

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503

URGENT

WR - LEGIS.  
LANGUAGE

June 14, 1994

LEGISLATIVE REFERRAL MEMORANDUM

LRM #D-828  
DRAFT #127

TO: Legislative Liaison Officer -

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FROM: JANET R. FORSGREN (for) *Janet R. Forsgren*  
Assistant Director for Legislative Reference

OMB CONTACT: Chris MUSTAIN (395-3923)  
Secretary's line (for simple responses): 395-7362

SUBJECT: HHS Draft Bill Comprehensive Welfare Reform  
and Family Support Amendments of 1994

DEADLINE: COB June 15, 1994

COMMENTS: Attached for FINAL REVIEW is an updated draft of the Welfare Reform Initiative. Note that the bill is in two parts -- (1) title VI and (2) the rest of the bill. Legislative specs also are included. Please confirm that issues resolved by your agency/office are reflected in the draft. THE ABOVE DEADLINE IS VERY FIRM!! If we do not hear from you by the deadline, we will assume that you have no objection with the bill.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:

Isabel Sawhill  
Doug Steiger  
Bernie Martin  
Keith Fontenot  
Stacy Dean  
Mike Ruffner  
Lester Cash  
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Gene Sperling  
Paul Dimond  
Joseph Stiglitz  
Bill Dickens  
Janet Forsgren

**RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM**

If your response to this request for views is simple (e.g., concur/no comment) we prefer that you respond by faxing us this response sheet. If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a secretary.

You may also respond by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please include the LRM number shown above, and the subject shown below.

TO: Chris MUSTAIN  
 Office of Management and Budget  
 Fax Number: (202) 395-6148  
 Analyst/Attorney's Direct Number: (202) 395-3923  
 Branch-Wide Line (to reach secretary): (202) 395-7362

FROM: \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (Agency)  
 \_\_\_\_\_ (Telephone)

SUBJECT: HHS Draft Bill Comprehensive Welfare Reform  
 and Family Support Amendments of 1994

The following is the response of our agency to your request for views on the above-captioned subject:

- \_\_\_\_\_ Concur
- \_\_\_\_\_ No objection
- \_\_\_\_\_ No comment
- \_\_\_\_\_ See proposed edits on pages \_\_\_\_\_
- \_\_\_\_\_ Other: \_\_\_\_\_
- \_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

A B I L L

To amend the Social Security Act, the Food Stamp Act, and other relevant statutes to redesign the program of aid to families with dependent children to establish a program that provides time-limited, transitional assistance, prepares individuals for and requires employment, prevents dependency, overhauls the child support enforcement mechanism at both the State and Federal levels, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Comprehensive Welfare Reform And Family Support Amendments of 1994".

SEC. 2. TABLE OF CONTENTS; REFERENCES

(a) Table of Contents.--This Act contains the following titles and sections:

TITLE I - JOBS

SEC. 101. REQUIREMENT TO PARTICIPATE IN ENHANCED JOBS PROGRAM.

SEC. 102. ESTABLISHMENT OF ENHANCED JOBS PROGRAM UNDER PART F.

SEC. 103. AMENDMENTS PERTAINING TO SERVICES AND ACTIVITIES UNDER JOBS PROGRAM.

SEC. 104. TWENTY-FOUR MONTH LIMIT.

TITLE II - WORK

SEC. 201. ESTABLISHMENT OF PROGRAM.

- SEC. 202. FEDERAL FUNDING FOR THE JOBS AND WORK PROGRAMS;  
PARTICIPATION REQUIREMENTS.
- SEC. 203. ADMINISTRATION OF THE JOBS AND WORK PROGRAMS.
- SEC. 204. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND ALASKA  
NATIVE ORGANIZATIONS.
- SEC. 205. SPECIAL RULES FOR THE TERRITORIES.
- SEC. 206. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS.
- SEC. 207. FEDERAL TAX TREATMENT OF WORK WAGES.

TITLE III - CHILD CARE

- SEC. 301. CHILD CARE FOR JOBS AND WORK PROGRAM PARTICIPANTS AND  
AT-RISK FAMILIES.
- SEC. 302. RELATED AMENDMENTS.
- SEC. 303. LIMITATION OF AT-RISK CHILD CARE TO FAMILIES INELIGIBLE  
FOR RECIPIENT OR TRANSITIONAL CHILD CARE.
- SEC. 304. OPTION TO CONSOLIDATE STATE RESPONSIBILITY FOR CHILD  
CARE.
- SEC. 305. FUNDING FOR QUALITY IMPROVEMENT AND LICENSING  
ACTIVITIES BENEFITTING CHILDREN RECEIVING AFDC  
OR AT-RISK CHILD CARE.
- SEC. 306. FUNDING OF CHILD CARE FOR FAMILIES AT RISK OF WELFARE  
DEPENDENCY.
- SEC. 307. SUPPLEMENT TO INCOME DISREGARD.

TITLE IV - PROVISIONS WITH MULTI-PROGRAM APPLICABILITY

- SEC. 401. PERFORMANCE STANDARDS.

- SEC. 402. AFDC QUALITY CONTROL SYSTEM AMENDMENTS
- SEC. 403. NATIONAL WELFARE RECEIPT REGISTRY; STATE INFORMATION SYSTEMS.
- SEC. 404. RESEARCH AND EVALUATION; TECHNICAL ASSISTANCE; DEMONSTRATION PROJECTS.

TITLE V - PREVENTION OF DEPENDENCY

- SEC. 501. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.
- SEC. 502. STATE OPTION TO LIMIT BENEFIT INCREASES FOR ADDITIONAL FAMILY MEMBERS.
- SEC. 503. CASE MANAGEMENT FOR PARENTS UNDER AGE 20.
- SEC. 504. STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.
- SEC. 505. ADOLESCENT PREGNANCY PREVENTION GRANTS.
- SEC. 506. DEMONSTRATION PROJECTS TO PROVIDE COMPREHENSIVE SERVICES TO PREVENT ADOLESCENT PREGNANCY IN HIGH-RISK COMMUNITIES.

TITLE VI - CHILD SUPPORT ENFORCEMENT

**Sections to be supplied.**

TITLE VII - IMPROVING GOVERNMENT ASSISTANCE AND PREVENTING FRAUD

PART A - AFDC AMENDMENTS

- SEC. 701. PERMANENT REQUIREMENT FOR UNEMPLOYED PARENT PROGRAM.
- SEC. 702. STATE OPTIONS REGARDING UNEMPLOYED PARENT PROGRAM.
- SEC. 703. DEFINITION OF ESSENTIAL PERSON.

- SEC. 704. EXPANDED STATE OPTION FOR RETROSPECTIVE BUDGETING.
- SEC. 705. DISREGARDS OF INCOME.
- SEC. 706. STEPPARENT INCOME.
- SEC. 707. INCREASE IN RESOURCE LIMIT.
- SEC. 708. EXCLUSIONS FROM RESOURCES.
- SEC. 709. VALUATION OF AUTOMOBILE.
- SEC. 710. TRANSFER OF RESOURCES.
- SEC. 711. LIMITATION ON UNDERPAYMENTS.
- SEC. 712. COLLECTION OF AFDC OVERPAYMENTS FROM FEDERAL TAX REFUNDS.
- SEC. 713. VERIFICATION OF STATUS OF CITIZENS AND ALIENS.
- SEC. 714. REPEAL OF REQUIREMENT TO MAKE CERTAIN SUPPLEMENT PAYMENTS IN STATES PAYING LESS THAN THEIR NEEDS STANDARDS.
- SEC. 715. CALCULATION OF 185 PERCENT OF NEED STANDARD.
- SEC. 716. TERRITORIES.

PART B - FOOD STAMP ACT AMENDMENTS

- SEC. 721. INCONSEQUENTIAL INCOME.
- SEC. 722. EDUCATIONAL ASSISTANCE.
- SEC. 723. EARNINGS OF STUDENTS.
- SEC. 724. TRAINING STIPENDS AND ALLOWANCES; INCOME FROM ON-THE-JOB TRAINING PROGRAMS.
- SEC. 725. EARNED INCOME TAX CREDITS.
- SEC. 726. RESOURCES NECESSARY FOR SELF-EMPLOYMENT.

SEC. 727. LUMP-SUM PAYMENTS FOR MEDICAL EXPENSES OR REPLACEMENT OF LOST RESOURCES.

SEC. 728. INDIVIDUAL DEVELOPMENT ACCOUNTS.

SEC. 729. CONFORMING AMENDMENT.

PART C - ECONOMIC INDEPENDENCE

SEC. 731. SHORT TITLE.

SEC. 732. DECLARATION OF POLICY AND STATEMENT OF PURPOSE.

SEC. 733. INDIVIDUAL DEVELOPMENT ACCOUNT DEMONSTRATION PROJECTS.

SEC. 734. INDIVIDUAL DEVELOPMENT ACCOUNTS.

PART D - ADVANCE EITC STATE DEMONSTRATIONS

SEC. 741. ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT THROUGH STATE DEMONSTRATION PROGRAMS.

TITLE VIII - SELF EMPLOYMENT/MICROENTERPRISE DEMONSTRATIONS

SEC. 801. DEMONSTRATION PROGRAM TO PROVIDE SELF-EMPLOYMENT OPPORTUNITIES TO WELFARE RECIPIENTS AND LOW-INCOME INDIVIDUALS.

TITLE IX - FINANCING

SEC. 901. LIMITATION ON FEDERAL PAYMENTS FOR EMERGENCY ASSISTANCE.

SEC. 902. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS.

SEC. 903. ELIGIBILITY OF SPONSORED ALIENS FOR CERTAIN PROGRAMS.

SEC. 904. NATIONAL SCHOOL LUNCH PROGRAM.

SEC. 905. STATE RETENTION OF AMOUNTS RECOVERED.

SEC. 906. COMMODITY PROGRAM INCOME INELIGIBILITY.

SEC. 907. AMENDMENTS RELATED TO SUPERFUND TAX EXTENSION.

SEC. 908. FEDERAL RAILROAD ADMINISTRATION USER FEES.

SEC. 909. SPECIAL EARNED INCOME TAX CREDIT RULES FOR MILITARY  
PERSONNEL.

SEC. 910. NONRESIDENT ALIENS NOT ELIGIBLE FOR EARNED INCOME TAX  
CREDIT.

SEC. 911. EXTENSION OF CERTAIN CUSTOM FEES.

#### TITLE X - EFFECTIVE DATES

(b) References.--References herein to the "Act" are references to the Social Security Act except where otherwise provided or when the context otherwise requires.

#### TITLE I - JOBS

SEC. 101. REQUIREMENT TO PARTICIPATE IN ENHANCED JOBS PROGRAM.

(1) Section 402(a)(19) of the Act is amended by striking out all down through subparagraph (E)(i) and inserting in lieu thereof the following:

"(19) provide--

"(A) that the State has in effect and operation a job opportunities and basic skills training program (hereafter in this title referred to as the 'JOBS' program which meets the requirements of part F), and a program of employment (hereafter in this title referred

to as the 'WORK' program) which meets the requirements of part G;

"(B) that the State will (except as otherwise provided in this paragraph or in part F), to the extent the program is available in the political subdivision involved, apply the requirements and conditions of this paragraph to "(i) each applicant for or recipient of aid to families with dependent children who --

"(I) (a) was born after 1971, or

"(b) is the parent of a dependent child and is living with such child's other parent who is an individual born after 1971 (or was living with such an individual during any month after September 1995 in which they received aid under this part), and

"(II) is the parent of a dependent child, (but not including any individual who is eligible by application of section 407, in a State which exercises the option to limit eligibility under section 407(b)(2)(B)), and (ii) thereafter any additional classes of parents of dependent children to whom the State chooses to make section 417 applicable (and identified in the State plan by date of birth, date of application, or other reasonable basis), and (iii) to

any other applicants for or recipients of aid who the State chooses to require to participate in the program under part F and identifies in its State plan approved under this part;

"(C) that the State will, except as otherwise provided in this paragraph or part F --

"(i) require all individuals described in subparagraph (B) (other than a child who is not a custodial parent and is under age 16 or attending full time an elementary, secondary, or vocational (or technical) school) to participate in the program under part F, and

"(ii) to the extent that Federal financial participation under section 403(k) is available, allow individuals who are not required to participate in such program, or to whom subparagraph (D) applies, to participate in such program, except that such individual shall, in a month in which he or she meets a condition of any of clauses (i) through (vii) of subparagraph (D), be permitted to cease participation in such program, and be subject to the provisions of subparagraph (D) (for so long as they remain applicable) and the State may, at its option,

apply section 417 to individuals described in subparagraph (B)(ii) and who choose to participate in the program under part F (even though they meet one of the criteria under subparagraph (D) for deferral from participation);

"(iii) with respect to individuals who wish to participate, but whom the State is not required to include under clause (ii), consider such individual's request for approval of a self-initiated education and training program and apply criteria generally applicable to approval of such activities under the State's JOBS program, but approval of such application shall only guarantee child care pursuant to subsection

(g)(1)(A)(i)(II);

"(D) that participation in the program under part F will not be required and the provisions of such part, other than paragraph (1) and (2) of section 481(a) (relating to personal responsibility agreements and employability plans) will not apply, but the State may provide for participation in appropriate cases in one or more types of activities designed as preparation for participation in the program under part F, in the case of any individual described in subparagraph (B) who --

"(i) is the custodial parent of a child --

"(I) born less than one year earlier, or,

"(II) (in the case of either a child

conceived during a month in which such parent received aid under this part or a child whose custodial parent is under age of 20 and has not attained a high school diploma or equivalent) born more recently than within the preceding 12 weeks (or, if greater) the number of weeks specified in section 102(a)(1) of the Family and Medical Leave Act of 1993 establishing the period of leave to which certain employees are entitled following the birth of a child, but this clause may only be applied to one parent of a child for any month;

"(ii) is a woman in the third trimester of pregnancy;

"(iii) is 60 years of age or older;

"(iv) is needed in the home because of the illness or incapacity (as confirmed by a licensed physician, psychologist, or mental health professional (from a list of such professionals approved for this purpose by the State)) of another member of the household and no other appropriate household member is available to provide the needed care;

"(v) is found, on the basis of a certification by an appropriate medical professional (or other appropriate medical evidence) to have an illness or incapacitating condition, that at least temporarily, prevents the individual from engaging in employment or training;

"(vi) resides in an area of the State where the time required to travel to and from the site where the individual's participation in the program under part F would take place would exceed a total of two hours (or, if greater, the generally accepted commuting time in that area) in a day; or

"(vii) meets such other criteria as the State may specify in its plan that reasonably suggest an inability to participate in the program under part F, except that the average monthly number of individuals to whom this clause is applied for months in any fiscal year shall not exceed 5 percent of the average monthly number of all individuals to whom section 417 applies for months in such fiscal year (or, in the case of fiscal years after 1999, 10 percent of such average monthly number) together with the average monthly number of individuals registered in the WORK program under part G for months in such year, unless the

Secretary, upon a showing by the State of extraordinary or unforeseeable circumstances, allows the application of this clause to a greater number of individuals for a specified period of time;

"(E) that the State will promptly advise each applicant and recipient of the participation requirements under this paragraph and of the limitation on the number of months of eligibility for aid under this part that may be applied (as required by the provisions of section 417) to such applicant or recipient;

"(F) that --

"(i) in the case of a custodial parent who has not attained 20 years of age, has not successfully completed a high school education (or its equivalent), and is required to participate in the program under part F, the State will require such parent to participate in an educational activity; and".

(2) Section 402(a)(19)(E)(ii) of the Act (as in effect on the date of enactment of this Act) is amended by striking out "(notwithstanding the part-time requirement in subparagraph (C)(iii)(II))".

(3) Section 402(a)(19) of the Act is further amended--

(A) by striking out paragraph (F) (as in effect on the date of enactment of this Act),

(B) by striking out so much of subparagraph (G) as precedes clause (ii) and inserting in lieu thereof the following:

"(G) that--

"(i) if an individual who is required to participate in the program under part F refuses without good cause to accept employment of 20 hours per week or more in which such individual is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined to be a bona fide offer of employment, the family of which such individual is a member shall be ineligible for aid for six months or if sooner, until the first month following the month in which such individual accepts such an offer of employment; and

"(ii) if an individual who is required to participate in the program under part F fails without good cause to do so, the needs of such individual shall not be taken into account in making the determination under paragraph (7), and

if such individual is the parent or other caretaker relative, at the option of the State, payments of aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such case shall be without regard to clauses (A) through (D) thereof) may be made;".

