Personal Responsibility and Individual Development for Everyone (PRIDE)

Title I - TANF

Section 101 - State Plans and Performance

State Plans

Current Law

To receive block grant funds, a state must have submitted a TANF plan within the 27-month period that ends with the close of the 1st quarter of the fiscal year. This plan must include an outline of the program the state intends to operate to provide assistance to needy families; provide job preparation, work, and support services to enable them to leave the program; and describe how the state will ensure that parents and caretakers receiving assistance engage in work activities (within 24 months of receiving assistance, or earlier at state option). The plan must describe whether the state intends to treat families migrating from another state differently from others (and, if so, how) and whether it intends to provide assistance to non-citizens (and, if so, to provide an overview of aid). It also must establish goals to reduce the rate of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the state. The plan must describe how the state will provide education and training on statutory rape to the law enforcement and educational systems, and it must include a number of certifications (for example, equitable access to Indians and establishment and enforcement of standards against program fraud and abuse). States have the option of including a certification regarding the treatment of individuals with a history of domestic violence.

Chairman's Mark

The mark requires states to establish and provide in their state plans specific measurable performance objectives for pursuing TANF purposes. They are to describe the methodology the state will use to measure performance in programs funded by TANF and maintenance of effort (MOE) dollars in relation to each objective. In developing the performance measures, states are to consider the criteria used by the Secretary of Health and Human Services (HHS) in establishing performance measures for the employment achievement bonus (workforce attachment and advancement) and with such other criteria related to other (non-work) purposes of the program. The Secretary is to develop performance measures related to the non-work purposes of TANF in consultation with the National Governor's Association, the National Conference of State Legislatures, and the American Public Human Services Association.

The mark specifies that the plan must describe any strategies and programs that the state plans to use concerning employment retention and advancement; reduction of teen pregnancy; services for struggling and noncompliant families, and for clients with special problems;

program integration, including provision of services through the One-Stop delivery system under WIA; and if the state is undertaking any strategies or programs to engage faith based organizations in the delivery of services funded under this part or that relate to section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the document should describe such strategies and programs. It requires state plans to describe how the state intends to encourage equitable treatment of healthy, married, two-parent families under TANF.

The mark also adds to the state plan additional descriptive information about state programs. It requires states to describe in their plans financial and nonfinancial eligibility rules for assistance (including income eligibility thresholds, treatment of earnings, asset eligibility rules, and excluded forms of income), the amount of assistance, and applicable time limits on providing assistance (including exemption and extension policies). It requires state plans to set forth the criteria for counting care of a disabled family member as a work activity. Section 109 of this mark makes caring for a disabled family member a work activity under specified conditions. The mark requires states to describe how they will inform "child-only" families (families without an adult recipient) receiving assistance of the work supports and other assistance for which the family may be eligible. It deletes the requirement to indicate whether the state intends to treat incoming families differently from residents (found unconstitutional) and drops the rule that community service be required from adults who fail to work after two months of aid, unless the governor opts out.

The mark directs the Secretary to develop a proposed Standard State Plan Form for use by states nine months from enactment and requires states, by October 1, 2006 to submit their plans on the standard form. It requires states to make available to the public through an appropriate State-maintained Internet website and through other means that the state deems appropriate several documents: the proposed state plan (with at least 45 days for comment), comments received concerning the plan (or, at the state's discretion, a summary of the comments), and proposed amendments to the plan. It also requires that state plans in effect for any fiscal year be available to the public by the means listed above. States required to renew their state plans between the date of enactment and October 1, 2006 may wait until October 1, 2006 to submit their new plans in the Standard Form.

The mark adds a requirement that tribal governments be consulted about the TANF plan and its service design. It also adds a requirement that states that provide transportation aid under TANF certify that state and local transportation agencies have been consulted in the development of the TANF state plan.

Sections 107, 109, 110, and 113 of the mark contain other state TANF plan provisions. Section 107 requires a state that takes the option to establish an undergraduate post-secondary or vocational education program to describe, in an addendum to the TANF state plan, eligibility criteria that will restrict enrollment in the program to persons whose past earnings indicate they cannot qualify for employment that will make them self-sufficient and who, by enrolling, will be prepared for higher paying occupations in demand in the state. Section 109 permits a state, if it includes in its TANF plan a description of policies for areas of Indian country or an Alaskan native village with high joblessness, to define countable work activities for persons complying with individual responsibility plans and living in these areas. Section 110 requires state plans to outline how the state intends to require parent or caretaker recipients to engage in work or alternative self-sufficiency activities, as defined by the state, and to require recipient families to engage in activities in accordance with family self-sufficiency plans. Section 113 has

provisions to increase the coordination and consultation between states and tribes in developing TANF plans.

Reason for Change

The Chairman's mark includes provisions to clarify what states are doing to move welfare clients into self sufficiency and to make the plans more meaningful. The Chairman's mark would require states to establish performance objectives and encourage an ongoing review of these objectives while maintaining state flexibility.

Annual Ranking of States' Performance

Current Law

The Secretary of HHS is required to annually rank states on the success of their welfare to work programs. The ranking considers state performance on placing recipients into long-term private sector jobs; reducing the overall welfare caseload; and, when a practical method for calculating information becomes available, diverting individuals from formally applying for and receiving assistance. In this ranking, the Secretary is to take into account the average number of poor children in the state.

Chairman's Mark

The mark requires the Secretary, in consultation with states, to develop uniform performance measures designed to evaluate TANF- and MOE-funded state programs. It modifies the criteria for the Secretary's annual ranking of the success of states' welfare-to-work programs to include placement of assistance recipients in unsubsidized employment, success of recipients in retaining employment and increase in wages, and the degree to which recipients have workplace attachment and advancement. It requires the Secretary's ranking to consider the number of poor children and child poverty rate in each state.

Reason for Change:

The mark updates the factors used in the annual ranking of states on the success of their programs.

Section 102 -- Family Assistance Grants

Current Law

The law appropriated $16.5 billion annually for family assistance grants to the states and the District of Columbia (D.C.) for FYs1997-2002. It also appropriated $77.9 million annually for family assistance grants to the territories (and, within overall ceilings, such sums as needed for matching grants to the territories). Family assistance grants have been extended at FY2002 funding levels through March 31, 2005 by a series of temporary extensions. Basic state grants are based on federal expenditures for TANF's predecessor programs during FY1992 through FY1995.

Chairman's Mark

The mark appropriates family assistance grants, at current levels, for the states, the District of Columbia, and the territories for fiscal years 2006 through 2010. The mark also appropriates matching grants for the territories for fiscal years 2006 through 2010.

Reason for Change

(No change)

Section 103 – Promotion of Family Formation and Healthy Marriage

Current Law

The purposes of TANF include encouraging the formation and maintenance of two-parent families, ending the dependence of needy parents on government benefits by promoting. . . marriage, and reducing the incidence of out-of-wedlock pregnancies. The law established a bonus (up to $100 million annually) for 5 jurisdictions with the greatest percentage decease in nonmarital birth ratios and a decline from 1995 levels in abortion rates.

Chairman's Mark

The mark repeals the bonus for reduction of the illegitimacy ratio. It appropriates $100 million a year for five years (FYs 2006-2010) for competitive grants (50 percent matching rate) to states, Indian tribes, and tribal organizations to develop and implement innovative programs to promote and support healthy, married, two-parent families and to encourage responsible fatherhood. Grant and matching funds must be used to support any of the following: public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health; education in high schools on the importance of healthy marriages and characteristics of other healthy relationships experienced throughout life, including the importance of grounding relationships in mutual respect; voluntary marriage education, marriage skills, and relationship skills programs, which may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married expectant and recent mothers and fathers; voluntary pre-marital education and marriage skills training for engaged couples and for couples or persons interested in marriage; voluntary marriage enhancement and marriage skills training programs for married couples; voluntary divorce reduction programs that teach relationship skills; voluntary marriage mentoring programs which use married couples as role models and mentors; and programs to reduce the marriage disincentive in means-tested aid programs, if offered in conjunction with any activity described above. The mark exempts marriage promotion grants from the general rules governing use of TANF funds (Section 404 of the Social Security Act), but not from the percentage cap on administrative costs. To be eligible for a grant, applicants must consult with domestic violence organizations that have demonstrated expertise working with survivors of domestic violence in developing policies, procedures, programs and training necessary to appropriately address domestic violence in families served by programs and activities funded through the grant; describe in their applications how their proposed programs or activities will deal with issues of domestic violence; establish protocols for helping identify instances or risks of domestic violence and specify procedures for making service referrals and providing protections and appropriate assistance; and what they will do, to the extent relevant, to ensure that participation in the programs is voluntary and to inform potential participants that participation is voluntary.

The mark requires the Secretary of HHS to submit a biannual report to Congress, providing a detailed description of the programs and activities funded by the grants and how they address domestic violence.

The mark requires each State, tribe, or tribal organization that carries out marriage promotion activities to provide the Secretary of HHS with an assurance that TANF assistance recipients who elect to participate in these activities are informed that participation is voluntary; that the recipient may disenroll from such programs or activities; and that there be a process that provides recipients who withdraw from or fail to participate in marriage promotion activities to be reassigned to other activities. There is no sanction for failure to participate in marriage promotion activities. The state may reassign TANF recipients at any time to other activities in accordance with universal engagement requirements (See Section 110).

The mark provides that marriage promotion funds appropriated for each of fiscal years 2005 through 2010 shall remain available to the Secretary until spent. The mark provides that TANF funds can be used as all or part of the required state match for marriage promotion grants, but that these federal funds cannot count towards a state's MOE. The mark also includes conforming language relative to the fourth purpose of TANF, specifying that it is to encourage the formation and maintenance of healthy, two-parent married families and to encourage responsible fatherhood.

The mark also authorizes $10 million annually for FY2006 through FY2010 for the Secretary of HHS to develop and implement programs designed to address domestic violence as a barrier to healthy relationships, marriage, and economic security. Grants, contracts, and interagency agreements shall provide training for caseworkers administering TANF, technical assistance, the provision of voluntary services for victims of domestic violence, and activities related to the prevention of domestic violence. Funding for these programs may not be diverted from existing domestic violence prevention programs.

Reason for Change:

Two of the four original purposes of PRWORA are directly related to ending out-of-wedlock births and encouraging the formation and maintenance of two-parent families. The bonus to reduce out of wedlock births was initially developed to enhance these purposes. This bonus has not proven to be an effective mechanism for motivating state action. A correlation between state action and a reduction in out of wedlock births and family formation has not been established.

The Chairman's mark would redirect the funding to address the underlying purposes of PRWORA. The Chairman's mark would provide optional grants to states to explore innovative and creative approaches to promote healthy family formation activities. The Chairman's mark stipulates that participation in these programs is voluntary and that to be eligible for a grant applicants must consult with domestic violence organizations that have demonstrated expertise working with survivors of domestic violence in developing policies, procedures, programs and training necessary to appropriately address domestic violence in families served by programs and activities funded through the grant; describe in their applications how their proposed programs or activities will deal with issues of domestic violence; establish protocols for helping identify instances or risks of domestic violence and specify procedures for making service referrals and providing protections and appropriate assistance; and what they will do, to the

extent relevant, to ensure that participation in the programs is voluntary and to inform potential participants that participation is voluntary.

The Chairman's mark also includes a provision (in Section 114) which would redirect a portion of the funds for research and demonstration programs and technical assistance related to healthy family formation activities. These funds would be in addition to grants to states for healthy family formation activities. Currently, there is a 25 year body of research related to work activities and welfare. The Chairman's mark would encourage a focus on research centered on marriage and family assistance so that states can learn from rigorous evaluations of activities to promote marriage and family formation.

Section 104 – Supplemental Grant for Population Increases in Certain States

Current Law

The law provides supplemental grants for (17) states with exceptionally high population growth during the early 1990s, benefits lower than 35% of the national average, or a combination of above-average growth and below-average AFDC benefits. Grants were authorized for a total of $800 million over FYs 1998 through 2001, and annual grants grew from $79 million to $319.5 million over this period. Congress froze grants at the fiscal year 2001 level when it extended supplemental grants for FYs 2002-2005.

Chairman's Mark

The mark extends supplemental grants for the 17 states that currently receive them at their FY 2001 level, for FYs 2006 through 2009.

Reason for Change

The Chairman's mark extends the supplemental grant program for certain states.

Section 105 – Bonus to Reward Employment Achievement

Current Law

The Secretary of HHS, in consultation with the National Governors Association (NGA) and the American Public Human Services Association (APHSA) was required to develop a formula for measuring state performance relative to block grant goals. Awards for performance years 1998-2000 were based on work-related measures (and were paid to 38 jurisdictions). For later years, non-work measures – including food stamp and Medicaid coverage of low-income families – were added. States can receive a bonus based on their absolute score in the current (performance) year and/or their improvement from the previous year, but the bonus cannot exceed 5% of the family assistance grant. $200 million per year was available for performance bonuses, for a total of $1 billion between FYs 1999 and 2003. Bonuses were awarded in FY2004 under TANF temporary extension legislation.

Chairman's Mark

The mark appropriates $600 million for FYs 2006 through 2011 for bonuses to states that qualify as "employment achievement" states by meeting standards to be developed by the

Secretary in consultation with the states. Bonuses are to average $100 million per year. The mark specifies that the employment achievement formula is to measure workplace attachment and advancement of assistance recipients and, if the Secretary determines it is possible, those diverted from assistance. It caps a state's bonus at 5% of its family assistance grant. For FYs 2005 and 2006, the employment achievement bonus may be based on three components of the repealed high performance bonus – job entry rate, job retention rate, and earnings gain rate. The mark makes Indian tribes eligible for the bonus, sets aside 2% of bonus funds for them, and directs the Secretary to consult with tribes in determining criteria for awards to them.

Section 702 of the mark also reduces the FY2005 High Performance Bonus from $200 million to $100 million.

Reason for Change

The Chairman's mark provides for states to continue their successful efforts to move welfare recipients into good jobs. States have directed considerable resources into moving welfare recipients into meaningful employment. The Chairman's mark would continue to provide incentives for states to focus on employment achievement and would continue the policy of rewarding states for doing so. The Chairman's mark would preserve the concept of the High Performance Bonus focused on employment achievement.

Section 106 – Contingency Fund

Current Law

The TANF law established a $2 billion contingency fund for matching grants at the Medicaid matching rate (which ranges from 50% to 77%) to "needy" states that expect during the fiscal year to spend under the TANF program (not counting child care) 100% of their FY1994 level of spending on TANF-predecessor programs (not counting child care). States can access the contingency fund by meeting one of two "needy" state triggers: 1) an unemployment rate for a 3-month period that is at least 6.5% and at least 10% higher than the rate for the corresponding period in either of the two preceding calendar years; or 2) a food stamp caseload increase of 10% over the FY 1994-1995 level (adjusted for the impact of immigrant and food stamp constraints in the 1996 welfare law). Contingency payments for any fiscal year are limited to 20% of the state's base grant, and a state can draw down no more than 1/12 of its maximum annual contingency fund amount in a given month. Under a final reconciliation process, a state's federal match rate (for drawing down contingency funds) is reduced if it received funds for fewer than 12 months in any year.

