

107TH CONGRESS
2^D SESSION

H. R. 4737

AN ACT

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Personal Responsi-
3 bility, Work, and Family Promotion Act of 2002”.

4 **SEC. 2. TABLE OF CONTENTS.**

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

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- Sec. 503. Elimination of limitation on number of States that may be granted waivers to conduct demonstration projects on same topic.
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- Sec. 801. Extension of abstinence education funding under maternal and child health program.

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- Sec. 901. One-year reauthorization of transitional medical assistance.

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Sec. 1001. Effective date.

1 **SEC. 3. REFERENCES.**

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

8 **SEC. 4. FINDINGS.**

9 The Congress makes the following findings:

10 (1) The Temporary Assistance for Needy Fami-
11 lies (TANF) Program established by the Personal
12 Responsibility and Work Opportunity Reconciliation
13 Act of 1996 (Public Law 104–193) has succeeded in
14 moving families from welfare to work and reducing
15 child poverty.

16 (A) There has been a dramatic increase in
17 the employment of current and former welfare
18 recipients. The percentage of working recipients
19 reached an all-time high in fiscal years 1999
20 and 2000. In fiscal year 1999, 33 percent of
21 adult recipients were working, compared to less
22 than 7 percent in fiscal year 1992, and 11 per-

1 cent in fiscal year 1996. All States met the
2 overall participation rate standard in fiscal year
3 2000, as did the District of Columbia and
4 Puerto Rico.

5 (B) Earnings for welfare recipients re-
6 maining on the rolls have also increased signifi-
7 cantly, as have earnings for female-headed
8 households. The increases have been particu-
9 larly large for the bottom 2 income quintiles,
10 that is, those women who are most likely to be
11 former or present welfare recipients.

12 (C) Welfare dependency has plummeted.
13 As of September 2001, 2,103,000 families and
14 5,333,000 individuals were receiving assistance.
15 Accordingly, the number of families in the wel-
16 fare caseload and the number of individuals re-
17 ceiving cash assistance declined 52 percent and
18 56 percent, respectively, since the enactment of
19 TANF. These declines have persisted even as
20 unemployment rates have increased: unemploy-
21 ment rates nationwide rose 25 percent, from
22 3.9 percent in September 2000 to 4.9 percent
23 in September 2001, while welfare caseloads con-
24 tinued to drop by 7 percent.

1 (D) The child poverty rate continued to de-
2 cline between 1996 and 2000, falling 21 percent
3 from 20.5 to 16.2 percent. The 2000 child pov-
4 erty rate is the lowest since 1979. Child poverty
5 rates for African-American and Hispanic chil-
6 dren have also fallen dramatically during the
7 past 6 years. African-American child poverty is
8 at the lowest rate on record and Hispanic child
9 poverty has had the largest 4-year decrease on
10 record.

11 (E) Despite these gains, States have had
12 mixed success in fully engaging welfare recipi-
13 ents in work activities. While all States have
14 met the overall work participation rates re-
15 quired by law, in 2000, in an average month,
16 only about $\frac{1}{3}$ of all families with an adult par-
17 ticipated in work activities that were countable
18 toward the State's participation rate. Eight ju-
19 risdictions failed to meet the more rigorous 2-
20 parent work requirements, and about 20 States
21 are not subject to the 2-parent requirements,
22 most because they moved their 2-parent cases
23 to separate State programs where they are not
24 subject to a penalty for failing the 2-parent
25 rates.

1 (2) As a Nation, we have made substantial
2 progress in reducing teen pregnancies and births,
3 slowing increases in nonmarital childbearing, and
4 improving child support collections and paternity es-
5 tablishment.