(4) Section 402 (a)(19)(G) of the Act is further amended--

(A) by redesignating clauses (ii), (iii), and (iv) as clauses (iii), (iv), and (v), respectively,

(B) by striking out in clause (iii) as redesignated) "clause (i)" and inserting in lieu thereof "clause (ii)",

(C) by striking out in clause (v) (as redesignated) the dash and all that follows down through "(II)", and placing the text of clause (II) immediately after "this subparagraph", and

(D) by adding at the end thereof the following new clauses:

"(vi) the State agency shall conduct an evaluation of the circumstances in any case in which an individual to whom a sanction is being applied under clause (ii) continues after three months to fail or refuse to comply with the

requirement that occasioned the imposition of the sanction, and provide appropriate counseling and other supportive services to assist the individual to address the cause of the failure or refusal; and".

(5) Section 402(a)(42) of the Act is amended by inserting before the semicolon the following: "and if an individual is being sanctioned under section 402(a)(19)(G), such individual and all members of the family shall not become ineligible for such medical assistance by reason or such sanction".

SEC. 102. ESTABLISHMENT OF ENHANCED JOBS PROGRAM UNDER PART F.

(1) Section 481 of the Act is amended --

(A) by amending the heading of such section to read:

"PURPOSE; REQUIREMENT TO ESTABLISH AND  
OPERATE PROGRAM; DEFINITIONS";

(B) by redesignating subsection (b) as subsection (c);

(C)(i) by transferring subsection (a) of section 482 to section 481, and redesignating it as subsection (b); and

(ii) by amending section 481(b) (as so redesignated) by striking out "Secretary of Labor" in paragraph (1)(C) and inserting in lieu thereof "Secretary of Labor and the Secretary of Education".

(2) Section 482 of the Act is amended by striking out all that precedes subsection (c) and adding the following new heading and subsections (a) and (b):

"OPERATION OF ENHANCED STATE PROGRAMS

"Sec. 482. (a) Required Elements of Enhanced JOBS Program.--

"(1) (A) Personal Responsibility Agreement.--Each individual who is a parent or other caretaker relative of a dependent child and a representative of the State agency shall, at the time of application for aid under part A, sign a personal responsibility agreement. The agreement shall, in the case of individuals to whom section 417 applies, set forth in clear terms, understandable by all parties, an acknowledgement that aid under the State plan is subject to a general 24-month limit and should be considered transitional in nature. The agreement, in all cases, should acknowledge that the goal of both the individual and the State is to enable the individual to achieve maximum economic independence and self sufficiency. To this end, the individual will participate in appropriate activities, and the State will furnish necessary enabling services and assistance.

"(B) The State agency shall provide the program and employment information required by subsection (c) as promptly as possible, but in no event later than 90 days after application. In the case of individuals to whom section 417 applies, the information shall be provided in person, on either an individual or group basis, and the State agency shall obtain written confirmation from the individual that the individual received and understood the program and employment information.

"(2) Employability Plan.--

"(A) (i) The State agency shall, with respect to each individual required to participate in the program under this part, other than an individual to whom section 402(a)(19)(D) applies, conduct an assessment of the educational, child care, and other supportive services needs, as well as the skills, literacy, prior work experience and employability of each participant in the JOBS program, including a review of the family circumstances. The agency may also review the needs of any child of the participant.

"(ii) On the basis of such assessment, the State agency and the individual shall, within 90 days from the earliest date for which payment is made, jointly develop an employability plan for such individual. The purpose of the employability plan is to lay out the fastest and most

effective way to help the participant find employment and become self-sufficient. The plan shall indicate the overall period of time that is expected to be necessary to achieve the individual's employment goal, taking into consideration, in the case of individuals to whom the provisions of section 417 apply, the maximum remaining period of time for which aid may be paid to such individual under the plan approved under part A. The plan will detail the specific types of education, training, job search, employment preparation, or employment activities in which the individual will be expected to engage, and for what periods of time. The plan must be reasonable in light of the individual's literacy, skills, and needs, and the resources and opportunities for employment (including self-employment) within the community where the individual resides, and shall, to the maximum extent possible and consistent with this section, reflect the preferences of such individual. The employability plan shall also describe the child care and other social services and assistance which the State agency will provide in order to allow the individual to take full advantage of the activities under the program operated under this part, and the steps the individual should take to bring promptly to the attention of the State agency any difficulties the individual is encountering in participating in the program

under this part. The employability plan shall not be considered a contract.

"(iii) The State plan shall provide that, if an individual works an average of 20 hours a week (or such greater number, but not more than 30, as the State plan may provide) or more in a position of employment, work in such position shall constitute the primary activity under such individual's employability plan.

"(B) The State plan under this part must provide for a review mechanism that will be available should the individual and the State agency be unable to agree on the content of the employability plan. The review process shall, at the least, provide for prompt involvement of another employee (or designee) of the State agency with supervisory or greater responsibilities than the person with whom the individual is in disagreement to provide further negotiation support. If agreement still cannot be reached, the State agency shall, in accordance with regulations of the Secretary, afford the individual access to arbitration or a mediation process, to a more formal review or hearing, or to a combination of such processes.

"(C) Failure or refusal by an individual to sign an agreed upon employability plan, or to sign a plan with respect to which the applicable processes under subparagraph

(B) have been completed and under which the employability plan has been found appropriate, shall result in denial of aid with respect to such individual, except that no sanction or other penalty shall continue under this subparagraph after the individual has signed an appropriate plan.

"(3) Employability Plan for Deferred Individuals.-- The State agency and each individual for whom participation in activities has been found appropriate under section 402(a)(19)(D) shall jointly develop an employability plan. The plan shall place primary emphasis on the activities in which the individual is able to engage that, together with any services provided by the State, will best prepare the individual for full participation in the program under this part. Plans under this paragraph are not subject to the procedures of paragraph (2).

"(4) Case Manager.-- The State agency may assign a case manager to each participant and the participant's family who will be responsible for assisting the family to obtain any services which may be needed to assure effective participation in the program.

"(5) Periodic Assessment.-- At such intervals as the State agency finds appropriate, but not less frequently than once every 6 months, a representative of the State agency and the individual shall conduct a review of the

individual's employability plan (including the plan of an individual to whom paragraph (3) applies) and the progress that is being made to achieve the goals set in the plan. The State agency shall consider, in conducting the assessment, whether an individual participating in activities under section 402(a)(19)(D) has become ready to participate in the program under this part, or whether an individual required to participate under this part should no longer be so required and instead should participate in such activities. If it is concluded that there should be any such change in status, the individual's employability plan shall be revised accordingly effective with the month following the month in which the revision is made. In the case of an individual participating in the program under this part, the assessment shall specifically address both the individual's participation and the State agency's delivery of services as agreed to in the employability plan. If it is found in the course of an assessment that there has been a substantial failure to provide services to the recipient in accordance with the employability plan, the plan (or some other State agency record) must document that finding, and the period during which the failure occurred.

"(6) Revision of Employability Plan.--The employability plan may be revised as necessary following an

assessment under paragraph (5) or at any other time that events warrant it, upon the agreement of the individual and the State agency. If there is disagreement about the need for revision, or the respects in which the plan will be revised or the new content of the plan, the procedures described in paragraph (2) (B) will be applicable:

"(7) The State agency may require that, in the case of an individual described in section 402(a)(19)(B) and whose employability plan, including an employability plan under paragraph (3), reflects the need for treatment for substance abuse, such individual participate in substance abuse treatment that is available without charge to the individual. The State plan may, notwithstanding any other provision of law, make applicable to any individual required to participate in such treatment activities the provisions of section 402(a)(19)(G), and if so, shall advise the individual of the consequences of failure or refusal to accept treatment,

"(b) Transition to WORK Program.-- (1) The State agency shall schedule a meeting with each individual subject to the time limit under section 417, with adequate advance notice to the individual, not later than 90 days prior to the first month for which such individual will become ineligible for aid under part A by reason of such time limit. The State agency shall evaluate

the individual's progress under the employability plan, determine whether any extensions (as allowed under section 417) are necessary and available, and advise the individual about the job search requirement (described in paragraph (2)) and the steps that must be taken thereafter to register for the program under part G. If a meeting is held with the individual in connection with a redetermination of eligibility, periodic assessment, or for any other purpose, within the 6-month period preceding the first month of ineligibility by reason of section 417, the State agency may take the steps required by this paragraph at such meeting in satisfaction of this requirement.

"(2) Not later than 45 days prior to the close of the twenty-fourth month of receipt of aid under part A (or, at the option of the State, at an earlier date after the twenty-first month of receipt of such aid), the individual shall be required to engage in job search to the extent consistent with the goals of such individual's employability plan. Engaging in job search for the period of time required by the State under the preceding sentence shall be a prerequisite to receipt of a work assignment under the WORK program established and operated under part G. For purposes of this subparagraph, 'month of receipt of aid under part A' shall not include any month prior to the first month in which this subparagraph was in effect.

"(3) References to applicants, or to actions that must occur at the time of application, in the amendments made by this section shall be construed to include references to recipients, and actions that must occur at the time of the first redetermination of eligibility by a State for aid to families with dependent children occurring after the effective date of such amendments in such State."

SEC. 103. AMENDMENTS PERTAINING TO SERVICES AND ACTIVITIES UNDER  
JOBS PROGRAM

(a) Repeal of Redundant Provision.--

Section 482(c) of this Act is amended by repealing paragraph (5).

(b) Requirement to Provide Job Search Services.-- Section 482(d)(1)(A) of the Act is amended--

(1) in clause (i), by redesignating subclauses (I) through (IV) as (II) through (V), respectively,

(2) by inserting before subclause (II) (as redesignated) the following:

"(I) group and individual job search as described in subsection (g);", and

(3) in clause (ii), by repealing subclause (I) and redesignating subclauses (II) through (IV) as subclauses (I) through (III), respectively.

(c) Employment-Oriented Education.-- Section 482(d)(1)(A)(i)(II) of the Act as redesignated is amended by

striking out "basic and remedial education to achieve a basic literary level" and inserting in lieu thereof "employment-related education to achieve literacy levels needed for economic self-sufficiency".

(d) Self-Employment Programs.-- Section 482(d)(1)(A)(ii) of the Act (as redesignated) is amended--

(1) by striking out "and" after clause (II) (as redesignated), and

(2) by adding "and" after clause (III), and

(3) by adding after and below clause (III) (as redesignated), the following:

"(IV) programs to prepare for self-employment or to enable individuals to establish a micro-enterprise."

(e) Child Care Provider Training and Nontraditional Employment.--Section 482(d)(1)(B) of the Act is amended by adding at the end thereof the following new sentence: "The State shall include in its plan a description of whether and how it will provide training to prepare individuals to be child care providers. The State shall also include in its plan a description of the steps it will take to encourage the training and placement of participants in nontraditional positions of employment, including steps to increase program participants'

awareness of the availability of such training and placement opportunities."

(f) Work Supplementation Extension.-- Section 482(e) of the Act (as redesignated) is amended--

(1) in paragraph (2)(G)--

(A) by striking out "9 months" and inserting in lieu thereof "12 months", and

(B) by striking out "without regard to the provisions of subparagraph (B)(ii)(II) of such section"; and

(2) in paragraph (4)(A), by striking out "9 months" and inserting in lieu thereof "12 months".

(g) Amendments to Job Search Program.-- Section 482(g) of the Act is amended--

(1) in paragraph (1) by striking out "may" and inserting in lieu thereof "shall";

(2) by amending so much of paragraph (2) as precedes subparagraph (A) to read as follows:

"(2) The State agency may require job search by an individual who is applying for and shall upon approval of the application require job search by an individual who is receiving aid to families with dependent children and is determined by the State to have non-negligible work experience, or to have a high school diploma, including individuals required by the State's

exercise of its option under section 402(a)(19)(B) to participate in the program under this part--";

(3) in paragraph (2)(A), by striking out "8 weeks" and inserting in lieu thereof "12 weeks", and

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

"(B) at such time or times thereafter as the State agency may determine, but not to exceed a total of 4 months in any 12-month period (and for this purpose, there shall be included the time that the individual engaged in job search pursuant to both subparagraph (A) and section 482(c), but not any period of job search that occurred at the same time that the individual was participating in another activity under this part."

(h) Procedures to Resolve Disputes.-- Section 482(h) of the Act is amended by striking out "shall establish" and all that follows down to "shall provide an opportunity for a hearing" and inserting in lieu thereof "shall establish either (A) a conciliation procedure, meeting standards established by the Secretary, for the resolution of disputes involving an individual's participation in the program, or (B) a procedure that includes advance notice to the individual of an apparent failure to comply with a program requirement, and 10 days in which to contact and meet with a State agency representative in order to resolve the dispute (or to comply with the requirements)

and make unnecessary the imposition of a sanction. If the dispute is not resolved through whichever of these procedures the State adopts, the State agency".

(i) Coordination Requirements.-- Section 483(a)(1) of the Act is amended by inserting immediately following "the Job Training Partnership Act" in the first sentence ", the Adult Education Act, the Carl D. Perkins Vocational Education Act,".

(j) Provisions Generally Applicable to Provision of Services under JOBS and WORK.--Section 484 of the Act, including the heading, is amended to read as follows:

"PROVISIONS GENERALLY APPLICABLE  
TO PROVISION OF SERVICES UNDER JOBS  
OR WORK

"Sec. 484. (a) In assigning participants in the program under this part to any program activity, or in assigning individuals registered with the program under part G to a position of employment, the State agency shall assure that --

"(1) each assignment takes into account the capacity, health and safety, family responsibilities, and place of residence of the participant;

"(2) no participant will be required, without his or her consent, to travel an unreasonable distance from his or her home or remain away from such home overnight;

"(3) individuals are not discriminated against on the basis of race, color, sex, national origin, religion, age,

or disability, and all participants will have such rights as are available under any applicable Federal, State, or local law prohibiting discrimination;

"(4) no such assignment will --

"(A) result in the displacement of any currently employed worker, including partial displacement such as a reduction in the hours of non-overtime work, wages, or employment benefits;

"(B) impair existing contracts for services or collective bargaining agreements;

"(C) infringe upon the promotional opportunities of any currently employed worker;

"(D) result in the employment of the participant or filling of a position when ---

"(i) any other person is on layoff, on strike or has been locked out from, or has recall rights to, the same or a substantially equivalent job or position with the employer; or

"(ii) the employer has terminated any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with such participant; or

"(E) result in filling a vacancy for a position in a State or local government agency for which State or

local funds have been budgeted, unless such agency has been unable to fill such vacancy with a qualified applicant through such agency's regular employee selection procedure during a period of not less than 60 days;

"(5) no participant shall be assigned to a position with a private nonprofit entity to carry out activities that are the same or substantially equivalent to activities that have been regularly carried out by a State or local government agency in the same local area, unless such placement meets the nondisplacement requirements of paragraph (4);

"(6) to the extent that a State workers' compensation law is applicable, workers' compensation benefits in accordance with such law shall be available with respect to injuries suffered by participants, and, to the extent that such law is not applicable, participants shall be provided with medical and accident protection for on-site injuries in accordance with regulations issued by the Secretary;

"(7) health and safety standards established under State and Federal law that are otherwise applicable to the working conditions of employees shall be equally applicable to the working conditions for participants; and

"(8) the State will establish and maintain grievance procedures, meeting the requirements of subsection (b), for resolving complaints by regular employees or their representatives alleging violations of the nondisplacement provisions described in paragraph (4).

"(b) A grievance procedure that meets the requirements of this subsection must include the following procedures:

"(1) Deadlines.-- Hearings on any grievance filed pursuant to subsection (a)(8) shall be conducted within 30 days of the filing of such grievance and a decision shall be made not later than 60 days after the filing of such grievance. A grievance shall be made not later than 45 days after the date of the alleged occurrence.

"(2) Appeals.-- Upon receiving a decision under paragraph (1), or if 60 days has elapsed without a decision being made, a grievant may either --

"(A) file an appeal as provided for in the State's procedures or in regulations promulgated by the Secretary, or

"(B) submit such grievance to binding arbitration in accordance with paragraph (3).

"(3) Arbitration.--

"(A) In General.--

"(i) Jointly Selected Arbitrator.-- In accordance with paragraph (2) on the occurrence of an adverse grievance decision, or 60 days after the filing of such grievance if no decision has been reached, the party filing the grievance shall be permitted to submit such grievance to binding arbitration before a qualified arbitrator who is jointly selected and independent of the interested parties.

"(ii) Appointed Arbitrator.-- If the parties cannot agree on an arbitrator, the Governor shall appoint an arbitrator from a list of qualified arbitrators within 15 days of receiving a request for such appointment from one of the parties to the grievance.

"(B) Deadlines.--An arbitration proceeding conducted pursuant to subparagraph (A)(i) shall be held not later than 45 days after the request for such arbitration, or if the arbitrator is appointed pursuant to paragraph (A)(ii), not later than 30 days after such appointment, and a decision concerning such grievance shall be made not later than 30 days after the date of such arbitration proceeding.