Chairman's Mark

The mark appropriates such sums as are needed for contingency fund grants, up to $2 billion over 5 years, FYs 2006-2010. It eliminates the requirement that states spend 100% of their historic level to qualify for contingency funds (instead applying the TANF MOE, 75%-80%). It entitles states to a contingency fund grant reflecting costs of TANF caseloads when they are "needy" under a revised definition. To trigger as needy: (a) a state must have an increase of 5 percent in the monthly average unduplicated number of families receiving assistance under its TANF program in the most recently concluded 3-month period with data, compared with the corresponding period in either of the two most recent preceding fiscal years; (b) the TANF caseload increase must be due, in large measure, to economic conditions rather

than state policy changes, and (c) for the most recent three-month period with data, the average rate of seasonally adjusted total unemployment must be at least 1.5 percentage points or 50 percent higher than in the corresponding period in either of the two most recent preceding fiscal years; or, for the most recent 13 weeks with data, the average rate of insured unemployment must be at least 1 percentage point higher than in the corresponding period in either of the two most recent fiscal years; or, for the most recently concluded 3-months with national data, the monthly average number of food stamp recipient households, as of the last day of each month, exceeds by at least 15 percent the corresponding caseload number in the comparable period in either of the two most recent preceding fiscal years, provided the HHS Secretary and the Secretary of Agriculture agree that the increased caseload was due, in large measure, to economic conditions rather than to policy change. The mark provides that a state that initially qualifies as needy because of its TANF caseload plus its food stamp caseload shall continue to be considered needy as long as the state meets the original qualifying conditions. A state that initially qualifies as needy because of its TANF caseload plus its total or insured unemployment rate shall not trigger off until its rate falls below the original qualifying level.

The contingency fund grant is based on the maximum cash benefit level for a family of 3 persons (if the state has more than one maximum cash benefit level, the grant is based on the maximum benefit for the largest number of 3-person families) and is payable for TANF caseload increases above 5 percent. The grant equals the state's federal Medicaid matching rate times the benefit cost of an increase in the TANF family caseload above 5 percent in the most recently concluded 3-month period with data, compared with the corresponding period in either of the two most recent preceding fiscal years. A state's total contingency grant cannot exceed 10 percent of its family assistance grant. To receive a contingency fund grant, a state must have spent 70 percent of its TANF grants (excluding welfare-to-work funds from the Department of Labor). Unexpended balances are the total amount of TANF grants not yet spent by the state as of the end of the preceding fiscal year minus current year expenditures through the end of the most recent quarter that exceed the pro rata share of the current fiscal year TANF grant. The mark repeals the fiscal penalty for failure of a state that receives contingency funds to maintain 100% of its historic spending level (MOE), but provides that a state shall not be eligible for a contingency fund grant unless its MOE spending equals 75% (80%, if it fails work participation rates).

The mark also sets aside $25 million from the contingency fund for payment to tribes with approved tribal family assistance plans operating during periods of economic hardship. The Secretary of HHS, in consultation with the tribes, is required to develop the criteria for access by tribes to the fund.

Reason for Change

Because of a "super" MOE provision in PRWORA, states have been unable to access contingency funds in the manner in which they were intended in times of economic downturn. The Chairman's mark would liberalize the contingency fund so that states are better able to draw down those dollars.

Section 107 – Use of Funds

Carryover Funds

Current Law

The law permits states or tribes to use TANF funds received for any fiscal year for "assistance" in any later year, without fiscal year limitation. Regulations define assistance as ongoing aid for basic needs, plus supportive services such as child care and transportation for families who are not employed.

Chairman's Mark

The mark permits carryover of TANF funds granted to the state or tribe for any fiscal year to provide any benefit or service under the state or tribal TANF program without fiscal year limitation. The mark also allows a state or tribe to designate a portion of the TANF grant as a contingency reserve, which may be used without fiscal year limitation, to provide any benefit or service. If the state or tribe designates reserve funds, it must include the amount in its annual report. Additionally, the mark would permit states to designate an amount of unused dollars in a contingency reserve fund. Section 117 of the mark revises the definition of assistance.

Reason for Change

Currently, carry over funds can be spent only on cash assistance. The Chairman's mark would allow carry over funds to be spent on any activity authorized under PRWORA, including child care. This provides additional flexibility for the states. Permitting states to designate unused funds as a contingency reserve clarifies that, while unspent, these funds have been earmarked for purposes associated with the legislation.

Social Services Block Grant Transfers

Current Law

The original 1996 welfare reform law provided that states could transfer up to 10% of their TANF grants to the Social Services Block Grant (Title XX). P.L. 105-178 (Transportation Equity Act for the 21st Century) reduced funding for the Social Services Block Grant and called for the transfer authority from TANF to SSBG to be reduced to 4.25% of the block grant, effective FY2001. However, annual appropriation bills through FY2005 have superceded, maintaining the 10% transfer limit for each year.

Chairman's Mark

The Committee mark restores the transferability of TANF funds to SSBG to 10%.

Reason for Change

This increases state flexibility for assisting low-income families.

Post-Secondary Education Option ("Parents as Scholars")

Current Law

TANF permits states to use TANF funds in "any manner reasonably calculated" to achieve the goals of TANF, including reducing ending the dependence of needy parents through job preparation. Post-secondary education is an allowable use of TANF funds, though

participation in such education is generally limited to vocational education countable for only up to 12 months.

Chairman's Mark

The mark permits states to use TANF and MOE funds to establish an undergraduate 2- or 4-year degree postsecondary education or vocational educational program for students in families receiving TANF assistance, who formerly received assistance, or needy parents who are eligible for TANF services. The program may provide the following services: child care, transportation, payment for books and supplies, and other services provided by the state to ensure coordination and lack of duplication.

The mark requires states that opt to run a postsecondary education program to file an addendum with their TANF state plan with the applicable eligibility requirements of the program. Eligibility requirements must be designed to limit the program to individuals whose past earnings indicate that they cannot qualify for employment that pays enough to allow them to obtain self-sufficiency (as defined by the state) and for whom enrollment in the program will prepare individuals for higher paying occupations in demand in the state.

The mark would permit states to count the participation of TANF assistance recipients in the post-secondary program, with participation capped at 10% of a state's TANF caseload. There are two options for counting hours of participation for students in the post-secondary education program. Under the first option, total hours would be the sum of those in the priority activities in current law; in work-study, practicums, internships, clinical placement, laboratory or field work, or other activities that would enhance employability in the recipient's field of study; and study time. These hours would be counted toward the participation standards (e.g. the 34-hour requirement), and the state would be given either full (maximum counted as 1 family) or partial credit for that family's participation. Under the second option, a student's family would be counted as a fully participating (one family) if, in addition to complying with the full-time educational participation requirement of the program, the student is participating in TANF priority work activities and work study, practicums, etc. for at least the following number of hours: 6 hours in the first year, 8 hours in the second year, 10 hours in the third year, and 12 hours in the fourth and later years.

The rules for this program apply only for states that opt to operate it and only for students participating in the program. These rules do not limit the discretion states otherwise have under TANF to support postsecondary or vocational education for needy parents.

Reason for Change

The mark permits a subset of recipients to benefit from a postsecondary education strategy while maintaining an overall work orientation. The option is modeled on a Maine program known as "Parents as Scholars."

Section 108 – Repeal of Federal Loan for State Welfare Programs

Current Law

The law provides a $1.7 billion revolving and interest-bearing federal loan fund for state TANF programs.

Chairman's Mark

The mark repeals the loan fund.

Reason for Change

The fund did not function effectively.

Section 109 – Work Participation Requirements

Participation standards.

Current Law

States must have a specified percentage of their adult recipients engaged in creditable work activities. Since FY 2002 the participation standard has been 50% for all families (and since FY 1999 it has been 90% for the two-parent component of the caseload). Participation standards are reduced by a caseload reduction credit (below). In tribal family assistance programs, work participation standards are set by the HHS Secretary, with the tribe's participation.

Chairman's Mark

The mark increases the all-family standard from the current 50% level to the following levels: FY 2007, 55%; FY 2008, 60%; FY 2009, 65%; and FY 2010 and thereafter, 70%. The mark eliminates the separate rate for two parent families. The mark also forgives penalties for states' failure to meet the two-parent work requirement in F2002 through FY2004.

Reason for Change

Currently, many states have an effective participation rate of 0% due to the caseload reduction credit. The Chairman's mark increases work participation requirements to move towards universal engagement policies under which states actively engage all welfare recipients in moving towards self sufficiency.

Calculation of participation rates

Current Law

A state's monthly participation rate, expressed as a percentage, equals (a) the number of all recipient families in which an individual is engaged in work activities for the month, divided by (b) the number of recipient families with a recipient who is an adult or minor head of household, but excluding families subject that month to a penalty for work refusal (provided they have not been penalized for more than 3 months), single-parent families with children under 1 (limited to 12 months in a lifetime) and, at state option, families in tribal family assistance programs.

Chairman's Mark

The mark permits a state to exclude all families from work participation calculations during their first month of TANF assistance and to exclude families with a child under age 1 *(*subject to a 12 month in a lifetime limit) from work requirements and calculations of work participation rates on a case-by-case basis.

Reason for Change

The initial assessment and development of a family self sufficiency plan may take some time, during which the family may not be participating in countable activities. In addition, the mark would ensure that states receive credit for families with young children who are engaged in countable activities

Caseload reduction credit.

Current Law

For each percent decline in the caseload from the FY 1995 level (not attributable to policy changes), the work participation standard is lowered by l percentage point. (In FY 2003, caseload reduction credits cut required work rates of 20 states to zero.)

Chairman's Mark

The mark replaces the current caseload reduction credit with an employment credit. In a separate provision, it places the same limits on the extent to which any employment, caseload reduction, or other credit could reduce a state's required participation rate. Under these limitations, credits could not exceed 40 percentage points for fiscal year 2006; 35 percentage points for fiscal year 2007; 30 percentage points for fiscal year 2008; 25 percentage points for fiscal year 2009; and 20 percentage points for fiscal year 2010 or thereafter.

Reason for Change

PRWORA included a credit states could take for purposes of establishing their work participation rate based on a state's caseload reduction. Because caseloads have fallen so dramatically, many states now have an effective participation threshold of 0. The cap on the employment credit ensures that while policy priorities relative to encouraging states to work to move clients into good paying jobs are achieved, participation rates are not undermined by the credit.

Employment credit

Current Law

No provision

Chairman's Mark

The mark establishes a percentage point credit against the work participation standard (subject to the limits described immediately below). Essentially, the credit equals the percentage of TANF families who leave ongoing cash assistance with a job. It is calculated by dividing (a) twice the quarterly average unduplicated number of families (excluding child-only

families) that received TANF assistance during the preceding fiscal year but who ceased to receive TANF – and did not receive cash assistance from a separate state-funded program– for at least two consecutive months following case closure during the applicable period (most recent 4 quarters with data) and were employed during the calendar quarter immediately after leaving TANF by (b) the average monthly number of families (again excluding child-only families) who received cash payments under TANF during the preceding fiscal year. At state option, calculations could include in the numerator: (1) twice the quarterly average number of families that received non-recurring short term benefits rather than ongoing cash and who earned at least $1,000 in the quarter after receiving the benefit, and (2) twice the quarterly average number of working families (earned at least $1,000 in the quarter) that included an adult who received TANF-funded substantial child care or transportation assistance. TANF-funded child care includes child care funded through transfers from TANF to the Child Care and Development Block Grant (CCDBG). If both these options were taken, the denominator would be increased by twice the number of families that received non-recurring short-term benefits during the year and by twice the quarterly average number of families with an adult who received substantial child care or transportation assistance. In consultation with directors of state TANF programs, the Secretary is to define substantial child care or transportation assistance, specifying a threshold for each type of aid a dollar value or a time duration. The definition is to take account of large one-time transition payments.

Extra credit – as 1.5 families – would be given to a family whose earnings during the preceding fiscal year equaled at least 33 percent of the state's average wage.

Employment credits or caseload reduction credits or a combination of the two could not exceed 40 percentage points for fiscal year 2006; 35 percentage points for fiscal year 2007; 30 percentage points for fiscal year 2008; 25 percentage points for fiscal year 2009; and 20 percentage points for fiscal year 2010 or thereafter. (As a result, credits could not cut effective work participation rates below these floors: 10 percent for fiscal year 2006, 20 percent for fiscal year 2007; 30 percent for fiscal year 2008; 40 percent for fiscal year 2009, and 50 percent for fiscal year 2010 and thereafter.)

The mark requires the Secretary to issue regulations to implement the employment credit. It also requires the HHS Secretary to use information in the National Directory of New Hires to calculate state employment credits. If the TANF leaver's employer is not required to report new hires, the Secretary must use quarterly wage information submitted by the state. To calculate employment credits for families who received non-recurring short term benefits and for those who received substantial child care and transportation assistance, the Secretary is to use other required data. The mark requires the Secretary by August 31 each year to determine – and to notify each state of – the amount of the employment credit that will be used in calculating participation rates for the immediately succeeding fiscal year.

States would continue to receive the current law caseload reduction credit through FY2007 (subject to the cap, described above). In FY2008, states would be given the option to either take the employment credit or have their participation standard reduced by a credit based ½ on the current law caseload reduction credit and ½ based on the employment credit. The employment credit would apply to all states beginning in FY2009.

"The Lincoln Employment Credit Study." The mark also provides that the Secretary of HHS will report to the Senate Finance and House Ways and Means Committees findings from a study, known as "The Lincoln Employment Credit Study" examining the policy implications of

modifying the design of the employment credit. The "The Lincoln Employment Credit Study" will include a discussion of the implications of crediting the states for families receiving TANF-funded work supports (child care and transportation aid), crediting families diverted from the rolls who become employed, and potential different thresholds for the "good jobs" bonus. This "The Lincoln Employment Credit Study" is due July, 2008.

Reason for Change

The current caseload reduction credit contains a flawed incentive under which a state may receive credit toward the work participation requirements for families who leave assistance but do not become employed. The mark substitutes an employment credit for families that leave assistance for gainful employment.

Work activities

Current Law

The law lists 12 activities that can be credited toward meeting participation standards. Nine activities have priority status: unsubsidized jobs, subsidized private jobs, subsidized public jobs, work experience, on-the-job training; job search (6 weeks usual maximum, with no more than 4 consecutive weeks), community service, vocational educational training (12 month limit), and providing child care for TANF recipients in community service. Three non-priority activities are countable: job skills training directly related to employment; and (for high-school dropouts only) education directly related to work and completion of secondary school. The 6-week time limit on countable job search is doubled during high unemployment. No more than 30% of persons credited with work may consist of persons engaged in vocational educational training and teen parents without high school diplomas who are deemed to be engaged in work through education. In tribal family assistance programs, work activities are set by the HHS Secretary, with the tribe's participation.