6 (A) The teen birth rate has fallen continu-
7 ously since 1991, down a dramatic 22 percent
8 by 2000. During the period of 1991–2000,
9 teenage birth rates fell in all States and the
10 District of Columbia, Puerto Rico, and the Vir-
11 gin Islands. Declines also have spanned age, ra-
12 cial, and ethnic groups. There has been success
13 in lowering the birth rate for both younger and
14 older teens. The birth rate for those 15–17
15 years of age is down 29 percent since 1991, and
16 the rate for those 18 and 19 is down 16 per-
17 cent. Between 1991 and 2000, teen birth rates
18 declined for all women ages 15–19—white, Afri-
19 can American, American Indian, Asian or Pa-
20 cific Islander, and Hispanic women ages 15–19.
21 The rate for African American teens—until re-
22 cently the highest—experienced the largest de-
23 cline, down 31 percent from 1991 to 2000, to
24 reach the lowest rate ever reported for this
25 group. Most births to teens are nonmarital; in

1 2000, about 73 percent of the births to teens
2 aged 15–19 occurred outside of marriage.

3 (B) Nonmarital childbearing continued to
4 increase slightly in 2000, however not at the
5 sharp rates of increase seen in recent decades.
6 The birth rate among unmarried women in
7 2000 was 3.5 percent lower than its peak
8 reached in 1994, while the proportion of births
9 occurring outside of marriage has remained at
10 approximately 33 percent since 1998.

11 (C) The negative consequences of out-of-
12 wedlock birth on the mother, the child, the fam-
13 ily, and society are well documented. These in-
14 clude increased likelihood of welfare depend-
15 ency, increased risks of low birth weight, poor
16 cognitive development, child abuse and neglect,
17 and teen parenthood, and decreased likelihood
18 of having an intact marriage during adulthood.

19 (D) An estimated 23,900,000 children do
20 not live with their biological father. 16,000,000
21 children live with their mother only. These facts
22 are attributable largely to declining marriage
23 rates, increasing divorce rates, and increasing
24 rates of nonmarital births during the latter part
25 of the 20th century.

1 (E) There has been a dramatic rise in co-
2 habitation as marriages have declined. Only 40
3 percent of children of cohabiting couples will
4 see their parents marry. Those who do marry
5 experience a 50 percent higher divorce rate.
6 Children in single-parent households and cohab-
7 iting households are at much higher risk of
8 child abuse than children in intact married and
9 stepparent families.

10 (F) Children who live apart from their bio-
11 logical fathers, on average, are more likely to be
12 poor, experience educational, health, emotional,
13 and psychological problems, be victims of child
14 abuse, engage in criminal behavior, and become
15 involved with the juvenile justice system than
16 their peers who live with their married, biologi-
17 cal mother and father. A child living in a single-
18 parent family is nearly 5 times as likely to be
19 poor as a child living in a married-couple fam-
20 ily. In married-couple families, the child poverty
21 rate is 8.1 percent, in households headed by a
22 single mother, the poverty rate is 39.7 percent.

23 (G) Since the enactment of the Personal
24 Responsibility and Work Opportunity Reconcili-
25 ation Act of 1996, child support collections

1 within the child support enforcement system
2 have grown every year, increasing from
3 \$12,000,000,000 in fiscal year 1996 to nearly
4 \$19,000,000,000 in fiscal year 2001. The num-
5 ber of paternities established or acknowledged
6 in fiscal year 2002 reached an historic high of
7 over 1,500,000—which includes a nearly 100
8 percent increase through in-hospital acknowl-
9 edgement programs to 688,510 in 2000 from
10 349,356 in 1996. Child support collections were
11 made in over 7,000,000 cases in fiscal year
12 2000, significantly more than the almost
13 4,000,000 cases having a collection in 1996.

14 (3) The Personal Responsibility and Work Op-
15 portunity Reconciliation Act of 1996 gave States
16 great flexibility in the use of Federal funds to de-
17 velop innovative programs to help families leave wel-
18 fare and begin employment and to encourage the
19 formation of 2-parent families.

20 (A) Total Federal and State TANF ex-
21 penditures in fiscal year 2000 were
22 \$24,000,000,000, up from \$22,600,000,000 for
23 the previous year. This increased spending is
24 attributable to significant new investments in

1 supportive services in the TANF program, such
2 as child care and activities to support work.

3 (B) Since the welfare reform effort began
4 there has been a dramatic increase in work par-
5 ticipation (including employment, community
6 service, and work experience) among welfare re-
7 cipients, as well as an unprecedented reduction
8 in the caseload because recipients have left wel-
9 fare for work.