"(C) Cost. --

"(i) In General.--The cost of the arbitration proceeding conducted under this subsection shall be divided evenly between the parties to the arbitration.

"(ii) Exception.--If a grievant prevails under the arbitration proceeding conducted under this subsection, the party found in violation of the requirements of this part shall pay the total cost of such proceeding and the attorney's fees of the grievant.

"(D) Enforcement.--Suits to enforce arbitration awards under this subsection may be brought in any district court of the United States having jurisdiction over the parties, without regard to the amount in controversy and without regard to the citizenship of the parties.

"(4) Remedies.--Remedies for a grievance filed under this subsection include--

"(A) suspension of payments to employers;

"(B) the termination of such payments;

"(C) the prohibition of the placement of a participant;

"(D) reinstatement of a displaced employee to the position held by such employee prior to displacement;

"(E) payment of lost wages and benefits of the displaced employee;

"(F) reestablishment of other relevant terms, conditions, and privileges of the displaced employee; and

"(G) such equitable relief as is necessary to correct a violation or to make a displaced employee whole.

"(c) In assigning participants in the JOBS program under this part to any program activity, the State agency shall, in addition to the assurances required under subsection (a), assure that--

"(1) the conditions of participation are reasonable, taking into account in each case the experience and proficiency of the participant, and the child care and other supportive services needs of the participant; and

"(2) each assignment is based on available resources, the participant's circumstances, and local employment opportunities.

"(d) In assigning individuals registered with the State's WORK program under part G to a position of employment, the State agency shall, in addition to the assurances required under subsection (a), assure that--

"(1) no individual eligible to register for the State's WORK program, determined in accordance with the provisions of part A and this part, shall be excluded from such program;

"(2) no family with a member eligible to participate in the State's program under part G will, by reason of such assignment, and upon participating the full number of hours provided by such assignment, have income less than the amount such family would have if it were receiving aid under

the State's plan approved under part A and had no other income (except if a sanction is applied under section 496(f));

"(3) each family with a member participating in the program under part G shall be considered to be receiving aid to families with dependent children for purpose of the State's plan approved under title XIX;

"(4) where a labor organization represents a substantial number of employees who are engaged in similar work in the same area as that proposed to be funded under part G, an opportunity shall be provided for such organization to submit comments with respect to such proposal;

"(5) participants employed under the WORK program shall be compensated for such employment in accordance with appropriate law, but in no event at a rate less than the highest of--

"(A) the Federal minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938;

"(B) the rate specified by the appropriate State or local minimum wage law; or

"(C) the rate paid to employees of the same employer performing the same type of work and having similar employment tenure with such employer; and

"(6) except as otherwise provided under this paragraph, participants employed under the WORK program shall be provided benefits (including health benefits, unless the State agency concludes that it would impose an undue financial burden on both the employer and the State), working conditions and rights at the same level and to the same extent as other employees of the same employer performing the same type of work and having similar employment tenure with such employer.

"(e) Funds available to carry out the program under this part, or under part G, may not be used to assist, promote, or deter union organizing.

"(f) The provisions of this section apply to any work-related programs and activities under this part or under part G (as provided herein), and under any other work-related programs and activities authorized (in connection with the AFDC program) under section 1115."

SEC. 104. TWENTY-FOUR MONTH LIMIT.

Part A of title IV of the Social Security Act is amended by redesignating section 417 as section 419 and adding after and below section 416 the following new section:

"SEC. 417. TWENTY-FOUR MONTH LIMIT.

"(a) Limitation.-- (1) In general.--Notwithstanding any other provision of law, a State plan approved under this part must provide that, except as otherwise provided in this title, aid to families with dependent children will not be payable to an individual to whom section 402(a)(19)(B)(i) or (ii) applies or to individuals who have chosen to participate in the program under part F and to whom the State has elected under section 402(a)(19)(C) to apply this section, or to his or her dependent child or children living in the same home with such individual for any month after the twenty-fourth month (whether or not such months are consecutive) for which such individual has, together with his or her dependent child or children, received aid under the State's plan, or under the plan of any other State, approved under this part. The limitation in the preceding sentence shall not apply to (A) an individual who has received such aid for 24 months and who is working in a position of unsubsidized employment which provides 20 or more hours per week (averaged over 4 weeks) of work, or (B) an individual's dependent child or children if they are living with another relative specified in section 406(a)(1) who is not subject to, or has not received aid for months in excess of, the limit prescribed by, this section.

"(2) Applicability.--In applying paragraph (1)--

"(A) if an individual has previously received aid under a State plan approved under this part for more than 18 months, the number of months for which an individual is considered to have previously been paid aid under such a State plan shall be reduced by one month for every period of four months throughout which no such aid was paid, and no wages under the program under part G were paid but such number of months shall never be reduced to fewer than 18 (regardless of whether such periods of four months were consecutive); and

"(B) (i) there shall not be included, as a month in which an individual received aid under a State plan approved under this part--

"(I) any month prior to the first month for which this section is in effect in such State, or in the case of a recipient of aid in such State for the month preceding such month, the first month in which such individual's eligibility is redetermined by such State;

"(II) any month prior to the first month in which payment of aid under this part was authorized with respect to such individual;

"(III) any month prior to the month in which such individual attains age eighteen;

"(IV) any month during which the individual worked 20 hours a week (or such greater number, but not more than 30, as the State plan under part F provides) or more;

"(V) any month during which the total average number of hours worked per week by both parents, in a family eligible by reason of section 407 and in which section 402(a)(19)(D) is applicable to neither parent, exceeds 30 hours (or such greater number, but not more than 40, as the State plan under part F provides); or

"(VI) any month during which section 402(a)(19)(D) was applicable to such individual; and

"(ii) there shall be included each month for which aid would have been paid but for the applicability to such individual of a sanction under section 402(a)(19)(G) or 402(a)(26).

"(b) Notice to Individuals.--A State plan approved under this part shall provide that notice will be given to each member of a family to the time limit under subsection (a) applies, not less frequently than once every six months, concerning the number of months of eligibility remaining for each such member. The notice required by this subsection may be given together with the payment of aid.

"(c) Extension of Limit.--

"(1) Extension by Reason of Failure to Provide Services.--The State agency shall extend the twenty-four month limit referred to in subsection (a) in the case of an individual who has been unable to complete the education, training, or other activities intended to prepare such individual for employment by reason of the substantial failure of the State agency to provide or arrange for the provision of child care or any other service agreed upon in the individual's employability plan. A finding of failure to provide services shall be based on the documentation made at the semi-annual assessment (required by section 482(a)(5)), together with any reports or information either the individual or the State agency may have with respect to the period between the assessment and the close of the twenty-fourth month. The time limit shall be extended for so many months as are necessary to allow the individual to complete the activities agreed upon in the employability plan, but in no event may such extension exceed an additional 24 months.

"(2) Extension to Complete Course of Education.--

"(A) The State agency shall extend the twenty-four month limit referred to in subsection (a)--

"(i) in the case of an individual receiving services under the Individuals with Disabilities

Education Act, for so long as necessary to permit such individual to attain a high school education, (or the equivalent) or, if sooner, until such individual reaches age 22; and

"(ii) in the case of an individual in a structured learning program (as defined in paragraph (4)), including a program under the School-to-Work Opportunities Act of 1993, for so long as necessary to permit such individual to complete the program or, if sooner, until such individual reaches age 22.

"(B) Subject to subsection (e), the State agency may extend the twenty-four month limit referred to in subsection (a)--

"(i) for no more than 12 additional months in order to allow an individual to complete high school (or an equivalent program of education), so long as the individual is making satisfactory progress toward obtaining a high school diploma (or equivalent);

"(ii) for no more than 24 additional months in order to allow an individual to complete a course of post-secondary education so long as the individual is enrolled in a work-study program, or

is employed at least 15 hours per week, and is making satisfactory progress toward obtaining a degree or completing a program, or to complete a certificate-granting training program or educational activity, or structured microenterprise or self-employment program likely to improve the individual's economic self-sufficiency; or

"(iii) for such additional number of months as it finds appropriate in any case, determined on an individual basis, where such extension is necessary to afford an individual with significant learning disabilities or other substantial barriers to employment additional time to obtain the remedial education, job skills training, or other services specified in the employability plan needed to enable the individual to secure employment.

"(3) Extension of Employability Plan.--The State agency shall extend, and if appropriate revise, the employability plan of each individual with respect to whom an extension is provided under this subsection, and shall continue to furnish, through the months of the extension,

the supportive services for which the extended plan provides.

"(4) As used in this subsection, a 'structured learning program' means one that begins at the secondary school level, continues into a post-secondary program, and is designed to lead to a degree or recognized skills certificate.

"(d) Exception for Transition to Unsubsidized Employment.-- The State may, at its option, provide for continuing for one additional month the payment of aid to an individual (and his or her dependent child or children) under the State plan, notwithstanding subsection (a), in any case where such continued payment is necessary to assist the individual who is about to commence a position of employment (other than as a participant in the program under part G) until receipt of the first payment of wages. The State plan shall describe the evidence of employment that the State will require in order that payment may be continued under this subsection.

"(e) Limitation on Average Monthly Number of Extensions.-- If the average monthly number of individuals with respect to whom the State has extended the twenty-four month limit by application of subsection (c)(1) or (c)(2)(B) in any fiscal year exceeds 10 percent of the average monthly number of individuals to whom this section applies (and who are required to participate in the

program under part F) in the fiscal year involved, the provisions of section 403(k)(6) (reducing Federal payments under section 403(a)) shall apply, unless the Secretary, upon a showing by the State of extraordinary or unforeseeable circumstances, allows the application of such subsections to a greater number of individuals for a specified period of time.

"(f) Alternative Time Limit Demonstrations.--

Notwithstanding any other provision of this part, the Secretary may permit not more than five States to conduct demonstrations to determine what effects, if any, application of time limits of other than twenty-four months would have in promoting the objectives of the part. The Secretary shall approve a demonstration only if the proposed time limit is consistent with both the purpose of making AFDC a transitional program and affording recipients with support to enable them to prepare themselves to obtain unsubsidized employment. Any State applying a time limit other than that specified in subsection (a) shall evaluate both the short and long term effects of such time limit in enabling recipients to become self-sufficient and shall report the results of such evaluation to the Secretary."

SEC. 105. RESPONSIBILITIES OF ASSISTANT SECRETARY FOR FAMILY  
SUPPORT.

Section 419 of the Act, as redesignated by section 104 of this Act, is amended by striking out "and part F" and inserting in lieu thereof "part F, and part G".

TITLE II - WORK

SEC. 201. ESTABLISHMENT OF PROGRAM.

(a) Title IV of the Act is amended by adding at the end thereof the following new part:

"PART G -- WORK

"SEC. 491. PURPOSE AND DEFINITIONS.

"(a) Purpose.--It is the purpose of this part to assist States in developing and providing positions of employment for individuals who have received aid to families with dependent children for 24 months, and participated in the program under part F, but have not been able to secure unsubsidized employment.

"(b) Definition.-- As used in this part, a 'WORK position' is a position of employment subsidized with funds provided to the State under this part, in either the private or public sector.

"SEC. 492. ESTABLISHMENT AND OPERATION OF STATE PROGRAMS.

"(a) Requirement.-- Each State shall establish and operate a program to locate and create temporary positions of employment (in this part referred to as the 'WORK program') for individuals who have received aid for 24 months, as provided in section 417.

The WORK program shall be in effect in each political subdivision of the State not later than 2 years after the State's program under part F is in effect in such subdivision.

"(b) State Plan.--The State shall establish and operate its WORK program under a plan approved by the Secretary which describes how the State will implement the plan, and indicates, through cross-references to the appropriate provisions of this part and of parts A and F, that the program will be operated in accordance with such provisions of law. The State plan shall describe the strategies and activities to be undertaken by the State to identify and develop WORK positions. Such strategies shall, to the extent practicable, be designed to identify and develop positions likely to result in the placement of participants in unsubsidized employment. The strategies and activities may include--

"(1) wage subsidies or other incentives to for-profit, nonprofit, and public employers to employ participants;

"(2) performance-based contracts with private organizations to place participants in unsubsidized employment;

"(3) payments to nonprofit employers to assist in supervising participants employed by such employers;

"(4) assistance to participants in establishing microenterprises and other self-employment efforts; and

"(5) payments to nonprofit employers and public agencies to employ participants in temporary projects designed to address community needs, such as projects to enhance neighborhood infrastructure and provide other community services.

"(c) Coordination with Job Opportunities and Basic Skills Training Program.-- The State plan submitted to the Secretary to carry out the requirements of this part shall, together with the State plan required to carry out part F, constitute a single plan and shall, to the maximum extent feasible, reflect an integrated strategy to assist the individuals and families served under the plan to achieve economic self-sufficiency.

"(d) Work Advisory Boards.--

"(1) Designation.-- The State plan shall designate, or describe a process for establishing or designating, a WORK advisory board for each local area in the State to provide advice and guidance in the administration of the program under this part. The State shall ensure the participation of local elected officials in the designation or establishment of such boards.

"(2) Local Area.-- The local areas for which WORK advisory boards shall be designated or established pursuant to paragraph (1) may be --

"(A) service delivery areas established under section 101 of the Job Training Partnership Act;

"(B) the geographic boundaries of the labor market areas in the State; or

"(C) such other areas as the Governor determines are appropriate to promote the effective administration of the WORK program.

"(3) Composition.-- Each WORK advisory board designated or established pursuant to paragraph (1) shall consist of --

"(A) representatives of private sector employers,

"(B) representatives of organized labor;

"(C) representatives of not-for-profit organizations, including community-based organizations;

"(D) representatives of local government, such as local, elected officials and representatives of economic development agencies, human service agencies, and educational agencies; and

"(E) such other community leaders as the State determines are appropriate.

"(4) Functions.-- Each WORK advisory board shall provide comments to the State agency relating to the State plan developed pursuant to subsection (b) of this section. In addition, each WORK advisory board shall provide advice and guidance to the

agency administering the WORK program in the local area relating to --

"(A) the identification of potential WORK positions;

"(B) opportunities for placing WORK participants in unsubsidized employment;

"(C) methods for ensuring compliance with the requirements of this part relating to nondisplacement and working conditions;

"(D) methods for carrying out the coordination requirements specified in subsection (e) of this section; and

"(E) such other aspects of the WORK program that such board determines are appropriate.

"(e) Coordination with Other Programs and Entities.

"(1) In General.--The State plan shall include a description of the cooperative arrangements established with appropriate programs and agencies to enhance the administration of the program under this part, including arrangements with --

"(A) the Employment Service, and

"(B) other relevant employment and public service programs administered through public and private entities, such as programs supported under the Job

Training Partnership Act and the National and Community Service Act and with programs under the CCDBG Act to explore the development of positions in child care for WORK program participants.

"(2) Local Coordination.--The entity administering the WORK program in local areas shall, in addition to establishing linkages with the programs and agencies described in paragraph (1), establish cooperative arrangements with other appropriate entities to enhance the administration of the program under this part. Such arrangements may be established with local government and service agencies, public housing agencies, community-based organizations, business and labor organizations, voluntary organizations, and other appropriate entities.

"SEC. 493. ELIGIBILITY FOR WORK PROGRAM; REGISTRATION.

"(a) Eligibility.--(1) In General. An individual--

"(A) to whom section 417 applies, who has received aid under the State plan approved under part A for twenty-four months, and with respect to whom no extension under section 417 has been provided,

"(B) who is not an individual to whom section 402(a)(19)(D) applies, and

"(C) who meets the eligibility criteria for aid to families with dependent children (but for section 417) under the State's plan approved under part A, shall be permitted to register for participation in the State's WORK program and, upon registration and continuing compliance with the requirements applicable to individuals awaiting assignment to a WORK position, be eligible for such an assignment and, in accordance with the succeeding provisions of this part, a payment of aid to families with dependent children.

"(2) Special Rules.-- The State plan shall specify whether one or both parents will be required to register with and participate in the WORK program as a condition of eligibility for an assignment for either parent under the WORK program and a payment of aid to the family, in the case of a family in which both parents are subject to the limit in section 417.

"(b) Registration.--The State plan shall establish a simple procedure under which an individual who meets the criteria of subsection (a) may register with and participate in the WORK program so that the individual will receive wages (if an appropriate assignment is available) or aid, or (if applicable) both, in the month following the final month of the time limit under section 417. The State plan must describe the methods that will be employed to assure the uninterrupted provision of aid for

the family of an individual who has complied with all applicable requirements and conditions of this part.