Chairman's Mark

The mark lists 19 activities that can be credited toward meeting participation standards. It retains the 12 work activities in current law, with the 9 priority activities considered "direct work" activities, adds one new nonpriority activity, and lists six additional "qualified activities" that may be counted under certain conditions (see below). The new nonpriority activity (countable after the family meets minimum hours requirements in direct work activities, see below) is marriage education, training, and conflict resolution. The qualified activities are postsecondary education; adult literacy programs or activities, including participation in a program to increase proficiency in the English language; substance abuse counseling or treatment; programs or activities designed to remove work barriers, as defined by the state; programs or activities authorized under a waiver approved for any state after August 22, 1996 (regardless of the expiration date of the waiver); and financial literacy training (limited to 5 hours per week). The mark deletes the requirement that only four consecutive weeks of job search can be counted within the normal 6 week limit. The mark permits a state to define countable work activities for persons complying with a family self sufficiency plan and living in areas of Indian country or an Alaskan native village with high "joblessness." To qualify for this option, the state must include in its TANF plan a description of its policies for these areas.

Reason for Change

The mark includes activities proposed to maintain all the flexibility of current law and adds new flexibility in countable activities. Expanding the list of allowable activities would permit states to provide up-front job preparedness for families who need specialized services. It would allow states to engage recipients in short-term "barrier removal" activities. Many states have such programs and some have done these under waivers. Hours in such activities would now count toward the federal participation standards.

Required work hours.

Current Law

Generally, to count toward the all-family rate, participation of 30 hours (20 hours in priority work activities) is required. For two-parent families the standard is 35 hours (30 in priority work activities), but increases to 55 hours (50 in priority activities) if the family receives federally-subsidized child care. Teen parents are deemed to meet the weekly hour participation standard by maintaining satisfactory attendance in secondary school (or the equivalent in the month) or by participating in education directly related to employment for an average of 20 hours weekly. In tribal family assistance programs, required work hours are set by the HHS Secretary, with the tribe's participation. [**Note**: except for teen parents, single parents with a child under 6, and participants in a tribal program with different hour requirements, families must work an average of at least 30 hours weekly to be counted as working.]

Chairman's Mark

The mark adopts a standard work week of 24 hours for a single parent with a child under age 6; 34 hours for a single parent with a child over 6; 39 hours for a two-parent family (but 55 hours for a two-parent family that receives child care. The calculation of weekly work hours is made by dividing monthly hours of work by 4. Families meeting the standard are counted as 1.0 family in calculating the state's work participation rate. Extra credit is given for work by a single parent family (with or without a pre-schooler) above 34 hours, and by two-parent families above their 39- and 55-hour standards. All schedules provide partial credit – provided sufficient hours are spent in direct work activities -- for hours below the standard, as follows:

	Single-parent family		Two-parent family	
Partial/full/ extra work credit	Child under 6	No child under 6		With child care
.675 of a family	20-23 hours	20-23 hours	26-29 hours	40-44 hours
.75 of a family	--	24-29 hours	30-34 hours	45-50 hours
.875 of a family	--	30-33 hours	35-38 hours	51-54 hours
1.0 family	24-34 hours	34 hours	39 hours	55+ hours
1.05 family	35-37 hours	35-37 hours	40-42 hours	56-58 hours
1.08 family	38 + hours	38+ hours	43 + hours	59+ hours

Generally, to receive any credit for hours at or below 24, a single-parent family must engage for all of these hours in direct work activities --unsubsidized job, subsidized private job, subsidized public job, work experience, on-the-job training; job search and job readiness assistance, community service, vocational educational training , and providing child care for TANF recipients in community service. For work credit, a two-parent family generally must spend all hours at or below 34 weekly in direct work activities (50 hours if the family receives federally funded child care and has no disabled member). Once a family has reached the work hours threshold in direct work activities, additional hours in unlimited job search or vocational educational training or any of the six "qualified activities" would be counted.

However, for three months in any 24-month period, a state may give work credit for any hours spent in one of the six "qualified activities"– (1) postsecondary education; (2) adult literacy programs or activities, including those to increase proficiency in the English language; (3) substance abuse counseling or treatment; (4) programs or activities designed to remove work barriers, as defined by the state; (5) programs or activities authorized under a waiver approved for any state after August 22, 1996; and (6) financial literacy training (for up to 5 hours per week). These "qualified activities" may be combined with direct work activities to meet hours requirements. An additional 3 months (within the 24 month period) would also be counted for recipients participating in adult literacy programs (including programs to increase proficiency in the English language) or recipients participating in a service if the recipient is certified by a qualified medical, mental health, or social services professional as having a physical or mental disability, substance abuse problem, or other problem that requires a rehabilitative service.

A parent who provides continuous care for a child or dependent with a physical or mental impairment may receive credit as engaged in work under certain conditions. The qualifying conditions include: the state must determine that the child or dependent has an impairment that requires that he/she have substantial continuous care, that the parent is the only reasonable provider of the care, that the recipient is in compliance with her self-sufficiency plan. The state must conduct regular periodic evaluations of the recipient's family and regularly update her self-sufficiency plan. (Section 101 requires state TANF plans to set forth criteria for

deeming the parent providing care for a disabled child or dependent to be meeting all or part of that family's work requirements.)

The mark retains the (30 percent) limitation on persons who may be credited with work by virtue of vocational educational training (countable toward the direct work hours requirement) or (if teen parents) by high school attendance or work directly related to education. As discussed above, vocational education done as a supplementary activity for families meeting the priority hours threshold is not subject to the 30 percent limitation. Teen parents who maintain satisfactory secondary school attendance or participate in education directly related to work for an average of 20 hours weekly are deemed to count as one family.

Reason for Change

The Chairman's mark recognizes that the success achieved by TANF and Work First programs are a result of a sustained emphasis on adult attachment to the workforce. The mark attempts to the build on the success of the past by increasing work and reducing the welfare rolls. Successes thus far come primarily from experiments and initiatives undertaken at the state level under waivers or TANF to move recipients from welfare-to-work. The mark establishes clearly defined goals and benchmarks for hours of participation.

Under the mark, states would have flexibility to engage single moms with pre-schoolers at fewer hours than the overall "standard" and to offset this by engaging others full time.

The Chairman's mark would expand the list of activities that count after a recipient has engaged in core work activities for 24 hours – allowing states to count "supplemental" hours spent in post-secondary education, vocational education beyond 1 year; and other education and barrier removal activities.

It would encourage states to provide post-employment activities, particularly education or additional job search, for working recipients to help recipients enhance their job skills and training to advance and leave welfare.

The Chairman's mark would provide a "Tiered Approach" to calculating hours of work activity counted towards meeting the participation rate.

"Partial credit" recognizes that some recipients might not meet the full-time standard; for example, persons in unsubsidized employment might be employed part-time or part of the month.

The mark recognizes that parents who must engage in substantial, continuous care of a disabled child or family member are engaged in meaningful activity. States should work with these families to monitor their progress and development.

Section 110 – Universal Engagement and Family Self Sufficiency Plan Requirements; Other Prohibitions and Requirements

Universal engagement.

Current Law

State plan must require that a parent or caretaker engage in work (as defined by the state) after, at most, 24 months of assistance. (This requirement is not enforced by a specific penalty.)

Chairman's Mark

The mark deletes the 24-month work trigger provision. It requires that state plans outline how they intend to require adult or minor heads of households to engage in work or alternative sufficiency activities, as defined by the state – while observing the prohibition against penalizing work refusal by a single parent of a preschool child if she has a demonstrated inability to obtain needed child care for specified reasons. It also requires state plans to outline how they intend to require families to engage in activities according to their self-sufficiency plans. The mark allows, but does not require, states to develop self-sufficiency plans for child-only cases.

Reason for Change

By requiring states to outline how they intend to engage in self-sufficiency efforts all TANF families – not just those included in the work participation rate – the mark would promote movement of all families from dependence to self-sufficiency.

Family self-sufficiency plan requirements

Current Law

Within 30 days, states must make an initial assessment of the skills, work experience, and employability of each recipient 18 or older or those who have not completed high school. States may, but need not, establish an individual responsibility plan for each family.

Chairman's Mark

The mark requires states to make an initial screening and assessment, in a manner they deem appropriate, of the skills, work experience, education, work readiness, work barriers and employability of each adult or minor head of household recipient who has attained age 18 or who has not completed high school and to assess, in a manner they deem appropriate, the work support and other assistance and family support services for which families are eligible and the well-being of the family's children and, where appropriate, activities or resources to improve their well being. The mark requires states, in a manner they deem appropriate, to establish a self-sufficiency plan for each family with an adult recipient or minor head of household recipient. (States may establish self-sufficiency plans describing services only for child-only cases.) Required plan contents: activities designed to assist the family to achieve their maximum degree of self-sufficiency; requirement that the recipient participate in activities in accordance with the plan; supportive services that the state intends to provide; steps to promote child well-being and, when appropriate, adolescent well-being; and information about work support assistance for

which the family may be eligible (such as food stamps, Medicaid, SCHIP, federal or state funded child care - [including that provided under the Child Care and Development Block Grant and the Social Services Block Grant], EITC, low-income home energy assistance, WIC, WIA program, and housing assistance). The state must monitor the participation of adults and minor child household heads in the self-sufficiency plans and, using methods it determines appropriate, regularly review the family's progress and revise the plan when appropriate. Before imposing a sanction against a family for failing to comply with a TANF rule or requirement of the self-sufficiency plan, the state must, to the extent deemed appropriate by the state, review the plan and make a good faith effort (defined by the state) to consult with the family.

States must comply with self-sufficiency plan requirement within one year after enactment (for families then receiving TANF). For families not enrolled on the date of enactment, the deadline for self-sufficiency plans is the later of: 60 days after the family first receives assistance on the basis of its most recent application, or 1 year after enactment. The mark provides that nothing in the self-sufficiency plan subsection or amendments made shall be construed to establish a private right or cause of action against a state for failure to comply with the provisions or to limit claims that might be available under other federal or state laws. The Government Accountability Office is required to submit a report to the Ways and Means and Finance Committees evaluating the implementation of the universal engagement provisions of the bill.

The mark adds failure to comply with family self-sufficiency plan requirements to the penalty paragraph regarding failure to comply with minimum participation standards (see above for penalty schedule). For fiscal year 2007 and later, it provides that the penalty shall be based on the degree of substantial noncompliance. The Secretary must take into account factors such as the number or percentage of families for whom a plan is not established in a timely fashion, the duration of delays, whether the failure is isolated and nonrecurring, and the existence of systems to ensure establishment and monitoring of plans. The Secretary may reduce the penalty if the noncompliance is due to circumstances that made the state needy under the contingency fund definition or due to extraordinary circumstances such as a natural disaster or regional recession.

Reason for Change

The Chairman's mark would require states to make families on assistance aware of additional work supports and assistance for which they are eligible. The Chairman's mark adds a penalty provision to enforce the new requirement that states develop family self-sufficiency plans for recipients, while stipulating that states will not be subject to penalty unless they are in substantial noncompliance with the law.

Transitional compliance for teen parents

Current Law

The law makes an unmarried teenage parent (under age 18) ineligible for federally funded TANF assistance if she has a minor child at least 12 weeks old and no high school

diploma unless she participates in a high school diploma program (or equivalent) or in an alternative educational or training program approved by the state. To receive TANF, she also must live with her child in an adult-supervised setting (a residence maintained by her parent, legal guardian, or other adult relative). If the teen parent has no available relative or guardian with whom to live, or if the state determines that the relative's home might be harmful, the state must provide, or assist the teen mother in locating, a second chance home, maternity home, or other appropriate adult-supervised living arrangement. TANF funds may be used to help operate second-chance homes.

Chairman's Mark

The mark would allow 60 days for a teen parent to comply with these requirements – permitting states to give federally funded TANF for up to 60 days to a teen parent not yet participating in education or training or not yet living in an adult-supervised arrangement. It also would add to allowable living arrangements transitional living youth projects funded under section 321 of the Runaway and Homeless Youth Act.

Reason for Change

The Chairman's mark includes a "transitional compliance" period for minor parents, so that income-eligible minor parents who at the time of application are having trouble meeting the rules and eligibility conditions related to education and living arrangements (such as school dropouts and homeless youth) are brought into the program where they can get the case management they need to meet the requirements.

TANF Time Limit in Areas of Indian Country or Alaskan Native Villages of High Joblessness

Current Law

In applying TANF's 60-month limit on the use of Federal funds for assistance to a family with an adult, the law requires disregard of months of assistance provided to adults living in Indian country or an Alaskan Native village in which at least 50 percent of the adults are unemployed.

Chairman's Mark

For the purposes of TANF's 60 month time limit, the mark requires disregard of months of assistance received by an adult living in Indian country or an Alaskan Native village if at least 40% of adult recipients are jobless. The 40% threshold is reduced to 35% if the adult is in a state that meets the TANF contingency fund "needy state" criteria or the tribe meets criteria for access to the contingency fund.

Section 111 –Penalties Against States

Maintenance of Effort Requirement

Current Law

To receive a full TANF grant, state spending under all state programs in the previous year on behalf of TANF-eligible families (defined to include those ineligible because of the 5-year time limit or the federal ban on benefits to new immigrants) must equal at least 75% of the state's historic level (sum spent in FY1994 on AFDC and related programs). If a state fails work participation requirements, the required spending level rises to 80%. State expenditures that qualify for maintenance-of-effort credit are cash aid, child care, educational activities designed to increase self-sufficiency, job training, and work (but not generally available to non-TANF families) administrative costs (15% limit), child support collection passed through to the family without benefit reduction, and any other use of funds reasonably calculated to accomplish a TANF purpose.

Chairman's Mark

The mark extends the requirement that states maintain their own funding at 75 percent of its historic level (80% in case of failure to satisfy work standards) to cover FYs 2006 through 2011. It also specifies that a state's required MOE percentage for a given year is to be based on its meeting or failing the work requirement for the preceding fiscal year.

Reason for Change

By basing the MOE requirement on the state's work performance in the preceding year, the Chairman's mark ensures that states know the MOE requirement they will need to meet at the start of the year.

States with Work Program Improvement

Current Law

States are penalized for failure to meet work participation standards through a reduction in their block grant. States that fail the TANF work standards may enter into a corrective compliance plan with HHS which outlines how the state will come into compliance with the standards.

Chairman's Mark

The mark provides that a state with a corrective compliance plan accepted by the Secretary that also has had a 5 percentage point improvement in its work participation rate from the previous year will not be assessed a financial penalty for failure to meet TANF work participation standards.

Reason for Change

To ensure that states that are making improvement towards increasing their participation rate are not penalized.