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

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

17 (ii) Most States increased the limits
18 on countable assets above the former Aid
19 to Families with Dependent Children
20 (AFDC) program. Every State has in-
21 creased the vehicle asset level above the
22 prior AFDC limit for a family's primary
23 automobile.

24 (iii) States are experimenting with
25 programs to promote marriage and father

1 involvement. Over half the States have
2 eliminated restrictions on 2-parent fami-
3 lies. Many States use TANF, child sup-
4 port, or State funds to support community-
5 based activities to help fathers become
6 more involved in their children’s lives or
7 strengthen relationships between mothers
8 and fathers.

9 (4) Therefore, it is the sense of the Congress
10 that increasing success in moving families from wel-
11 fare to work, as well as in promoting healthy mar-
12 riage and other means of improving child well-being,
13 are very important Government interests and the
14 policy contained in part A of title IV of the Social
15 Security Act (as amended by this Act) is intended
16 to serve these ends.

17 **TITLE I—TANF**

18 **SEC. 101. PURPOSES.**

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

20 (1) in the matter preceding paragraph (1), by
21 striking “increase” and inserting “improve child
22 well-being by increasing”;

23 (2) in paragraph (1), by inserting “and serv-
24 ices” after “assistance”;

1 (3) in paragraph (2), by striking “parents on
2 government benefits” and inserting “families on gov-
3 ernment benefits and reduce poverty”; and

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

7 **SEC. 102. FAMILY ASSISTANCE GRANTS.**

8 (a) EXTENSION OF AUTHORITY.—Section
9 403(a)(1)(A) (42 U.S.C. 603(a)(1)(A)) is amended—

10 (1) by striking “1996, 1997, 1998, 1999, 2000,
11 2001, and 2002” and inserting “2003 through
12 2007”; and

13 (2) by inserting “payable to the State for the
14 fiscal year” before the period.

15 (b) STATE FAMILY ASSISTANCE GRANT.—Section
16 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking
17 subparagraphs (B) through (E) and inserting the fol-
18 lowing:

19 “(B) STATE FAMILY ASSISTANCE
20 GRANT.—The State family assistance grant
21 payable to a State for a fiscal year shall be the
22 amount that bears the same ratio to the
23 amount specified in subparagraph (C) of this
24 paragraph as the amount required to be paid to
25 the State under this paragraph for fiscal year

1 RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is
2 amended to read as follows:

3 “(2) HEALTHY MARRIAGE PROMOTION
4 GRANTS.—

5 “(A) AUTHORITY.—The Secretary shall
6 award competitive grants to States, territories,
7 and tribal organizations for not more than 50
8 percent of the cost of developing and imple-
9 menting innovative programs to promote and
10 support healthy, married, 2-parent families.

11 “(B) HEALTHY MARRIAGE PROMOTION AC-
12 TIVITIES.—Funds provided under subparagraph
13 (A) shall be used to support any of the fol-
14 lowing programs or activities:

15 “(i) Public advertising campaigns on
16 the value of marriage and the skills needed
17 to increase marital stability and health.

18 “(ii) Education in high schools on the
19 value of marriage, relationship skills, and
20 budgeting.

21 “(iii) Marriage education, marriage
22 skills, and relationship skills programs,
23 that may include parenting skills, financial
24 management, conflict resolution, and job
25 and career advancement, for non-married

1 pregnant women and non-married expect-
2 ant fathers.

3 “(iv) Pre-marital education and mar-
4 riage skills training for engaged couples
5 and for couples interested in marriage.

6 “(v) Marriage enhancement and mar-
7 riage skills training programs for married
8 couples.

9 “(vi) Divorce reduction programs that
10 teach relationship skills.

11 “(vii) Marriage mentoring programs
12 which use married couples as role models
13 and mentors in at-risk communities.

14 “(viii) Programs to reduce the dis-
15 incentives to marriage in means-tested aid
16 programs, if offered in conjunction with
17 any activity described in this subpara-
18 graph.