"(c) WORK Program Assessment.--The State plan shall provide for the prompt assessment of each individual registering with the program, in order to determine an appropriate assignment for such individual. The assessment must include a review of the individual's education, training, and employment experience while participating in the program under part F, as well as any employment experience the individual may have had thereafter.

"(d) Limitations on Assignments.--

"(1) Hours of Work.-- The State plan shall --

"(A) ensure, to the extent practicable, that participants' wages earned from WORK positions provide on the average 75 percent of the sum of wages together with aid paid to participants in the States WORK program;

"(B) ensure no assignment will result in an average number of hours of work over any four-week period that is less than 15 hours per week or greater than 35 hours per week; and

"(C) provide that in making WORK assignments the State agency shall, to the maximum extent feasible, ensure that an assignment to a WORK position will not interfere with any hours of unsubsidized employment in

which the individual is already engaged at the time of the assignment.

"(2) Length of Assignment.-- An assignment to a WORK position shall be for no longer than 12 months.

"(e) Payment of Aid.-- The State agency administering the State's plan approved under part A shall pay for each month to each family with an individual registered with the WORK program the amount of aid that would be payable to such family under such plan, except that--

"(1) wages earned by a family member from employment in a WORK position shall not be considered in determining eligibility for continued participation in the WORK program;

"(2) in determining the amount of aid that is payable, the State agency may determine whether to disregard from the wages received from the WORK position any amounts the disregard of which is permitted under section 402(a)(8)(A)(iv),

"(3) if a family member has been assigned to and is employed in a WORK position, the amount of the family's aid will not be subject to increase by reason of the individual's failure to perform the full number of hours per week for which the assignment was made.

"(f) Treatment Under Other Laws.--

"(1) Individuals participating in the WORK program, and their families, whether or not any aid is payable in addition to wages from a WORK position, shall be considered to be receiving such aid for purposes of the State's plan for medical assistance approved under title XIX.

"(2) Wages paid for employment in a WORK position shall be treated as if they were wages from unsubsidized employment for purpose of any other Federal law unless it is expressly provided otherwise in Federal law.

"(g) Program Participants.-- The Secretary may by regulation prescribe criteria for determining when an individual's employment no longer constitutes participation in the WORK program.

"SEC. 494. PROVISIONS GENERALLY APPLICABLE TO WORK POSITIONS.

"(a) Prohibition on Contributions for Retirement Benefits. No funds available under this title may be used for contributions to a retirement plan on behalf of any participant.

"(b) Exclusion from Unemployment Compensation. -- The employment of participants under the WORK program shall not be subject to the provisions of any Federal or State unemployment compensation law.

"(c) Sick and Personal Leave.-- The Secretary is authorized to issue regulations establishing a minimum number of hours that a participant may be on leave from a WORK position due to illness

or other reasons specified by the Secretary without having the amount of wages payable to such participant reduced to account for such leave. In accordance with paragraph (1) of this subsection, the regulations shall provide that if the employer provides, to similarly situated regular employees, paid leave that is equal to or exceeds the minimum prescribed by the Secretary, the employer shall also provide such paid leave to a participant. If the employer does not provide such paid leave, the State agency shall implement such leave.

"(d) Records on Retention of Participants.-- The entity administering the WORK program shall maintain records on the extent to which each employer receiving assistance under this part retains participants in unsubsidized employment subsequent to the completion of WORK assignments.

"(e) Additional Requirements.-- For additional requirements applicable to programs conducted under this part, see section 484.

"SEC. 495. PRE-ASSIGNMENT ACTIVITIES AND SERVICES; PRIORITY OF ASSIGNMENTS; POST-ASSIGNMENT ASSESSMENT

"(a) Assignments.-- The State plan approved under this part shall provide for the establishment and maintenance of a registry, updated regularly and frequently, of all registered individuals who are awaiting assignment to a WORK position. The State plan shall describe the criteria that will generally be

applied for determining the order in which registered individuals will be assigned to positions. Such criteria must provide for assigning, as promptly as an appropriate position becomes available, an individual to whom a sanction is being applied under section 496(f)(2)(A) (in the case of a first failure to comply with a requirement of the WORK program) or who has ended a period of time during which a sanction has been applied under section 496(f)(2)(B), (C), or (D) (in the case of a second or subsequent such failure), and thereafter preference will be given to individuals who have not previously received a WORK assignment during a period of consecutive months while registered for the WORK program.

"(b) JOB Search; Other WORK Preparatory Activities.--

"(1)(A) Job Search.--The State plan under this part shall describe any requirements the State applies to individuals registered for and awaiting assignment to a WORK position, including the extent to which the individual must participate in individual or group job search (not to exceed 35 hours per week) and the period for which the job search must continue or the number of contacts that must be made, or such other measure as the State finds appropriate.

"(B) The State agency may require an individual employed in a WORK position or in regular employment to engage in job search but the number of hours per week of

required job search (or of the time needed to comply with the job search requirement if measured differently from hours per week) together with the hours per week for which the individual is employed may not exceed 35.

"(C) The State agency shall require each individual who has completed an assignment to perform supervised job search (in accordance with the time limits established under paragraph (1)) while awaiting another assignment.

"(2) Other Activities.--If the State requires that an individual registered under this part and awaiting assignment to a WORK position engage in any activities in addition to job search that would prepare the individual to carry out successfully the assignment or otherwise support achievement of the purposes of this part, the State plan shall describe those activities and the maximum periods of time for which they may be required (or other measure that the State finds appropriate), which may not exceed 35 hours per week.

"(3) Child Care and Other Supportive Services.-- (A) The State agency shall notify each individual registered with the WORK program of the availability (under sections 402(g)(1) and (2)) of child care and other supportive services necessary to permit the individual to participate successfully in the WORK program (during both a pre-

assignment period and a period of employment under the WORK program).

"(B) A State may, at its option, provide child care and other supportive services (and include an appropriate provision in its plan under this part) to an individual employed in a WORK position to enable or assist such individual also to engage in education or training activities, approved for this purpose by the State agency as likely to enhance such individual's ability to secure and retain permanent, unsubsidized employment, and if the State chooses to provide any one or more such services under this subparagraph, shall notify all registered individuals who are potentially eligible therefor of the availability of such services.

"(c) Comprehensive Post-Assignment Assessment.--

The State agency shall conduct a comprehensive assessment of each individual registered with the WORK program who has completed two assignments to WORK positions (or has been registered for two years). On the basis of this assessment, the State may

"(1) reassign the individual to activities under section 402(a)(19)(D) or to the JOBS program (for such period of training and other activities as may be appropriate), or

"(2) assign the individual to another WORK position if the individual was unable to find unsubsidized employment either because there were no jobs available that such individual had the necessary skills to fill or because such individual is incapable of working outside of a sheltered environment.

Notwithstanding the preceding sentence, in such cases where the State finds that the individual is employable and living in an area where there are jobs available to match the individual's skills, the State may require the individual to engage in intensive job search, supervised by a job developer who may require the individual to apply for appropriate job openings to determine if the individual is making a good faith effort to find unsubsidized employment. An individual who fails without good cause to apply for appropriate job openings, cooperate with the job developer or employer, or accept a private sector job opening, shall be ineligible for aid under part A or an assignment under the State's WORK program for 6 months. Following such a period of ineligibility, the State shall reassess such individual's status, and may take such steps under this subsection as it finds appropriate.

"SEC. 496. FAILURE TO MEET WORK PROGRAM REQUIREMENTS.

"(a) Actions That Constitute Failure To Meet WORK Program Requirements.--The following actions, without good cause,

constitute failure by an individual to meet the requirements of the WORK program--

"(1) failing or refusing to accept a bona fide offer of unsubsidized employment;

"(2) failing or refusing to accept or report for a WORK position to which the individual has been assigned;

"(3) voluntarily leaving such a position;

"(4) failing or refusing to engage, to the extent required under the State plan, in the job search or other activities required pursuant to section 495 or subsection (e).

"(b) Misconduct Resulting in Discharge from WORK Position.--

In addition to the actions described in subsection (a), a participant will be deemed to have failed to meet the requirements of the WORK program if, prior to the completion of an assignment, such participant is discharged by an employer from a WORK position due to misconduct.

"(c) Definitions of Good Cause and Misconduct.--The Secretary shall issue regulations establishing criteria for determining what constitutes good cause for purposes of subsection (a) and misconduct for purposes of subsection (b). Such regulations shall, at a minimum, include --

"(1) with respect to the actions described in subsection (a)(1), that the position offered fails to meet the criteria specified in section 484(d)(2);

"(2) with respect to the actions described in paragraph (3) of subsection (a), a requirement that a participant voluntarily leaving a WORK position promptly notify the entity administering the WORK program of the reasons for leaving; and

"(3) with respect to discharge for misconduct, a provision allowing the State, with the approval of the Secretary, to apply the criteria relating to misconduct applicable to the disqualification of an individual for benefits under the State unemployment compensation law.

"(d) Opportunity for Hearing.-- The State plan shall provide advance notice to an individual when the State agency determines that a sanction should be imposed, and shall advise the individual of the right to a hearing. The State agency shall provide a hearing, upon request by the individual, in accordance with procedures established by the Secretary (which shall allow the State to adopt procedures followed in hearings on unemployment compensation claims that meet the standards set forth by the United States Supreme Court in Goldberg v. Kelly, 397 U.S. 254 (1970)).

"(e) Interim Activities.-- The State agency may require, pending the hearing referred to in subsection (d), participation by the individual in appropriate activities under the WORK program.

"(f) Sanctions.-- If, in accordance with the preceding provisions of the section, an individual is found to have failed without good cause to meet a requirement of the WORK program--

"(1) if the failure involves subsection (a)(1) (relating to an offer of unsubsidized employment), the family of which such individual is a member shall be ineligible for aid to families with dependent children (if any such aid were otherwise payable) for a period of six months and such individual may not be assigned to a WORK position during such period; and

"(2) if the failure involves paragraph (2), (3), or (4), of subsection (a) or involves subsection (b)--

"(A) in connection with the first of any such failures, the amount of aid for which the family (of which such individual is a member) is eligible shall for one month equal one-half of the amount that would be payable to the family if the individual were awaiting assignment to a WORK position, but such reduction shall cease upon the acceptance by such individual of an assignment to a new WORK position or,

in cases involving job search or other required activities (as described in subsection (a)(4)), the individual's engaging in the required program activities;

"(B) in connection with the second of any such failures, the amount of aid so payable shall be reduced as described in subparagraph (A) for a 3-month period and the individual may not be assigned during such period to a new WORK position;

"(C) in connection with the third of any such failure, such family shall be ineligible for any such aid for a 3-month period and the individual may not be reassigned during such period; and

"(D) in connection with the fourth or any subsequent such failure, such family shall be ineligible for any such aid for a 6-month period and the individual may not be reassigned during such period;

but during the months in which a sanction is applied under this subsection, the family of which the sanctioned individual is a member shall be considered, for purposes of the State's plan approved under part A, its plan approved under title XIX, to be receiving aid to families with dependent children and for purposes of any other Federal or Federally-assisted program based

on need, such family shall be considered to be receiving the amount that would be payable to such family if the individual were awaiting assignment to a WORK position. Notwithstanding the preceding sentence, if at any time an individual subject to a sanction under this subsection accepts an offer of unsubsidized employment in a position that meets the criteria for WORK positions prescribed by section 493(d)(1), the sanction shall cease at that time and both the individual and the family shall be considered, for purposes of part A, to be an individual and family no longer subject to sanction under this program.

"(g) Notwithstanding section 493, no individual who without good cause leaves an unsubsidized position that provides 20 hours or more per week (or such greater number as the State has elected under section 482(a)(2)(A)(iii)), on the average may register under section 493(b) for the WORK program (of any State) until after the 3-month period beginning on the date on which the individual left the position.

"(h) Evaluation Following Second WORK Sanction.-- The State plan must provide that the State will promptly conduct a thorough evaluation of an individual (and family) against whom a second sanction must be imposed to determine whether there are particular circumstances, not previously recognized by the State agency, that are contributing to the individual's failure to meet the requirements of the WORK program, and to provide, where

appropriate, any additional social services, evaluations, or other diagnostic or remedial services or take such other actions as may be necessary to assist the individual and protect the other family members. In conducting the evaluation, the State agency shall consider whether the individual is appropriately registered in the WORK program, or whether the individual should be referred to the State plan approved under part A to be considered an individual to whom section 402(a)(19)(D) applies."

(b) Requirement to Provide Supportive Services to Individuals Registered for WORK Program.-- Section 402(g)(2) is amended, by striking out "part F" and inserting in lieu thereof "part F or part G".

SEC. 202. FEDERAL FUNDING FOR THE JOBS AND WORK PROGRAMS;  
PARTICIPATION REQUIREMENTS; MAINTENANCE OF EFFORT AND  
SUBSTANTIAL IMPLEMENTATION.

(a) Amount of State's Entitlement for JOBS.-- Paragraphs (1) through (4) of section 403(k) of the Act are amended to read as follows:

"(k)(1) In addition to payments under subsection (a), the Secretary shall pay to each State with a plan approved under part F an amount equal to the product of--

"(A) the State's enhanced Federal medical assistance percentage as defined in subsection (m)(6),  
and

"(B) its expenditures to carry out the program under part F (other than expenditures required by section 402(g)(1) in the case of the 50 States and the District of Columbia),

but such payments to a State for any fiscal year may not exceed the limitation under paragraph (2) with respect to such State.

"(2) The limitation under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the average monthly number of adult recipients (as defined in paragraph (4)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

"(3) The amount specified in this paragraph is--

"(A) \$1,750,000,000 for fiscal year 1996,

"(B) \$1,700,000,000 for fiscal year 1997,

"(C) \$1,800,000,000 for fiscal year 1998,

"(D) \$1,900,000,000 for each of fiscal years 1999

through 2004, and

"(E) \$1,900,000,000, adjusted by the CPI as prescribed by section 406(i), for fiscal year 2005 and each fiscal year thereafter,

reduced by 2 percent (for direct grants to Indian tribes and Alaska Native organizations under section 482(i)), and further

reduced by 2 percent (of the amount specified in each subparagraph) (or, in the case of fiscal years after 1998, 1 percent) for carrying out section 404 of the Comprehensive Welfare Reform and Family Support Amendments of 1994 (relating to demonstrations, research and evaluation, and technical assistance).

"(4) For purposes of this subsection, the term 'adult recipient' in the case of any State means an individual other than a dependent child (unless such child is the custodial parent of another dependent child) whose needs are met in whole or in part with payments of aid to families with dependent children or wages from a position under the WORK program, or a combination of such aid and wages."

(b) Participation Standards for JOBS Program.-- Section 403(k) of the Act is further amended by adding at the end thereof the following new paragraphs:

"(6) Notwithstanding any other provision of this subsection--

"(A)(i) if, with respect to a State, the average monthly number of individuals receiving aid to families with dependent children to whom section 417 applies who participate in an activity under the JOBS program (or who are employed for the minimum number of hours adopted by the State under section 482(a)(2)(A)(iii) or are being

sanctioned pursuant to section 402(a)(19)(G)) exceeds 55 percent of the average monthly number of all individuals to whom section 417 applies and who are subject to the requirement to participate in the program under part F, such averages being determined over a 12-month period, the Secretary shall pay to such State an additional amount (without the requirement of any additional nonfederal share) for use in carrying out its program under part F, and

"(ii) if, with respect to a State, such average monthly number does not exceed 45 percent, then the Secretary shall reduce by 25 percent the Federal matching rate generally applicable to such State's expenditures for aid with respect to the number of individuals by which the average monthly number is less than 45 percent of the total.

The Secretary shall determine the amount of the additional payments for performance exceeding the standard and may make all or part of such additional payments by increasing as appropriate the amount payable to such State under subsection (a).

"(B) The Secretary shall issue regulations prescribing criteria for determining what constitutes participation by an individual for purposes of this section (and may define such term differently for different purposes within this section), the periods of time over which participation will

be measured, and any other matters necessary to implement the provisions of this subsection or of subsection (1).

"(C) If the average monthly number of individuals treated by a State for a month as individuals to whom section 402(a)(19)(D)(vii) applies exceeds the limit prescribed therein, or if the average monthly number of individuals with respect to whom the time limit under section 417 is extended exceeds the limit prescribed in section 417(e), the Secretary shall reduce by 25 percent the Federal matching rate generally applicable to such State's expenditures for aid with respect to the number of individuals by which such average monthly number exceeds such limit. If both such limits are exceeded the Secretary shall reduce the appropriated matching rate by 50 percent.

"(D) Notwithstanding subparagraph (A)(i), the Federal payment shall not be increased if the Secretary determines that the State has not accurately recorded the number of months for which individuals to whom section 417 applies have received aid, or has not accurately recorded or reported to the Secretary other required data, to an extent inconsistent with standards for accuracy prescribed in regulations by the Secretary."

