances that caused the State to meet the criteria of subclause (I), (II), or (III) of section 403(b)(3)(A)(iii) or to satisfy the applicable duration requirement of section 403(b)(3)(B) during the fiscal year, or if the noncompliance is due to extraordinary circumstances such as a natural disaster or regional recession. The Secretary shall provide a written report to Congress to justify any waiver or penalty reduction due to such extraordinary circumstances.".

(ii) EFFECTIVE DATE.—The amendments made by this subparagraph take effect on October 1, 2004.

(3) GAO EVALUATION AND REPORT.—Not later than September 30, 2005, the Comptroller General of the United States shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate evaluating the implementation of the universal engagement provisions under the temporary assistance to needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as added by the amendments made by this subsection.

(4) RULES OF CONSTRUCTION.—Nothing in this subsection or the amendments made by this subsection shall be construed—

(A) as establishing a private right or cause of action against a State for failure to comply with the requirements imposed under this subsection or the amendments made by this subsection; or

(B) as limiting claims that may be available under other Federal or State laws.

(b) TRANSITIONAL COMPLIANCE FOR TEEN PARENTS.—

(1) IN GENERAL.—Section 408(a)(5) (42 U.S.C. 608(a)(5)) is amended—

(A) in subparagraph (A)(i), by striking "subparagraph (B)" and inserting "subparagraphs (B) and (C)"; and

(B) by adding at the end the following:

"(C) AUTHORITY TO PROVIDE TEMPORARY ASSISTANCE.—A State may use any part of a grant made under section 403 to provide assistance to an individual described in clause (ii) of subparagraph (A) who would otherwise be prohibited from receiving such assistance under clause (i) of that subparagraph, subparagraph (B), or section 408(a)(4) for not more than a single 60-day period in order to assist the individual in meeting the requirement of clause (i) of subparagraph (A), subparagraph (B), or section 408(a)(4) for receipt of such assistance.".

(2) INCLUSION OF TRANSITIONAL LIVING YOUTH PROJECTS AS A FORM OF ADULT-SUPERVISED SETTING.—Clause (i) of section 408(a)(5)(A) (42 U.S.C. 608(a)(5)(A)(i)), as amended by paragraph (1), is amended—

(A) by striking "do not reside in a place of" and inserting "do not reside in a—

"(I) place of";

(B) by striking the period and inserting "; or"; and

(C) by adding at the end the following:

"(II) transitional living youth project funded under a grant made under section 321 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–1).".

SEC. 111. PENALTIES.

Section 409(a)(7) (42 U.S.C. 609(a)(7)), as amended by section 3(g) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837) is amended—

(1) in subparagraph (A) by striking "fiscal year 1998, 1999, 2000, 2001, 2002, 2003, or 2004" and inserting "fiscal year 2004, 2005, 2006, 2007, 2008, or 2009"; and

(2) in subparagraph (B)(ii)—

(A) by inserting "preceding" before "fiscal year"; and

(B) by striking "for fiscal years 1997 through 2003,".

SEC. 112. DATA COLLECTION AND REPORTING.

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

(1) in the matter preceding clause (i), by inserting "and on families receiving assistance under State programs funded with other qualified State expenditures (as defined in section 409(a)(7)(B)(i))" before the colon;

(2) in clause (vii), by inserting "and minor parent" after "of each adult";

(3) in clause (viii), by striking "and educational level";

(4) in clause (ix), by striking ", and if the latter 2, the amount received";

(5) in clause (x)—

(A) by striking "each type of"; and

(B) by inserting before the period "and, if applicable, the reason for receipt of the assistance for a total of more than 60 months";

(6) in clause (xi), by striking subclauses (I) through (VII) and inserting the following:

"(I) Subsidized private sector employment.

"(II) Unsubsidized employment.

"(III) Public sector employment, supervised work experience, or supervised community service.

"(IV) On-the-job training.

"(V) Job search and placement.

"(VI) Training.

"(VII) Education.

"(VIII) Other activities directed at the purposes of this part, as specified in the State plan submitted pursuant to section 402.";

(7) in clause (xii), by inserting "and progress toward universal engagement" after "participation rates";

(8) in clause (xiii), by striking "type and" before "amount of assistance";

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

(10) by adding at the end the following:

"(xviii) The date the family first received assistance from the State program on the basis of the most recent application for such assistance.

"(xix) Whether a self-sufficiency plan is established for the family in accordance with section 408(b).

"(xx) With respect to any child in the family, the marital status of the parents at

the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.".

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

(1) in clause (i)—

(A) by striking "a sample" and inserting "samples"; and

(B) by inserting before the period ", except that the Secretary may designate core data elements that must be reported on all families"; and

(2) in clause (ii), by striking "funded under this part" and inserting "described in subparagraph (A)".

(c) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42 U.S.C. 611(a)) is amended—

(1) by striking paragraph (5);

(2) by redesignating paragraph (6) as paragraph (5); and

(3) by inserting after paragraph (5) (as so redesignated) the following:

"(6) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for

each month in the quarter the number of families and total number of individuals that, during the month, became ineligible to receive assistance under the State program funded under this part (broken down by the number of families that become so ineligible due to earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons).".

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

(1) by inserting "and to collect the necessary data" before "with respect to which reports";

(2) by striking "subsection" and inserting "section"; and

(3) by striking "in defining the data elements" and all that follows and inserting ", the National Governors' Association, the American Public Human Services Association, the National Conference of State Legislatures, and others in defining the data elements.".

(e) ADDITIONAL REPORTS BY STATES.—Section 411 (42 U.S.C. 611) is amended—

(1) by redesignating subsection (b) as subsection (e); and

(2) by inserting after subsection (a) the following:

"(b) ANNUAL REPORTS ON PROGRAM CHARACTERISTICS.—Not later than 90 days after the end of fiscal year 2004 and each succeeding fiscal year, each eligible State shall submit to the Secretary a report on the characteristics of the State program funded under this part and other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)). The report shall include, with respect to each such program, the program name, a description of program activities, the program purpose, the program eligibility criteria, the sources of program funding, the number of program beneficiaries, sanction policies, and any program work requirements.

"(c) MONTHLY REPORTS ON CASELOAD.—Not later than 3 months after the end of each calendar month that begins 1 year or more after the date of enactment of this subsection, each eligible State shall submit to the Secretary a report on the number of families and total number of individuals receiving assistance in the calendar month under the State program funded under this part and under other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

"(d) ANNUAL REPORT ON PERFORMANCE IMPROVEMENT.—Beginning with fiscal year 2005, not later than

January 1 of each fiscal year, each eligible State shall submit to the Secretary a report on achievement and improvement during the preceding fiscal year under the performance goals and measures under the State program funded under this part with respect to each of the matters described in section 402(a)(1)(A)(v).".

(f) ANNUAL REPORTS TO CONGRESS BY THE SECRETARY.—Section 411(e) (42 U.S.C. 611(e)), as so redesignated by subsection (e) of this section, is amended—

(1) in the matter preceding paragraph (1), by striking "and each fiscal year thereafter" and inserting "and not later than July 1 of each fiscal year thereafter";

(2) in paragraph (2), by striking "families applying for assistance," and by striking the last comma; and

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

SEC. 113. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

(a) FUNDING FOR TRIBAL TANF PROGRAMS.—

(1) REAUTHORIZATION OF TRIBAL FAMILY ASSISTANCE GRANTS.—Section 412(a)(1)(A) (42 U.S.C.

612(a)(1)(A)), as amended by section 3(h) of the Welfare Reform Extension Act of 2003, is amended by striking "1997, 1998, 1999, 2000, 2001, 2002, and 2003" and inserting "2004 through 2008".

(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C. 612(a)(2)(A)), as so amended, is amended by striking "1997, 1998, 1999, 2000, 2001, 2002, and 2003" and inserting "2004 through 2008".

(b) TRIBAL TANF IMPROVEMENT FUND.—Section 412(a) (42 U.S.C. 612(a)) is amended by adding at the end the following:

"(4) TRIBAL TANF IMPROVEMENT FUND.—

"(A) ESTABLISHMENT.—The Secretary shall establish a fund for purposes of carrying out any of the following activities:

"(i) Providing technical assistance to Indian tribes considering applying to carry out, or that are carrying out, a tribal family assistance plan under this section in order to help such tribes establish and operate strong and effective tribal family assistance plans under this section that will allow families receiving assistance under

such plans achieve the highest measure of self-sufficiency.

"(ii) Awarding competitive grants directly to Indian tribes carrying out a tribal family assistance plan under this section for purposes of conducting programs and activities that would substantially improve the operation and effectiveness of such plans and the ability of such tribes to achieve the purposes of the program under this part as described in section 401(a).

"(iii) Awarding competitive grants directly to Indian tribes carrying out a tribal family assistance plan under this section to support tribal economic development activities that would significantly assist families receiving assistance under the State program funded under this part or a tribal family assistance plan obtain employment and achieve self-sufficiency.

"(iv) Conducting, directly or through grants, contracts, or interagency agreements, research and development to improve knowledge about tribal family assistance programs conducted under this section and

challenges faced by such programs in order to improve the effectiveness of such programs.

"(B) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this paragraph, $100,000,000 for each of fiscal years 2004 through 2008.".

SEC. 114. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

(a) SECRETARY'S FUND FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section 413 (42 U.S.C. 613), as amended by section 101(d), is further amended by adding at the end the following:

"(l) FUNDING FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—

"(1) APPROPRIATION.—

"(A) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $100,000,000 for each of fiscal years 2004 through 2008, which shall remain available to the Secretary until expended.

"(B) USE OF FUNDS.—

"(i) IN GENERAL.—Funds appropriated under subparagraph (A) shall be used for the purpose of—

"(I) conducting or supporting research and demonstration projects by public or private entities; or

"(II) providing technical assistance in connection with a purpose of the program funded under this part, as described in section 401(a), to States, Indian tribal organizations, sub-State entities, and such other entities as the Secretary may specify.

"(ii) REQUIREMENT.—Not less than 80 percent of the funds appropriated under subparagraph (A) for a fiscal year shall be expended for the purpose of conducting or supporting research and demonstration projects, or for providing technical assistance, in connection with activities described in section 403(a)(2)(B). Funds appropriated under subparagraph (A) and expended in accordance with this clause shall be in addition to any other funds made

available under this part for activities described in section 403(a)(2)(B).

"(2) SECRETARY'S AUTHORITY.—The Secretary may conduct activities authorized by this subsection directly or through grants, contracts, or interagency agreements with public or private entities.

"(3) REQUIREMENT FOR USE OF FUNDS.—The Secretary shall not pay any funds appropriated under paragraph (1)(A) to an entity for the purpose of conducting or supporting research and demonstration projects involving activities described in section 403(a)(2)(B) unless the entity complies with the requirements of section 403(a)(2)(E).".

(b) FUNDING OF STUDIES AND DEMONSTRATIONS.—Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in the matter preceding subparagraph (A) by striking "1997 through 2002" and inserting "2004 through 2008".

(c) PROGRAM COORDINATION DEMONSTRATION PROJECTS.—

(1) PURPOSE.—The purpose of this subsection is to establish a program of demonstration projects in a State or portion of a State to coordinate assistance provided under qualified programs for the purpose of supporting working individuals and families, helping families escape welfare dependency, promoting child

well-being, or helping build stronger families, using innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.

(2) DEFINITIONS.—In this subsection:

(A) QUALIFIED PROGRAM.—The term "qualified program" means—

(i) a program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(ii) the program under title XX of the Social Security Act (42 U.S.C. 1397 et seq.); and

(iii) child care assistance funded under section 418 of the Social Security Act (42 U.S.C. 618).

(B) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

(3) APPLICATION REQUIREMENTS.—The head of a State entity or of a sub-State entity administering 2 or more qualified programs proposed to be included in a demonstration project under this subsection shall (or, if the project is proposed to include qualified programs administered by 2 or more such entities, the

heads of the administering entities (each of whom shall be considered an applicant for purposes of this subsection) shall jointly) submit to the Secretary an application that contains the following:

(A) PROGRAMS INCLUDED.—A statement identifying each qualified program to be included in the project, and describing how the purposes of each such program will be achieved by the project.