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

1 (c) COUNTING OF SPENDING ON NON-ELIGIBLE
2 FAMILIES TO PREVENT AND REDUCE INCIDENCE OF
3 OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION
4 AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED
5 FAMILIES, OR ENCOURAGE RESPONSIBLE FATHER-
6 HOOD.—Section 409(a)(7)(B)(i) (42 U.S.C.
7 609(a)(7)(B)(i)) is amended by adding at the end the fol-
8 lowing:

9 “(V) COUNTING OF SPENDING
10 ON NON-ELIGIBLE FAMILIES TO PRE-
11 VENT AND REDUCE INCIDENCE OF
12 OUT-OF-WEDLOCK BIRTHS, ENCOUR-
13 AGE FORMATION AND MAINTENANCE
14 OF HEALTHY, 2-PARENT MARRIED
15 FAMILIES, OR ENCOURAGE RESPON-
16 SIBLE FATHERHOOD.—The term
17 ‘qualified State expenditures’ includes
18 the total expenditures by the State
19 during the fiscal year under all State
20 programs for a purpose described in
21 paragraph (3) or (4) of section
22 401(a).”.

1 **SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION IN-**
2 **CREASES IN CERTAIN STATES.**

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

5 (1) in the subparagraph heading, by striking
6 “OF GRANTS FOR FISCAL YEAR 2002”;

7 (2) in clause (i), by striking “fiscal year 2002”
8 and inserting “each of fiscal years 2002 through
9 2006”;

10 (3) in clause (ii), by striking “2002” and in-
11 sserting “2006”; and

12 (4) in clause (iii), by striking “fiscal year
13 2002” and inserting “each of fiscal years 2002
14 through 2006”.

15 **SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVE-**
16 **MENT.**

17 (a) REALLOCATION OF FUNDING.—Section 403(a)(4)
18 (42 U.S.C. 603(a)(4)) is amended—

19 (1) in the paragraph heading, by striking
20 “HIGH PERFORMANCE STATES” and inserting “EM-
21 PLOYMENT ACHIEVEMENT”;

22 (2) in subparagraph (D)(ii)—

23 (A) in subclause (I), by striking “equals
24 \$200,000,000” and inserting “(other than
25 2003) equals \$200,000,000, and for bonus year
26 2003 equals \$100,000,000”; and

1 (B) in subclause (II), by striking
2 “\$1,000,000,000” and inserting
3 “\$900,000,000”; and
4 (3) in subparagraph (F), by striking
5 “\$1,000,000,000” and inserting “\$900,000,000”.

6 (b) BONUS TO REWARD EMPLOYMENT ACHIEVE-
7 MENT.—

8 (1) IN GENERAL.—Section 403(a)(4) (42
9 U.S.C. 603(a)(4)) is amended by striking subpara-
10 graphs (A) through (F) and inserting the following:

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

15 “(B) AMOUNT OF GRANT.—

16 “(i) IN GENERAL.—Subject to clause
17 (ii) of this subparagraph, the Secretary
18 shall determine the amount of the grant
19 payable under this paragraph to an em-
20 ployment achievement State for a bonus
21 year, which shall be based on the perform-
22 ance of the State as determined under sub-
23 paragraph (D)(i) for the fiscal year that
24 immediately precedes the bonus year.

1 “(ii) LIMITATION.—The amount pay-
2 able to a State under this paragraph for a
3 bonus year shall not exceed 5 percent of
4 the State family assistance grant.

5 “(C) FORMULA FOR MEASURING STATE
6 PERFORMANCE.—

7 “(i) IN GENERAL.—Subject to clause
8 (ii), not later than October 1, 2003, the
9 Secretary, in consultation with the States,
10 shall develop a formula for measuring
11 State performance in operating the State
12 program funded under this part so as to
13 achieve the goals of employment entry, job
14 retention, and increased earnings from em-
15 ployment for families receiving assistance
16 under the program, as measured on an ab-
17 solute basis and on the basis of improve-
18 ment in State performance.

19 “(ii) SPECIAL RULE FOR BONUS YEAR
20 2004.—For the purposes of awarding a
21 bonus under this paragraph for bonus year
22 2004, the Secretary may measure the per-
23 formance of a State in fiscal year 2003
24 using the job entry rate, job retention rate,
25 and earnings gain rate components of the

1 formula developed under section
2 403(a)(4)(C) as in effect immediately be-
3 fore the effective date of this paragraph.