Section 112 – Data Collection and Reporting

Current Law

The law requires states to collect monthly, and report quarterly, disaggregated case record information (sample case record information may be used) about families who receive assistance under the state TANF program (except for information relating to activities carried out with welfare-to-work grants from the Department of Labor [DOL]). Required information includes ages of family members, size of family, employment status and earnings of the employed adult, marital status of adults, race and educational level of each adult and child, whether the family received subsidized housing, Medicaid, food stamps, or subsidized child care (and if the latter two, the amount). Also required are the number of hours per week that an adult participated in specified activities, information needed to calculate participation rates, type and amount of assistance received under TANF, unearned income received, and citizenship of family members.

Quarterly reports also must include the percentage of funds used for administrative costs or overhead, the total amount spent on programs for needy families, the number of noncustodial parents who participated in work activities, and the total amount spent on transitional services (with separate accounting for welfare-to-work grants). Quarterly reports also must provide the number of families and persons who received assistance each month and the total value of this assistance (with a breakdown for welfare-to-work grants). From a sample of closed cases, the report must provide the number of case closures attributed to employment, marriage, time limit sanction or state policy. The law requires the Secretary to submit annual reports to Congress that include state progress in meeting TANF objectives, demographic and financial characteristics of applicants, recipients, and ex-recipients, characteristics of each TANF-funded program, and trends in employment and earnings of needy families with children.

Chairman's Mark

The mark extends quarterly reporting requirements to cover families in MOE-funded separate state programs. It requires monthly reports from states on the TANF and separate state program caseload and annual reports from states on the characteristics of their state TANF program and their MOE separate state programs. Annual state reports must include names of programs, their activities and purpose, eligibility criteria, funding sources, number of beneficiaries, sanction policies, and work requirements, if any. The mark qualifies the use of samples to provide disaggregated case record information, permitting the Secretary to designate core data elements that must be reported for all families. The mark also changes some of the data elements required in the quarterly reports. It adds the race and educational level of each *minor parent,* deletes the educational level of each child, and adds the reason for receipt of assistance for a total of more than 60 months. It conforms the reporting of hours in work activities to the expanded definition of activities that count toward the work participation standards. It also

requires information needed to calculate progress toward universal engagement of each family, the date the family first received TANF, whether a self-sufficiency plan is established for the family; the marital status of the parents at the birth of each child in the family, and whether paternity has been established for those who were unwed. Quarterly reports must include information on families that became ineligible for assistance from TANF- or MOE-funded separate state programs during the month, broken down by reason (earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons). The mark requires the Secretary to prescribe regulations needed to collect data and to consult with the NGA, APHSA, and the National Conference of State Legislatures (as well as the Secretary of Labor) in defining data elements for required reports. The mark changes the requirements for the Secretary's annual TANF reports to Congress by setting July 1 as the deadline, deleting the requirement for information about applicants and requiring that the report include information about separate state MOE programs.

The mark requires states to report to the Secretary annually, beginning with FY2005, on achievement and improvement in TANF and MOE-funded separate state programs during the past fiscal year under the state's performance goals and measures. It also requires states to file annual reports on their progress toward the achievement of "universal engagement."

The mark also extends CCDBG case-level reporting to TANF-funded child care. It requires the Secretary to coordinate reporting so that states are not required to submit duplicate information to meet both TANF and CCDBG reporting and allows the Secretary to permit a state to fulfil reporting requirements with a consolidated TANF/CCDBG report on families receiving child care. It also allows the Secretary to waive this requirement if the Secretary determines that it would be administratively or financially burdensome to a state, but states granted such waivers must post data on TANF-funded child care on a web site. The mark provides 2 years for states to comply with this requirement.

Reason for Change

The Chairman's mark extends quarterly reporting requirements to ensure consistent data reporting and monitoring of all qualified state programs. Annual reports on all TANF and MOE programs are needed to provide information (e.g., number of beneficiaries) that is not otherwise available on non-cash assistance programs. Designation of a few core data elements for universal reporting would facilitate performance measurement and accountability. These elements are already submitted by states as part of the High Performance Bonus data collection. Data elements that have been difficult for the TANF agency to collect and report, or are not used to any significant extent, would be dropped to reduce burden on state agencies. A few data elements would be added to monitor compliance with universal engagement requirements.

Section 113 – Direct Funding and Administration by Indian Tribes

Current Law

The allows Indian tribes to operate their own tribal family assistance plans. Tribes that opt to operate their own programs receive an amount equal to federal pre-TANF payments

received by the state attributable to Indians for administration of the programs. These sums ($115 million in FY2003) are deducted from state TANF grants. It also appropriates $7.6 million annually for work and training activities (now known as Native Employment Works [NEW]) to tribes that operated a pre-TANF work and training program.

Chairman's Mark

The mark reauthorizes tribal family assistance grants for FY2006-FY2010. It reauthorizes and increases funding for the NEW work program to $12.6 million annually for FY2006 through FY2010. Tribes with an approved tribal family assistance plan that are not currently operating a NEW program will be eligible for grants. Funding will be allocated based on the population served by the program, though no tribe currently running a NEW program would receive less than what they received in FY2005. The mark also provides that if a tribe elects to incorporate its TANF program into a job training, tribal work experience, employment opportunities and skill development demonstration project, it would be subject to the requirements of the Indian Employment, Training, and Related Services Demonstration Act of 1992.

The mark establishes tribal improvement grants and appropriates $80 million for them to support:

- Tribal capacity grants for tribal human services infrastructure ($40 million). The Secretary of HHS shall award grants to Indian tribes for improving human services infrastructure, including management information systems, management information system-related training, equipping offices, and renovating (but not constructing) buildings. The Secretary is to give first priority to tribes that have applied for approval to run tribal family assistance programs; second priority to tribes that have an approved tribal family assistance plan; and third priority for tribes with approved foster care and adoption assistance programs (see Title IV),
- Tribal development grants to provided technical assistance in improving reservation economies ($35 million). The Secretary of HHS, through the Commissioner of the Administration for Native Americans, shall award grants to nonprofit organizations, Indian tribes, and tribal organizations to enable grantees to provide technical assistance to tribes and tribal organizations in the following areas: the development of uniform commercial codes; creation or expansion of small business or microenterprise programs; the development of tort liability codes; creation or expansion of tribal marketing efforts; creation or expansion of for-profit collaborative business networks; development of innovative uses of telecommunications to help with distance learning or telecommuting; and development of economic opportunities in areas of high joblessness (with 30% of the grants awarded in this area).
- Technical assistance ($5 million). Of this amount, at least $2.5 million is for peer-learning programs among tribal administrators; and at least $1 million is for making grants to Indian tribes for feasibility studies of their capacity to operate tribal family assistance programs.

The mark also enhances the information reported by HHS on Indians in the TANF annual report; increases requirements for consultation and coordination among states and tribes in developing TANF state plans; requires States to describe how they will provide equitable access to members of Indian tribes or tribal organizations not in a tribal TANF program; and requires a Government Accountability Office (GAO) report on the demographic, economic, and health characteristics of Indians who reside in Indian Country, Alaska, or receive assistance under a tribal TANF program (due January 1, 2007). Other provisions that affect tribal TANF programs include: making tribal organizations eligible for the Employment Achievement Bonus (Section 105); giving tribes access to the Contingency Fund (Section 106); modification to time limit rules for persons living in Indian country or Alaskan Native villages with high rates of joblessness (Section 110); setting aside $2 million to study Indian welfare programs (Section 114); increasing the tribal set aside for mandatory child care funds to a minimum of 2% of the appropriation (Section 116); and providing tribes the authority to receive Federal foster care and adoption assistance funds (Section 403).

Reason for Change

The 1996 welfare law permitted Indian tribes to operate their own welfare programs for the first time. Since 1996, more than 30 tribes have taken advantage of the flexibility allowed under TANF to design culturally-appropriate programs to support low-income American Indians. This important policy is consistent with the value of tribal sovereignty. There is more work to be done. According to the Census Bureau, 25.9% of American Indians live in poverty, more than twice the national poverty rate. The average household income for American Indians is only 75% of that of the rest of Americans.

The Chairman's Mark contains critical provisions to support Tribes in setting up and improving Tribal TANF programs while exercising their sovereignty to adapt their programs to better fit the needs of American Indians living in Indian Country. The Chairman's Mark includes provisions to support economic development, capacity building and infrastructure for tribes operating their own welfare programs. Funding for job training and childcare are also included. In addition, tribes with high unemployment have the flexibility to determine how best to approach work requirements and terms of assistance. The addition of a GAO study to identify barriers for Urban Indians accessing benefits and the new requirements for HHS to collect more comprehensive data on receipt of benefits among American Indians will contribute to the necessary data needed to address poverty in Indian Country.

Section 114 – Research, Evaluations, and National Studies

Current Law

The 1996 welfare law required the HHS Secretary to conduct research on effects, costs, and benefits of state programs. It provides that the Secretary might help states develop innovative approaches to employing TANF recipients and increasing the well-being of their children and directed the Secretary to evaluate these innovative projects. It appropriates $15

million yearly, half for TANF research and novel approaches cited above and half for the federal share of state-initiated TANF studies and the completion and evaluation of pre-TANF waiver projects. (Section 413 of the Social Security Act also requires the Secretary to rank annually the states to which family assistance grants are paid, in the order of their placing recipients into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable calculation method becomes available, diverting persons from formally applying for TANF assistance.)

Chairman's Mark

The mark appropriates $100 million yearly for FYs 2005 through 2010, of which 80% must be spent on marriage promotion activities (described in the section establishing marriage grants). It makes these funds available to the HHS Secretary for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to states, Indian tribal organization, and such other TANF grantees as the Secretary may specify. It authorizes the Secretary to conduct these studies and demonstrations directly or through grants, contracts, or interagency agreements. In addition, for 5 years (FYs 2006 through 2010) it extends the current law annual appropriation of $15 million and it designates a 50-50 allocation.

The mark establishes a limited demonstration program for up to 10 states to enhance or to provide for improved program integration coordination and delivery of public assistance. The only programs eligible for inclusion in the demonstration are: TANF, the Social Services Block Grant, and child care funded from mandatory child care funds. States would need to include a plan for evaluation to demonstrate the improved effectiveness of programs included. The Secretary would need to approve the state's plan. The following are provisions excluded from waiver authority: civil rights or prohibition of discrimination; the purposes or goals of any program; maintenance of effort requirements; health, safety or licencing requirements; requirements relating to the use of financial assistance for activities to improve the quality and availability of child care; report and audit requirements of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.); requirements of that Act that limit what financial assistance shall be expended for; the State plan and State applications requirements specified in section 658E of that Act (42 U.S.C. 9858c); labor standards under the Fair Labor Standards Act of 1938; or environmental protection. Additional provisions include: in the case of child care assistance funded under section 418 of the Social Security Act (42 U.S.C. 618), with respect to the requirement under the first sentence of subsection (b) (1) of that section that funds received by a State under that section shall only be used to provide child care assistance; with respect to any requirement that a State pass through to a sub-State entity part of all of an amount paid to the State; if the waiver would waive any funding restriction or limitation provided in an appropriations Act, or would have the effect of transferring appropriated funds from 1 appropriations account to another; or, except as otherwise provided by statute, if the waiver would waiver any funding restriction applicable to a program authorized under an Act which is not an appropriations Act (but not including program requirements such as application procedures, performance standards, reporting requirements, or eligibility standards), or would have the effect of transferring funds from a program for which there is direct spending (as defined in section 250 (c) (8) of the Balanced Budget and Emergency Deficit Control Act of

1985) to another program. Additionally, The Director of the Office of Management and Budget shall establish a procedure for ensuring that not more than 10 states (including any portion of a state) conduct a demonstration project.

The mark authorizes $15 million annually for the development of comprehensive indicators of child well-being. The indicators shall include measures related to education; social and emotional development; health and safety; and family well-being, such as family structure, income, employment, child care arrangements, and family relationships. Among the requirements for the indicators is that they be statistically representative at the State level, consistent across states, and over-sampled with respect to low-income children and families. The Secretary is to consult with the Federal Interagency Forum on Child and Family Statistics. It also requires the establishment of an advisory panel, appointed by the Secretary of HHS; the chairman and ranking members of the House Ways and Means and Senate Finance Committees; the Chairman of the National Governors Association; the President of the National Conference of State Legislatures; and the Director of the National Academy of Science.

The mark authorizes $20 million for each of the FY 2006 - 2010 for Domestic Violence Prevention Grants. The mark provides that the Secretary of Health and Human Services shall award grants to eligible entities to enable such entities to carry out domestic violence prevention activities. These activities include: developing and disseminating best practices for addressing domestic and sexual violence; implementing voluntary skills programs on domestic violence as a barrier to economic security, including providing caseworker training, technical assistance and voluntary services for victims of domestic violence; providing broad-based income support and supplementation strategies that provide increased assistance to low-income working adults, such as housing, transportation, and transitional benefits as a means to reduce domestic violence, or, carrying out programs to enhance relationship skills and financial management skills, teaching individuals how to control aggressive behavior, and to disseminating information on the causes of domestic violence and child abuse.

The mark also appropriates $2 million for FY2006 to fund research on tribal welfare programs and efforts to reduce poverty among Indians.

Reason for Change

Healthy marriages are critically important to the well-being of children, a point recognized in the purposes of the original TANF law. The TANF program works with families to help them overcome great difficulties and barriers, so they can become stronger and self-sufficient. One important way we can help many families is to help them build the skills and knowledge that will enable them to form and sustain healthy marriages.

However, there is much that we do not yet know about how states and communities can effectively promote healthy marriages. The Secretary's Fund for Research Demonstrations and Technical Assistance serves several purposes. Just as current welfare to work programs are built on the foundation of considerable research and experience, the ability of states and communities to provide effective assistance to families in the future will depend on a strong base of research and examined experience.

This section would fund research on the operation and impact of various promising healthy marriage promotion services and strategies. Funds would also be used to support demonstration projects intended to examine how various comprehensive community based strategies and programs can help to promote the development and strength of healthy marriages.

Funds would be available for HHS to make technical assistance available to program operators, in particular, by helping states, tribes and local administrators learn from each other.

Effective service delivery is often inhibited by poor coordination and inefficiencies inherent to providing complementary services through different programs. Through these demonstrations, states could explore ways to build truly seamless services and improve the quality of services for families and enhance child well-being.

The domestic violence prevention grants can be used to support activities to reduce incidence of domestic and sexual violence and child abuse.

Section 115 – Study by the Census Bureau

Current Law

Appropriates $10 million annually to expand the Survey of Income and Program Participation (SIPP) so as to obtain data with which to evaluate TANF's impact on a random national sample of recipients and, as appropriate, other low-income working families.

Chairman's Mark

The mark appropriates $10 million annually for FYs 2006 through 2010 for the Census Bureau for a new enhancement to the SIPP to allow for an assessment of the outcomes of continued welfare reform on the economic and child well-being of low income families with children.

Reason for Change

Reauthorization of TANF provides an opportunity to strengthen the SIPP and build upon the Census Bureau's federal-state partnership, linking state cross-program administrative data and survey data to meet the requirements in the enhanced SIPP to understand how low-income families are faring under TANF.