(B) POPULATION SERVED.—A statement identifying the population to be served by the project and specifying the eligibility criteria to be used.

(C) DESCRIPTION AND JUSTIFICATION.—A detailed description of the project, including—

(i) a description of how the project is expected to improve or enhance achievement of the purposes of the programs to be included in the project, from the standpoint of quality, of cost-effectiveness, or of both; and

(ii) a description of the performance objectives for the project, including any proposed modifications to the performance measures and reporting requirements used in the programs.

(D) WAIVERS REQUESTED.—A description of the statutory and regulatory requirements with respect to which a waiver is requested in order to carry out the project, and a justification of the need for each such waiver.

(E) COST NEUTRALITY.—Such information and assurances as necessary to establish to the satisfaction of the Secretary, in consultation with the Director of the Office of Management and Budget, that the proposed project is reasonably expected to meet the applicable cost neutrality requirements of paragraph (4)(E).

(F) EVALUATION AND REPORTS.—An assurance that the applicant will—

(i) obtain an evaluation by an independent contractor of the effectiveness of the project using an evaluation design that, to the maximum extent feasible, includes random assignment of clients (or entities serving such clients) to service delivery and control groups; and

(ii) make interim and final reports to the Secretary, at such times and in such manner as the Secretary may require.

(G) OTHER INFORMATION AND ASSURANCES.—Such other information and assurances as the Secretary may require.

(4) APPROVAL OF APPLICATIONS.—

(A) IN GENERAL.—The Secretary with respect to a qualified program that is identified in an application submitted pursuant to subsection (c) may approve the application and, except as provided in subparagraph (B), waive any requirement applicable to the program, to the extent consistent with this subsection and necessary and appropriate for the conduct of the demonstration project proposed in the application, if the Secretary determines that the project—

(i) has a reasonable likelihood of achieving the objectives of the programs to be included in the project;

(ii) may reasonably be expected to meet the applicable cost neutrality requirements of subparagraph (E), as determined by the Director of the Office of Management and Budget;

(iii) includes the coordination of 2 or more qualified programs; and

(iv) provides for an independent evaluation that includes random assignment to the maximum extent feasible, as described in paragraph (3)(F), and which the Secretary determines to be appropriate for assessing the effectiveness of the project.

(B) PROVISIONS EXCLUDED FROM WAIVER AUTHORITY.—A waiver shall not be granted under subparagraph (A)—

(i) with respect to any provision of law relating to—

(I) civil rights or prohibition of discrimination;

(II) purposes or goals of any program;

(III) maintenance of effort requirements;

(IV) health or safety;

(V) labor standards under the Fair Labor Standards Act of 1938; or

(VI) environmental protection;

(ii) in the case of child care assistance funded under section 418 of the Social Security Act (42 U.S.C. 618), with respect to the requirement under the first sentence of sub-

section (b)(1) of that section that funds received by a State under that section shall only be used to provide child care assistance;

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

(iv) if the waiver would waive any funding restriction or limitation provided in an appropriations Act, or would have the effect of transferring appropriated funds from 1 appropriations account to another; or

(v) except as otherwise provided by statute, if the waiver would waive any funding restriction applicable to a program authorized under an Act which is not an appropriations Act (but not including program requirements such as application procedures, performance standards, reporting requirements, or eligibility standards), or would have the effect of transferring funds from a program for which there is direct spending (as defined in section 250(c)(8) of

the Balanced Budget and Emergency Deficit Control Act of 1985) to another program.

(C) 10 STATE LIMITATION.—The Director of the Office of Management and Budget shall establish a procedure for ensuring that not more than 10 States (including any portion of a State) conduct a demonstration project under this subsection.

(D) AGREEMENT OF SECRETARY REQUIRED.—

(i) IN GENERAL.—An applicant may not conduct a demonstration project under this subsection unless the Secretary, with respect to each qualified program proposed to be included in the project, has approved the application to conduct the project.

(ii) AGREEMENT WITH RESPECT TO FUNDING AND IMPLEMENTATION.—Before approving an application to conduct a demonstration project under this subsection, the Secretary shall have in place an agreement with the applicant with respect to the payment of funds and responsibilities required of the Secretary with respect to the project.

(E) COST-NEUTRALITY REQUIREMENT.—

(i) GENERAL RULE.—Notwithstanding any other provision of law (except as provided in clause (ii)), the total of the amounts that may be paid by the Federal Government for a fiscal year with respect to the programs in the State in which an entity conducting a demonstration project under this subsection is located that are affected by the project shall not exceed the estimated total amount that the Federal Government would have paid for the fiscal year with respect to the programs if the project had not been conducted, as determined by the Director of the Office of Management and Budget.

(ii) SPECIAL RULE.—If an applicant submits to the Director of the Office of Management and Budget a request to apply the rules of this clause to the programs in the State in which the applicant is located that are affected by a demonstration project proposed in an application submitted by the applicant pursuant to this section, during such period of not more than 5 consecutive

fiscal years in which the project is in effect, and the Director determines, on the basis of supporting information provided by the applicant, to grant the request, then, notwithstanding any other provision of law, the total of the amounts that may be paid by the Federal Government for the period with respect to the programs shall not exceed the estimated total amount that the Federal Government would have paid for the period with respect to the programs if the project had not been conducted.

(F) 90-DAY APPROVAL DEADLINE.—

(i) IN GENERAL.—If the Secretary receives an application to conduct a demonstration project under this subsection and does not disapprove the application within 90 days after the receipt, then, subject to the 10 State limitation under paragraph (3)—

(I) the Secretary is deemed to have approved the application for such period as is requested in the application, except to the extent inconsistent with paragraph (5); and

(II) any waiver requested in the application which applies to a qualified program that is identified in the application and is administered by the Secretary is deemed to be granted, except to the extent inconsistent with subparagraph (B) or (E) of this paragraph.

(ii) DEADLINE EXTENDED IF ADDITIONAL INFORMATION IS SOUGHT.—The 90-day period referred to in clause (i) shall not include any period that begins with the date the Secretary requests the applicant to provide additional information with respect to the application and ends with the date the additional information is provided.

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

(6) REPORTS TO CONGRESS.—

(A) REPORT ON DISPOSITION OF APPLICATIONS.—Within 90 days after the date the Secretary receives an application submitted pursuant to this subsection, the Secretary shall submit to the Committee on Finance of the Senate and

the Committee on Ways and Means of the House of Representatives notice of the receipt, a description of the decision of the Secretary with respect to the application, and the reasons for approving or disapproving the application.

(B) REPORTS ON PROJECTS.—The Secretary shall provide annually to Congress a report concerning demonstration projects approved under this subsection, including—

(i) the projects approved for each applicant;

(ii) the number of waivers granted under this subsection, and the specific statutory provisions waived;

(iii) how well each project for which a waiver is granted is improving or enhancing program achievement from the standpoint of quality, cost-effectiveness, or both;

(iv) how well each project for which a waiver is granted is meeting the performance objectives specified in paragraph (3)(C)(ii);

(v) how each project for which a waiver is granted is conforming with the cost-

neutrality requirements of paragraph (4)(E); and

(vi) to the extent the Secretary deems appropriate, recommendations for modification of programs based on outcomes of the projects.

SEC. 115. STUDY BY THE CENSUS BUREAU.

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

"(a) IN GENERAL.—The Bureau of the Census shall implement or enhance a longitudinal survey of program participation, developed in consultation with the Secretary and made available to interested parties, to allow for the assessment of the outcomes of continued welfare reform on the economic and child well-being of low-income families with children, including those who received assistance or services from a State program funded under this part, and, to the extent possible, shall provide State representative samples. The content of the survey should include such information as may be necessary to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency and compliance with work requirements, the beginning and ending of spells of assistance, work, earnings and employment stability, and the well-being of children.".

(b) REPORTS ON THE WELL-BEING OF CHILDREN AND FAMILIES.—Section 414 (42 U.S.C. 614), as amended by subsection (a), is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

"(b) REPORTS ON THE WELL-BEING OF CHILDREN AND FAMILIES.—

"(1) IN GENERAL.—Not later than 24 months after the date of enactment of the Personal Responsibility and Individual Development for Everyone Act, the Secretary of Commerce shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the well-being of children and families using data collected under subsection (a).

"(2) SECOND REPORT.—Not later than 60 months after such date of enactment, the Secretary of Commerce shall submit a second report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the well-being of children and families using data collected under subsection (a).

"(3) INCLUSION OF COMPARABLE MEASURES.—Where comparable measures for data collected under subsection (a) exist in surveys previously administered by the Bureau of the Census, appropriate comparisons shall be made and included in each report required under this subsection on the well-being of children and families to assess changes in such measures.".

(c) APPROPRIATION.—Section 414(c) (42 U.S.C. 614(c)), as redesignated by subsection (b)(1) and as amended by section 3(i) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended by striking "1996," and all that follows through the period and inserting "2004 through 2008 for payment to the Bureau of the Census to carry out this section. Funds appropriated under this subsection for a fiscal year shall remain available through fiscal year 2008 to carry out this section.".

SEC. 116. FUNDING FOR CHILD CARE.

(a) INCREASE IN MANDATORY FUNDING.—Section 418(a)(3) (42 U.S.C. 618(a)(3)), as amended by section 4 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and

(3) by adding at the end the following:

"(G) $2,917,000,000 for each of fiscal years 2004 through 2008.".

(b) INCLUSION OF COMMONWEALTH OF PUERTO RICO IN RESERVATION OF CHILD CARE FUNDS.—

(1) IN GENERAL.—Section 418(a)(4) (42 U.S.C. 618(a)(4)) is amended—

(A) in the paragraph heading, by striking "INDIAN TRIBES" and inserting "AMOUNTS RESERVED";

(B) by striking "The Secretary" and inserting the following:

"(A) INDIAN TRIBES.—The Secretary"; and

(C) by adding at the end the following:

"(B) PUERTO RICO.—The Secretary shall reserve $10,000,000 of the amount appropriated under paragraph (3) for each fiscal year for payments to the Commonwealth of Puerto Rico for each such fiscal year for the purpose of providing child care assistance.".

(2) CONFORMING AMENDMENT.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by

section 108(b)(3), is amended by striking "or 413(f)" and inserting "413(f), or 418(a)(4)(B)".

SEC. 117. DEFINITIONS.

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

"(6) ASSISTANCE.—

"(A) IN GENERAL.—The term 'assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).

"(B) EXCEPTION.—The term 'assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary).".

(b) CONFORMING AMENDMENTS.—

(1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is amended by striking "assistance" and inserting "aid".

(2) Section 404(f) (42 U.S.C. 604(f)) is amended by striking "assistance" and inserting "benefits or services".

(3) Section 408(a)(5)(B)(i) (42 U.S.C. 608(a)(5)(B)(i)) is amended in the heading by striking "ASSISTANCE" and inserting "AID".

(4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is amended by striking "assistance" and inserting "aid".

(5) Section 5(g)(2)(D) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(D)) is amended—

(A) by striking "If the vehicle allowance" and inserting the following:

"(i) IN GENERAL.—If the vehicle allowance"; and

(B) by adding at the end the following:

"(ii) DEFINITION OF ASSISTANCE.—In clause (i), the term 'assistance' shall have the meaning given such term in section 260.31 of title 45 of the Code of Federal Regulations, as in effect on June 1, 2002.".

SEC. 118. RESPONSIBLE FATHERHOOD PROGRAM.

(a) RESPONSIBLE FATHERHOOD PROGRAM.—

(1) FINDINGS.—Congress makes the following findings:

(A) Nearly 24,000,000 children in the United States, or 34 percent of all such children, live apart from their biological father.

(B) Sixty percent of couples who divorce have at least 1 child.