4 “(D) DETERMINATION OF STATE PER-
5 FORMANCE.—For each bonus year, the Sec-
6 retary shall—

7 “(i) use the formula developed under
8 subparagraph (C) to determine the per-
9 formance of each eligible State for the fis-
10 cal year that precedes the bonus year; and

11 “(ii) prescribe performance standards
12 in such a manner so as to ensure that—

13 “(I) the average annual total
14 amount of grants to be made under
15 this paragraph for each bonus year
16 equals \$100,000,000; and

17 “(II) the total amount of grants
18 to be made under this paragraph for
19 all bonus years equals \$500,000,000.

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

21 “(i) BONUS YEAR.—The term ‘bonus
22 year’ means each of fiscal years 2004
23 through 2008.

24 “(ii) EMPLOYMENT ACHIEVEMENT
25 STATE.—The term ‘employment achieve-

1 ment State’ means, with respect to a bonus
2 year, an eligible State whose performance
3 determined pursuant to subparagraph
4 (D)(i) for the fiscal year preceding the
5 bonus year equals or exceeds the perform-
6 ance standards prescribed under subpara-
7 graph (D)(ii) for such preceding fiscal
8 year.

9 “(F) APPROPRIATION.—Out of any money
10 in the Treasury of the United States not other-
11 wise appropriated, there are appropriated for
12 fiscal years 2004 through 2008 \$500,000,000
13 for grants under this paragraph.

14 “(G) GRANTS FOR TRIBAL ORGANIZA-
15 TIONS.—This paragraph shall apply with re-
16 spect to tribal organizations in the same man-
17 ner in which this paragraph applies with re-
18 spect to States. In determining the criteria
19 under which to make grants to tribal organiza-
20 tions under this paragraph, the Secretary shall
21 consult with tribal organizations.”.

22 (2) EFFECTIVE DATE.—The amendment made
23 by paragraph (1) shall take effect on October 1,
24 2003.

1 **SEC. 106. CONTINGENCY FUND.**

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

4 (1) by striking “1997, 1998, 1999, 2000, 2001,
5 and 2002” and inserting “2003 through 2007”; and

6 (2) by striking all that follows
7 “\$2,000,000,000” and inserting a period.

8 (b) GRANTS.—Section 403(b)(3)(C)(ii) (42 U.S.C.
9 603(b)(3)(C)(ii)) is amended by striking “fiscal years
10 1997 through 2002” and inserting “fiscal years 2003
11 through 2007”.

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

18 (d) ANNUAL RECONCILIATION: FEDERAL MATCHING
19 OF STATE EXPENDITURES ABOVE “MAINTENANCE OF
20 EFFORT” LEVEL.—Section 403(b)(6) (42 U.S.C.
21 603(b)(6)) is amended—

22 (1) in subparagraph (A)(ii)—

23 (A) by adding “and” at the end of sub-
24 clause (I);

25 (B) by striking “; and” at the end of sub-
26 clause (II) and inserting a period; and

1 (C) by striking subclause (III);

2 (2) in subparagraph (B)(i)(II), by striking all
3 that follows “section 409(a)(7)(B)(iii)” and insert-
4 ing a period;

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

7 “(I) the qualified State expendi-
8 tures (as defined in section
9 409(a)(7)(B)(i) for the fiscal year;
10 plus”; and

11 (4) by striking subparagraph (C).

12 (e) CONSIDERATION OF CERTAIN CHILD CARE EX-
13 PENDITURES IN DETERMINING STATE COMPLIANCE
14 WITH CONTINGENCY FUND MAINTENANCE OF EFFORT
15 REQUIREMENT.—Section 409(a)(10) (42 U.S.C.
16 609(a)(10)) is amended—

17 (1) by striking “(other than the expenditures
18 described in subclause (I)(bb) of that paragraph))
19 under the State program funded under this part”
20 and inserting a close parenthesis; and

21 (2) by striking “excluding any amount ex-
22 pended by the State for child care under subsection
23 (g) or (i) of section 402 (as in effect during fiscal
24 year 1994) for fiscal year 1994,”.

1 **SEC. 107. USE OF FUNDS.**

2 (a) GENERAL RULES.—Section 404(a)(2) (42 U.S.C.
3 604(a)(2)) is amended by striking “in any manner that”
4 and inserting “for any purposes or activities for which”.