Section 116 – Funding for Child Care

Current Law

Current law provides $2.7 billion per year for mandatory child care funds. These mandatory funds are combined with discretionary funds under an expanded Child Care and Development Block Grant (CCDBG).

Chairman's Mark

The Chairman's mark increases mandatory child care funding by $1 billion over five years, providing $2.9 billion annually. It also increases the minimum set-aside for Indian tribes and tribal organizations to 2% and sets aside $10 million annually in mandatory funding for the Commonwealth of Puerto Rico.

Reason for Change

The need for additional child care resources to assist families.

Section 117 – Definitions and General Provisions

Current Law

The law does not define the term "assistance," but regulations define it as cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses) plus supportive services such as transportation and child care provided to families who are not employed. It does not include nonrecurrent, short-term benefits that are not intended to meet recurrent or ongoing needs and will not extend beyond four months.

Chairman's Mark

The mark places in statute a modified version of the current regulatory definition of assistance. The current definition is modified to exclude child care and transportation aid for families without a worker (making all child care and transportation aid "nonassistance").

The mark also limits to recipients of TANF assistance the application of requirements that the state participate in the Income Eligibility and Verification system (IEVS). That is, the state need not participate in IEVS for families receiving only TANF-funded benefits and services.

Reason for Change

The Chairman's mark affirms the flexibility of states to provide assistance and services to low-income families, including temporarily unemployed families, and clarifies that rules tied to state spending on "assistance" will not apply to child care and other non-cash work support services provided to the unemployed.

Section 118 – Responsible Fatherhood Program

Current Law

No provision.

Chairman's Mark

The Responsible Fatherhood Program would be added to the Social Security Act as a new Part C to Title IV. The mark amends Title 1 of P.L. 104-193 which would make the responsible fatherhood program subject to the charitable choice provisions. The mark also includes a list of findings with respect to the impact of fathers being absent from the home and the purposes of a responsible fatherhood program.

The mark establishes four components for the responsible fatherhood program. It authorizes (1) a $20 million grant program for up to 10 eligible states to conduct demonstration

programs; (2) a $30 million grant for eligible entities to conduct demonstration programs; (3) $5 million for a nationally recognized nonprofit fatherhood promotion organization to develop and promote a responsible fatherhood media campaign; (4) a $20 million block grant for states to conduct responsible fatherhood media campaigns; and (5) $1 million for a nationally recognized nonprofit research and education fatherhood organization to establish a national resource center for responsible fatherhood.

Grants to States to Conduct Demonstration Programs

The mark authorizes a $20 million appropriation that gives the HHS Secretary the authority to award grants to up to 10 eligible states to conduct demonstration programs that carry out the purposes described below. An eligible state is a state that submits to the Secretary an application for a grant, at such time, in such manner, and containing the information required by the Secretary. An eligible state must give the Secretary a state plan that describes the types of programs or activities that the state will fund under the grant, including a good faith estimate of the number and characteristics of clients to be served under the projects and how the state intends to achieve at least two of the purposes described below. The state plan also must include a description of how the state will coordinate and cooperate with state and local entities responsible for carrying out other programs that relate to the purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families. In addition, the state plan must include an agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary to provide oversight of the demonstration program.

The mark requires the chief executive officer of the state to certify to the HHS Secretary that the state will use the demonstration funds to promote at least two of the purposes described below; the state will return any unused funds to the Secretary; and that the funds provided under the grant will be used for programs and activities that target low-income participants and that at least 50 percent of the participants in each program or activity funded must be parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a state program funded under Title IV-D or Title IV-A, foster care (Title IV-E), Medicaid (Title XIX), or food stamps; or parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150% of the poverty line. In addition, the chief executive officer of the state must certify to the Secretary that programs or activities funded under the demonstration grant will be provided with information about the prevention of domestic violence and that the state will consult with representatives of state and local domestic violence centers. The state must also certify that funds provided to the state for demonstration grants must not be used to supplement or supplant other federal, state, or local funds that are used to support programs or activities that are related to the purposes of the demonstration grants.

In determining which states to award responsible fatherhood demonstration grants, the HHS Secretary must attempt to achieve a balance among the eligible states with respect to the size, urban or rural location, and use of differing or unique methods of the entities that states intend to use to conduct the programs and activities funded by the demonstration grants. The

Secretary must give priority to eligible states that have demonstrated progress in achieving at least one of the stated purposes through previous state initiatives or that have demonstrated need with respect to reducing the incidence of out-of-wedlock births or absent fathers in the state.

The mark stipulates the purposes of the demonstration grants are to promote responsible fatherhood through (1) marriage promotion (through counseling, mentoring, disseminating information about the advantages of marriage and two-parent involvement for children, enhancing relationship skills, teaching how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, skills-based marriage education, financial planning seminars, and divorce education and reduction programs, including mediation and counseling); (2) parenting activities (through counseling, mentoring, mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods); and (3) fostering economic stability of fathers (through work first services, job search, job training, subsidized employment, education, including career-advancing education, job retention, job enhancement, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods).

The mark prohibits the use of responsible fatherhood demonstration grants for court proceedings on matters of child visitation or child custody, or legislative advocacy.

The mark prohibits a state from being awarded a grant unless the state consults with experts of domestic violence or with relevant community domestic violence coalitions in developing programs or activities funded by the grant. The state also must describe in the grant application how the proposed programs or activities will address, as appropriate, issues of domestic violence and what the state will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary and to inform potential participants that their involvement is voluntary.

The mark requires that each eligible state that receives a grant must return any unused portion of the grant for a fiscal year back to the HHS Secretary not later than the last day of the second succeeding fiscal year, together with any earnings from interest on the unused portion. The Secretary is required to establish an appropriate procedure for redistributing to eligible states that have expended the entire amount of their grant for a fiscal year any amount that is returned to the Secretary by eligible states.

The mark authorizes a $20 million appropriation for each of the fiscal years 2006 through 2010 for responsible fatherhood demonstration grants. The mark stipulates that the amount of each responsible fatherhood demonstration grant awarded must be an amount sufficient to implement the state plan submitted by the state, subject to a minimum amount of $1 million per fiscal year in the case of the 50 states and the District of Columbia, and $500,000 in the case of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

Grants to Eligible Entities to Conduct Demonstration Programs

The mark authorizes a $30 million appropriation that gives the HHS Secretary the authority to award grants to eligible entities to conduct demonstration programs that carry out the purposes described above. An eligible entity is a local government, local public agency, community-based or nonprofit organization, or private entity, including any charitable or faith-based organization, an Indian tribe or a tribal organization that submits to the Secretary an application for a grant, at such time, in such manner, and containing the information required by the Secretary. An eligible entity must give the Secretary a description of the programs and activities that the entity will fund under the grant, including a good faith estimate of the number and characteristics of clients to be served under the projects and how the entity intends to achieve at least two of the purposes described above. The project description also must include a description of how the entity will coordinate and cooperate with state and local entities responsible for carrying out other programs that relate to the purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families. In addition, the project description must include an agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary to provide oversight of the demonstration program.

The mark requires a certification that the entity will use the demonstration funds to promote at least two of the purposes described above; the entity will return any unused funds to the Secretary; and that the funds provided under the grant will be used for programs and activities that target low-income participants and that at least 50 percent of the participants in each program or activity funded must be parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a state program funded under Title IV-D or Title IV-A, foster care (Title IV-E), Medicaid (Title XIX), or food stamps; or parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150% of the poverty line. In addition, the mark requires a certification that the entity will consult with representatives of state and local domestic violence centers. The entity must also certify that funds provided to the state for demonstration grants must not be used to supplement or supplant other federal, state, or local funds provided to the entity that are used to support programs or activities that are related to the purposes of the demonstration grants.

In determining which entities to which to award responsible fatherhood demonstration grants, the HHS Secretary must attempt to achieve a balance among the eligible entities with respect to the size, urban or rural location, and use of differing or unique methods of the entities.

The mark prohibits the use of responsible fatherhood demonstration grants awarded to entities for court proceedings on matters of child visitation or child custody, or legislative advocacy.

The mark stipulates that the HHS Secretary may not award a grant to an eligible entity unless the entity, as a condition of receiving the grant, consults with experts in domestic violence or with relevant community domestic violence coalitions in developing the programs or activities funded by the grant; and describes in the grant application how the programs or activities will address issues of domestic violence and what the entity will do to ensure that

participation in the programs or activities funded is voluntary and to inform potential participants that their involvement is voluntary.

The mark requires that each eligible entity that receives a grant must return any unused portion of the grant for a fiscal year back to the HHS Secretary not later than the last day of the second succeeding fiscal year, together with any earnings from interest on the unused portion. The Secretary is required to establish an appropriate procedure for redistributing to eligible entities that have expended the entire amount of their grant for a fiscal year any amount that is returned to the Secretary by eligible entities.

The mark authorizes a $30 million appropriation for each of the fiscal years 2006 through 2010 for responsible fatherhood demonstration grants to eligible entities.

National Clearinghouse for Responsible Fatherhood Programs

The mark authorizes an appropriation of $5 million for the HHS Secretary to contract with a nationally recognized, nonprofit fatherhood promotion organization to (1) develop, promote and distribute to interested states, local governments, public agencies, and private entities a media campaign that encourages appropriate involvement of both parents in the life of their children (with an emphasis on responsible fatherhood); and (2) develop a national clearinghouse to assist states and communities in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to other states information on state-sponsored media campaigns.

The mark requires the HHS Secretary to ensure that the selected nationally recognized nonprofit fatherhood promotion organization coordinate the media campaign and national clearinghouse that are developed with grant funds with national, state, or local domestic violence programs.

The nationally recognized nonprofit fatherhood promotion organization must have at least four years of experience in designing and disseminating a national public education campaign, and in providing consultation and training to community-based organizations interested in implementing fatherhood programs.

The mark authorizes a $5 million appropriation for each of the fiscal years 2006 through 2010 to establish a national clearinghouse for responsible fatherhood programs.

Block Grants to States to Encourage Media Campaigns

The mark authorizes the HHS Secretary to provide a $20 million block grant to states for media campaigns for each of the fiscal years 2006 through 2010.

Not later than October 1 of each of the fiscal years for which a state wants to receive an allotment of block grant funds, the mark requires the chief executive officer of the state to certify to the HHS Secretary that the state will use grant funds to promote the formation and maintenance of married two-parent families, strengthen fragile families, and promote responsible

fatherhood through media campaigns. The executive officer also must certify that the state will return any unused funds to the Secretary and comply with the stipulated reporting requirements.

States have the option of establishing media campaigns via radio or television, air-time challenge programs (under which the state may purchase air time only if it obtains non-federal contributions to purchase additional similar air time), or through the distribution of printed or other advertisements. A state may administer media campaigns directly or through grants, contracts, or cooperative agreements with public agencies, local governments, or private entities (including charitable and faith-based organizations). In developing broadcast and printed advertisements for media campaigns, the state or other entity administering the campaign must consult with representative of state and local domestic violence centers. The mark defines broadcast advertisement, child at risk, poverty line, printed or other advertisement, state, and young child.

Each state's allotment is based on its proportion of poor children in the nation, and its portion of children under age 5 in the nation. Each state and the District of Columbia would receive no less than the minimum allotment of $200,000; Guam, Puerto Rico, the Virgin Islands, American Samoa, and the Northern Mariana Islands would receive no less than $100,000 per year for FY2004-2008.

The mark requires that each eligible entity that receives a grant must return any unused portion of the grant for a fiscal year back to the HHS Secretary not later than the last day of the second succeeding fiscal year, together with any earnings from interest on the unused portion. The Secretary is required to establish an appropriate procedure for redistributing to states that have expended the entire amount of their grant for a fiscal year any amount that is returned to the Secretary by states, or not allotted to states because the state did not submit a certification by October 1 of a fiscal year.

The mark requires each state that receives an allotment to monitor and evaluate media campaigns conducted using the allotted grant funds and to submit an annual report to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

The mark authorizes the HHS Secretary to provide a $20 million block grant to states for media campaigns for each of the fiscal years 2006 through 2010. The Secretary must conduct an evaluation of the impact of the media campaigns and report to Congress the results of the evaluation no later than December 31, 2008. The mark authorizes a $1 million appropriation for FY2006 to conduct the evaluation (the evaluation funding is to remain available until expended).

National Resource Center for Responsible Fatherhood

The mark authorizes an appropriation of $1 million for the HHS Secretary to contract with a nationally recognized, nonprofit research and education fatherhood organization to (1) provide technical assistance and training to public and private agencies and grass roots organizations that promote responsible fatherhood and healthy marriage; and (2) develop a

clearinghouse of resource materials to assist community-based organizations in developing local responsible fatherhood programs, with an emphasis on training and outcome evaluation.

The nationally recognized nonprofit research and education fatherhood organization must have at least 12 years of experience in (1) developing and distributing research-based curriculum that promotes responsible fatherhood and healthy marriage with an emphasis on low-income and noncustodial fathers; (2) providing consultation and training to community-based organizations with a track record of working with social service, government, and faith-based organizations; and (3) providing direct training to fathers, father figures, and mothers using research-based curriculum in a variety of economic, cultural and family situations.

The mark authorizes the HHS Secretary to provide a $1 million for a national resource center for responsible fatherhood for each of the fiscal years 2006 through 2010.

Nondiscrimination Clause

The mark requires that the responsible fatherhood programs and activities be made available to all fathers and expectant fathers, including married and unmarried fathers and custodial and non-custodial fathers, with a special focus on low-income fathers, on the same basis; and that mothers and expectant mothers be able to participate in such programs and activities on the same basis as the fathers.

Reason for Change

Children do better academically, emotionally and socially when raised by their married biological parents. This provision in the bill provides states and faith based and community organizations and local governments with resources to find innovative ways to promote responsible fatherhood through marriage promotion and divorce reduction, parenting skill building, and where appropriate, expanded opportunities for strengthening the employment opportunities of low-income fathers. The provision is targeted on families, many of whom are unmarried at the time of the birth of their child, who have received TANF, Food Stamps or Medicaid Services or who have incomes below 150% of poverty. The provision requires all grantees to ensure that program participation is voluntary and that domestic violence experts and coalitions are consulted.

Section 119 – Additional Grants

Social Services Capitalization Grants

Current Law

No provision.

Chairman's Mark

The mark authorizes $40 million for each of FYs 2006-2010 for grants to be made by the HHS Secretary to entities for the purpose of capitalizing and developing the role of sustainable social services that are critical to the success of moving TANF recipients to work. Applicants would be required to describe the capitalization strategy they intend to follow to develop a program that generates its own source of on-going revenue while assisting TANF recipients. Administrative costs could not exceed 15 percent (except for computerization and information technology needed for tracking or monitoring required by TANF), but none of the other statutory rules regarding use of TANF funds would apply. The mark requires the Secretary to conduct an evaluation of the programs developed by these grants.

Reason for Change

The provision would support efforts to develop the role of self-sustainable social services which are critical in the success of moving welfare recipients into work.