(C) The number of children living with only a mother increased from just over 5,000,000 in 1960 to 17,000,000 in 1999, and between 1981 and 1991 the percentage of children living with only 1 parent increased from 19 percent to 25 percent.

(D) Forty percent of children who live in households without a father have not seen their father in at least 1 year and 50 percent of such children have never visited their father's home.

(E) The most important factor in a child's upbringing is whether the child is brought up in a loving, healthy, supportive environment.

(F) Children who live without contact with their biological father are, in comparison to children who have such contact—

(i) 5 times more likely to live in poverty;

(ii) more likely to bring weapons and drugs into the classroom;

(iii) twice as likely to commit crime;

(iv) twice as likely to drop out of school;

(v) more likely to commit suicide;

(vi) more than twice as likely to abuse alcohol or drugs; and

(vii) more likely to become pregnant as teenagers.

(G) Violent criminals are overwhelmingly males who grew up without fathers.

(H) Between 20 and 30 percent of families in poverty are headed by women who have suffered domestic violence during the past year, and between 40 and 60 percent of women with children receiving welfare were abused sometime during their life.

(I) Responsible fatherhood includes active participation in financial support and child care, as well as the formation and maintenance of a positive, healthy, and nonviolent relationship between father and child and a cooperative relationship between parents.

(J) States should be encouraged to implement programs that provide support for responsible fatherhood, promote marriage, and increase

the incidence of marriage, and should not be restricted from implementing such programs.

(K) Fatherhood programs should promote and provide support services for—

(i) loving and healthy relationships between parents and children; and

(ii) cooperative parenting.

(L) There is a social need to reconnect children and fathers.

(M) The promotion of responsible fatherhood and encouragement of healthy 2-parent married families should not—

(i) denigrate the standing or parenting efforts of single mothers or other caregivers;

(ii) lessen the protection of children from abusive parents; or

(iii) compromise the safety or health of the custodial parent;

but should increase the chance that children will have 2 caring parents to help them grow up healthy and secure.

(N) The promotion of responsible fatherhood must always recognize and promote the values of nonviolence.

(O) For the future of the United States and the future of our children, Congress, States, and local communities should assist parents to become more actively involved in their children's lives.

(P) Child support is an important means by which a parent can take financial responsibility for a child and emotional support is an important means by which a parent can take social responsibility for a child.

(2) FATHERHOOD PROGRAM.—Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) is amended by adding at the end the following:

"SEC. 117. FATHERHOOD PROGRAM.

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

"'PART C—RESPONSIBLE FATHERHOOD PROGRAM

"'SEC. 441. RESPONSIBLE FATHERHOOD GRANTS.

"'(a) GRANTS TO STATES TO CONDUCT DEMONSTRATION PROGRAMS.—

"'(1) AUTHORITY TO AWARD GRANTS.—

"'(A) IN GENERAL.—The Secretary shall award grants to up to 10 eligible States to con-

duct demonstration programs to carry out the purposes described in paragraph (2).

"'(B) ELIGIBLE STATE.—For purposes of this subsection, an eligible State is a State that submits to the Secretary the following:

"'(i) APPLICATION.—An application for a grant under this subsection, at such time, in such manner, and containing such information as the Secretary may require.

"'(ii) STATE PLAN.—A State plan that includes the following:

"'(I) PROJECT DESCRIPTION.—A description of the programs or activities the State will fund under the grant, including a good faith estimate of the number and characteristics of clients to be served under such projects and how the State intends to achieve at least 2 of the purposes described in paragraph (2).

"'(II) COORDINATION EFFORTS.—A description of how the State will coordinate and cooperate with State and local entities responsible for carrying out other programs that relate to the

purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families.

"'(III) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary for purposes of oversight of the demonstration program.

"'(iii) CERTIFICATIONS.—The following certifications from the chief executive officer of the State:

"'(I) A certification that the State will use funds provided under the grant to promote at least 2 of the purposes described in paragraph (2).

"'(II) A certification that the State will return any unused funds to the Secretary in accordance with the reconciliation process under paragraph (5).

"'(III) A certification that the funds provided under the grant will be used for programs and activities that target low-income participants and that not less than 50 percent of the participants in each program or activity funded under the grant shall be—

"'(aa) parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under part A, D, or E of this title, title XIX, or the Food Stamp Act of 1977; or

"'(bb) parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150 percent of the poverty line.

"'(IV) A certification that the State has or will comply with the requirements of paragraph (4).

"'(V) A certification that funds provided to a State under this subsection shall not be used to supplement or supplant other Federal, State, or local funds that are used to support programs or activities that are related to the purposes described in paragraph (2).

"'(C) PREFERENCES AND FACTORS OF CONSIDERATION.—In awarding grants under this subsection, the Secretary shall take into consideration the following:

"'(i) DIVERSITY OF ENTITIES USED TO CONDUCT PROGRAMS AND ACTIVITIES.—The Secretary shall, to the extent practicable, achieve a balance among the eligible States awarded grants under this subsection with respect to the size, urban or rural location, and employment of differing or unique methods of the entities that the eligible States intend to use to conduct the programs and activities funded under the grants.

"'(ii) PRIORITY FOR CERTAIN STATES.—The Secretary shall give priority

to awarding grants to eligible States that have—

"'(I) demonstrated progress in achieving at least 1 of the purposes described in paragraph (2) through previous State initiatives; or

"'(II) demonstrated need with respect to reducing the incidence of out-of-wedlock births or absent fathers in the State.

"'(2) PURPOSES.—The purposes described in this paragraph are the following:

"'(A) PROMOTING RESPONSIBLE FATHERHOOD THROUGH MARRIAGE PROMOTION.—To promote marriage or sustain marriage through activities such as counseling, mentoring, disseminating information about the benefits of marriage and 2-parent involvement for children, enhancing relationship skills, education regarding how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, including improving a fam-

ily's ability to effectively manage family business affairs by means such as education, counseling, or mentoring on matters related to family finances, including household management, budgeting, banking, and handling of financial transactions and home maintenance, and divorce education and reduction programs, including mediation and counseling.

"'(B) PROMOTING RESPONSIBLE FATHERHOOD THROUGH PARENTING PROMOTION.—To promote responsible parenting through activities such as counseling, mentoring, and mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods.

"'(C) PROMOTING RESPONSIBLE FATHERHOOD THROUGH FOSTERING ECONOMIC STABILITY OF FATHERS.—To foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment ma-

terials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods.

"'(3) RESTRICTION ON USE OF FUNDS.—No funds provided under this subsection may be used for costs attributable to court proceedings regarding matters of child visitation or custody, or for legislative advocacy.

"'(4) REQUIREMENTS FOR RECEIPT OF FUNDS.—A State may not be awarded a grant under this section unless the State, as a condition of receiving funds under such a grant—

"'(A) consults with experts in domestic violence or with relevant community domestic violence coalitions in developing such programs or activities; and

"'(B) describes in the application for a grant under this section—

"'(i) how the programs or activities proposed to be conducted will address, as appropriate, issues of domestic violence; and

"'(ii) what the State will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary,

and to inform potential participants that their involvement is voluntary.

"'(5) RECONCILIATION PROCESS.—

"'(A) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each eligible State that receives a grant under this subsection for a fiscal year shall return to the Secretary any unused portion of the grant for such fiscal year not later than the last day of the second succeeding fiscal year, together with any earnings on such unused portion.

"'(B) PROCEDURE FOR REDISTRIBUTION.—The Secretary shall establish an appropriate procedure for redistributing to eligible States that have expended the entire amount of a grant made under this subsection for a fiscal year any amount that is returned to the Secretary by eligible States under subparagraph (A).

"'(6) AMOUNT OF GRANTS.—

"'(A) IN GENERAL.—Subject to subparagraph (B), the amount of each grant awarded under this subsection shall be an amount sufficient to implement the State plan submitted under paragraph (1)(B)(ii).

"'(B) MINIMUM AMOUNTS.—No eligible State shall—

"'(i) in the case of the District of Columbia or a State other than the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, receive a grant for a fiscal year in an amount that is less than $1,000,000; and

"'(ii) in the case of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, receive a grant for a fiscal year in an amount that is less than $500,000.

"'(7) DEFINITION OF STATE.—In this subsection the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"'(8) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $20,000,000 for each of fiscal years 2004 through 2008 for pur-

poses of making grants to eligible States under this subsection.

"'(b) GRANTS TO ELIGIBLE ENTITIES TO CONDUCT DEMONSTRATION PROGRAMS.—

"'(1) AUTHORITY TO AWARD GRANTS.—

"'(A) IN GENERAL.—The Secretary shall award grants to eligible entities to conduct demonstration programs to carry out the purposes described in subsection (a)(2).

"'(B) ELIGIBLE ENTITY.—For purposes of this subsection, an eligible entity is a local government, local public agency, community-based or nonprofit organization, or private entity, including any charitable or faith-based organization, or an Indian tribe (as defined in section 419(4)), that submits to the Secretary the following:

"'(i) APPLICATION.—An application for a grant under this subsection, at such time, in such manner, and containing such information as the Secretary may require.

"'(ii) PROJECT DESCRIPTION.—A description of the programs or activities the entity intends to carry out with funds provided under the grant, including a good

faith estimate of the number and characteristics of clients to be served under such programs or activities and how the entity intends to achieve at least 2 of the purposes described in subsection (a)(2).

"'(iii) COORDINATION EFFORTS.—A description of how the entity will coordinate and cooperate with State and local entities responsible for carrying out other programs that relate to the purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families.

"'(iv) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary for purposes of oversight of the demonstration program.

"'(v) CERTIFICATIONS.—The following certifications:

"'(I) A certification that the entity will use funds provided under the

grant to promote at least 2 of the purposes described in subsection (a)(2).

"'(II) A certification that the entity will return any unused funds to the Secretary in accordance with the reconciliation process under paragraph (3).

"'(III) A certification that the funds provided under the grant will be used for programs and activities that target low-income participants and that not less than 50 percent of the participants in each program or activity funded under the grant shall be—

"'(aa) parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under part A, D, or E of this title, title XIX, or the Food Stamp Act of 1977; or

"'(bb) parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child

support paid or received) does not exceed 150 percent of the poverty line.

"'(IV) A certification that the entity has or will comply with the requirements of paragraph (3).

"'(V) A certification that funds provided to an entity under this subsection shall not be used to supplement or supplant other Federal, State, or local funds provided to the entity that are used to support programs or activities that are related to the purposes described in subsection (a)(2).

"'(C) PREFERENCES AND FACTORS OF CONSIDERATION.—In awarding grants under this subsection, the Secretary shall, to the extent practicable, achieve a balance among the eligible entities awarded grants under this subsection with respect to the size, urban or rural location, and employment of differing or unique methods of the entities.

"'(2) RESTRICTION ON USE OF FUNDS.—No funds provided under this subsection may be used for costs attributable to court proceedings regarding mat-

ters of child visitation or custody, or for legislative advocacy.

"'(3) REQUIREMENTS FOR USE OF FUNDS.—The Secretary may not award a grant under this subsection to an eligible entity unless the entity, as a condition of receiving funds under such a grant—

"'(A) consults with experts in domestic violence or with relevant community domestic violence coalitions in developing the programs or activities to be conducted with such funds awarded under the grant; and

"'(B) describes in the application for a grant under this section—

"'(i) how the programs or activities proposed to be conducted will address, as appropriate, issues of domestic violence; and

"'(ii) what the entity will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary, and to inform potential participants that their involvement is voluntary.

"'(4) RECONCILIATION PROCESS.—

"'(A) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each eligible entity that receives a grant under this subsection for a fiscal year shall

return to the Secretary any unused portion of the grant for such fiscal year not later than the last day of the second succeeding fiscal year, together with any earnings on such unused portion.

"'(B) PROCEDURE FOR REDISTRIBUTION.—The Secretary shall establish an appropriate procedure for redistributing to eligible entities that have expended the entire amount of a grant made under this subsection for a fiscal year any amount that is returned to the Secretary by eligible entities under subparagraph (A).