(c) Amount of State's Entitlement for WORK.-- Section 403(1) of the Act is amended to read as follows:

"(1)(1) In addition to payments under subsections (a) and (k), the Secretary shall pay to each State with a plan approved under part G an amount to carry out its program under such plan (including expenditures for child care under section 402(g)(1)(A)(i), but only in the case of a State to which section 1108 applies) equal to the sum of--

"(A) an amount equal to--

"(i) such State's expenditures to operate its WORK program (other than expenditures to which subparagraph (B) applies and expenditures, to which section 402(g)(1)(A) applies in the case of the 50 States and the District of Columbia), multiplied by

"(ii) the State's enhanced Federal medical assistance percentage as defined in subsection (m)(6), but such amount with respect to a State for any fiscal year may not exceed the limitation under paragraph (2) applicable to such State for such fiscal year, and

"(B) an amount equal to--

"(i) the State's expenditures for wages to participants in its program under part G (whether paid directly to the participant, or in the form of wage subsidies to the participant's employer), multiplied by

"(ii) such State's Federal medical assistance percentage, as defined in section 1905(b) (or, where applicable, the last sentence of section 1118).

"(2) The limitation under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the sum of (i) the average monthly number of individuals subject to the time limit in section 417 (and who are subject to the requirement to participate in the program under part F) in such State, and (ii) the average monthly number of individuals registered in such State's WORK program, bears to the total of such sums for all the States for months in the preceding fiscal year.

"(3) The amount specified in this paragraph is--

"(A) \$200,000,000 for fiscal year 1998,

"(B) \$700,000,000 for fiscal year 1999,

"(C) \$1,100,000,000 for fiscal year 2000,

"(D) \$1,300,000,000 for fiscal year 2001,

"(E) \$1,400,000,000 for fiscal year 2002,

"(F) \$1,600,000,000 for fiscal year 2003,

"(G) \$1,700,000,000 for fiscal year 2004, and

"(H) \$1,700,000,000, adjusted by the CPI as prescribed by section 406(i), and then multiplied by WORK program factor, as defined in paragraph (4).

reduced by 2 percent (for direct grants to Indian tribes and Alaska Native organizations under section 482(i)) and further reduced by 2 percent (of the amount specified in each subparagraph) (or in the case of fiscal years after 1998, 1 percent) for carrying out section 404 of the Comprehensive Welfare Reform and Family Support Amendments of 1994 (relating to demonstrations, research and evaluation, and technical assistance).

"(4) For purposes of determining the amount specified in paragraph (3) for any fiscal year, the 'WORK program factor' is the ratio of--

"(i) the sum of the average monthly number of recipients of aid in the State who are individuals described in section 402(a)(19)(B)(i) and WORK registrants (who are not receiving aid) for months in the preceding fiscal year, divided by the sum of the average monthly number of all recipients of such aid and WORK registrants (who are not receiving aid) for months in such preceding fiscal year, to

"(ii) such quotient with respect to the average monthly numbers for months in fiscal year 2004."

(d) Participation Standards for WORK Program.-- Section 403(1) of the Act is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) Notwithstanding any other provision of this paragraph, the Federal matching rate applicable to a State's expenditures for aid to families with dependent children shall be reduced for each month by 25 percent with respect to the average monthly number of individuals by which such State fails to meet its WORK participation standard.

"(B) For purposes of this paragraph, a State's WORK participation standard is met if --

"(i) the average monthly number of positions to which WORK registrants are assigned is not fewer than the number of such positions that the State is required by the Secretary, taking into account the limitation applicable to such State under paragraph (2) for the fiscal year involved, and the amounts of assistance necessary to locate or create WORK positions; or

"(ii) the ratio of --

"(I) the average monthly number of individuals assigned to positions in the WORK program, participating in job search as required by the State plan under part G following an assignment to a WORK position, but for a period of no longer than 3 consecutive months, being sanctioned pursuant

to section 496(f) or in unsubsidized employment and not receiving aid (but who at some time within the preceding 3 months were participating in the WORK program), to

"(II) the sum of the average monthly number of individuals registered with the State's WORK program and individuals in unsubsidized employment and not receiving aid (but who at some time within the preceding 3 months were participating in the State's WORK program,

is not less than 0.80."

(e) Provisions Applicable to JOBS, WORK, and Child Care Funding.-- Section 403(m) of the Act is amended to read as follows:

"(m)(1) If a State so requests, the limitation applicable to such State under subsection (k)(2) for a fiscal year, or the limitation applicable to such State under subsection (l)(2) for such fiscal year, may be increased (and the other limit decreased equally) by an amount up to 10 percent of the sum of such limits for such fiscal year or, if less, by the amount of the limit to be decreased. In the case of fiscal 1997, the State may request that its limit under subsection (k)(2) be reduced by up to 10

percent and the amount made available for preparing to conduct its WORK program.

"(2) If the sum of the amount specified in any fiscal year under subsection (k)(3), and the amount specified for such fiscal year under subsection (l)(3), exceeds (or if the Secretary estimates that it will exceed) the total amount paid (or estimated to be payable) under subsections (k)(1) and (l)(1)(A) for such fiscal year, then the Secretary shall adjust the maximums applicable to payments to those States to which the limits under such subsections have made additional payment unavailable under either subsection (k)(1) or (l)(1)(A), and to which payments for such fiscal year under either or both such subsections would be greater but for the applicability to such States of such limits. The Secretary shall by regulation provide for the equitable adjustment of such limits in the case where all States' requests for adjustment of limits, and additional payments, for a fiscal year under this paragraph exceed the amount available for reallocation.

"(3) If in any fiscal year--

"(A) a State's unemployment rate equals or exceeds the [total unemployment rate trigger for extended unemployment compensation; DOL will furnish proper reference], and

"(B) such State's total unemployment rate increases 10 percent (or more) over such rate for either the first or second preceding year,

the percent applicable to such State for such fiscal year, for purposes of each of subsections (k)(1)(A), (l)(1)(A)(i), and (n)(1)(A) shall be increased by 10 percent of the difference between 100 percent and the rate otherwise applicable in each of such subsections, respectively.

"(4) Notwithstanding the provisions of subsections (k) and (l), no amount of a State's expenditures as aid to families with dependent children shall be excluded for purposes of payment under subsection (a) by reason of the State's failure to meet the participation standards applicable to the State's program under part F (as amended by the Comprehensive Welfare Reform and Family Support Act of 1994) for months in the first year that such program is in effect, or by reason of the State's failure to meet the participation standard applicable to its program under part G during the first year that such program is in effect.

"(5) Prior to the general effective date of the amendments to part F made by the Comprehensive Welfare Reform and Family Support Act of 1994, or the general effective date of part G, as the case may be, the Secretary shall issue regulations containing the necessary information to permit implementation of such standards and application of reductions in Federal payment for

failure to meet such standards. Not later than 12 months after such amendments, or part G, become effective with respect to a State, such State shall be required to begin reporting data as required by the Secretary in order to determine whether the participation standards have been met.

"(6) As used in this part, a 'State's enhanced Federal medical assistance percentage' with respect to expenditures for a fiscal year means such State's Federal medical assistance percentage as defined in section 1905(b) (or, where applicable as defined in the last sentence of section 1118), plus

"(A) 5 percentage points, but not less than 65 percent, with respect to fiscal years 1996 and 1997,

"(B) 7 percentage points, but not less than 67 percent, with respect to fiscal year 1998,

"(C) 9 percentage points, but not less than 69 percent, with respect to fiscal year 1999, and

"(D) 10 percentage points, but not less than 70 percent, with respect to fiscal year 2000, and each fiscal year thereafter.

(f)(1) Section 402(g)(3)(A)(i) of the the Act is amended by striking out "Federal medical assistance percentage (as defined in section 1905(b))" and inserting in lieu thereof "State's enhanced Federal medical assistance percentage (as defined in section 403(m)(6))".

(2) Section 402(g)(B)(A)(ii) of the Act is amended by striking out "Federal medical assistance percentage (as defined in section 1118)" and inserting in lieu thereof "State's enhanced Federal medical assistance percentage (as defined in section 403(m)(6))".

(g) Section 403 of the Act is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding the preceding provisions of this section, the percentage applicable to a State for purposes of section 402(g)(3)(A) and subsections (k)(1)(A), (l)(1)(A)(ii), and (n)(1)(A) (for determining the Federal payment with respect to a State's JOBS program expenditures, portions of its WORK program expenditures, and its child care expenditures, respectively) shall be the State's Federal medical assistance percentage, but not less than 60 percent (or, in the case of subsection (n)(1)(A), the State's Federal medical assistance percentage) for any fiscal year--

"(1) in which the nonfederal share of the sum of its expenditures that may be included for purposes of subsection (a)(3) and its expenditures for its program under part F, its program under part G, and child care services under subsections (g) and (i) (not included under subsection (a)(3)) is less than the nonfederal share of expenditures for purposes of subsection (a)(3) and of expenditures (for

which Federal matching was provided) under its program under part F and child care services (not included under subsection (a)(3)) under subsections (g) and (i) for fiscal year 1994 (or fiscal year 1993 if such nonfederal share were greater for such year), or

"(2) in which the number of individuals to whom the provisions of section 417 are being applied is less than 90 percent of the number of individuals in the State who are custodial parents described in section 402(a)(19)(B)(i) and (ii) unless the State has submitted an approvable plan amendment that provides for implementing all statutory requirements to its JOBS program, and meeting related requirements with respect to 90 percent of such individuals within two years of the date such requirements first become effective."

(h) Secretary's Special Adjustment Fund.-- Section 403 of the Act is amended by adding at the end thereof the following new subsection:

"(p)(1) There shall be available to the Secretary from the amount appropriated for payments under subsection (k) for States' JOBS programs for fiscal year 1996, \$300,000,000 for special adjustments to States' limitations on Federal payments for their JOBS and WORK programs.

"(2) A State may, not later than March 1 and September 1 of each fiscal year, submit to the Secretary a request to adjust the limitation on payments under this section with respect to its JOBS (and, in fiscal years after 1997) its WORK programs for the following fiscal year. The Secretary shall only consider such a request from a State which has, or which demonstrates convincingly on the basis of estimates that it will, submit allowable claims for Federal payment in the full amount available to it under subsections (k) and (l) in the current fiscal year and obligated 95% of its full amount in the prior fiscal year. The Secretary shall by regulation prescribe criteria for the equitable allocation among the States of Federal payments pursuant to adjustments of the limitations referred to in the preceding sentence in the case where the requests of all States that the Secretary finds reasonable exceed the amount available, and, within 30 days following the dates specified in this paragraph, will notify each State whether one or more of its limitations will be adjusted in accordance with the State's request and the amount of the adjustment (which may be some or all of the amount requested).

"(3) The Secretary may adjust the limitation on Federal payments to a State for a fiscal year under subsection (k) and under subsection (l), and upon a determination by the Secretary that (and the amount by which) a State's limitation should be

raised, the amount specified in either such subsection, or both, shall be considered to be so increased for the following fiscal year.

"(4) The amount made available under subsection (a) for special adjustments shall remain available to the Secretary until expended. That amount shall be reduced by the sum of the adjustments approved by the Secretary in any fiscal year, and the amount shall be increased in a fiscal year by the amount by which all States' limitations under subsection (k), (l), and (n) for a fiscal year exceeded the sum of the Federal payments under such subsections for such fiscal year (after application of subsection (m)(2)), but for fiscal years after 1997, such amount at the end of such fiscal year shall not exceed \$400,000,000."

~~(m)(2)), but for fiscal years after 1997, such amount at the end of such fiscal year shall not exceed \$400,000,000."~~

SEC. 203. ADMINISTRATION OF THE JOBS AND WORK PROGRAMS

(a) State Option.-- Part G of title IV of the Act is amended by adding at the end thereof the following new section:

"ADMINISTRATION

"Sec. 497. (a) The chief executive officer of any State with a plan approved under part A may designate a State agency (hereafter referred to as the 'JOBS/WORK agency'), other than the agency established or designated under section 402(a)(3) (hereafter referred to as the 'part A agency') to administer (or supervise the administration of) the JOBS program under part F and the WORK program under this part in such State.

"(b) The JOBS/WORK agency designated under this section and the part A agency shall jointly submit the State plan required by parts F and G, and shall enter into and provide to the Secretary an agreement setting out the responsibilities of each agency. Any such agreement shall provide--

"(1) that the part A agency will retain responsibility for--

"(A) determining initial and continuing eligibility of applicants for and recipients of

(and the amount of) aid to families with dependent children;

"(B) maintaining accurate records of the number of months for which each individual received aid, and notifying individuals of the remaining months of eligibility, in accordance with the preceding provisions of this title;

"(C) applying sanctions when appropriate under the provisions of section 402(a)(19)(G) or 496(f);

"(D) affording an opportunity for a fair hearing as required by section 402(a)(4), or in connection with any disagreement (with adverse consequences) about the application of section 417 (other than matters about which the JOBS/WORK agency provides a hearing);

"(2) that each agency agrees to cooperate with the other in order to exchange all information necessary to carry out the programs involved in a manner that simplifies as much as possible the burden on recipients of aid under part A, and participants in the programs under parts F and G, and allows the most effective administration of all programs involved;

"(3) a specific description of how responsibility will be allocated and coordinated between the two agencies for the following functions:

"(A) determining to which individuals section 402(a)(19)(D) is applicable;

"(B) determining the individuals to whom extensions under section 417(e) are to be granted (and the length of such extensions);

"(C) conducting reviews, and providing dispute resolution measures, including fair hearings in appropriate cases, on disagreements arising out of requirements under the JOBS or WORK program; and

"(4) that the requirements of paragraphs (4), (5), (6), (9), (19), and (21)(A) of section 402(a) will be applicable as appropriate to the joint plan submitted under this section to the same extent (and together with all relevant regulations issued thereunder by the Secretary) as they are to a State plan submitted under part A.

"(c) In each State in which the chief executive officer designates an agency under subsection (a), the Secretary shall make payment to the agency so designated in the case of payments required under subsections (k) and (l) of section 403, rather than to the State's part A agency, and the JOBS/WORK agency so

designated shall be responsible for the proper expenditure of such funds.

"(d) Upon designation by the chief executive officer under subsection (a), and approval by the Secretary of the State plan submitted in accordance with this section, all references (whether direct or by context) in this Act to the State agency responsible for the State plan under part A shall be deemed to be references to the agency designated under this section when referring to a function or responsibility of such agency.

"(e) In any State administering a Statewide one-stop career center system for the provision of employment and training services, as defined by the Secretary jointly with the Secretary of Labor, the Governor shall ensure that the programs under parts F and G--

"(1) participate in the operation of such system, and

"(2) make employment and training services available to participants through the one-stop career centers."

SEC. 204. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND ALASKA  
NATIVE ORGANIZATIONS.

(a) Authority to Administer JOBS and WORK Programs.--

Section 482(i) of the Act is amended--

(1) by redesignating paragraphs (5), (6), (7), and (8) as paragraphs (6), (7), (8), and (9), respectively, and

(2) by amending paragraphs (1) through (4) of such subsection to read as follows:

"(1) (A) An Indian tribe or Alaska Native organization may apply to the Secretary to conduct both a JOBS program under this part, and a WORK program under part G. An application to conduct these programs in a fiscal year must be submitted not later than July 1 of the preceding fiscal year. Upon approval of the application, payment in the amount determined in accordance with the succeeding provisions of this subsection shall be made directly to the tribe or organization involved.

"(B) Neither the JOBS program nor the WORK program set forth in the application of an Indian tribe or Alaska Native organization submitted under subparagraph (A) need meet any requirement under this part or part G or under section 402(a)(19) that the Secretary determines is inappropriate for such program.

"(C) The JOBS and WORK programs of any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or organization or may be terminated by the Secretary upon a finding that such programs are not being conducted in substantial conformity with the terms of the application approved under subparagraph (A). Following voluntary termination of an application, or termination by the Secretary of an application of an Indian tribe or Alaska Native organization, such tribe or organization shall not be eligible to submit a new application

under subparagraph (A) with respect to any year before the sixth year following such termination.

"(2) The Secretary shall pay directly to each Indian tribe or Alaska Native organization with an application approved to conduct a JOBS program under this part and a WORK program under part G for a fiscal year an amount (without the requirement of any nonfederal share) which bears the same ratio to 2 percent of the sum of the amounts specified in sections 403(k)(3) and 403(l)(3) for such fiscal year as the adult Indian or Alaska Native population receiving aid to families with dependent children residing within the area to be served by the tribe or organization bears to the total of such adults residing within all areas which any such tribe or organization could serve. The Secretary shall from time to time review the components of the ratios established under the first sentence of this subparagraph to determine whether the individual payments under this subsection continue to reflect accurately the distribution of population among the grantees, and shall make adjustments necessary to maintain the correct distribution of funding.