Transportation Ownership Demonstration Grants

Current Law

No provision.

Chairman's Mark

The mark authorizes of $25 million for each of FYs 2006-FY2010 for grants for low-income car ownership. The purposes are to improve employment opportunities for low-income families and provide incentives to states, Indian tribes, localities and nonprofit groups to develop and administer programs that promote car ownership by low-income families. No more than 5% could be used for administrative costs of the Secretary in carrying out this program.

Reason for Change

State TANF agencies cite a lack of reliable transportation as a major barrier to employment. This demonstration will promote innovative approaches to solving this problem. Certain State agencies and non-profit organizations have begun experimenting with car donation programs, in which donated vehicles are refurbished and ownership is transferred to families on TANF demonstrating need. Outcome studies have shown that beneficiaries reduce dependence on public cash-assistance by as much as 70%. The demonstration provides funds to encourage further study and dissemination of this promising approach to moving families to independence.

Transitional Jobs/Business Links Grants

Current Law

No provision.

Chairman's Mark

The mark authorizes $200 million per year for FY2006 through FY2010 for business links and transitional jobs programs. Grants are to be jointly awarded by the Secretaries of HHS and Labor to fund programs:

(1) to promote "business linkages." These are programs designed to improve the wages of eligible individuals by improving jobs skills in partnership with employers and providing supports and services at or near the worksite Eligible grantees are private organizations, local workforce investment boards, States, localities, Indian tribes, tribal organizations and employers. Individuals eligible to be served by these programs are TANF recipients, former recipients, individuals with a disability, or noncustodial parents having difficulty in paying child support obligations who also have limited proficiency in the English language or other barriers to employment.

(2) for "transitional jobs." These programs combine subsidized, time-limited, wage-paying supported work in the public or nonprofit sectors with skill development and activities to remove barriers to employment. Eligible grantees are private organizations, local workforce investment boards, States, localities, Indian tribes, and tribal organizations. Individuals eligible to be served by these programs are TANF recipients, former recipients, individuals with a disability, or noncustodial parents having difficulty in paying child support obligations who also have limited proficiency in the English language or other barriers to employment.

The mark requires a minimum of 40% of funds appropriated be used for businesses linkages and also a minimum of 40% be used for transitional jobs. Benefits and services provided under these programs are not considered assistance. The mark also requires an assessment by HHS and DoL of them, and sets aside $3 million per year for that assessment. The mark provides an additional set-aside of 1.5% for evaluation.

Reason for Change

Transitional jobs programs have been done in some States and have proven to be effective work-based programs where other programs have failed. By combining wage-paying subsidized jobs that combine real work, skill development and support services, these programs provide participants with the opportunity for skill development that has long-term impacts. Research shows that completers of transitional jobs program have high success rates in the labor market--an 81-94% employment rate for program completers. Partnership programs funded during the first round on welfare reform were successful in placing TANF parents with major employers ranging from airlines to regional and national retailers. This authorization is a targeted authorization to provide incentive to place TANF parents in jobs where they will stay off welfare rolls.

Nondisplacement of Regular Employees

Current Law

Under TANF law, a recipient may fill a vacant employment position. However, no adult in a work activity that is funded in whole or in part by Federal funds may be employed or assigned when another person is on layoff from the same or any substantially equivalent job, or if the employer has ended the employment of any regular employee or otherwise caused an involuntary reduction in its workforce in order to fill a vacancy with a TANF recipient. These provisions do not preempt any provision of State or local law that provides greater protection against displacement. States are required to have a grievance procedure to resolve complaints of displacement of permanent employees.

Chairman's Mark

The mark replaces the current nondisplacement provisions of TANF law. It provides that an adult recipient cannot displace any employee or position (including partial displacement), fill any unfilled vacancy, or perform work when any individual is on layoff from the same job or substantially equivalent job. TANF work activities cannot impair existing contracts or services; be inconsistent with any law, regulation, collective bargaining agreement; or infringe on the recall rights or promotional opportunities of any worker. TANF work activities must be in addition to any activity that would otherwise be available and not supplant the hiring of a non-TANF worker.

The mark also requires states to have a grievance procedure for resolving complaints, including the opportunity for a hearing, and sets time standards for the process. It provides remedies for a violation of the non-displacement provisions, including termination and suspension of payments, prohibition on placement of the participant, reinstatement of the employee, or other relief to make the aggrieved employee whole. These provisions do not preempt or supercede any State or local law that provides greater protection.

Reason for Change

The mark improves protections against displacement and strengthens the grievance procedure.

Section 120 – Technical Corrections

TITLE II – ABSTINENCE EDUCATION

Section 201 – Extension of Abstinence Education Program

Current Law

The law appropriated $50 million annually for each of the fiscal years 1998-2002 for matching grants to states to provide abstinence education and, at state option, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on groups that are most likely to bear children out-of-wedlock. Funding has been extended through March 31, 2005 by continuing appropriations extension measures. Funds must be requested by states when they apply for Maternal and Child Health (MCH) block grant funds and must be

used exclusively for the teaching of abstinence. States must match every $4 in federal funds with $3 in state funds.

Chairman's Mark

The mark extends the $50 million annually appropriation for the abstinence education block grant program for each of the fiscal years 2006-2010. The mark continues funding for the program through September 30, 2005 in the same manner authorized for fiscal year 2004. The mark bases a state's funding allotment on the proportion of low-income children in the state compared to the total number of low-income children in the states that apply for abstinence education block grants. Also (beginning with fiscal year 2006), the mark permits the HHS Secretary to reallocate abstinence education funds that he or she deems unnecessary to carry out a state's program to other states that the Secretary determines need additional funding to carry out their abstinence education block grant programs.

Reason for Change

The mark continues the program with no change, but allows unrequested funds to be reallocated among the states with abstinence education programs. This will allow states that want to provide abstinence education with more access to funding.

Title III–Child Support

Section 301 - Distribution of child support collect by state on behalf of children receiving certain welfare benefits

Assignment of child support rights

Current Law

In order to receive benefits TANF recipients must assign their child support rights to the state. The assignment covers any unpaid child support that accrues while the family receives TANF and any support that accrued before the family began receiving TANF.

Any assignment of rights to unpaid child support that was in effect on Sept. 30, 1997 must remain in effect. This means that any child support collected as a result of the assignment must go the state and the federal government.

Chairman's Mark

The mark stipulates that the assignment covers only child support that accrues during the period that the family receives TANF. (In other words, pre-assistance arrearages would be eliminated). In addition, the mark gives states the option to discontinue pre-assistance assignments in effect on Sept. 30, 1997. If a state chooses to discontinue the child support assignment, the state may distribute collections from such assignment to the family. States also

would have the option to discontinue pre-assistance arrearage assignments in effect before 2003. If a state chooses to discontinue the child support assignment, the state may distribute collections from such assignment to the family.

Reason for Change

The Chairman's mark would support family self-sufficiency by allowing families to keep more of the child support collected on their behalf. It would also prevent TANF families from losing access to lump sum collections of past-due pre-assistance support that may help them exit TANF.

Distribution of child support to TANF families

Current Law

While the family receives TANF benefits, the state is permitted to retain any current child support payments and any assigned arrearages it collects up to the cumulative amount of TANF benefits which has been paid to the family. In other words, the state can decide how much, if any, of the state share (some, all, none) of the child support payment collected on behalf of TANF families to send to the family. The state is required to pay the federal government the federal share of the child support collected.

Child support payments collected on behalf of TANF families that are passed through to the family and disregarded by the state count toward the TANF MOE (maintenance of effort) expenditure requirement.

Chairman's Mark

For families that receive TANF benefits, the mark requires the federal government to waive its share of child support collections passed through to TANF families by the state and disregarded by the state–up to an amount equal to $400 per month in the case of a family with one child, and up to $600 per month in the case of a family with two or more children. Like current law, disregarded pass through amounts count as TANF MOE expenditures.

The mark includes a provision that allows states with section 1115 demonstration waivers (on or before October 1, 1997) related to the child support pass-through provisions to continue to pass through payments to families in accordance with the terms of the waiver.

Reason for Change

The Chairman's mark promotes family self-sufficiency by providing an incentive for states to allow families to keep more of the child support collected on their behalf. No such incentive currently exist. This option would also allow noncustodial parents who pay child support to know that their support payments are being received by their children.

Distribution of child support to former TANF families

Current Law

With respect to former TANF families: Current child support payments must be paid to the family. Since October 1, 1997, child support arrearages that accrue *after* the family leaves TANF also are required to be paid to the family before any monies may be retained by the state. Further since October 1, 2000, child support arrearages that accrued *before* the family began receiving TANF also are required to be distributed to the family first.

However, if child support arrearages are collected through the *federal income tax refund offset program*, the family *does not* have first claim on the arrearage payments. Such arrearage payments are retained by the state and the federal government.

Chairman's Mark

As mentioned above, the mark eliminates the assignment of pre-assistance arrearages. The mark also eliminates the special treatment of child support arrearages collected through the federal income tax refund offset program. Such collections also would go to the family first.

To the extent that the arrearage amount payable to a former TANF family in any given month under the mark exceeds the amount that would have been payable to the family under current law, the state can elect to have the amount paid to the family considered an expenditure for Maintenance-of-Effort (MOE) purposes. In addition, the mark amends the Child Support Enforcement State Plan to include an election by the state to include whether it is using the new option to pass through all arrearage payments to former TANF families without paying the federal government its share of such collections or whether it chooses to maintain the current law distribution method. Further, the mark stipulates that no later than 6 months after the date of enactment of this legislation, the HHS Secretary, in consultation with the states, must establish the procedures to be used to make estimates of excess costs associated with new funding option.

Reason for Change

The Chairman's mark supports self-sufficiency by providing former TANF families with more of the child support collected on their behalf, regardless of how it is collected. It allows states to use the federal tax refund offset remedy to get more collections to families. Providing MOE for additional money to families provides further incentive for states to exercise this option and is consistent with MOE policy on the pass through of child support collections to current TANF families.

Distribution of child support to families that never received assistance

Current Law

The entire amount of the child support collection is distributed to families that never received TANF assistance.

Chairman's Mark

Same as current law.

Reason for Change

No change

Distribution of child support to families under certain agreements

Current Law

In the case of a family receiving TANF assistance from an Indian tribe or tribal organization, the child support collection is to be distributed according to the cooperative agreement specified in the Child Support Enforcement State Plan.

Chairman's Mark

Same as current law.

Reason for Change

No change.

Effective date

Current Law

Not applicable.

Chairman's Mark

The amendments made by this section of the bill would take effect on October 1, 2009, and would apply to payments under parts A and D of Title IV of the Social Security Act for calendar quarters beginning on or after such date. States could elect to have the amendments take effect earlier–at any date that is 18 months after the date of enactment of the bill but not later than September 30, 2009.

Reason for Change

This effective date will allow states sufficient time to implement required and optional changes in child support distribution and assignment, while also allowing states to choose to proceed more quickly.

Section 302 - Mandatory review and adjustment of child support orders for families receiving TANF

Current Law

Federal law requires that the state have procedures under which every 3 years the state review and adjust (if appropriate) child support orders at the request of either parent, and that in the case of TANF families, the state review and update (if appropriate) child support orders at the request of the state Child Support Enforcement (CSE) agency or of either parent.

Chairman's Mark

The mark requires states to review and, if appropriate, adjust child support orders in TANF cases every 3 years. The provision would take effect on October 1, 2007.

Reason for Change

The mandatory review and, if necessary, modification of child support orders will make award amounts more appropriate. In some cases this will increase the amount of payment required, which will in turn increase collections, and in other cases it will reduce the amount of payment required, therefore limiting the accumulation of uncollectible arrears.

Section 303 - Report on undistributed child support payments

Current Law

No provision.

Chairman's Mark

The mark requires that within 6 months of enactment, the HHS Secretary must submit to the House Ways and Means Committee and the Senate Finance Committee a report on the procedures states use to locate custodial parents for whom child support has been collected but not yet distributed. The report must include an estimate of the total amount of undistributed child support and the average length of time it takes undistributed child support to be distributed. To the extent that the HHS Secretary deems appropriate, the report would be required to include recommendations as to whether additional procedures should be established at the state or federal level to expedite the payment of undistributed child support.

Reason for Change

Undistributed collections are a significant new issue that merits further analysis and may require further state or federal action in order to ensure that families are receiving the support paid on their behalf, as appropriate.

Section 304 - Decrease in amount of child support arrearage triggering passport denial

Current Law

Federal law stipulates that the HHS Secretary is required to submit to the Secretary of State the names of noncustodial parents who have been certified by the state CSE agency as owing more than $5,000 in past-due child support. The Secretary of State has authority to deny, revoke, restrict, or limit passports to noncustodial parents whose child support arrearages exceed $5,000.

Chairman's Mark

The mark authorizes the denial, revocation, or restriction of passports to noncustodial parents whose child support arrearages exceed $2,500, rather than $5,000 as under current law. The provision would take effect on October 1, 2006.

Reason for Change

This provision will increase the success of the passport denial program and provide more collections to families. Fewer arrears will have to build up before this effective enforcement tool can be utilized.

Section 305 - Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors

Current Law

Federal law prohibits the use of the federal income tax offset program to recover past-due child support on behalf of non-welfare cases in which the child is not a minor, unless the child was determined disabled while he or she was a minor and for whom the child support order is still in effect. (Since its enactment in 1981 (P.L. 97-35), the federal income tax offset program has been used to collect child support arrearages on behalf of welfare families regardless of whether the children were still minors–as long as the child support order was in effect.)

Chairman's Mark

The mark permits the federal income tax refund offset program to be used to collect arrearages on behalf of non-welfare children who are no longer minors. The provision would take effect on October 1, 2007.

Reason for Change

This will increase support to families by removing a barrier to collecting past due child support on behalf of children who are no longer minors.

Section 306 - Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations

Current Law

The disability compensation benefits of veterans are treated differently than most forms of government payment for purposes of paying child support. Whereas most government payments are subject to being automatically withheld to pay child support, veterans disability compensation is not subject to intercept. The only exception occurs when veterans have elected to forego some of their retirement pay in order to collect additional disability payments. The advantage of veterans replacing retirement pay with disability pay is that the disability pay is not subject to taxation. With this exception, which occurs rarely, the only way to obtain child support payments from veterans' disability compensation is to request that the Secretary of the Veterans Administration intercept the disability compensation and make the child support payments.

Chairman's Mark

The mark allows veterans' disability compensation benefits to be intercepted (withheld) and paid on a routine basis to the custodial parent. The mark prohibits the garnishment of any veteran's disability compensation in order to collect alimony, unless that disability compensation is being paid because retirement benefits were waived. The provision would take effect on October 1, 2007.

Reason for Change

This proposal will provide more child support collections to families of veterans and make the child support intercept of veterans's disability payments more consistent with other forms of government payment.