"'(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $30,000,000 for each of fiscal years 2004 through 2008 for purposes of making grants to eligible entities under this subsection.

"'SEC. 442. NATIONAL CLEARINGHOUSE FOR RESPONSIBLE FATHERHOOD PROGRAMS.

"'(a) MEDIA CAMPAIGN NATIONAL CLEARINGHOUSE FOR RESPONSIBLE FATHERHOOD.—

"'(1) IN GENERAL.—From any funds appropriated under subsection (c), the Secretary shall contract with a nationally recognized, nonprofit father-

hood promotion organization described in subsection (b) to—

"'(A) develop, promote, and distribute to interested States, local governments, public agencies, and private entities a media campaign that encourages the appropriate involvement of parents in the life of any child, with a priority for programs that specifically address the issue of responsible fatherhood; and

"'(B) develop a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to other States information regarding the media campaigns established under section 443.

"'(2) COORDINATION WITH DOMESTIC VIOLENCE PROGRAMS.—The Secretary shall ensure that the nationally recognized nonprofit fatherhood promotion organization with a contract under paragraph (1) coordinates the media campaign developed under subparagraph (A) of such paragraph and the national clearinghouse developed under subparagraph (B) of such paragraph with national, State, or local domestic violence programs.

"'(b) NATIONALLY RECOGNIZED, NONPROFIT FATHERHOOD PROMOTION ORGANIZATION DESCRIBED.—The nationally recognized, nonprofit fatherhood promotion organization described in this subsection is an organization that has at least 4 years of experience in—

"'(1) designing and disseminating a national public education campaign, as evidenced by the production and successful placement of television, radio, and print public service announcements that promote the importance of responsible fatherhood, a track record of service to Spanish-speaking populations and historically underserved or minority populations, the capacity to fulfill requests for information and a proven history of fulfilling such requests, and a mechanism through which the public can request additional information about the campaign; and

"'(2) providing consultation and training to community-based organizations interested in implementing fatherhood outreach, support, or skill development programs with an emphasis on promoting married fatherhood as the ideal.

"'(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $5,000,000 for each of fiscal years 2004 through 2008 to carry out this section.

"'SEC. 443. BLOCK GRANTS TO STATES TO ENCOURAGE MEDIA CAMPAIGNS.

"'(a) DEFINITIONS.—In this section:

"'(1) BROADCAST ADVERTISEMENT.—The term 'broadcast advertisement' means a communication intended to be aired by a television or radio broadcast station, including a communication intended to be transmitted through a cable channel.

"'(2) CHILD AT RISK.—The term 'child at risk' means each young child whose family income does not exceed the poverty line.

"'(3) POVERTY LINE.—The term 'poverty line' has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section, that is applicable to a family of the size involved.

"'(4) PRINTED OR OTHER ADVERTISEMENT.—The term 'printed or other advertisement' includes any communication intended to be distributed through a newspaper, magazine, outdoor advertising facility, mailing, or any other type of general public advertising, but does not include any broadcast advertisement.

"'(5) STATE.—The term 'State' means each of the 50 States, the District of Columbia, the Common-

wealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"'(6) YOUNG CHILD.—The term 'young child' means an individual under age 5.

"'(b) STATE CERTIFICATIONS.—Not later than October 1 of each of fiscal year for which a State desires to receive an allotment under this section, the chief executive officer of the State shall submit to the Secretary a certification that the State shall—

"'(1) use such funds to promote the formation and maintenance of healthy 2-parent married families, strengthen fragile families, and promote responsible fatherhood through media campaigns conducted in accordance with the requirements of subsection (d);

"'(2) return any unused funds to the Secretary in accordance with the reconciliation process under subsection (e); and

"'(3) comply with the reporting requirements under subsection (f).

"'(c) PAYMENTS TO STATES.—For each of fiscal years 2004 through 2008, the Secretary shall pay to each State that submits a certification under subsection (b), from any funds appropriated under subsection (i), for the fiscal year

an amount equal to the amount of the allotment determined for the fiscal year under subsection (g).

"'(d) ESTABLISHMENT OF MEDIA CAMPAIGNS.—Each State receiving an allotment under this section for a fiscal year shall use the allotment to conduct media campaigns as follows:

"'(1) CONDUCT OF MEDIA CAMPAIGNS.—

"'(A) RADIO AND TELEVISION MEDIA CAMPAIGNS.—

"'(i) PRODUCTION OF BROADCAST ADVERTISEMENTS.—At the option of the State, to produce broadcast advertisements that promote the formation and maintenance of healthy 2-parent married families, strengthen fragile families, and promote responsible fatherhood.

"'(ii) AIRTIME CHALLENGE PROGRAM.—At the option of the State, to establish an airtime challenge program under which the State may spend amounts allotted under this section to purchase time from a broadcast station to air a broadcast advertisement produced under clause (i), but only if the State obtains an amount of time of the same class and during a comparable pe-

riod to air the advertisement using non-Federal contributions.

"'(B) OTHER MEDIA CAMPAIGNS.—At the option of the State, to conduct a media campaign that consists of the production and distribution of printed or other advertisements that promote the formation and maintenance of healthy 2-parent married families, strengthen fragile families, and promote responsible fatherhood.

"'(2) ADMINISTRATION OF MEDIA CAMPAIGNS.—A State may administer media campaigns funded under this section directly or through grants, contracts, or cooperative agreements with public agencies, local governments, or private entities, including charitable and faith-based organizations.

"'(3) CONSULTATION WITH DOMESTIC VIOLENCE ASSISTANCE CENTERS.—In developing broadcast and printed advertisements to be used in the media campaigns conducted under paragraph (1), the State or other entity administering the campaign shall consult with representatives of State and local domestic violence centers.

"'(4) NON-FEDERAL CONTRIBUTIONS.—In this section, the term 'non-Federal contributions' includes

contributions by the State and by public and private entities. Such contributions may be in cash or in kind. Such term does not include any amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, or any amount expended by a State before October 1, 2003.

"'(e) RECONCILIATION PROCESS.—

"'(1) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each State that receives an allotment under this section shall return to the Secretary any unused portion of the amount allotted to a State for a fiscal year not later than the last day of the second succeeding fiscal year together with any earnings on such unused portion.

"'(2) PROCEDURE FOR REDISTRIBUTION OF UNUSED ALLOTMENTS.—The Secretary shall establish an appropriate procedure for redistributing to States that have expended the entire amount allotted under this section any amount that is—

"'(A) returned to the Secretary by States under paragraph (1); or

"'(B) not allotted to a State under this section because the State did not submit a certifi-

cation under subsection (b) by October 1 of a fiscal year.

"'(f) REPORTING REQUIREMENTS.—

"'(1) MONITORING AND EVALUATION.—Each State receiving an allotment under this section for a fiscal year shall monitor and evaluate the media campaigns conducted using funds made available under this section in such manner as the Secretary, in consultation with the States, determines appropriate.

"'(2) ANNUAL REPORTS.—Not less frequently than annually, each State receiving an allotment under this section for a fiscal year shall submit to the Secretary reports on the media campaigns conducted using funds made available under this section at such time, in such manner, and containing such information as the Secretary may require.

"'(g) AMOUNT OF ALLOTMENTS.—

"'(1) IN GENERAL.—Except as provided in paragraph (2), of the amount appropriated for the purpose of making allotments under this section for a fiscal year, the Secretary shall allot to each State that submits a certification under subsection (b) for the fiscal year an amount equal to the sum of—

"'(A) the amount that bears the same ratio to 50 percent of such funds as the number of

young children in the State (as determined by the Secretary based on the most current reliable data available) bears to the number of such children in all States; and

"'(B) the amount that bears the same ratio to 50 percent of such funds as the number of children at risk in the State (as determined by the Secretary based on the most current reliable data available) bears to the number of such children in all States.

"'(2) MINIMUM ALLOTMENTS.—No allotment for a fiscal year under this section shall be less than—

"'(A) in the case of the District of Columbia or a State other than the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 1 percent of the amount appropriated for the fiscal year under subsection (i); and

"'(B) in the case of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 0.5 percent of such amount.

"'(3) PRO RATA REDUCTIONS.—The Secretary shall make such pro rata reductions to the allotments determined under this subsection as are necessary to comply with the requirements of paragraph (2).

"'(h) EVALUATION.—

"'(1) IN GENERAL.—The Secretary shall conduct an evaluation of the impact of the media campaigns funded under this section.

"'(2) REPORT.—Not later than December 31, 2006, the Secretary shall report to Congress the results of the evaluation under paragraph (1).

"'(3) FUNDING.—Of the amount appropriated under subsection (i) for fiscal year 2004, $1,000,000 of such amount shall be transferred and made available for purposes of conducting the evaluation required under this subsection, and shall remain available until expended.

"'(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $20,000,000 for each of fiscal years 2004 through 2008 for purposes of making allotments to States under this section.'.

"(b) INAPPLICABILITY OF EFFECTIVE DATE PROVISIONS.—Section 116 shall not apply to the amendment made by subsection (a) of this section.".

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

"Sec. 117. Responsible fatherhood program.".

SEC. 119. ADDITIONAL GRANTS.

(a) GRANTS TO CAPITALIZE AND DEVELOP SUSTAINABLE SOCIAL SERVICES.—Section 403(a) (42 U.S.C. 603(a)) is amended by adding at the end the following:

"(6) GRANTS TO CAPITALIZE AND DEVELOP SUSTAINABLE SOCIAL SERVICES.—

"(A) AUTHORITY TO AWARD GRANTS.—The Secretary may award grants to entities for the purpose of capitalizing and developing the role of sustainable social services that are critical to the success of moving recipients of assistance under a State program funded under this part to work.

"(B) APPLICATION.—

"(i) IN GENERAL.—An entity desiring a grant under this paragraph shall submit an application to the Secretary, at such time, in such manner, and, subject to clause (ii), containing such information as the Secretary may require.

"(ii) STRATEGY FOR GENERATION OF REVENUE.—An application for a grant under this paragraph shall include a de-

scription of the capitalization strategy that the entity intends to follow to develop a program that generates its own source of ongoing revenue while assisting recipients of assistance under a State program funded under this part.

"(C) USE OF FUNDS.—

"(i) IN GENERAL.—Funds made available under a grant made under this paragraph may be used for the acquisition, construction, or renovation of facilities or buildings.

"(ii) GENERAL RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsection (b) of that section, shall not apply to a grant made under this paragraph.

"(D) EVALUATION AND REPORT.—The Secretary shall, by grant, contract, or interagency agreement, conduct an evaluation of the programs developed with grants awarded under this paragraph and shall submit a report to Congress on the results of such evaluation.

"(E) AUTHORIZATION OF APPROPRIATIONS.—Out of any money in the Treasury of

the United States not otherwise appropriated, there is appropriated to the Secretary for the purpose of carrying out this paragraph, $40,000,000 for each of fiscal years 2004 through 2008.".

(b) GRANTS FOR LOW-INCOME CAR OWNERSHIP PROGRAMS.—Section 403(a) (42 U.S.C. 603(a)), as amended by subsection (a), is further amended by adding at the end the following:

"(7) GRANTS FOR LOW-INCOME CAR OWNERSHIP PROGRAMS.—

"(A) PURPOSES.—The purposes of this paragraph are to—

"(i) assist low-income families with children obtain dependable, affordable automobiles to improve their employment opportunities and access to training; and

"(ii) provide incentives to States, Indian tribes, localities, and nonprofit entities to develop and administer programs that provide assistance with automobile ownership for low-income families.

"(B) DEFINITIONS.—In this paragraph:

"(i) LOCALITY.—The term 'locality' means a municipality that does not admin-

ister a State program funded under this part.

"(ii) LOW-INCOME FAMILY WITH CHILDREN.—The term 'low-income family with children' means a household that is eligible for benefits or services funded under the State program funded under this part or under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

"(iii) NONPROFIT ENTITY.—The term 'nonprofit entity' means a school, local agency, organization, or institution owned and operated by 1 or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"(C) AUTHORITY TO AWARD GRANTS.—The Secretary may award grants to States, counties, localities, Indian tribes, and nonprofit entities to promote improving access to dependable, affordable automobiles by low-income families with children.