"(3) A grantee under this subsection may use up to 20 percent of its payment for the JOBS program, or for the WORK program, as the case may be, for a fiscal year to carry out such program in the following fiscal year, and up to 10 percent of

such payment for either such program to carry out the other such program in the fiscal year for which the payment was made.

"(4) At the request of a grantee, the Secretary may approve use of up to 10 percent (or, if less, \$5000) of the payment for the JOBS program in connection with an economic development project upon a demonstration by the grantee that such project will include provision for training JOBS program participants in skills necessary for employment on the project.

"(5) An application under this subsection shall provide that (upon approval) the grantee will be responsible for determining whether an individual (within the grantee's service area) to whom the time limits of section 417 apply is one to whom section 402(a)(19)(D) is applicable, and whether (and for how long) extensions of the time limit under section 417 should be provided and for reporting to the State agency making payments of aid to the individuals served by the grantee the determinations made under this paragraph."

(b) Child Care.--Section 403 is amended by adding after and below subsection (b) the following new subsection:

"(c)(1) Each Indian tribe and Alaska Native organization submitting an application under section 482(i) to administer its JOBS and WORK programs under parts F and G, respectively, may also submit to the Secretary (as a part of the application) a description of the child care needs of its JOBS and WORK program

participants, and of the program that it will implement to meet such needs, and request direct funding for the provision of all such child care. The child care program described need not meet any requirement of this part (other than the requirements of section 402(g)(1)(A)(viii)) that the Secretary determines is inappropriate with respect to such child care program.

"(2) The Secretary shall pay to each Indian tribe and each Alaska Native organization whose application approved under section 482(i) includes a request for direct funding for child care an amount (without the requirement of a nonfederal share) to provide child care for recipients of AFDC and for participants in the tribe's or organization's JOBS and WORK programs, and to provide transitional child care with respect to an individual who is eligible for child care under section 402(g)(1)(A)(ii). The amount of the payment provided under the preceding sentence for a fiscal year shall not exceed the total amount payable directly to such tribe or organization under section 482(i).

"(3) The provisions of sections 402(g)(1)(A)(i) and (ii) shall not be construed as imposing any obligation upon a State to provide child care for the children of JOBS or WORK program participants included within an approved application under section 482(i) that includes a request for direct funding of child care, during the period for which such direct funding is provided.

"(4) The Secretary shall establish data collection and reporting requirements, and performance standards, with respect to child care programs implemented under this subsection."

SEC. 205. SPECIAL RULES FOR THE TERRITORIES.

(a) Exclusion From General Ceiling of JOBS, WORK, and "At-Risk" Child Care.--Section 1108(a) of the Act is amended by striking out, in the matter preceding paragraph (1), "section 403(k)" and inserting in lieu thereof "subsection (k), (1)(1), or (n) of section 403".

(b) Section 482 of the Act is amended by adding at the end thereof the following new subsection:

"(j) Options For Territories.--(1) In General.-- Puerto Rico, the Virgin Islands, Guam, and American Samoa may each determine whether the provisions of section 417 shall be applicable under its State plan approved under part A, and, if so, part G shall be applicable. Each State exercising the option in the preceding sentence shall submit the necessary plan amendments and plans to the Secretary for approval. Any such plan or plan amendment must also describe with respect to such section 417 and part G (and all related amendments) a phase-in strategy and a timetable for achieving full implementation.

"(2) Secretarial Waivers.--The Secretary may waive or modify any requirement pertaining to the provisions of section 417, the program required under part G, or the requirements of part A

(including participation rates and performance standards) that, as established with reference to the 50 States and the District of Columbia, would be inappropriate for a State to which this subsection applies.

"(3) Termination.--The applicablility of section 417 and part G to a State to which this section applies may be terminated voluntarily by such State, but following any such termination, such State shall not be eligible to exercise the option with respect to any year before the sixth year following such termination."

SEC. 206. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS.

Section 482 of the Act is amended by adding at the end thereof the following new subsection:

"(j) Training and Employment for Non-Custodial Parents.--

"(1) The Secretary shall approve the application of a State to conduct a program of training and employment opportunities for noncustodial parents that meets the requirements of this subsection.

"(2) An application to conduct a program under this subsection shall --

"(A) describe the political subdivision or subdivisions, or other identifiable areas of the State where the program will be conducted,

"(B) describe the services that will be provided to participants, including the training, job readiness services, and employment opportunities that will be available, and indicate whether these will be provided through the program under this part or under part G (or both) or whether some or all of the activities under this subsection will be conducted as a separate program,

"(C) describe the supportive services that will be provided to enhance the participant's involvement in the program and ability to obtain employment and meet his or her child support obligations,

"(D) indicate whether the State will conduct a random assignment evaluation of the effects of the program on improved responsibility in meeting child support obligations, and

"(E) provide assurance that the State's program will comply with the requirements of this subsection.

"(3) The application must provide that a noncustodial parent will be eligible to commence participation in the program under this subsection if his or her child is receiving aid to families with dependent children (or the child's custodial parent is receiving wages in connection with the program under part G), or if the noncustodial

parent owes past-due child support which has been assigned to the State agency administering the State plan approved under part A and is unemployed. Paternity must be established before a noncustodial father may enter the program, and the noncustodial parent must be cooperating in the establishment of a child support obligation and the entry of an award. If a parent who has been participating in the program ceases to be eligible therefor because the child with respect to whom the support obligation exists is no longer eligible for aid to families with dependent children (and the custodial parent is not receiving wages in connection with the program under part G), the State must nonetheless allow the participant to complete the training or program activity.

"(4) A State conducting a program under this subsection shall not be required --

"(A) to accept all applicants even though they meet the criteria of paragraph (3), or

"(B) to provide the same training, services, or employment opportunities to all participants, and the State shall not require -

"(C) that individuals participate in the JOBS program (or in education or training activities comparable or similar to the JOBS program) as a

prerequisite to participation in the WORK program (or comparable program of subsidized employment), or

"(D) that the custodial parent of an individual's child be participating in the JOBS program under part F or the WORK program under part G as a condition of such individual's eligibility to participate in the program under this subsection.

"(5) The State agency shall assure that wages will be paid for work performed by the participant and may provide for the payment of training stipends.

"(6) (A) The State agency shall garnish subsidized wages, or any stipends, paid in connection with a non-custodial parent's participation in the program under this subsection, and remit them to the State agency administering the State plan approved under part D for distribution as a child support collection in accordance with the provisions of that part.

"(B) The State may provide, if, with respect to an individual participating in the program under this subsection, it has jurisdiction over the child support obligation being enforced that hours of participation in program activities may, on a reasonable basis, be credited to reduce amounts of past-due child support owed to such State agency by the individual.

"(7) (A) A State with an application approved under this subsection may use, for carrying out the program described in such application in any fiscal year, up to 10 percent of the sum of the amounts available to it for such fiscal year under subsection (k) (2) and (1) (2) of section 403. The State shall be entitled to so much of such amount as equals the percentage specified in section 403(k) (1) (A) multiplied by its expenditures necessary to carry out its approved application.

"(B) A State may include, as expenditures necessary to carry out its approved application, amounts expended for stipends, wage subsidies, supportive services, training, and administrative costs of the State agency directly related to the program under this subsection."

#### SEC. 207. FEDERAL TAX TREATMENT OF WORK WAGES

(a) Work Wages Ineligible For Earned Income Tax Credit.-- Subparagraph (B) of section 32(c) (2) (defining earned income for purposes of the Earned Income Tax Credit) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting in lieu thereof ", and", and by inserting after clause (iii) the following clause:

"(iv) no amount of wages earned from a WORK position to which the individual was assigned under Part G of title IV of the Social Security Act shall be taken into account."

(b) WORK Wages Not Subject To FUTA.-- Section 3306(b) (defining wages for purposes of the federal unemployment tax) of the Internal Revenue Code of 1986 is amended by striking "or" at the end paragraph (15), by striking the period at the end of paragraph 16 and inserting in lieu thereof ", or", and by inserting after paragraph (16) the following paragraph:

"(17) wages earned from a WORK position to which the individual was assigned under Part G of title IV of the Social Security Act."

(c) WORK Wages Excluded From Gross Income.-- The Internal Revenue Code of 1986 is amended by redesignating section 137 (containing certain cross references) as section 138, and by inserting after section 136 the following section:

"Section 137. WORK Program Wages.-- Gross income shall not include any wages earned from a WORK position to which the individual was assigned under Part G of title IV of the Social Security Act."

### TITLE III - CHILD CARE

SEC. 301. CHILD CARE FOR JOBS AND WORK PROGRAM PARTICIPANTS AND AT-RISK FAMILIES.

(a) Guarantee While in WORK or JOBS Program.-- (1) Section 402(g)(1)(A)(i)(I) of the Act is amended by striking out the semicolon and inserting in lieu thereof "(including employment under part G, or other required activities under such part);".

(2) Section 402(g)(1)(A)(i) of the Act is amended--

(A) by striking out "(including participation in a program that meets the requirements of subsection (a)(19) and part (F))", and

(B) by striking out "approves the activity" and inserting in lieu thereof "approves the activity as part of the individual's employability plan under part F (regardless of whether resources are available to provide other services or pay for other activities to carry out such plan)".

(b) Transitional Child Care After Leaving Work Program.--

(1) Section 402(g)(1)(A)(ii) of the Act is amended immediately following "aid to families with dependent children" by inserting "or wages under the program under part G".

(2)(A) Clause (iii) of section 402(g)(1)(A) of the Act is amended by inserting before the period at the end thereof "or wages under part G".

(B) Clause (iv) of such section is amended immediately after "aid to families with dependent children" by inserting "or wages under part G".

(c) Health and Safety Standards; Continuity of Care.-- (1) For Recipients.--Section 402(g)(1)(A) of the Act is amended by adding at the end thereof the following new subparagraphs:

"(viii) Child care guaranteed under this section, whether provided by a method permitted under subparagraph (B) or by means of an agreement under subsection (j) with the lead agency designated under the Child Care and Development Block Grant Act of 1990 (hereafter referred to as the 'CCDBG Act'), must meet all health and safety standards established by the lead agency (for purposes of the CCDBG Act), and, in addition to any other requirements imposed pursuant to that Act, the State agency must establish immunization requirements and assure (and any such agreement must provide) that, consistent with regulations of the Secretary (I) children whose child care is paid for, in whole or in part, under this subsection will be required to have received all immunizations, at the appropriate times, as currently recommended by the Advisory Committee on Immunization Practices (an advisory committee established by the Secretary, acting through the director of the Centers for Disease Control and Prevention) as specified on the pediatric vaccines list referred to in section 1928(e), and (II) child care providers used will take steps to assure that toxic substances, weapons, and any other items at the location where the child care is provided that

could be harmful to young children, will be secured and unobtainable by the children.

"(ix) The State plan must assure that child care provided under this subsection will conform in all ways to the provisions for parental choice, unlimited parental access, handling of parental complaints, and consumer education, as well as to all the other standards, criteria, and requirements applicable to child care provided under the CCDBG Act.

"(x) The State agency may, at its option, provide or authorize the provision of child care under this subsection (and if it exercises this option, shall so advise the lead agency designated under the CCDBG Act, if it has an agreement with such agency under subsection (j)) to a child for such periods of time as are necessary to assure continuity of care even though, for such periods, the individual whose participation in the program under part F or part G or whose employment is enabled by the child care may have temporary interruptions in employment or training."

(2) For At-Risk Families.--Section 402(i) of the Act is amended by redesignating paragraphs (5) and (6) as paragraphs (8) and (9), respectively, and by inserting after paragraph (4) the following new paragraphs:

"(5) Child care provided under this subsection, whether provided by a method permitted under paragraph (2) or by means of

an agreement under subsection (j) with the lead agency designated under CCDBG Act, must meet all health and safety standards established by the lead agency (for purposes of the CCDBG Act), and, in addition to any other requirements imposed pursuant to that Act, the State agency must establish immunization requirements and assure (and any such agreement must provide) that, consistent with the regulations of the Secretary (i) children whose child care is paid for, in whole or in part, under this subsection will be required to have received all immunizations, at the appropriate times, as currently recommended by the Advisory Committee on Immunization Practices (an advisory committee established by the Secretary, acting through the director of the Centers for Disease Control and Prevention) as specified on the pediatric vaccines list referred to in section 1928(e), and (ii) child care providers used will take steps to assure that toxic substances, weapons, and any other items at the location where the child care is provided that could be harmful to young children, will be secured and unobtainable by the children.

"(6) The State plan must assure that child care provided under this subsection will conform in all ways to the provisions for parental choice, unlimited parental access, handling of parental complaints, and consumer education, as well as to all

other standards, criteria, and requirements applicable to child care provided under the CCDBG Act.

"(7) The State agency may, at its option, provide or authorize the provision of child care under this subsection (and if it exercises this option, shall so advise the lead agency designated under the CCDBG Act, if it has an agreement with such agency under subsection (j)) to a child for such periods of time as are necessary to assure continuity of care even though, for such periods, the individual whose employment is enabled by the child care may have temporary interruptions in employment."

SEC. 302. RELATED AMENDMENTS.

(a) Child Care for Participants in the JOBS or WORK Program, and Transitional Child Care.-- Section 402(g) of the Act is amended--

(1) by striking out, in paragraph (1)(A)(vii), "a sliding scale formula" and all that follows and inserting in lieu thereof "the sliding fee scales established by the lead agency designated under the Child Care and Development Block Grant Act of 1990 as required by section 658E(c)(5) of that Act.";

(2) by amending paragraph (1)(C)(i) by striking out clause (II) and inserting in lieu thereof "an amount not less than the amount provided in the State plan pursuant to this clause for January 1994."; by

(3) by amending paragraph (3)(B) by adding "and" after clause (i), striking out "applicable standards" and all that follows in clause (ii) and inserting in lieu thereof "all requirements, standards, and criteria applicable to child care funded under the CCDBG Act.", and by repealing clause (iii); and

(4) by repealing paragraphs (4) and (5).

(b) At-Risk Child Care.-- Section 402(i) of the Act is amended--

(1) in paragraph (3)(A), by striking out "a sliding scale formula" and all that follows and inserting in lieu thereof "the sliding fee scales referred to in subsection (g)(1)(A)(vii).";

(2) in paragraph (7)(B) (as redesignated by section 401(c)(2)), by striking out "applicable standards of State and local law;" and inserting in lieu thereof "all requirements, standards, and other criteria applicable to child care funded under the CCDBG Act; and;"

(3) by repealing subparagraphs (C) and (D) of such paragraph (7); and

(4) by amending paragraph (8) (as redesignated) to read as follows:

"(8) In order to facilitate more accurate analysis of the supply and quality of child care resources, the demand for such resources that cannot currently be satisfied, and the effectiveness and relationship of Federal programs providing support for child care and child development activities, the Secretary shall specify by regulation a core set of consistently defined data elements for child care which must be used by each State with respect to all reports relating to child care or child development activities supported in whole or in part under this Act or under the CCDBG Act."

SEC. 303. LIMITATION OF AT-RISK CHILD CARE TO FAMILIES INELIGIBLE FOR RECIPIENT OR TRANSITIONAL CHILD CARE

Section 402(i)(1)(A) of the Act is amended to read as follows:

"(A) is not eligible for child care under subsection (g);".

SEC. 304. OPTION TO CONSOLIDATE STATE RESPONSIBILITY FOR CHILD CARE.

(a) State Option.-- Section 402 of the Act is amended by adding at the end thereof the following new subsection:

"(j)(1) In order to provide the child care which must be guaranteed pursuant to subsection (g) or which may be furnished pursuant to subsection (i), the State agency may enter into an

agreement, with the lead agency designated under section 658D of the CCDBG Act under which--

"(A) subject to paragraph (2), the State agency will pay (either in advance or as reimbursement) the lead agency for the cost of providing child care for any child with respect to whom care must be guaranteed under subsection (g) or is to be furnished under subsection (i), and the lead agency agrees that care for all such children will only be paid for from such reimbursement; and

"(B) that (i) all child care provided by the lead agency under the agreement, whether directly or by contractual or other arrangements, will be subject to the same requirements, standards, and other criteria as are applicable to child care funded under the CCDBG Act, and (ii) parents and children to whom such care is provided will be offered all the same protections and procedural safeguards as are applicable to child care furnished under the CCDBG Act.