Section 307 - Improving federal debt collection practices

Current Law

Federal law stipulates that any *federal agency* that is owed a nontax debt (that is more than 180 days past-due) may notify the Secretary of the Treasury to obtain an administrative offset of the debt. Currently, states have the authority to garnish Social Security benefits (except SSI) for child support payments, but they cannot use the federal administrative offset process to do so. However, Social Security payments can only be offset for federal debt recovery. (Federal law exempts $9,000 annually ($750 per month) from the administrative offset.

Chairman's Mark

The mark expands the federal administrative offset program by allowing certain Social Security benefits to be offset to collect past-due child support (on behalf of families receiving CSE [Title IV-D of the Social Security Act] services) in appropriate cases selected by the states. Moreover, it specifically overrules section 207 of the Social Security Act which states that Social

Security benefits are not transferrable by garnishment. The provision would take effect on a date that is 18 months after the date of enactment.

Reason for Change

The Chairman's mark will increase child support collections to the families of benefit recipients by allowing offset of additional benefits, while maintaining an adequate benefit level for the recipient.

Section 308 - Maintenance of technical assistance funding

Current Law

Federal law authorizes the HHS Secretary to use 1% of the federal share of child support collected on behalf of TANF families the preceding year to provide to the states – information dissemination and technical assistance, training of state and federal staff, staffing studies, and related activities needed to improve CSE programs (including technical assistance concerning state automated CSE systems), and research demonstration and special projects of regional or national significance relating to the operation of CSE programs. Such funds are available until they are expended.

Chairman's Mark

The mark authorizes the HHS Secretary to use 1% of the federal share of child support collected on behalf of TANF families the preceding year, or the amount appropriated for FY2002, whichever is greater, to provide to the states – information dissemination and technical assistance, training of state and federal staff, staffing studies, and related activities needed to improve CSE programs (including technical assistance concerning state automated CSE systems), and research demonstration and special projects of regional or national significance relating to the operation of CSE programs. Such funds are available until they are expended.

Reason for Change

Since the child support assignment and distribution changes in the Chairman's mark will allow TANF and former TANF families to keep more of the child support collected on their behalf, TANF collections retained by the federal government will be reduced. This provision freezes technical assistance funding at least at FY2002 levels to ensure that sufficient funding is available for important child support technical assistance functions, even as the federal share of collections falls.

Section 309 - Maintenance of federal parent locator service funding

Current Law

Federal law authorizes the HHS Secretary to use 2% of the federal share of child support collected on behalf of TANF families the preceding year for operation of the Federal Parent

Locator Service to the extent that the costs of the Federal Parent Locator Service are not recovered by user fees. Federal law allows only such funds that were appropriated for FY1997-FY2001 to remain available until expended.

Chairman's Mark

The mark authorizes the HHS Secretary to use 2% of the federal share of child support collected on behalf of TANF families the preceding year, or the amount appropriated for FY2002, whichever is greater, for operation of the Federal Parent Locator Service to the extent that the costs of the Federal Parent Locator Service are not recovered by user fees. Allows amounts appropriated for the Federal Parent Locator Service to remain available until they are expended.

Reason for Change

Since the child support assignment and distribution changes in the Chairman's mark will allow TANF and former TANF families to keep more of the child support collected on their behalf, TANF collections retained by the federal government will be reduced. This provision freezes Federal Parent Locator Service funding at least at FY2002 levels to ensure that sufficient funding is available for the operation of the Federal Parent Locator Service, which is a key child support enforcement tool, even as the federal share of collections falls.

Section 310 - Identification and seizure of assets held by multi-state financial institutions

Current Law

The 1996 welfare reform law required states to enter into agreements with financial institutions conducting business within their state for the purpose of conducting a quarterly data match. The data match is intended to identify financial accounts (in banks, credit unions, money-market mutual funds, etc.) belonging to parents who are delinquent in the payment of their child support obligation. When a match is identified, state CSE agencies may issue liens or levies on the account(s) of the delinquent parent to collect the past-due child support. In some cases, state law prohibits the placement of liens or levies on accounts outside of the state and some financial institutions only accept liens and levies from the state where the account is located. In 1998, Congress made it easier for multi-state financial institutions to match records by permitting the Federal Parent Locator Service (FPLS) to help them coordinate their information.

Chairman's Mark

The mark authorizes the HHS Secretary, via the Federal Parent Locator Service, to assist states to perform data matches comparing information from states and participating multi-state financial institutions with respect to persons owing past-due child support. The mark authorizes the Secretary via the Federal Parent Locator Service to seize assets, held by such financial institutions, of noncustodial parents who owe child support arrearage payments, by issuing a notice of a lien or levy and requiring the financial institution to freeze and seize assets in

accounts in multi-state financial institutions to satisfy child support obligations. The Secretary would be required to transmit any assets seized under the procedure to the state for accounting and distribution. The mark stipulates that the Secretary must inform affected account holders/ asset holders of their due process rights.

Reason for Change

After HHS identifies assets held in multi-state financial institutions by persons who owe past due support, many states cannot take action to seize financial assets when they are located in another state. Therefore, the Chairman's mark authorizes the Secretary to take administrative action on behalf of a state to freeze and seize assets in accounts in multi-state financial institutions, identified through the multi-state financial institution data match. This will make full use of this existing enforcement mechanism and increase the collection of past-due child support.

Section 311 - Information comparisons with insurance data

Current Law

No provision.

Chairman's Mark

The mark authorizes the HHS Secretary, via the Federal Parent Locator Service, to compare information of noncustodial parents who owe past-due child support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments; and to furnish any information resulting from a match to the appropriate state CSE agency in order to secure settlements, awards, etc. for payment of past-due child support.

Reason for Change

States must have in effect laws requiring the use of procedures authorizing intercepting or seizing periodic or lump-sum payments from settlements to satisfy current support obligations. Often states are unable to access the databases that contain insurance and settlement information, especially when the information is related to an interstate case or when an insurance company is located in another state. In order to assist states, the Chairman's mark permits the Secretary to administer an insurance claims matching program. Under the proposal, the Federal Offset File (individuals who owe past-due support) would be matched against insurance databases to identify individuals who have pending insurance claims and settlements. The Secretary would notify states if delinquent obligors have pending insurance claims and settlements so that states could take enforcement actions to freeze and seize these payments. Participation by insurance companies would be voluntary.

Section 312 - Tribal access to the federal parent locator service

Current Law

The Federal Parent Locator Service (FPLS) is a national location system operated by the federal Office of Child Support Enforcement to assist states in locating noncustodial parents, putative fathers, and custodial parties for the establishment of paternity and child support obligations, as well as the enforcement and modification of orders for child support, custody and visitation. It also identifies support orders or support cases involving the same parties in different states. The FPLS consists of the Federal Case Registry, Federal Offset Program, Multi-state Financial Institution Data Match, National Directory of New Hires, and the Passport Denial Program. Additionally, the FPLS has access to external locate sources such as the Internal Review Service (IRS), the Social Security Administration (SSA), Veterans Affairs (VA), the Department of Defense (DOD), and the Federal Bureau of Investigation (FBI). The FPLS is only allowed to transmit information in its databases to "authorized persons," which include (1) child support enforcement agencies (and their attorneys and agents); (2) courts, (3) the resident parent, legal guardian, attorney, or agent of a child owed child support; and (4) foster care and adoption agencies.

Chairman's Mark

The mark includes Indian tribes and tribal organizations that operate a child support enforcement program as "authorized persons."

Reason for Change

The Chairman's mark will give tribal child support enforcement programs access to the Federal Parent Locator Service, to which state child support enforcement agencies currently have access, so that they can use it to locate noncustodial parents to establish paternity and collect child support. This will increase child support collections to families, especially tribal families.

Section 313 - Reimbursement of Secretary's costs of information comparisons and disclosure for enforcement of obligations on higher education act loans and grants

Current Law

Federal law (P.L. 106-113) authorized the Department of Education to have access to the National Directory of New Hires. The provisions were designed to improve the ability of the Department of Education to collect on defaulted loans and grant overpayments made to individuals under Title IV of the Higher Education Act of 1965. The Federal Office of Child Support Enforcement (OCSE) and the Department of Education negotiated and implemented a Computer Matching Agreement in December 2000. Under the agreement, the Secretary of Education is required to reimburse the HHS Secretary for the *additional* costs incurred by the HHS Secretary in furnishing requested information.

Chairman's Mark

The mark amends the reimbursement of costs provision by eliminating the word additional. Thus, the Secretary of Education is to reimburse the HHS Secretary for any costs incurred by the HHS Secretary in providing requested new hires information.

Reason for Change

The Chairman's mark makes legislative language governing the Department of Education's access to the National Directory of New Hires consistent with general reimbursement language that applies to other entities.

Section 314 - Technical amendment relating to cooperative agreements between states and Indian tribes

Current Law

Federal law requires that any state that has a child welfare program and that has Indian country may enter into a cooperative agreement with an Indian tribe or tribal organization if the tribe demonstrates that it has an established tribal court system with several specific characteristics related to paternity establishment and the establishment and enforcement of child support obligations. The HHS Secretary may make direct payments to Indian tribes and tribal organizations that have approved child support enforcement plans.

Chairman's Mark

The mark deletes the reference to child welfare programs.

Reason for Change

This reference incorrectly refers to the child welfare program rather than the child support enforcement program.

Section 315- Claims upon longshore and harbor workers' compensation for child support

Current Law

The Longshore and Harbor Worker's Compensation Act is the federal worker's compensation law for maritime workers and persons working in shipyards and on docks, ships, and offshore drilling platforms. The Act exempts benefits paid by longshore or harbor employers or their insurers from all claims of creditors. Thus, Longshore and Harbor Worker's Compensation Act benefits that are paid by longshore or harbor employers or their insurers are not subject to attachment for payment of child support obligations.

Chairman's Mark

The mark amends the Longshore and Harbor Workers' Compensation Act to ensure that longshore or harbor workers benefits that are provided by the federal government or by private insurers are subject to garnishment for purposes of paying child support obligations.

Reason for Change

The Federal Longshore and Harbor Worker's Compensation Act (LHWCA) benefits that are paid by a self-insured entity or private insurer are not subject to attachment for payment of child support obligations. The Chairman's mark would allow garnishment of all LHWCA benefits for purpose of child support enforcement, thereby increasing child support collections.

Section 316 - State option to use statewide automated data processing and information retrieval system for interstate cases

Current Law

The 1996 welfare reform law mandated states to establish procedures under which the state would use high-volume automated administrative enforcement, to the same extent as used for intrastate cases, in response to a request from another state to enforce a child support order. This provision was designed to enable child support agencies to quickly locate and secure assets held by delinquent noncustodial parents in another state without opening a full-blown interstate child support enforcement case in the other state. The assisting state must use automatic data processing to search various state data bases including financial institutions, license records, employment service data, and state new hire registries, to determine whether information is available regarding a parent who owes a child support obligation, the assisting state is then required to seize any identified assets. This provision does not allow states to open/establish a child support interstate case.

Chairman's Mark

The mark allows an assisting state to establish a child support interstate case based on another state's request for assistance; and thereby an assisting state may use the CSE statewide automated data processing and information retrieval system for interstate cases.

Reason for Change

The Chairman's mark allows states that cannot now use their automated systems to provide high-volume automated administrative enforcement services in interstate cases to choose to open a case in order to assist other states in collecting child support. This will increase interstate child support collections.

Section 317 - State law requirement concerning the uniform interstate family support act (UIFSA)

Current Law

The 1996 welfare reform law (P.L. 104-193) required that on and after January 1, 1998, each state must have in effect the Uniform Interstate Family Support Act (UIFSA), as approved by the American Bar Association on February 9, 1993, and as in effect on August 22, 1996, including any amendments officially adopted as of such date by the National Conference of Commissioners on Uniform State Laws.

Federal law requires states to treat past-due child support obligations as final judgments that are entitled to full faith and credit in every state. This means that a person who has a child support order in one state does not have to obtain a second order in another state to obtain child support due should the noncustodial parent move from the issuing court's jurisdiction. P.L. 103-383 restricts a state court's ability to modify a child support order issued by another state unless the child and the custodial parent have moved to the state where the modification is sought or have agreed to the modification. The 1996 welfare reform law (P.L. 104-193) clarified the definition of a child's home state, makes several revisions to ensure that the full faith and credit laws can be applied consistently with UIFSA, and clarifies the rules regarding which child support orders states must honor when there is more than one order.

Chairman's Mark

The mark requires that each state's Uniform Interstate Family Support Act (UIFSA) must include any amendments officially adopted as of August 2001 by the National Conference of Commissioners on Uniform State Laws.

In addition, the mark clarifies current law by stipulating that a court of a state that has established a child support order has continuing, exclusive jurisdiction to modify its order if the order is the controlling order and the state is the child's state or the residence of any individual contestant; or if the state is not the residence of the child or an individual contestant, the court has the contestant's consent in a record or in open court that the court may continue to exercise jurisdiction to modify its order. It also modifies the current rules regarding the enforcement of modified orders.

Reason for Change

The Chairman's mark updates an outdated reference to an older version of UIFSA.

Section 318 - Grants to states for access and visitation programs

Current Law

The 1996 welfare reform law (P.L. 104-193) authorized grants to states (via CSE funding) to establish and operate access and visitation programs. The purpose of the grants is to facilitate noncustodial parents' access to and visitation of their children. An annual entitlement of $10 million from the federal CSE budget account is available to states for these grants. Eligible activities include but are not limited to mediation, counseling, education, development of parenting plans, visitation enforcement, and development of guidelines for visitation and alternative custody arrangements. The allotment formula is based on the ratio of the number of

children in the state living with only one biological parent in relation to the total number of such children in all states. The amount of the allotment available to a state will be this same ratio to $10 million. The allotments are to be adjusted to ensure that there is a minimum allotment amount of $50,000 per state for FY1997 and FY1998, and a minimum of $100,000 for any year after FY1998. States may use the grants to create their own programs or to fund programs operated by courts, local public agencies, or nonprofit organizations. The programs do not need to be statewide. States must monitor, evaluate, and report on their programs in accord with regulations issued by the HHS Secretary.

Chairman's Mark

The mark increases funding for Access and Visitation grants from $10 million annually to $12 million in FY2006, $14 million in FY2007, $16 million in FY2008, and $20 million annually in FY2009 and each succeeding fiscal year. The mark extends the Access and Visitation program to Indian tribes and tribal organizations that have received direct child support enforcement payments from the federal government for at least one year. The mark includes a specified amount to be set aside for Indian tribes and tribal organizations: $250,000 for FY2006; $600,000 for FY2007; $800,000 for FY2008; and $1.670 million for FY2009 or any succeeding fiscal year.

The mark increases the minimum allotment to states to $120,000 in FY2006, $140,000 in FY2007, $160,000 in FY2008, and $180,000 in FY2009 or any succeeding fiscal year. The minimum allotment for Indian tribes and tribal organizations is $10,000 for a fiscal year. The tribal allotment cannot exceed the minimum state allotment for any given fiscal year.