"(D) GRANT APPROVAL CRITERIA.—The Secretary shall establish criteria for approval of an application for a grant under this paragraph that include consideration of—

"(i) the extent to which the proposal, if funded, is likely to improve access to training and employment opportunities and child care services by low-income families with children by means of car ownership;

"(ii) the level of innovation in the applicant's grant proposal; and

"(iii) any partnerships between the public and private sector in the applicant's grant proposal.

"(E) USE OF FUNDS.—

"(i) IN GENERAL.—A grant awarded under this paragraph shall be used to administer programs that assist low-income families with children with dependable automobile ownership, and maintenance of, or insurance for, the purchased automobile.

"(ii) SUPPLEMENT NOT SUPPLANT.—Funds provided to a State, Indian tribe, county, or locality under a grant awarded under this paragraph shall be used to sup-

plement and not supplant other State, county, or local public funds expended for car ownership programs.

"(iii) GENERAL RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsection (b) of that section, shall not apply to a grant made under this paragraph.

"(F) APPLICATION.—Each applicant desiring a grant under this paragraph shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

"(G) REVERSION OF FUNDS.—Any funds not expended by a grantee within 3 years after the date the grant is awarded under this paragraph shall be available for redistribution among other grantees in such manner and amount as the Secretary may determine, unless the Secretary extends by regulation the time period to expend such funds.

"(H) LIMITATION ON ADMINISTRATIVE COSTS OF THE SECRETARY.—Not more than an amount equal to 5 percent of the funds appropriated to make grants under this paragraph for

a fiscal year shall be expended for administrative costs of the Secretary in carrying out this paragraph.

"(I) EVALUATION.—The Secretary shall, by grant, contract, or interagency agreement, conduct an evaluation of the programs administered with grants awarded under this paragraph.

"(J) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to make grants under this paragraph, $25,000,000 for each of fiscal years 2004 through 2008.".

SEC. 120. TECHNICAL CORRECTIONS.

(a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is amended by inserting a comma after "appropriate".

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

(c) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is amended by striking "section" and inserting "sections".

(d)(1) Section 413 (42 U.S.C. 613) is amended by striking subsection (g) and redesignating subsections (h) through (j) and subsections (k) and (l) (as added by sections 112(c) and 115(a) of this Act, respectively) as subsections (g) through (k), respectively.

(2) Each of the following provisions is amended by striking "413(j)" and inserting "413(i)":

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

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

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

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

TITLE II—ABSTINENCE EDUCATION

SEC. 201. EXTENSION OF ABSTINENCE EDUCATION PROGRAM.

(a) EXTENSION OF APPROPRIATIONS.—Section 510(d) (42 U.S.C. 710(d)), as amended by section 6 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended by striking "2003" and inserting "2008".

(b) ALLOTMENT OF FUNDS.—Section 510(a) (42 U.S.C. 710(a)) is amended—

(1) in the matter preceding paragraph (1), by striking "an application for the fiscal year under section 505(a)" and inserting ", for the fiscal year, an application under section 505(a), and an application

under this section (in such form and meeting such terms and conditions as determined appropriate by the Secretary),"; and

(2) in paragraph (2), to read as follows:

"(2) the percentage described in section 502(c)(1)(B)(ii) that would be determined for the State under section 502(c) if such determination took into consideration only those States that transmitted both such applications for such fiscal year.".

(c) REALLOTMENT OF FUNDS.—Section 510 (42 U.S.C. 710(a)) is amended by adding at the end the following:

"(e)(1) With respect to allotments under subsection (a) for fiscal year 2004 and subsequent fiscal years, the amount of any allotment to a State for a fiscal year that the Secretary determines will not be required to carry out a program under this section during such fiscal year or the succeeding fiscal year shall be available for reallotment from time to time during such fiscal years on such dates as the Secretary may fix, to other States that the Secretary determines—

"(A) require amounts in excess of amounts previously allotted under subsection (a) to carry out a program under this section; and

"(B) will use such excess amounts during such fiscal years.

"(2) Reallotments under paragraph (1) shall be made on the basis of such States' applications under this section, after taking into consideration the population of low-income children in each such State as compared with the population of low-income children in all such States with respect to which a determination under paragraph (1) has been made by the Secretary.

"(3) Any amount reallotted under paragraph (1) to a State is deemed to be part of its allotment under subsection (a).".

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to the program under section 510 for fiscal years 2004 and succeeding fiscal years.

TITLE III—CHILD SUPPORT

SEC. 301. DISTRIBUTION OF CHILD SUPPORT COLLECTED BY STATES ON BEHALF OF CHILDREN RECEIVING CERTAIN WELFARE BENEFITS.

(a) MODIFICATION OF RULE REQUIRING ASSIGNMENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING TANF.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is amended to read as follows:

"(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A

State to which a grant is made under section 403 shall require, as a condition of paying assistance to a family under the State program funded under this part, that a member of the family assign to the State any right the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so paid to the family, which accrues during the period that the family receives assistance under the program.".

(b) INCREASING CHILD SUPPORT PAYMENTS TO FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBUTION RULES.—

(1) DISTRIBUTION RULES.—

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

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

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

"(A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

"(B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

"(C) pay to the family any remaining amount.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

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

"(B) ARREARAGES.—Except as otherwise provided in an election made under section 454(34), to the extent that the amount collected exceeds the current support amount, the State—

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

"(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall—

"(I) pay to the Federal Government the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

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

"(iii) shall pay to the family any remaining amount.

"(3) LIMITATIONS.—

"(A) FEDERAL REIMBURSEMENTS.—The total of the amounts paid by the State to the Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

"(B) STATE REIMBURSEMENTS.—The total of the amounts retained by the State under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the State share of the

amount assigned with respect to the family pursuant to section 408(a)(3).

"(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall pay the amount collected to the family.

"(5) FAMILIES UNDER CERTAIN AGREEMENTS.—Notwithstanding paragraphs (1) through (3), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.

"(6) STATE FINANCING OPTIONS.—To the extent that the State's share of the amount payable to a family pursuant to paragraph (2)(B) of this subsection exceeds the amount that the State estimates (under procedures approved by the Secretary) would have been payable to the family pursuant to former section 457(a)(2)(B) (as in effect for the State immediately before the date this subsection first applies to the State) if such former section had remained in effect, the State may elect to have the payment considered a qualified State expenditure for purposes of section 409(a)(7).

"(7) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION.—

"(A) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—Notwithstanding paragraph (2), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that formerly received assistance from the State to the extent that the State pays the amount to the family.

"(B) FAMILIES THAT CURRENTLY RECEIVE ASSISTANCE.—

"(i) IN GENERAL.—Notwithstanding paragraph (1), in the case of a family that receives assistance from the State, a State shall not be required to pay to the Federal Government the Federal share of the excepted portion (as defined in clause (ii)) of any amount collected on behalf of such family during a month to the extent that—

"(I) the State pays the excepted portion to the family; and

"(II) the excepted portion is disregarded in determining the amount

and type of assistance provided to the family under such program.

"(ii) EXCEPTED PORTION DEFINED.—For purposes of this subparagraph, the term 'excepted portion' means that portion of the amount collected on behalf of a family during a month that does not exceed $400 per month, or in the case of a family that includes 2 or more children, that does not exceed an amount established by the State that is not more than $600 per month.

"(8) STATES WITH DEMONSTRATION WAIVERS.—Notwithstanding the preceding paragraphs, in the case of a State that, on the date of enactment of this paragraph, has had in effect since October 1, 1997, a waiver under section 1115 permitting passthrough payments of child support collections—

"(A) the State may continue to distribute such payments to families without regard to the expiration date of such waiver; and

"(B) the requirement under paragraph (1) to pay to the Federal Government the Federal share of the amount collected on behalf of a family shall not apply to the extent that—

"(i) the State distributes such amount to the family; and

"(ii) such amount is disregarded in determining the amount and type of assistance paid to the family.".

(B) STATE PLAN TO INCLUDE ELECTION AS TO WHICH RULES TO APPLY IN DISTRIBUTING CHILD SUPPORT ARREARAGES COLLECTED ON BEHALF OF FAMILIES FORMERLY RECEIVING ASSISTANCE.—Section 454 (42 U.S.C. 654) is amended—

(i) by striking "and" at the end of paragraph (32);

(ii) by striking the period at the end of paragraph (33) and inserting "; and"; and

(iii) by inserting after paragraph (33) the following:

"(34) include an election by the State to apply section 457(a)(2)(B) of this Act or former section 457(a)(2)(B) of this Act (as in effect for the State immediately before the date this paragraph first applies to the State) to the distribution of the amounts which are the subject of such sections and, for so long as the State elects to so apply such former section, the amendments made by section 301(d)(1) of the Per-

sonal Responsibility and Individual Development for Everyone Act shall not apply with respect to the State, notwithstanding section 301(e) of that Act.''.

(C) APPROVAL OF ESTIMATION PROCEDURES.—Not later than the date that is 6 months after the date of enactment of this Act, the Secretary of Health and Human Services, in consultation with the States (as defined for purposes of part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)), shall establish the procedures to be used to make the estimate described in section 457(a)(6) of such Act (42 U.S.C. 657(a)(6)).

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

''(5) CURRENT SUPPORT AMOUNT.—The term 'current support amount' means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support.''.

(c) STATE OPTION TO DISCONTINUE OLDER SUPPORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b)) is amended to read as follows:

"(b) CONTINUATION OF ASSIGNMENTS.—

"(1) STATE OPTION TO DISCONTINUE PRE-1997 SUPPORT ASSIGNMENTS.—

"(A) IN GENERAL.—Any rights to support obligations assigned to a State as a condition of receiving assistance from the State under part A and in effect on September 30, 1997 (or such earlier date on or after August 22, 1996, as the State may choose), may remain assigned after such date.

"(B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION.—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to such assignment as if such amounts had never been assigned and may distribute such amounts to the family in accordance with subsection (a)(4).

"(2) STATE OPTION TO DISCONTINUE POST-1997 ASSIGNMENTS.—

"(A) IN GENERAL.—Any rights to support obligations accruing before the date on which a family first receives assistance under part A that are assigned to a State under that part and in

effect before the implementation date of this section may remain assigned after such date.

"(B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION.—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to such assignment as if such amounts had never been assigned and may distribute such amounts to the family in accordance with subsection (a)(4).".

(d) CONFORMING AMENDMENTS.—

(1) Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended by section 103(c), is amended—

(A) in subclause (I)(aa), by striking "457(a)(1)(B)" and inserting "457(a)(1)"; and

(B) by adding at the end the following:

"(VI) PORTIONS OF CERTAIN CHILD SUPPORT PAYMENTS COLLECTED ON BEHALF OF AND DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.—Any amount paid by a State pursuant to clause (i) or (ii) of section 457(a)(2)(B), but only to the extent that the State properly elects

under section 457(a)(6) to have the payment considered a qualified State expenditure.".

(2) Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended—

(A) in the first sentence, by striking "the Social Security Act." and inserting "of such Act."; and

(B) by striking the third sentence and inserting the following: "The Secretary shall apply a reduction under this subsection first to an amount certified by the State as past due support under section 464 of the Social Security Act before any other reductions allowed by law.".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 2007, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement such amendments (in the case of State programs operated under such part D) are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—In addition, a State may elect to have the amendments made by this section apply to the State and to amounts collected by the State (and such payments under parts A and D), on and after such date as the State may select that is after the date of enactment of this Act and before October 1, 2007.

SEC. 302. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.

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

(1) by striking "parent, or," and inserting "parent or"; and

(2) by striking "upon the request of the State agency under the State plan or of either parent,".