"(2) Limits of Reimbursement.--The State agency shall not pay the lead agency for care provided to a child an amount (A) less than the minimum permitted under subsection (g)(1)(C)(i)(II) and specified by the State for fiscal year 1994 in its plan approved under this part nor (B) in excess of the amount described in subsection (g)(1)(C) or (i)(3)(B), whichever may be

applicable to the child involved, and, with respect to children to whom subsection (i)(3)(B) applies, the State agency shall be obligated to pay the lead agency for child care furnished in a fiscal year only to the extent of appropriations available for such purpose for such fiscal year.

"(3) Single State Agency.-- Nothing in this subsection shall be construed as precluding the designation of the agency established or designated under section 402(a)(3) as the lead agency for purposes of the CCDBG Act. No agreement shall be necessary in the case where the same agency is designated under both the CCDBG Act and this Act, but the agency shall, as lead agency, comply with all the provisions of this subsection."

#### SEC. 305. FUNDING FOR QUALITY IMPROVEMENT AND LICENSING

##### ACTIVITIES BENEFITTING CHILDREN RECEIVING AFDC OR AT-RISK CHILD CARE.

(a)(1) Licensing and Monitoring Costs.--Section 402(g)(3) of the Act is amended by adding at the end thereof the following new subparagraph:

"(C) In determining the amount expended by a State for purposes of section 403(a)(3), the Secretary shall allow the State to include an amount, determined in accordance with a formula prescribed by the Secretary, to reimburse the State for expenditures in connection with licensing, monitoring, and similar activities with respect to child care providers in the

State. The formula adopted by the Secretary shall reflect either the number of children for whom child care is reimbursed under section 403(a), the number of child care providers in the State furnishing such child care, or both, and any other factors which the Secretary determines it would be equitable to consider. The total payment to all States pursuant to this subparagraph shall not exceed \$15,000,000 for any fiscal year."

(2) The amendment made by paragraph (1) shall be effective for fiscal years after 1996.

(b) Supply and Quality Improvement Activities.--Section 402(i) of the Act is amended by redesignating paragraph (9) (as previously redesignated) as paragraph (10) and inserting after and below paragraph (8) the following:

"(9) Of the amount available to a State for any fiscal year under section 403(n), 10 percent of such amount may be paid by the Secretary with respect to expenditures for those activities to improve the quality of child care in the State described in section 458G of the Child Care and Development Block Grant Act (referred to in this subsection as the 'CCDBG' Act) and to increase the availability in low-income communities of child care appropriate for infants and very young children in a variety of settings. Either the State agency administering the plan approved under this part or the lead agency designated under the CCDBG Act may conduct such activities (in which case the State

agency shall pay to the lead agency the amount provided by the Secretary for this purpose pursuant to the preceding sentence).".

SEC. 306. FUNDING OF CHILD CARE FOR FAMILIES AT RISK OF WELFARE  
DEPENDENCY.

(a) Federal Funding.-- Section 403(n) is amended--

(1) in paragraph (1)(A), by striking out "the Federal medical assistance percentage as defined in section 1905(b))" and inserting in lieu thereof "the State's enhanced Federal medical assistance percentage (as defined in subsection (m)(6))"; and

(2) in paragraph (2), by amending subparagraph (B) to read as follows:

"(B) The amount specified in this subparagraph is --

"(i) \$300,000,000 for fiscal year 1995,

"(ii) \$500,000,000 for fiscal year 1996,

"(iii) \$600,000,000 for fiscal year 1997,

"(iv) \$700,000,000 for fiscal year 1998, and

"(v) \$1,000,000,000 for fiscal year 1999,

"(vi) \$1,050,000,000 for fiscal year 2000,

"(vii) \$1,100,000,000 for fiscal year 2001,

"(viii) \$1,150,000,000 for fiscal year 2002,

"(ix) \$1,200,000,000 for fiscal year 2003,

"(x) \$1,300,000,000 for fiscal year 2004, and

"(xi) the product of \$1,300,000,000 adjusted by the CPI as prescribed in section 406(i) and the ratio of the child population in the United States for the most recent preceding fiscal year for which such data are available, to such population for the second most recent preceding fiscal year,

reduced by 2 percent (or, in the case of fiscal years after 1998, 1 percent) for carrying out section 404 of the Comprehensive Welfare Reform and Family Support Amendments of 1994."

(b) Reallotment of At-Risk Child Care Funds.-- Section 403(n)(3)(C) of the Act (permitting a one-year carryover by a State of unclaimed Federal funds for at-risk child care) is amended to read as follows:

"(C) If the amount specified in subparagraph (B) for any fiscal year exceeds (or if the Secretary estimates that it will exceed) the total amount paid (or estimated to be payable) under paragraph (1) for such fiscal year, then the Secretary shall provide additional payments to States whose expenditures pursuant to section 402(i) for such year exceed their limitation on Federal payment under paragraph (2). The Secretary shall by regulation provide for the equitable reallotment of any amounts available in the case where all States' claims for a fiscal year under this subparagraph exceed the amount available for reallotment."

## SEC. 307. SUPPLEMENT TO INCOME DISREGARD.

(a) Requirement.-- Section 402(g)(1)(B) of the Act is amended by adding at the end thereof the following new sentence: "If the State agency guarantees child care by applying the income disregard provision in subsection (a)(8)(A)(iii) in determining the amount of aid to be paid for a month, the State agency shall offer the caretaker relative the option of receiving care under another arrangement pursuant to this subparagraph, or, alternatively, the State agency shall reimburse the caretaker relative for expenditures for child care for such month in an amount equal to the excess of such expenditures (or, if less, the maximum amount that may be paid for the type of child care involved, as determined under subparagraph (C)) over the maximum amount that may be disregarded under such subsection."

(b) Notice.-- Section 402(g)(1)(A)(i) of the Act is amended by striking out the period at the end and inserting in lieu thereof a semicolon and adding after and below clause (II) the following:

"and if the State agency applies the income disregard provision in subsection (a)(8)(A)(iii) without reimbursement under subparagraph (B) for any additional cost, it shall advise each such family that they also have the option to have the State agency provide child care under another arrangement pursuant to subparagraph (B)."

## TITLE IV -- PROVISIONS WITH MULTI-PROGRAM APPLICABILITY

## SEC. 401. PERFORMANCE STANDARDS.

Section 487 of the Act is amended to read as follows:

"SEC. 487. Performance Standards.

"(a) Development of Factors to be Measured.-- In order to specify a set of outcome-based performance measures to which the Secretary can thereafter apply standards of achievement to define successful State JOBS and WORK programs (with appropriate variations in the factors to be measured, and the standards applied, among the States and for programs directly administered by Indian tribes or Alaska Native organizations), the Secretary shall develop recommendations for factors to be measured in assessing such programs, together with specific elements to be examined and the methodology for collecting the necessary data. Factors to be recommended shall include the percentage of a State's AFDC caseload subject to the time limits in section 417 who receive aid for 24 cumulative months and may include factors such as those considered under section 106 of the Job Training Partnership Act, as well as --

"(1) the increase in employment and level of earnings of program participants after leaving the JOBS and WORK programs,

"(2) the retention of program participants for significant periods of time in unsubsidized employment,

"(3) the decrease in the rate of dependency on welfare of participants' families,

"(4) the improvement in the long-term economic well-being of families with children with a family member who previously participated in one or both such programs, and

"(5) such other factors as the Secretary finds appropriate.

The Secretary shall solicit views on the recommendations from the Secretary of Labor, the Secretary of Education, and other Federal, State, and local officials (and representatives of associations of such officials) from both the executive and the legislative branches of government, and from other individuals and organizations with expertise in the fields of social welfare, education and training programs for children and adults, employment-related programs and social and supportive services related to these areas, as well as from community-based organizations and former and current program participants. Based upon the consultations and consideration of the views provided regarding the recommended factors, the Secretary shall, not later than October 1, 1996, publish in the Federal Register the factors to be measured in assessing States' performance in administering the programs established under parts F and G.

"(b) Development of Performance Standards.-- (1) Recommendations.-- In order to set standards of achievement to be

applied to each of the factors to be measured as defined in accordance with subsection (a), the Secretary shall, not later than April 1, 1998, develop recommended standards to be applied to each of the factors. Views on these recommended standards shall be solicited from officials, organizations, and individuals broadly representative of the groups described in subsection (a). Based upon the consultations and consideration of the comments received from these sources, the Secretary shall, not later than October 1, 1998, publish in the Federal Register the standards to be applied to the measurement factors.

"(2) Requirements.-- The performance standards described in paragraph (1) shall include provisions governing cost-effective methods for obtaining such data as are necessary to carry out this section which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, records collected under the Federal Insurance Contributions Act (chapter 21 of the Internal Revenue Code of 1986), State aid to families with dependent children records, and the use of statistical sampling techniques, and similar records or measures, with appropriate safeguards to protect the confidentiality of the information obtained.

"(c) Incentives and Penalties.-- The Secretary shall recommend and, not later than October 1, 1998, issue regulations prescribing incentives for States meeting or exceeding the

performance standards adopted pursuant to subsection (b), and penalties for States failing to meet such standards. In developing such regulations, the Secretary shall study and consider the relationship between penalties and incentives as a means of achieving the proposed standards. Such regulations shall also include provisions for delay of any penalty when the Secretary finds it appropriate to afford a State sufficient time to develop and (with the Secretary's approval) implement a corrective action plan which, if successful, will obviate the application of a penalty, and provision for furnishing technical assistance to any State in order to improve its program and avoid the application of a penalty.

"(d) The Secretary shall, from time to time, and in consultation with officials, organizations, and individuals broadly representative of the groups referred to in subsection (a), review and, if appropriate, propose modifications to the factors to be measured, the standards of performance, or the incentives and penalties, and after opportunity for review and comment, modify any one or more of such items.

"(e) The Secretary shall on an annual basis make public the level of performance achieved by each State as compared to the applicable standard.

"(f) (1) Each State with a plan approved under this part shall collect and furnish such data as the Secretary may require

to assist in the development of the factors to measure performance (pursuant to subsection (a)) and the development of standards to be applied to those factors (pursuant to subsection (b)).

"(2) Each State with a plan approved under this part shall establish methods to solicit, on a regular and ongoing basis, the views of participants in the program under this part, and in the WORK program under part G, and of employers of participants from both programs, on the quality and effectiveness of the services provided under the program. Participants and employers may provide either oral or written views, and the State should use a range of methods to obtain such views, including written questionnaires and group interviews and discussions. The information obtained from participants and employers shall be analyzed by the State and a summary of the information, together with the State's analysis, made available for use in improving the administration of the JOBS and WORK programs.

#### SEC. 402. AFDC QUALITY CONTROL SYSTEM AMENDMENTS.

(a) Expanded Purpose.--Section 408 (a) of the Act is amended to read as follows:

"(a) In General.--In order (1) to improve the accuracy of payments of aid to families with dependent children, and wages under the WORK program under part G, to assess the accuracy of State reported data relating to its JOBS and WORK programs and to

its implementation of the time limits established by section 417, (2) to determine the number of individuals to whom the State found applicable section 402(a)(19)(D) (by each of the categories enumerated within such section) and the number of individuals with respect to whom an extension of the time limit under section 417 was provided (by each of the categories enumerated within section 417(e)), (3) to determine whether participation standards under section 403 have been met, (4) to assess the effectiveness of the State's program by applying the performance standards developed under section 487, and (5) to serve such other purposes as the Secretary finds appropriate for a performance measurement system, the Secretary shall establish and operate a quality control system to secure the accurate data needed to measure performance, identify areas in which corrective action is necessary, and determine the amount (if any) of the disallowance required to be repaid to the Secretary because of erroneous payments of aid made by the State, or its failure to meet such participation or performance standards."

(b) Additional Data Required to be Sampled.-- Section 408(h) of the Act is amended--

(1) by redesignating paragraphs (2) through (6) as paragraph (3) through (7), respectively,

(2) by adding after and below paragraph (1) the following new paragraph:

"(2) payments of aid that will be considered, for purposes of this section, to be erroneous payments because of a State's exceeding the limits specified in section 402(a)(19)(D) or 417(e), and the State's failure to achieve the participation rates specified in section 403, or to meet the performance standards developed pursuant to section 487, and the additional data elements to be included in a sample (and whether as part of the sample review under subsection (b) or separately) in order to determine whether such participation rates have been achieved, and the extent to which the State has met such performance standards;" and

(3) by amending paragraph (3) (as redesignated) by inserting before the semicolon "and matters relating to the size and selection of samples and relating to the methodology for making statistically valid estimates of the State's compliance with the limits referred to in paragraph (2) and its achievement of participation rates and performance (measured against such standards) achieved by the State".

(c) State Studies.--Section 408(h) is amended by adding at the end thereof the following new sentence:

"Expenditures by a State to conduct studies approved by the Secretary to test and improve its quality control system, and adapt it to the full range of purposes described in subsection

(a) shall, notwithstanding any other provision of law, be considered for purposes of section 403(a)(3) to be necessary for the proper and efficient administration of the State's plan approved under this part."

(d) Conforming Amendment.--Section 408(b)(5) of the Act is amended--

(1) in subparagraph (A), by striking out "subsection (h)(3)" and inserting in lieu thereof "subsection (h)(4)", and

(2) in subparagraph (B), by striking out "subsection (h)(4)" and inserting in lieu thereof "subsection (h)(5)".

(e) Consultation.--The Secretary of Health and Human Services shall consult with the State agencies administering programs under parts A, F, and G of title IV of the Act, and with others knowledgeable about design and administration of quality control systems and performance measurements systems, and thereafter, but not later than April 1, 1995, report to the Congress and publish in the Federal Register the proposed rules necessary to effectuate the amendments to section 408 of the Act made by this section.

SEC. 403. NATIONAL WELFARE RECEIPT REGISTRY; STATE INFORMATION SYSTEMS

(a) Federal Responsibilities.-- Part A of title IV of the Act is amended by adding after section 410 the following new section:

"NATIONAL WELFARE RECEIPT REGISTRY

"Sec. 411. (a) Establishment.-- (1) In General. In order to assist States in administering their State plans approved under this part, part F, and part G, the Secretary shall establish and maintain an automated registry, to be known as the National Welfare Receipt Registry, containing information reported by each State agency administering a plan approved under this part concerning individuals receiving (or who have received) aid to families with dependent children or wages under a State's WORK program under part G.

"(b) Information to be Maintained.-- There shall be maintained in the Registry, at a minimum, the following information with respect to each individual in the family who has received aid to families with dependent children:

"(A) the individual's name, date of birth, and social security account number;

"(B) the months for which aid was provided (with respect to such individual), including months in which no aid was paid with respect to such individual because a sanction was being applied pursuant to section 402(a)(19)(G), section 402(a)(26), or section 496(f);

"(C) months in which section 402(a)(19)(D) was applicable to the individual;

"(D) months during which an extension under section 417 (e) was provided with respect to an individual;

"(E) months in which an individual was registered with the State's WORK program under part G and months in which the individual was assigned to a position under part G; and

"(F) such other information as the Secretary may determine would assist in the administration of the programs involved, including the performance measurement of one or more of such programs.

"(c) Use of Information.-- (1) To Whom Provided.-- The Secretary shall promptly respond to requests by a State agency administering a plan approved under this part for information with respect to one or more individuals, identified by name and social security number. The Secretary shall furnish such information electronically, and if such an individual has previously received (or is receiving) aid to families with dependent children, or was registered under a program pursuant to part G, identify the State making payment of aid or administering the program under part G for each month involved or indicate that the requested information is not in the Registry.

"(2) Regulations.-- The Secretary shall prescribe rules pertaining to--

"(A) the format in which and process by which States must submit the information maintained under subsection (b);

"(B) the format in which and process by which States must submit requests (and responses will be furnished to such requests) for information under this subsection;

"(C) the safeguards that the State must adopt to assure that requests are submitted, and responses received, only by personnel authorized by the State agency to perform these functions; and

"(D) steps that the State must take to safeguard any information received from the Registry, and assure that it will not be redisclosed except to the extent permitted under section 402(a)(9) or under this section.

The Secretary shall take into consideration in developing and issuing rules under this subsection the varying levels of capability among the States to monitor, provide, and receive by electronic means, the information to be maintained in the Registry, and shall allow in such rules a State to adopt alternatives to the generally applicable requirements if the

State demonstrates that its alternative will be effective in reporting, receiving and using the information to be maintained in the Registry and the State has in effect an advance planning document approved under section 402(e).

"(d) The Secretary shall not be liable to either a State or an individual for inaccurate information provided to the Registry by one State and reported by the Secretary to a second State.