The allotment formula for Indian tribes and tribal organizations that operate child support enforcement programs is based on the ratio of the number of children in the tribe or tribal organization living with only one parent in relation to the total number of children living with only one parent in all Indian tribes or tribal organizations. The amount of the allotment available to an Indian tribe or tribal organization would be this same ratio to the maximum allotment for Indian tribes and tribal organizations (i.e., $250,000 for FY2006; $600,000 for FY2007; $800,000 for FY2008; and $1.670 million for FY2009 or any succeeding fiscal year). (Pro rata reductions are to be made if they are necessary.)

Reason for Change

The Chairman's mark provides additional funding for the Access and Visitation Grant Program so that more families can benefit from these services. Increasing a child's access to both parents may improve child well-being and is associated with increased compliance in the payment of child support.

Section 319 - Timing of corrective action year for state noncompliance with child support enforcement program requirements

Current Law

Federal law requires that audits be conducted at least every 3 years to determine whether the standards and requirements prescribed by law and regulations have been met by the child support program of every state. If a state fails the audit, federal TANF funds must be reduced by an amount equal to at least 1 but not more than 2 percent for the first failure to comply, at least 2 but not more than 3 percent for the second failure, and at least 3 but not more than 5 percent for the third and subsequent failures.

The HHS Secretary also must review state reports on compliance with federal requirements and provide states with recommendations for corrective action. The purpose of the audits is to assess the completeness, reliability, and security of data reported for use in calculating the performance indicators and to assess the adequacy of financial management of the state program. Federal law calls for penalties to be imposed against states that fail to comply with a corrective action plan in the *succeeding* fiscal year.

Chairman's Mark

The mark changes the timing of the corrective action year for states that are found to be in noncompliance of child support enforcement program requirements. The mark changes the corrective action year in which the sanction is imposed to the *fiscal year following the fiscal year* in which the Secretary makes a finding of noncompliance and recommends a corrective action plan. The change is made retroactively in order to allow the Secretary to treat all findings of noncompliance consistently. The mark also makes a special exception for noncompliances that occur in fiscal year 2001. If the HHS Secretary finds that the state has corrected such a noncompliance in fiscal year 2002 or fiscal year 2003, then the penalty is forgiven and no sanction is levied against the state for that noncompliance.

Reason for Change

Current language does not recognize the time necessary to conduct federal audits and that those audits now occur during what is, under current law, a state's corrective action year. This technical correction will give states a full year to correct identified deficiencies.

Section 320 - Requirement that State Child Support Enforcement Agencies Seek Medical Support for Children from Either Parent

Current Law

Federal law requires that a state CSE agency issue a notice to the employer of a noncustodial parent, who is subject to a child support order issued by a court or administrative agency, informing the employer of the parent's obligation to provide health care coverage for the child(ren). The employer must then determine whether family health care coverage is available for which the dependent child(ren) may be eligible, and if so, the employer must notify the plan administrator of each plan covered by the National Medical Support Notice. If the dependent child(ren) is eligible for coverage under a plan, the plan administrator is required to enroll the dependent child(ren) in an appropriate plan. The plan administrator also must notify the

noncustodial parent's employer of the premium amount to be withheld from the employee's paycheck.

Chairman's Mark

The mark requires that medical support for a child be provided by either or both parents and that it must be enforced. The mark includes language that authorizes the state CSE agency to enforce medical support against a custodial parent whenever health care coverage is available to the custodial parent at reasonable cost. It stipulates that medical support may include health care coverage (including payment of costs of premiums, co-payments, and deductibles) and payment of medical expenses incurred on behalf of a child.

Reason for Change

To improve enforcement of medical support.

Section 321 - Notice to State Child Support Enforcement Agency from Health Care Plan Administrator Under Certain Circumstance When a Child Loses Health Care Coverage

Current Law

Federal law requires the health care plan administrator to notify qualified beneficiaries of their beneficiary rights with regard to health care coverage when or if one of the following events occurs: (1) the noncustodial parent with the health care coverage dies; (2) the noncustodial parent with the health care coverage loses his or her job or starts working fewer hours; (3) the noncustodial parent with the health care coverage becomes eligible for Medicaid benefits; (4) the noncustodial parent with the health care coverage becomes involved in a bankruptcy proceeding pertaining to his or her former employer; (5) the noncustodial parent with the health care coverage gets divorced or obtains a legal separation; or (6) the child of the noncustodial parent with the health care coverage ceases to be a dependent child. (With respect to (5) and (6), the noncustodial parent (i.e., the covered employee) is required to notify the health care plan administrator of such an event.)

Chairman's Mark

The mark requires the health care plan administrator to notify the state CSE agency if the noncustodial parent with the health care coverage dies, loses his or her job or is working fewer hours, becomes eligible for Medicaid benefits, or is involved in a bankruptcy proceeding pertaining to the noncustodial parent's former employer. In addition, the mark requires the health care plan administrator to notify the state CSE agency if the noncustodial parent with the health care coverage gets divorced or obtains a legal separation, or if the noncustodial parent's

child ceases to be a dependent child (in cases where the noncustodial parent has notified the plan administrator of such an occurrence).

Reason for Change

To improve notification of a state CSE agency.

Section 322 – Authority to Continue State Program for Monitoring and Enforcement of Child Support Orders

Current Law

Federal law stipulates that the following families automatically qualify for Child Support Enforcement (CSE) services: families receiving Temporary Assistance to Needy Families (TANF) benefits (Title IV-A), foster care payments (Title IV-E), Medicaid coverage (Title XIX), or food stamps (if cooperation is required by the state). Other families (i.e., nonwelfare families) must apply for CSE services. The state of Texas currently has a waiver of the requirement for a written application for CSE services for nonwelfare families (Section 1115 of the Social Security Act). In participating counties, these nonwelfare families are automatically a part of the CSE caseload. Texas' five-year waiver is scheduled to expire in 2006.

Chairman's Mark

The mark allows the state of Texas to continue to operate its CSE program for monitoring and enforcement of court orders on behalf of a nonwelfare families without applying for a federal waiver. Currently the state of Texas does not require these families to *apply* for CSE services.

Reason for Change

To continue the improvements to CSE in the state of Texas.

Section 323 – Technical Amendment Relating to Information Comparisons and Disclosure to Assist in Federal Debt Collection

Current Law

P.L. 108-447, the Consolidated Appropriations Act of 2005, added provisions related to the comparison of data from the Secretary of the Treasury with data in the National Directory of New Hires for the purpose of collecting nontax debt owed to the federal government.

Chairman's Mark

The mark makes technical changes to the Consolidated Appropriations Act of 2005 with respect to references to Title IV-D provisions related to information comparisons and other disclosures.

TITLE IV – CHILD WELFARE

Section 401 - Clarification of Eligibility for Foster Care Maintenance Payments

Current Law

Requires states, with approved state plans under title IV-E of the Social Security Act, to make foster care maintenance payments on behalf of each child who would have met the eligibility requirements for Aid to Families with Dependent Children (AFDC) (as AFDC existed in the state on July 16, 1996) but for the child's removal from the home of a relative, if the removal from home occurred pursuant to a voluntary placement agreement or judicial determination meeting certain criteria; if the child's placement and care are the responsibility of the state or a public agency under an agreement with the state; if the child is placed in a licensed home or institution; and if the child would have received AFDC (under the rules of July 16, 1996) in the month the voluntary agreement was entered or the court proceeding began (if application had been made), or if the child had been living with a specified relative within six months before the month that the agreement was entered or the proceeding began and would have received AFDC in that month if living with the relative (and application had been made).

Chairman's Mark

Includes provision to clarify the Ninth Circuit decision in *Rosales v. Thompson* (March 3, 2003) to reinstate longstanding Foster Care policy to reaffirm the historic rule that a child is eligible for federal foster care only if the child, while living in the home from which he or she was removed into foster care (the "home of removal"), would have been eligible for Aid to Families with Dependent Children (AFDC), if the AFDC program were still in effect.

Reason for the Change

There is a need to clarify the court decision to reaffirm HHS policy and to ensure consistent treatment of children throughout the country.

Section 402 – Extension of Authority to Approve Demonstration Projects

Current law

Permits the HHS Secretary to approve waivers (state demonstration projects) that are likely to promote the objectives of the child welfare programs authorized under Title IV-B and Title IV-E. This authority is granted through March, 31 2005.

Chairman's Mark

Extends this authority through FY2010.

Section 403 – Removal of Commonwealth of Puerto Rico IV-E Funds From Limitation on Payments

Current law

Provides that, with the exception of certain bonus, loan and evaluation funding under Title IV-A, the total amount of funds Puerto Rico may receive under Title IV-A (TANF), Title IV-E (Foster Care, Adoption Assistance, Adoption Incentives, and independent living programs), and several other Titles (providing assistance to aged, disabled and blind) may not exceed a certain sum specified in the law.

Chairman's Mark

The mark would exempt Title IV-E funding from this cap but never more than $6,250,000 in a given fiscal year and only if the amount of the Title IV-E funds claimed in the given year exceed funding for the same purposes in a given previous year. It also would provide the adoption incentive bonuses would not count against a territories' overall cap.

Reason for Change

To provide Puerto Rico flexibility in their Title IV-E program.

Section 404– Authority of Indian Tribes to Receive Federal Funds For Foster Care and Adoption Assistance

Current Law

Title IV-E foster care and adoption assistance programs may be operated by "states," which are defined as each of the 50 United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa. These plans must be in effect in all political subdivisions of the state and standards established for approving foster care homes must be "reasonably" in accord with recommended standards of national organizations concerned with foster care placement. States are reimbursed for foster care maintenance and adoption assistance payments made on behalf of eligible children at the applicable federal medical assistance percentage (ranging from 50%-83%); this percentage is based on the state's per capita income. Administrative expenditures related to serving children eligible for federally reimbursed maintenance payments and adoption assistance are generally at 50%, with 75% reimbursement for certain training costs.

States that operate a foster care program must make foster care maintenance payments on behalf of eligible children removed from their homes if the child's placement and care are the responsibility of the state child welfare agency or the responsibility of another public agency with whom the state child welfare agency has a currently effective agreement.

Chairman's Mark

The bill allows, beginning in FY 2006, an Indian tribe or intertribal consortium to operate Title IV-E foster care and adoption assistance programs under the same provisions as those applying to states (with certain specified exceptions). Tribal plans will be allowed to define service areas where a plan is in effect and to grant approval of foster homes based on tribal standards that ensure the safety of, and accountability for, children placed in foster care. To establish the applicable federal reimbursement rate for eligible foster care maintenance and adoption assistance payments made under a tribal plan, the HHS Secretary is required to determine a tribe's federal medical assistance percentage based on the per capita income of the service population defined in the Title IV-E tribal plan.

1The bill also permits an Indian tribe or intertribal consortium and a state to enter into a cooperative agreement for administering or paying funds under Title IV-E. Any cooperative agreement in effect prior to the enactment of this law remains in effect unless either party to the agreement chooses to revoke or modify the agreement, according to the terms of that agreement.

The bill requires a state to make foster care payments on behalf of an eligible child whose placement and care is the responsibility of an Indian tribe or intertribal consortium if that tribe or consortium is not operating its own Title IV-E foster care program and it has a cooperative agreement with the state or it has submitted to the HHS Secretary a description of the arrangements made between the tribe or consortium and state for provision of child welfare services and protections required under Title IV-E.

The HHS Secretary is required to issue regulations to carry out provisions related to the tribal IV-E plan within 1 year after enactment. Current TANF provisions concerning eligible entities in Alaska are applied for this program.

Reason for change

Currently, tribes are able to operate child welfare programs and remain ineligible for direct federal funding to do so. The provisions in the Chairman's Mark provide tribes with direct access to IV-E funding and opportunities to create culturally relative foster care programs while respecting the importance of sovereignty.

Section 405 – Technical Corrections

Current law

Provides that the HHS Secretary may not waive compliance with certain provisions under Title IV-B and IV-E, including those provisions under "Section 422(b)(9)".

Chairman's Mark

Changes this reference to Section 422(b)(10). This technical correction is necessary because the cited language was renumbered in 1997 (P.L.105-33) without the necessary conforming amendment to this section.

TITLE V – SUPPLEMENTAL SECURITY INCOME

Section 501 - Temporary Expansion of Length of Time-Limited Eligibility for Qualified Aliens for Supplemental Security Income Benefits

Current Law

Asylees and refugees (as well as Cuban/Haitian entrants, certain aliens whose deportation/removal is being withheld for humanitarian reasons, and Vietnam-born Amerasians fathered by U.S. citizens) are eligible for SSI for 7 years after entry/grant of such status. Under current law, such aliens are ineligible after 7 years unless they become naturalized citizens.

Chairman's Mark

The chairman's mark extends the period of SSI eligibility for 7 to 9 years for the period beginning with the date of enactment through September 30, 2008.

Reason for Change

The mark recognizes that some elderly and disabled refugees have been unable to obtain U.S. citizenship within 7 years due to a combination of processing delay, and, for asylees statutory caps on the number who can become permanent residents each year.

TITLE VI – TRANSITIONAL MEDICAL ASSISTANCE

Section 601– Transitional Medical Assistance

Current Law

The law requires transitional medical assistance (TMA) – from 6 to 12 months – for those whose lose Medicaid eligibility because of increased income arising from work (higher wages or more hours of work). Authorization for 6-12 months of TMA expired on September 30, 2002, but was extended by through March 31, 2005. (Permanent provisions of law require 4 months of transitional medical benefits to families who lose Medicaid eligibility because of income from child or spousal support or from earnings.)

Chairman's Mark

The Chairman's mark provides for the extension and simplification of the Transitional Medical Assistance Program (TMA). The mark provides for the option of continuous eligibility for 12 months and the option of continuing coverage for up to additional year. The mark provides for a state option to waive receipt of Medicaid for 3 of previous 6 months to qualify for TMA. The mark provides for a additional provisions dealing with the collection and reporting of information, coordination and other improvements.

***Reason for Change**:*

The Chairman's Mark recognizes that Medicaid is an important part of the safety net for needy families, and that health care is a critical support for low-income families as they transition from welfare to work and self-sufficiency, particularly for families with entry-level employment.

TITLE VII – EFFECTIVE DATE

Current Law

Funding for TANF, mandatory child care, and abstinence education, along with the authority for Transitional Medicaid, expire on March 31, 2005.

Chairman's Mark

Funding for TANF, mandatory child care, and abstinence education, along with the authority for Transitional Medicaid, is extended on current terms through September 30, 2005, expect where explicitly provided for by this act. FY2005 funding for the High Performance Bonus is reduced to $100 million.

Unless otherwise specified, provisions take effect on October 1, 2005. However, if the Secretary determines that state legislation is required for a State TANF or Child Support plan to conform with the Act, the effective date is delayed to three months after the first day of the first calendar quarter beginning after the close of the first regular session of the legislature that begins after enactment of this Act If the state has a 2-year legislative session, each year is to be considered a separate regular session.