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

SEC. 303. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use

generally to locate custodial parents for whom child support has been collected but not yet distributed. The report shall include an estimate of the total amount of undistributed child support and the average length of time it takes undistributed child support to be distributed. To the extent the Secretary deems appropriate, the Secretary shall include in the report recommendations as to whether additional procedures should be established at the Federal or State level to expedite the payment of undistributed child support.

SEC. 304. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

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

"(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

"(A) IN GENERAL.—If, for purposes of administering an unemployment compensation program under Federal or State law, a State agency responsible for the administration of such program transmits to the Secretary the name and social security account number of an individual, the Secretary shall disclose to the State agency information on the individual and the

individual's employer that is maintained in the National Directory of New Hires, subject to the succeeding provisions of this paragraph.

"(B) CONDITION ON DISCLOSURE BY THE SECRETARY.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

"(C) USE AND DISCLOSURE OF INFORMATION BY STATE AGENCIES.—

"(i) IN GENERAL.—A State agency may not use or disclose information provided under this paragraph except for purposes of administering a program referred to in subparagraph (A).

"(ii) INFORMATION SECURITY.—A State agency to which information is provided under this paragraph shall have in effect data security and control policies that the Secretary finds adequate to ensure the security of information obtained under this paragraph and to ensure that access to such information is restricted to authorized per-

sons for purposes of authorized uses and disclosures.

"(iii) PENALTY FOR MISUSE OF INFORMATION.—An officer or employee of a State agency who fails to comply with this subparagraph shall be subject to the sanctions under subsection (l)(2) to the same extent as if such officer or employee was an officer or employee of the United States.

"(D) PROCEDURAL REQUIREMENTS.—A State agency requesting information under this paragraph shall adhere to uniform procedures established by the Secretary governing information requests and data matching under this paragraph.

"(E) REIMBURSEMENT OF COSTS.—A State agency shall reimburse the Secretary, in accordance with subsection (k)(3), for the costs incurred by the Secretary in furnishing the information requested under this paragraph.".

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

SEC. 305. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.

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

(b) CONFORMING AMENDMENT.—Section 454(31) (42 U.S.C. 654(31)) is amended by striking "$5,000" and inserting "$2,500".

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

SEC. 306. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.

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

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

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking "(1) Except as provided in paragraph (2), as used in" and inserting "In"; and

(ii) by inserting "(whether or not a minor)" after "a child" each place it appears; and

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

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

SEC. 307. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE OBLIGATIONS.

(a) IN GENERAL.—Section 459(h)(1)(A)(ii)(V)) (42 U.S.C. 659(h)(1)(A)(ii)(V)) is amended by striking all that follows "Armed Forces" and inserting ", except that such compensation shall not be subject to withholding pursuant to this section for payment of alimony unless the former member to whom it is payable is in receipt of retired or retainer pay and has waived a portion of such pay in order to receive such compensation;".

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

SEC. 308. IMPROVING FEDERAL DEBT COLLECTION PRACTICES.

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

"(3)(A) Except as provided in subparagraph (B), in applying this subsection with respect to any debt owed to a State, subsection (c)(3)(A) shall not apply.

"(B) Subparagraph (A) shall not apply with respect to payments owed to an individual under title II of the

Social Security Act, for purposes of an offset under this section of such payments against past-due support (as defined in section 464(c) of the Social Security Act, without regard to paragraphs (2) and (3) of such section 464(c)) that is being enforced by a State agency administering a program under part D of title IV of that Act.".

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

SEC. 309. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.

Section 452(j) (42 U.S.C. 652(j)) is amended by inserting "or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater" before ", which shall be available".

SEC. 310. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.

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

(1) in the first sentence, by inserting "or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater" before ", which shall be available"; and

(2) in the second sentence, by striking "for each of fiscal years 1997 through 2001".

SEC. 311. IDENTIFICATION AND SEIZURE OF ASSETS HELD BY MULTISTATE FINANCIAL INSTITUTIONS.

(a) DUTIES OF THE SECRETARY.—Section 452(l) (42 U.S.C. 652(l)) is amended to read as follows:

"(l) IDENTIFICATION AND SEIZURE OF ASSETS HELD BY MULTISTATE FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, is authorized—

"(A) to assist State agencies operating programs under this part and financial institutions doing business in 2 or more States in reaching agreements regarding the receipt from such institutions, and the transfer to the State agencies, of information that may be provided pursuant to section 466(a)(17)(A)(i) or 469A(a);

"(B) to perform data matches comparing information from such State agencies and financial institutions entering into such Agreements with respect to individuals owing past-due support; and

"(C) to seize assets, held by such financial institutions, of individuals identified through such data matches who owe past-due support, by—

"(i) issuing a notice of lien or levy to such financial institutions requiring them

to encumber such assets for 30 calendar days and to subsequently transfer such assets to the Secretary (except that the Secretary shall promptly release such lien or levy within such 30-day period upon request of the State agencies responsible for collecting past-due support from such individuals); and

"(ii) providing notice to such individuals of the lien or levy upon their assets and informing them—

"(I) of their procedural due process rights, including the opportunity to contest such lien or levy to the appropriate State agency; and

"(II) in the case of jointly owned assets, of the process by which other owners may secure their respective share of such assets, according to such policies and procedures as the Secretary may specify with respect to seizure of such assets.

"(2) TRANSFER OF FUNDS TO STATES.—Assets seized from individuals under paragraph (1)(C) shall be promptly transferred by the Secretary to the State

agencies responsible for collecting past-due support from such individuals for distribution pursuant to section 457.

"(3) RELATIONSHIP TO STATE LAWS.—Notwithstanding any provision of State law, an individual receiving a notice under paragraph (1)(C) shall have 21 calendar days from the date of such notice to contest the lien or levy imposed under such paragraph by requesting an administrative review by the State agency responsible for collecting past-due support from such individual.

"(4) TREATMENT OF DISCLOSURES.—For purposes of section 1113(d) of the Right to Financial Privacy Act of 1978, a disclosure pursuant to this subsection shall be considered a disclosure pursuant to a Federal statute.".

(b) STATE DUTIES.—

(1) INDIVIDUALS WITH ASSETS SUBJECT TO FEDERAL SEIZURE.—Section 454 (42 U.S.C. 654), as amended by section 301(b)(1)(B)(iii), is amended—

(A) in paragraph (33), by striking "and" at the end;

(B) in paragraph (34), by striking the period and inserting "; and"; and

(C) by inserting after paragraph (34), the following:

"(35) provide that the State shall—

"(A) upon furnishing the Secretary with information under section 452(l) with respect to individuals owing past-due support, provide notice to such individuals that their assets held in financial institutions shall be subject to seizure to pay such past-due support, and shall—

"(i) instruct such individuals of the steps which may be taken to contest the State's determination that past-due support is owed or the amount of the past-due support; and

"(ii) include, in the case of jointly owned assets, a description of the process by which other owners may secure their share of such assets, in accordance with such policies and procedures as the Secretary may specify with respect to seizure of such assets;

"(B) promptly resolve cases in which such individuals contest the State's determination with respect to past-due support, and provide for expedited refund of any assets erroneously seized

and transferred to the State under such section 452(l); and

"(C) except as otherwise specified under this paragraph or by the Secretary, ensure that the due process protections afforded under this paragraph to individuals whose assets are subject to seizure under section 452(l) are generally consistent with, and to the extent practicable conform to, the due process protections afforded by the State to individuals subject to offset of tax refunds under section 464.".

(2) REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C. 653(k)(3)) is amended—

(A) in the paragraph heading, by inserting "AND ENFORCEMENT SERVICES" after "INFORMATION"

(B) by inserting "or enforcement services" after "that receives information";

(C) by inserting "or section 452(l)" after "pursuant to this section"; and

(D) by striking "in furnishing the information" and inserting "in furnishing such information or enforcement services".

(c) CONFORMING AMENDMENTS.—

(1) STATE LAW REQUIREMENTS.—Section 466(a)(17) (42 U.S.C. 666(a)(17)) is amended—

(A) in subparagraph (A)—

(i) in clause (i), by inserting "pursuant to section 452(l)" after "and the Federal Parent Locator Service"; and

(ii) in clause (ii), by inserting "issued by the State agency or by the Secretary under section 452(l)" after "in response to a notice of lien or levy"; and

(B) in subparagraph (C)—

(i) in clause (i), by inserting "or to the Federal Parent Locator Service" after "to the State agency"; and

(ii) in clause (ii), by striking "issued by the State agency".

(2) NON LIABILITY FOR FINANCIAL INSTITUTIONS.—Section 469A(a) (42 U.S.C. 669a(a)) is amended by inserting "section 452(l) or" before "section 466(a)(17)(A)".

SEC. 312. INFORMATION COMPARISONS WITH INSURANCE DATA.

(a) DUTIES OF THE SECRETARY.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following:

"(m) COMPARISONS WITH INSURANCE INFORMATION.—

"(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, is authorized—

"(A) to compare information concerning individuals owing past-due support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments, and

"(B) to furnish information resulting from such data matches to the State agencies responsible for collecting child support from such individuals.

"(2) LIABILITY.—No insurer (including any agent of an insurer) shall be liable under any Federal or State law to any person for any disclosure provided for under this subsection, or for any other action taken in good faith in accordance with the provisions of this subsection.".

(b) STATE REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C. 653(k)(3)), as amended by section 312(b)(2), is amended by striking "section 452(l)" and inserting "subsection (l) or (m) of section 452".

SEC. 313. TRIBAL ACCESS TO THE FEDERAL PARENT LOCATOR SERVICE.

Section 453(c)(1) (42 U.S.C. 653(c)(1)) is amended by inserting "or Indian tribe or tribal organization" after "any agent or attorney of any State".

SEC. 314. REIMBURSEMENT OF SECRETARY'S COSTS OF INFORMATION COMPARISONS AND DISCLOSURE FOR ENFORCEMENT OF OBLIGATIONS ON HIGHER EDUCATION ACT LOANS AND GRANTS.

Section 453(j)(6)(F) (42 U.S.C. 653(j)(6)(F)) is amended by striking "additional".

SEC. 315. TECHNICAL AMENDMENT RELATING TO COOPERATIVE AGREEMENTS BETWEEN STATES AND INDIAN TRIBES.

Section 454(33) (42 U.S.C. 654(33)) is amended by striking "that receives funding pursuant to section 428 and".

SEC. 316. CLAIMS UPON LONGSHORE AND HARBOR WORKERS' COMPENSATION FOR CHILD SUPPORT.

(a) IN GENERAL.—Section 17 of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 917) is amended to read as follows:

"LIENS ON COMPENSATION; CHILD SUPPORT ENFORCEMENT

"SEC. 17. (a) LIENS.—Where a trust fund which complies with section 302(c) of the Labor Management Rela-

tions Act, 1947 (29 U.S.C. 186(c)) established pursuant to a collective-bargaining agreement in effect between an employer and an employee covered under this Act has paid disability benefits to an employee which the employee is legally obligated to repay by reason of the employee's entitlement to compensation under this Act or under a settlement, the Secretary shall authorize a lien on such compensation in favor of the trust fund for the amount of such payments.

"(b) CHILD SUPPORT.—Compensation or benefits due or payable to an individual under this Act (other than medical benefits) shall be subject, in like manner and to the same extent as similar compensation or benefits under a workers' compensation program if established under State law—

"(1) to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 of the Social Security Act and regulations under such subsections; and

"(2) to any other legal process brought, by a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.".

(b) CONFORMING AMENDMENT.—Section 16 of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 916) is amended—

(1) by striking "No" and inserting "Except as provided by this Act, no"; and

(2) by striking ", except as provided by this Act," after "under this Act".

SEC. 317. STATE OPTION TO USE STATEWIDE AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM FOR INTERSTATE CASES.

Section 466(a)(14)(A)(iii) (42 U.S.C. 666(a)(14)(A)(iii)) is amended by inserting before the semicolon the following: "(but the assisting State may establish a corresponding case based on such other State's request for assistance)".

SEC. 318. INTERCEPTION OF GAMBLING WINNINGS FOR CHILD SUPPORT.