"(e) The Secretary may disclose information in the Registry, in addition to disclosure to States for the purposes described above, only--

"(1) to the Social Security Administration to order to verify the accuracy of, and as necessary to correct, the social security account numbers of individuals about whom information has been reported,

"(2) to the Internal Revenue Service for purposes directly connected with the administration of the earned income tax credit under section 32 of the Internal Revenue Code 1986, or the advance payment of such credit under section 3507 of such Code or for verification of a dependency exemption claim in an individual's tax return,

"(3) to the Secretary of Labor (or the State agency administering the State's program under title III of the Act) for purposes directly connected with

the administration of the unemployment compensation program under title III (or under a State law with respect to which the Secretary of Labor certifies payment under such title), and

"(4) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of this part or part F or G, but without personal identifiers.

"(f) There are authorized to be appropriated to establish the National Welfare Receipt Registry, \$6,000,000 for fiscal year 1995, and to operate the Registry, \$4,000,000 for each of fiscal years 1996 through 1999.

(b) State Responsibilities.-- Section 402(a) of the Act is amended by adding after paragraph (28) the following new paragraph:

"(29) provide--

"(A) that information will be reported to the National Welfare Receipt Registry, at such times, in such format and by such process as the Secretary shall prescribe pursuant to section 411;

"(B) that the State agency will request from such Registry, and from the other Registries maintained as part of the National Welfare Reform Information Clearinghouse established pursuant to section 453A, in

such manner as the Secretary may prescribe, and will use all information that would facilitate the proper and efficient operation of the State's programs under this part and parts F and G, and

"(C) that the State agency will cooperate with any other State agency administering or supervising the administration of a plan approved under this part in order to resolve any disagreement between an individual seeking aid under such a plan (or seeking to participate in a program under part G) and the State about the correctness of information it reported to the Registry and report to the Registry any corrections to be made in the data contained in the Registry;"

(c) State Automated Information System.-- Section 402(a)(30) of the Act is amended to read as follows:

"(30) (A) provide for an automated system which manages, monitors, and reports the information in paragraph (29) efficiently and economically, and for security against unauthorized access to, or use of the data in such system; and

"(B) at the option of the State, provide for the establishment and operation, in accordance with an (initial and annually updated) advance planning document approved under subsection (e), of a statewide automated information

system to assist in the administration of the State plan approved under this part through automated procedures and processes in any one or more of the following areas--

"(i) to assist in performing a intake and referral functions;

"(ii) to assist in providing the child care services required under subsection (g)(1), and available under subsection (i), and coordinating the provision of such services with those provided in the State under the Child Care and Development Block Grant Act, in an efficient manner that eliminates (or at least minimizes) the disruption of service to children and families and assists the State to monitor the quality, cost, and delivery of such services; or

"(iii) to assist in the administration of the State's plan approved under part F, including monitoring the delivery of employment and training services and related support services, and to manage the information necessary to administer and assess its programs under parts F and G;

and to provide for security against unauthorized access to, or use of, the data in such system and, if the State elects to implement any such automated system, may also develop and implement a system (or, if more cost-effective, enhance an

existing system) for determining eligibility for any payment amount of aid under this part;".

(d) Development of Model Automated Information Management Systems.-- Section 413 of the Act (including its heading) is amended to read as follows:

"MODEL AUTOMATED INFORMATION MANAGEMENT SYSTEMS

"Sec. 413. (a)(1) The Secretary shall, in partnership with States, design and develop model automated support and case management systems to assist States in the operation, managing, tracking, and reporting in each of the program areas described in section 402(a)(30)(A) and clauses (i), (ii), and (iii) of section 402(a)(30)(B), and thereafter provide necessary technical assistance to States choosing to adopt such model.

"(2) Two or more States may determine to collaborate in developing model automated support and case management systems to assist them in operating, managing, tracking, and reporting in each of the program areas described in section 402(a)(30) and, in such case, the Secretary shall provide all appropriate technical assistance, and otherwise cooperate with the States' collaboration to develop systems that meet all the requirements of this part.

"(b) The model system developed by the Secretary under subsection (a)(1), or the system developed collaboratively by States under subsection (a)(2), must meet the following criteria:

"(1) with respect to payment of aid under the State's plan approved under this part, the system must be capable of assisting in performing the intake and referral function;

"(2) with respect to the State's child care programs under this part, as well as under the CCDBG Act, the system must be capable of assisting in --

"(A) identifying, and establishing the eligibility of families with children in need of child care, and determining the appropriate program under which to pay for such care;

"(B) determining the continuing eligibility of such families for such care, and plan for and monitor services provided to such families;

"(C) process payments and other financial data needed for the management of the child care programs, and

"(D) produce necessary management reports for the efficient and effective administration of the child care programs, including the generating of required financial and statistical reports;

"(3) with respect to the State's JOBS and WORK programs under parts F and G respectively, the system must be capable of assisting in --

"(A) assessing a participant's service needs in relation to stated goals,

"(B) developing an appropriate employability plan, and

"(C) monitoring and recording the individual's attendance at or participation in all required program activities.

In the case of each of the State's systems described in paragraphs (1), (2), and (3), the system must also be capable of exchanging data electronically with related Federal electronic data systems and other such systems of the State, and providing such other information necessary to assess the State's program performance against the standards established by the Secretary under section 487.

"(c) There are authorized to be appropriated to carry out subsection (a), \$7,500,000 for each of fiscal years 1995 and 1996.

"(d) (1) In addition to the technical assistance required in connection with the model systems described in subsection (a)(1), the Secretary shall provide for such training, and furnish such technical assistance as may be appropriate to enable States to develop and implement automated management systems as promptly and in as cost-effective a manner as possible.

"(2) There are authorized to be appropriated \$1,000,000 for each fiscal years 1995 through 1999 to carry out this subsection."

(e) Enhanced matching.--Section 403(a) of the Act is amended--

(1) by redesignating paragraph (3) as paragraph (3)(A) and striking out "and" at the end thereof, and

(2) by adding after and below such paragraph the following:

"(B) if the Secretary determines that the modification of a State's system that meets the requirements of section 402(a)(30)(A) will be cost-effective, or that a State's automated management information system uses any one or more of the Secretary's models developed under section 413(a)(1), or is based on a State collaboration under section 413(a)(2), Federal payments with respect to such systems shall equal 80 percent (or, if greater, the State's enhanced Federal medical assistance percentage, as defined in subsection (m)(6)) of a State's expenditures under its approved advance planning document for acquisition of equipment (during the first five fiscal years following the effective date of this section) and the cost of developing and implementing any such system collaborative project; and

"(C) notwithstanding any other provision of this section, the total amount payable by the Secretary with respect to expenditures, (during the five-year period) to which subparagraph (B) applies shall not exceed \$800,000,000 to be distributed among the States, and to make available at such time or times over the five-year period, as is provided in regulations issued by the Secretary, taking into account the relative size of State caseloads and the levels of automation needed to meet the requirements of this title, and payments under subparagraph (B) shall be made at such times and in such manner as provided in subsection (b) and the advance planning document approved under section 402(e).", and

(3) by striking out "section 403(a)(3)" in subparagraph (C) of section 402(g)(3) of this Act, as added by section 305(a)(1) of this Act, and inserting in lieu thereof "section 403(a)(3)(A)".

(d)(1) Revision of Advance Planning Document Requirement.--  
Section 402(e) of the Act is amended to read as follows:

"(e)(1) The Secretary shall not approve the Advance Data Planning document referred to in subsection (a)(30), unless such document, when implemented, will economically, efficiently, and effectively carry out the objectives of the automated, statewide, management information systems referred to in such subsection,

and such document provides a plan to address the State's approach, schedule, needed resources, and cost-benefit of the project.

"(2) The Secretary shall, on a continuing basis, review, access, and inspect the planning, design, and operation of the statewide management information systems approved under subsection 403(a)(3)(B), to determine whether, and to what extent, such systems meet and will continue to meet requirements imposed under this part."

SEC. 404. RESEARCH AND EVALUATION; TECHNICAL ASSISTANCE;  
DEMONSTRATION PROJECTS.

(a) Funding.--There shall be available to the Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") for carrying out the projects and other activities specified in this section in a fiscal year an amount equal to 2 percent (or, in the case of fiscal years after 1998, 1 percent) of the sum of the amounts specified in subsections (k)(3), (l)(3), and (n)(2)(B) of section 403 of the Social Security Act for such fiscal year.

(b) Research and Evaluation.--In addition to any other research and evaluation found appropriate by the Secretary pertaining to the new programs and amendments to existing programs added to the Social Security Act by the provisions of this Act, the Secretary shall, in consultation with the Secretary

of Labor and the Secretary of Education conduct, in accordance with scientifically-acceptable methodology, the following studies of the time-limited program of assistance together with training and preparation for employment, followed by a program of required employment or employment-related activities:

(1) a two-phase implementation study of--

(A) the initial steps taken by States and political subdivisions to implement the new programs and requirements established by the amendments made by this Act, as well as the obstacles faced, institutional arrangements entered into, and recommendations of such States and political subdivisions based on their experiences, and thereafter

(B) the experiences of States and localities after the new programs and requirements have been substantially implemented, including a study of the program design, services provided, funding levels, participation rates, and recommendations of the administering agencies, and a review of the impact of these new programs and requirements on the State and local administration of the programs, including management systems, staffing structures, and the culture of the welfare programs;

(2) an evaluation in a representative sample of States and localities, using random assignment of individuals to treatment and control groups, and other appropriate rigorous methods, to examine the effectiveness of time-limited assistance in helping participants achieve self-sufficiency, and the corresponding effect on unemployment rates, reduction of welfare dependency and teen pregnancy, the effects on income levels, family structure and children's well-being among participant groups; and

(3) together with the Secretary of Labor, a comprehensive national study after the WORK program (under part G of title IV of the Act) has been in effect for 2 years to measure the program's success in assisting participants to obtain unsubsidized employment, and to evaluate skill levels and barriers to employment in the case of individuals who have not, after participating in such program for 2 years, been able to obtain unsubsidized employment.

(c) Technical assistance.--In addition to any other specific authorization in the Social Security Act for technical assistance, the Secretary is authorized to offer a broad range of technical assistance to States (including Indian tribes and Alaska Native organizations) and territories, including training, consultations, and fostering the exchange of information among

States and others about practices, strategies, and techniques that are proving effective.

(d) Placement Demonstration Projects.--The Secretary is authorized to approve up to 10 demonstrations of innovative techniques to increase the number of placements of participants in the JOBS program (under part F of title IV of the Social Security Act) in positions of unsubsidized employment with significant retention rates. No more than 5 such demonstrations shall test the use by the State of a private organization, pursuant to a contractual arrangement under which the organization will place JOBS program participants in employment, and no more than 5 such demonstrations shall involve the use of placement bonuses payable to State or local agency employees who effectuate successful placements. All the projects shall specify performance standards (based on placement and retention rates) to measure successful performance, and, in the case of projects involving the use of private agencies, shall also specify the services that must be made available to clients, both before and after the placement, and indicate whether the organization will also serve participants in the State's WORK program (under part G of title IV of the Social Security Act.)

(e) Work-for-Wages Demonstration Projects.--The Secretary is authorized to approve up to 5 local demonstration projects to test the development, implementation, and effectiveness of WORK

programs conducted outside the context of the State's AFDC program. Any project approved under this subsection must include the following elements:

(1) the State agency administering the State's AFDC program (under part A of title IV of the Social Security Act) must close the case when an individual to whom section 417 applies (as added by section 104 of this Act) reaches the time limit specified in such section;

(2) each individual involved in the demonstration must be advised of the procedures that must be followed to apply for the WORK-for-Wages Project, and may not be denied an opportunity to participate if such individual would be eligible to participate in the State's WORK program under part C of such title;

(3) each individual will be afforded the opportunity to earn wages in a position of employment and WORK stipends if necessary to provide at least the income level of the State's AFDC program (after application of the \$120 per month earned income disregard for work expenses) in the case of a similarly situated family (and States conducting projects will be encouraged to standardize, to the extent consistent with the preceding provisions of this paragraph, the amount of the stipends), but no payment of either wages or the stipend will occur unless the individual has worked

or participated in an alternative project-specified activity such as job search, interim community service, or other activity designed by the project; and

(4) those elements of the WORK program under part G of title IV of the Act which the Secretary determines are essential to achieve its objectives, while protecting the interests of participants in the program and others involved in or affected by the project, will be retained and applied in the project.

(f) WORK Support Agency Demonstrations.--The Secretary is authorized, in consultation with the Secretary of Labor, the Secretary of Agriculture, and the Secretary of the Treasury, to approve demonstration projects in up to 5 States, under which the State establishes a Work Support Agency to provide a broad and coordinated array of services and assistance to individuals who are former recipients of aid to families with dependent children to assist them in retaining unsubsidized employment. Services may include assistance in obtaining other benefits or payments for which the individual is still eligible, assistance in dealing with short-term family problems the existence of which could otherwise jeopardize continuation of the employment relationship, short-term or one time financial aid to meet unusual employment-related needs and any other aid or services that support the

individual's ability to retain, or where necessary, secure employment.

(g) Demonstration Projects for Noncustodial Parents.-- In order to encourage the development of innovative parenting programs for noncustodial parents that build upon existing programs for high-risk families, such as the Head Start program, the Healthy Start program, the Even Start program, and the Family Preservation and Support program, the Secretary is authorized to make grants to States, Indian tribes and Alaska Native organizations, or community-based organizations to conduct demonstration projects designed to improve the parenting skills of noncustodial parents with particular emphasis on matters such as the importance of parental involvement and economic security in the healthy development of children. The applicant shall describe the services to be provided, and the way in which project services will be coordinated with one or more of the programs or initiatives referred to in the preceding sentence.

(h) The Secretary shall, with respect to all demonstrations authorized under this section, prescribe--

(1) the minimum length of such projects in order to assure the value of the project,

(2) the assignment techniques and other requirements for the methodologies so that the results will be scientifically acceptable.

(3) the required financial contribution by the project applicant,

(4) types of expenditures that may be included under the project,

(5) the timing and nature of required reports and the procedures to be followed in conducting the evaluation and review of project results, and

(6) any other rules that the Secretary finds appropriate to assure the integrity of the demonstration, and to protect the rights and interests of program participants who are assigned to the demonstration.

TITLE V - PREVENTION OF DEPENDENCY

SEC. 501. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

(1) Section 402(a)(43) of the Act is amended by striking out "at the option of the State,".

(2) Such section is further amended in subparagraph (A)(i) by striking out ", or reside in a foster home" and all that follows down to the semicolon.

(3) Such section is further amended--

(A) by amending so much of subparagraph (B) as precedes clause (i) to read "(B) in the case where --",

(B) by striking out the semicolon at the end of each numbered clause in such subparagraph and inserting in lieu thereof a comma, and

(C) by adding after and below clause (v) of such subparagraph the following:

"subparagraph (A) shall not be applicable, but the State agency shall assist the individual in locating an appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the minor, (or may determine that the individual's current living arrangement is appropriate) and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of aid under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate) or, if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, it shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently;".

SEC. 502. STATE OPTION TO LIMIT BENEFIT INCREASES FOR ADDITIONAL FAMILY MEMBERS.

(a) State Option.--Section 402(a) of the Act is amended --

(A) by striking out "and" after paragraph (44);

(B) by striking out the period after paragraph (45) and inserting in lieu thereof ";and"; and

(C) by adding at the end thereof the following new paragraph:

"(46) at the option of the State, provide that --

"(A) subject to subparagraphs (B) (C), and (D), the amount of aid to families with dependent children paid to a family under the plan will not be increased by reason of the birth of a child to an individual included in such family for purposes of making the determination under paragraph (7) and applying paragraph (8), or will be increased less than the amount that would be paid with respect to such child if such child had been a member of the family when the family first applied for aid, (but any such child will be considered to be a recipient of aid for all other purposes, including title XIX) if --

"(i) in the case where the individual is a custodial parent of a dependent child, the child was conceived in a month for which the individual received aid under the plan, or

"(ii) in the case where the individual is a dependent child, the individual is the parent of

another child who is a member of the same family and whose needs are included for purposes of making such determination;

"(B) services will be offered under paragraph (15) to all appropriate family members;

"(C) there will be disregarded, in making the determination under paragraph (7) and before applying the provisions of paragraph (8), an amount of income equal to any increase in aid that would have been paid but for subparagraph (A) that is derived from child support collected with respect to the child referred to in paragraph (A), earned income of a member of the family referred to in such subparagraph, or from any other source specified in the plan that the Secretary may approve as consistent with the objectives of this paragraph; and

"(D) the provisions of subparagraph (A) will not be applied in case of rape or in any other cases that the State agency finds would violate standards of fairness and good conscience."

(b) Matching for Related Administrative Costs.-- Section 403(a)(3) of the Act is amended by striking out the semicolon and inserting in lieu thereof "or counseling or referral services furnished pursuant to section 402(a)(15);".

SEC. 503. CASE MANAGEMENT FOR PARENTS UNDER AGE 20.