(a) INTERCEPTION OF GAMBLING WINNINGS FOR CHILD SUPPORT.—Section 452 (42 U.S.C. 652), as amended by section 313, is amended by adding at the end the following:

"(n) INTERCEPTION OF GAMBLING WINNINGS FOR PAST-DUE SUPPORT.—

"(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, is authorized, in ac-

cordance with this subsection, to intercept gambling winnings of an individual owing past-due support being enforced by a State agency with a plan approved under this part, and to transmit such winnings to the State agency for distribution pursuant to section 457.

"(2) REQUIREMENTS FOR GAMBLING ESTABLISHMENTS.—A gambling establishment subject to this subsection shall not pay to any individual gambling winnings (as defined in paragraph (6)) meeting the criteria for reporting to the Internal Revenue Service pursuant to section 6041 of the Internal Revenue Code of 1986 until the establishment—

"(A) has furnished to the Secretary—

"(i) the information required to be so reported with respect to such individual and such winnings; and

"(ii) the net amount of such gambling winnings (hereafter in this subsection referred to as the 'net gambling winnings') after withholding of amounts for Federal taxes as required pursuant to section 3402(q) of the Internal Revenue Code of 1986; and

"(B) has complied with the Secretary's instructions pursuant to paragraph (3).

"(3) DATA MATCH AND WITHHOLDING.—The Secretary shall—

"(A) compare information furnished pursuant to paragraph (2)(A) with information on individuals who owe past-due support;

"(B) direct the gambling establishment to withhold from an individual's net gambling winnings all amounts not exceeding the total past-due support owed by the individual;

"(C) authorize the gambling establishment, in reimbursement of its costs of complying with this subsection, to withhold and retain from such net gambling winnings an amount equal to 2 percent of the amount to be withheld pursuant to subparagraph (B), which amount shall be taken first from any excess of such net winnings above the amount withheld pursuant to subparagraph (B), with any balance to be taken from the amount so withheld; and

"(D) require the gambling establishment to furnish written notice to the individual whose gambling winnings are withheld pursuant to this subsection, that includes—

"(i) the amounts withheld pursuant to subparagraphs (B) and (C);

"(ii) the reason and authority for the withholding; and

"(iii) an explanation of the individual's procedural due process rights, including the right to contest such withholding to the responsible State agency and information necessary to contact such State agency.

"(4) TRANSFER OF WITHHELD AMOUNTS.—Net amounts withheld for past-due support pursuant to subparagraphs (B) and (C) of paragraph (3) shall—

"(A) be transferred by the gambling establishment to the Secretary at the same time and in the same manner as amounts withheld under section 3402(q) of the Internal Revenue Code of 1986 would be transferred to the Internal Revenue Service, together with the information described in paragraph (2)(A)(i) with respect to the individuals whose winnings were withheld under this subsection; and

"(B) be promptly transferred by the Secretary to the appropriate State agency.

"(5) NONLIABILITY OF GAMBLING ESTABLISHMENTS.—A gambling establishment shall not be liable under any Federal or State law to any person—

"(A) for any disclosure of information to the Secretary under this subsection;

"(B) for withholding or surrendering gambling winnings in accordance with this subsection; or

"(C) for any other action taken in good faith to comply with this subsection.

"(6) DEFINITION OF GAMBLING WINNINGS.—In this subsection, the term 'gambling winnings' means the proceeds of a wager that are subject to reporting under section 6041 of the Internal Revenue Code of 1986.".

(b) REQUIREMENT FOR STATE LAWS.—Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (19) the following:

"(20) INTERCEPTION OF GAMBLING WINNINGS.—Procedures under which—

"(A) gambling establishments subject to the laws of the State are required to comply with the provisions of section 452(n), and are subject to sanctions for failure to comply, which shall include liability in an amount equal to the amount

the establishment would have withheld if it so complied;

"(B) noncustodial parents owing past-due support are provided with written notice that gambling winnings may be subject to withholding for past-due support under section 452(n); and

"(C) cases where such noncustodial parents contest the State's determination with respect to past-due support are promptly resolved, and expedited refund is made of any amounts erroneously seized under such section 452(n).".

(c) STATE REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C.653(k)(3)), as amended by section 313(b), is amended by striking "or (m)" and inserting "(m), or (n)".

(d) REQUIREMENT FOR PARTICIPATING INDIAN TRIBES.—Section 455(f) (42 U.S.C. 655(f)) is amended in the first sentence by striking "and location of absent parents" and inserting "location of absent parents, and interception of gambling winnings consistent with the requirements of sections 452(n) and 466(a)(20)".

SEC. 319. STATE LAW REQUIREMENT CONCERNING THE UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA).

(a) IN GENERAL.—Section 466(f) (42 U.S.C. 666(f)) is amended—

(1) by striking "and as in effect on August 22, 1996,"; and

(2) by striking "adopted as of such date" and inserting "adopted as of August, 2001".

(b) FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.—Section 1738B of title 28, United States Code, is amended—

(1) by striking subsection (d) and inserting the following:

"(d) CONTINUING EXCLUSIVE JURISDICTION.—

"(1) IN GENERAL.—Subject to paragraph (2), a court of a State that has made a child support order consistent with this section has continuing, exclusive jurisdiction to modify its order if the order is the controlling order and—

"(A) the State is the child's State or the residence of any individual contestant; or

"(B) if the State is not the residence of the child or an individual contestant, the contestants consent in a record or in open court that the

court may continue to exercise jurisdiction to modify its order.

"(2) REQUIREMENT.—A court may not exercise its continuing, exclusive jurisdiction to modify the order if the court of another State, acting in accordance with subsections (e) and (f), has made a modification of the order.";

(2) in subsection (e)(2)—

(A) in subparagraph (A), by striking "because" and all that follows through the semicolon and inserting "pursuant to paragraph (1) or (2) of subsection (d);" and

(B) in subparagraph (B), by inserting "with jurisdiction over at least 1 of the individual contestants or that is located in the child's State" after "another State";

(3) in subsection (f)—

(A) in the subsection heading, by striking "RECOGNITION OF" and inserting "DETERMINATION OF CONTROLLING";

(B) in the matter preceding paragraph (1), by striking "shall apply" and all that follows through the colon and inserting "having personal jurisdiction over both individual contestants

shall apply the following rules and by order shall determine which order controls:''

(C) in paragraph (1), by striking ''must be'' and inserting ''controls and must be so'';

(D) in paragraph (2), by striking ''must be recognized'' and inserting ''controls'';

(E) in paragraph (3), by striking ''must be recognized'' each place it appears and inserting ''controls'';

(F) in paragraph (4)—

(i) by striking ''may'' and inserting ''shall''; and

(ii) by striking ''must be recognized'' and inserting ''controls''; and

(G) by striking paragraph (5);

(4) by striking subsection (g) and inserting the following:

''(g) ENFORCEMENT OF MODIFIED ORDERS.—If a child support order issued by a court of a State is modified by a court of another State which properly assumed jurisdiction, the issuing court—

''(1) may enforce its order that was modified only as to arrears and interest accruing before the modification;

"(2) may provide appropriate relief for violations of its order which occurred before the effective date of the modification; and

"(3) shall recognize the modifying order of the other State for the purpose of enforcement.";

(5) in subsection (h)—

(A) in paragraph (1), by striking "and (3)" and inserting ", (3), and (4)";

(B) in paragraph (2), by inserting "the computation and payment of arrearages, and the accrual of interest on the arrearages," after "obligations of support,"; and

(C) by adding at the end the following:

"(4) PROSPECTIVE APPLICATION.—After a court determines which is the controlling order and issues an order consolidating arrears, if any, a court shall prospectively apply the law of the State issuing the controlling order, including that State's law with respect to interest on arrears, current and future support, and consolidated arrears."; and

(6) in subsection (i), by inserting "and subsection (d)(2) does not apply" after "issuing State".

SEC. 320. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

(a) AUTHORITY TO MAKE GRANTS TO INDIAN TRIBES.—Section 469B (42 U.S.C. 669b) is amended—

*(1) in the section heading, by inserting "**AND INDIAN TRIBES**" after "**STATES**"; and*

(2) in subsection (a), by inserting "and Indian tribes or tribal organizations" after "to enable States".

(b) AMOUNT OF GRANTS.—Section 469B(b) (42 U.S.C. 669b(b)) is amended to read as follows:

"(b) AMOUNT OF GRANTS.—

"(1) GRANTS TO STATES.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(A) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(B) the allotment of the State under subsection (c) for the fiscal year.

"(2) GRANTS TO INDIAN TRIBES.—An Indian tribe or tribal organization operating a program under section 455 that has operated such program throughout the preceding fiscal year and has an application under this section approved by the Secretary shall receive a grant under this section for a fiscal

year in an amount equal to the allotment of such Indian tribe or tribal organization under subsection (c)(2) for the fiscal year.".

(c) ALLOTMENTS.—Section 469B(c) (42 U.S.C. 669b(c)) is amended to read as follows:

"(c) ALLOTMENTS.—

"(1) ALLOTMENTS TO STATES.—

"(A) IN GENERAL.—Subject to the subparagraph (C), the allotment of a State for a fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the number of children in the State living with only 1 parent bears to the total number of such children in all States.

"(B) AMOUNT AVAILABLE FOR ALLOTMENT.—For purposes of subparagraph (A), the amount specified in this subparagraph is the following amount, reduced by the total allotments to Indian tribes or tribal organizations in accordance with paragraph (2):

"(i) $12,000,000 for fiscal year 2004.

"(ii) $14,000,000 for fiscal year 2005.

"(iii) $16,000,000 for fiscal year 2006.

"(iv) $20,000,000 for fiscal year 2007 and each succeeding fiscal year.

"(C) MINIMUM STATE ALLOTMENT.—The Secretary shall adjust allotments to States under subparagraph (A) as necessary to ensure that no State is allotted less than—

"(i) $120,000 for fiscal year 2004;

"(ii) $140,000 for fiscal year 2005;

"(iii) $160,000 for fiscal year 2006; and

"(iv) $180,000 for fiscal year 2007 and each succeeding fiscal year.

"(2) ALLOTMENTS TO INDIAN TRIBES.—

"(A) IN GENERAL.—Subject to subparagraph (C), the allotment of an Indian tribe or tribal organization described in subsection (b)(2) for a fiscal year is an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the number of children in the Indian tribe or tribal organization living with only 1 parent bears to the total number of such children in all Indian tribes and tribal organizations eligible to receive grants under this section for such year.

"(B) AMOUNT AVAILABLE FOR ALLOTMENT.—For purposes of subparagraph (A), the amount available under this subparagraph is an

amount, deducted from the amount specified in paragraph (1)(B), not to exceed—

"(i) $250,000 for fiscal year 2004;

"(ii) $600,000 for fiscal year 2005;

"(iii) $800,000 for fiscal year 2006; and

"(iv) $1,670,000 for fiscal year 2007 and each succeeding year.

"(C) MINIMUM AND MAXIMUM TRIBAL ALLOTMENT.—The Secretary shall adjust allotments to Indian tribes and tribal organizations under subparagraph (A) as necessary to ensure that no Indian tribe or tribal organization is allotted, for a fiscal year, an amount which is less than $10,000 or more than the minimum State allotment for such fiscal year.".

(d) ADMINISTRATION.—Section 469B(e) (42 U.S.C. 669b(e)) is amended to read as follows:

"(e) ADMINISTRATION.—

"(1) GRANTS TO STATES.—Each State to which a grant is made under this section—

"(A) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities; and

"(B) shall not be required to operate such programs on a statewide basis.

"(2) GRANTS TO STATES OR INDIAN TRIBES.—Each State or Indian tribe or tribal organization to which a grant is made under this section shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

SEC. 321. TIMING OF CORRECTIVE ACTION YEAR FOR STATE NONCOMPLIANCE WITH CHILD SUPPORT ENFORCEMENT PROGRAM REQUIREMENTS.

(a) IN GENERAL.—Section 409(a)(8) (42 U.S.C. 609(a)(8)) is amended—

(1) in subparagraph (A)—

(A) in the matter preceding clause (i)(I), by striking "in a fiscal year" and inserting "for a fiscal year"; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking "that, with respect to the succeeding fiscal year—" and inserting "that, with respect to the period described in subparagraph (D)"; and

(ii) in the matter following subclause (II), by striking "the end of such succeeding

fiscal year" and inserting "the end of the period described in subparagraph (D)"; and

(2) by adding at the end the following:

"(D) PERIOD DESCRIBED.—Subject to subparagraph (E), for purposes of this paragraph, the period described in this subparagraph is the period that begins with the date on which the Secretary makes a finding described in subparagraph (A)(i) with respect to State performance in a fiscal year and ends on September 30 of the fiscal year following the fiscal year in which the Secretary makes such a finding.

"(E) NO PENALTY IF STATE CORRECTS NONCOMPLIANCE IN FINDING YEAR.—The Secretary shall not take a reduction described in subparagraph (A) with respect to a noncompliance described in clause (i) of that subparagraph if the Secretary determines that the State has corrected the noncompliance in the fiscal year in which the Secretary makes the finding of the noncompliance.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to determinations of State compliance for fiscal year 2002 and succeeding fiscal years.

(c) SPECIAL RULE FOR FISCAL YEAR 2001.—Notwithstanding any other provision of law, the Secretary shall not take against amounts otherwise payable to a State, a reduction described in section 409(a)(8)(A) of the Social Security Act (42 U.S.C. 609(a)(8)(A)) with respect to a noncompliance described in such section occurring in fiscal year 2001 if the Secretary determines that the State has corrected such noncompliance in fiscal year 2002 or 2003.

TITLE IV—CHILD WELFARE

SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.

Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)), as amended by section 5 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837) is amended by striking "2003" and inserting "2008".

SEC. 402. REMOVAL OF COMMONWEALTH OF PUERTO RICO FOSTER CARE FUNDS FROM LIMITATION ON PAYMENTS.

Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by section 116(b)(2), is amended—

(1) by striking "Paragraph (1)" and inserting the following:

"(A) IN GENERAL.—Paragraph (1)";

(2) in subparagraph (A) (as added by paragraph (1)), by striking "or 418(a)(4)(B)" and inserting

"418(a)(4)(B), or, subject to clause (ii) of subparagraph (B), payments to Puerto Rico described in clause (i) of that subparagraph" before the period; and

(3) by adding at the end the following:

"(B) CERTAIN PAYMENTS TO PUERTO RICO.—

"(i) PAYMENTS DESCRIBED.—For purposes of subparagraph (A), payments described in this subparagraph are payments made to Puerto Rico under part E of title IV with respect to the portion of foster care payments made to Puerto Rico for fiscal year 2005 or any fiscal year thereafter that exceed the total amount of such payments for fiscal year 2002.

"(ii) LIMITATION.—The total amount of payments to Puerto Rico described in clause (i) that are disregarded under subparagraph (A) may not exceed $6,250,000 for each of fiscal years 2005 through 2008.".

SEC. 403. TECHNICAL CORRECTION.

Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is amended by striking "422(b)(9)" and inserting "422(b)(10)".

TITLE V—SUPPLEMENTAL SECURITY INCOME

SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.

Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following:

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

"(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

"(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2004;

"(ii) at least 40 percent of all such determinations that are made in fiscal year 2005; and

"(iii) at least 50 percent of all such determinations that are made in fiscal year 2006 or thereafter.

"(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select

for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.".

TITLE VI—TRANSITIONAL MEDICAL ASSISTANCE

SEC. 601. EXTENSION AND SIMPLIFICATION OF THE TRANSITIONAL MEDICAL ASSISTANCE PROGRAM (TMA).

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

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

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

(B) in paragraph (2)(A), by inserting "Subject to subparagraph (C):" after "(A) NOTICES.—";

(C) in paragraph (2)(B), by inserting "Subject to subparagraph (C):" after "(B) REPORTING REQUIREMENTS.—";

(D) by adding at the end the following:

"(C) STATE OPTION TO WAIVE NOTICE AND REPORTING REQUIREMENTS.—A State may waive some or all of the reporting requirements under clauses (i) and (ii) of subparagraph (B). Insofar as it waives such a reporting requirement, the State need not provide for a notice under subparagraph (A) relating to such requirement."; and

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

(2) STATE OPTION TO EXTEND ELIGIBILITY FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDITIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r–6) is further amended—

(A) by redesignating subsections (c) through (f) as subsections (d) through (g), respectively; and

(B) by inserting after subsection (b) the following:

"(c) STATE OPTION OF UP TO 12 MONTHS OF ADDITIONAL ELIGIBILITY.—

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

"(2) INCOME RESTRICTION.—The option under paragraph (1) shall not be made available to a family for a succeeding period unless the State determines that the family's average gross monthly earnings (less such costs for such child care as is necessary for the employment of the caretaker relative) as of the end of the 6-month period under subsection (b) does not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

"(3) APPLICATION OF EXTENSION RULES.—The provisions of paragraphs (2), (3), (4), and (5) of subsection (b) shall apply to the extension provided

under this subsection in the same manner as they apply to the extension provided under subsection (b)(1), except that for purposes of this subsection—

"(A) any reference to a 6-month period under subsection (b)(1) is deemed a reference to the extension period provided under paragraph (1) and any deadlines for any notices or reporting and the premium payment periods shall be modified to correspond to the appropriate calendar quarters of coverage provided under this subsection; and

"(B) any reference to a provision of subsection (a) or (b) is deemed a reference to the corresponding provision of subsection (b) or of this subsection, respectively.".

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

(c) EXTENSION OF SUNSET FOR TMA.—

(1) IN GENERAL.—Subsection (g) of section 1925 (42 U.S.C. 1396r–6), as so redesignated under subsection (a)(2)(A), and as amended by section 7 of the Welfare Reform Extension Act of 2003, is further redesignated as subsection (i) and is amended by striking "2003" and inserting "2008".

(2) CONFORMING AMENDMENT.—Section 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)), as so amended, is amended by striking "September 30, 2003" and inserting "the last date (if any) on which section 1925 applies under subsection (f) of that section".

(d) CMS REPORT ON ENROLLMENT AND PARTICIPATION RATES UNDER TMA.—Section 1925 (42 U.S.C. 1396r–6), as amended by subsections (a)(2)(A) and (c)(1), is amended by inserting after subsection (f) the following:

"(g) ADDITIONAL PROVISIONS.—

"(1) COLLECTION AND REPORTING OF PARTICIPATION INFORMATION.—Each State shall—

"(A) collect and submit to the Secretary, in a format specified by the Secretary, information on average monthly enrollment and average monthly participation rates for adults and children under this section; and

"(B) make such information publicly available.

Such information shall be submitted under subparagraph (A) at the same time and frequency in which other enrollment information under this title is submitted to the Secretary. Using such information, the Secretary shall submit to Congress annual reports concerning such rates.".

(e) COORDINATION OF WORK.—Section 1925(g) (42 U.S.C. 1396r–6(g)), as added by subsection (d), is amended by adding at the end the following:

"(2) COORDINATION WITH ADMINISTRATION FOR CHILDREN AND FAMILIES.—The Administrator of the Centers for Medicare & Medicaid Services, in carrying out this section, shall work with the Assistant Secretary for the Administration for Children and Families to develop guidance or other technical assistance for States regarding best practices in guaranteeing access to transitional medical assistance under this section.".

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

(1) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is amended by inserting after subsection (g), as added by subsection (d), the following:

"(h) PROVISIONS OPTIONAL FOR STATES THAT EXTEND COVERAGE TO CHILDREN AND PARENTS THROUGH 185 PERCENT OF POVERTY.—A State may meet (but is not required to meet) the requirements of subsections (a) and (b) if it provides for medical assistance under section 1931 to families (including both children and caretaker relatives) the average gross monthly earning of which (less such costs for such child care as is necessary for the employment of a caretaker relative) is at or below a level that is at least 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.".

(2) CONFORMING AMENDMENTS.—Section 1925 (42 U.S.C. 1396r–6) is amended, in subsections (a)(1) and (b)(1), by inserting ", but subject to subsection (h)," after "Notwithstanding any other provision of this title," each place it appears.

(g) REQUIREMENT OF NOTICE FOR ALL FAMILIES LOSING TANF.—Subsection (a)(2) of section 1925 (42

U.S.C. 1396r–6) is amended by adding at the end the following flush sentences:

"Each State shall provide, to families whose aid under part A or E of title IV has terminated but whose eligibility for medical assistance under this title continues, written notice of their ongoing eligibility for such medical assistance. If a State makes a determination that any member of a family whose aid under part A or E of title IV is being terminated is also no longer eligible for medical assistance under this title, the notice of such determination shall be supplemented by a 1-page notification form describing the different ways in which individuals and families may qualify for such medical assistance and explaining that individuals and families do not have to be receiving aid under part A or E of title IV in order to qualify for such medical assistance. Such notice shall further be supplemented by information on how to apply for child health assistance under the State children's health insurance program under title XXI and how to apply for medical assistance under this title.".

(h) EXTENDING USE OF OUTSTATIONED WORKERS TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL ASSISTANCE.—Section 1902(a)(55) (42 U.S.C. 1396a(a)(55))

is amended by inserting "and under section 1931" after "(a)(10)(A)(ii)(IX)".

(i) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 2003, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

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

(3) DELAY PERMITTED FOR STATE PLAN AMENDMENT.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legis-

lature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

SEC. 602. PROHIBITION AGAINST COVERING CHILDLESS ADULTS WITH SCHIP FUNDS.

(a) PROHIBITION ON USE OF SCHIP FUNDS.—

(1) IN GENERAL.—Section 2107 (42 U.S.C. 1397gg) is amended by adding at the end the following:

"(f) LIMITATION ON WAIVER AUTHORITY.—Notwithstanding subsection (e)(2)(A) and section 1115(a), the Secretary may not approve a waiver, experimental, pilot, or demonstration project, or an amendment to such a project that has been approved as of the date of enactment of this subsection, that would allow funds made available under this title to be used to provide child health assistance or other health benefits coverage to childless adults. For purposes of the preceding sentence, a caretaker relative (as such term is defined for purposes of carrying out section 1931) shall not be considered a childless adult.".

(2) CONFORMING AMENDMENT.—Section 2105(c)(1) (42 U.S.C. 1397ee(c)(1)) is amended by inserting before the period the following: "and may

not include coverage of childless adults. For purposes of the preceding sentence, a caretaker relative (as such term is defined for purposes of carrying out section 1931) shall not be considered a childless adult.".

(b) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall be construed to—

(1) authorize the waiver of any provision of title XIX or XXI of the Social Security Act (42 U.S.C. 1396 et seq., 1397aa et seq.) that is not otherwise authorized to be waived under such titles or under title XI of such Act (42 U.S.C. 1301 et seq.) as of the date of enactment of this Act; or

(2) imply congressional approval of any waiver, experimental, pilot, or demonstration project affecting the medicaid program under title XIX of the Social Security Act or the State children's health insurance program under title XXI of such Act that has been approved as of such date of enactment.

(c) EFFECTIVE DATE.—This section and the amendments made by this section take effect on the date of enactment of this Act and apply to proposals to conduct a waiver, experimental, pilot, or demonstration project affecting the medicaid program under title XIX of the Social Security Act or the State children's health insurance program

under title XXI of such Act, and to any proposals to amend such projects, that are approved or extended on or after such date of enactment.

TITLE VII—EFFECTIVE DATE

SEC. 701. EFFECTIVE DATE.

(a) IN GENERAL.—Subject to subsection (b) and except as otherwise provided, the amendments made by this Act take effect on the date of enactment of this Act.

(b) EXCEPTION.—In the case of a State plan under part A or D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.

Calendar No. 305

108TH CONGRESS
1ST SESSION

H. R. 4

[Report No. 108–162]

AN ACT

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

OCTOBER 3, 2003

Reported with an amendment