5 (b) TREATMENT OF INTERSTATE IMMIGRANTS.—

6 (1) STATE PLAN PROVISION.—Section
7 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended
8 by striking clause (i) and redesignating clauses (ii)
9 through (iv) as clauses (i) through (iii), respectively.

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

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

15 (d) INCREASE IN AMOUNT TRANSFERABLE TO TITLE
16 XX PROGRAMS.—Section 404(d)(2)(B) (42 U.S.C.
17 604(d)(2)(B)) is amended to read as follows:

18 “(B) APPLICABLE PERCENT.—For pur-
19 poses of subparagraph (A), the applicable per-
20 cent is 10 percent for fiscal year 2003 and each
21 succeeding fiscal year.”.

22 (e) CLARIFICATION OF AUTHORITY OF STATES TO
23 USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS
24 TO PROVIDE TANF BENEFITS AND SERVICES.—Section
25 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

1 “(e) AUTHORITY TO CARRYOVER OR RESERVE CER-
2 TAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FU-
3 TURE CONTINGENCIES.—

4 “(1) CARRYOVER.—A State or tribe may use a
5 grant made to the State or tribe under this part for
6 any fiscal year to provide, without fiscal year limita-
7 tion, any benefit or service that may be provided
8 under the State or tribal program funded under this
9 part.

10 “(2) CONTINGENCY RESERVE.—A State or tribe
11 may designate any portion of a grant made to the
12 State or tribe under this part as a contingency re-
13 serve for future needs, and may use any amount so
14 designated to provide, without fiscal year limitation,
15 any benefit or service that may be provided under
16 the State or tribal program funded under this part.
17 If a State or tribe so designates a portion of such
18 a grant, the State shall, on an annual basis, include
19 in its report under section 411(a) the amount so
20 designated.”.

21 **SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE**
22 **PROGRAMS.**

23 (a) REPEAL.—Section 406 (42 U.S.C. 606) is re-
24 pealed.

25 (b) CONFORMING AMENDMENTS.—

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

3 (2) Section 412 (42 U.S.C. 612) is amended by
4 striking subsection (f) and redesignating subsections
5 (g) through (i) as subsections (f) through (h), re-
6 spectively.

7 (3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2))
8 is amended by striking “406,”.

9 **SEC. 109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-**
10 **SUFFICIENCY PLAN REQUIREMENTS.**

11 (a) MODIFICATION OF STATE PLAN REQUIRE-
12 MENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A))
13 is amended by striking clauses (ii) and (iii) and inserting
14 the following:

15 “(ii) Require a parent or caretaker re-
16 ceiving assistance under the program to
17 engage in work or alternative self-suffi-
18 ciency activities (as defined by the State),
19 consistent with section 407(e)(2).

20 “(iii) Require families receiving assist-
21 ance under the program to engage in ac-
22 tivities in accordance with family self-suffi-
23 ciency plans developed pursuant to section
24 408(b).”.

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

3 (1) IN GENERAL.—Section 408(b) (42 U.S.C.
4 608(b)) is amended to read as follows:

5 “(b) FAMILY SELF-SUFFICIENCY PLANS.—

6 “(1) IN GENERAL.—A State to which a grant
7 is made under section 403 shall—

8 “(A) assess, in the manner deemed appro-
9 priate by the State, of the skills, prior work ex-
10 perience, and employability of each work-eligible
11 individual (as defined in section 407(b)(2)(C))
12 receiving assistance under the State program
13 funded under this part;

14 “(B) establish for each family that in-
15 cludes such an individual, in consultation as the
16 State deems appropriate with the individual, a
17 self-sufficiency plan that specifies appropriate
18 activities described in the State plan submitted
19 pursuant to section 402, including direct work
20 activities as appropriate designed to assist the
21 family in achieving their maximum degree of
22 self-sufficiency, and that provides for the ongo-
23 ing participation of the individual in the activi-
24 ties;

1 “(C) require, at a minimum, each such in-
2 dividual to participate in activities in accord-
3 ance with the self-sufficiency plan;

4 “(D) monitor the participation of each
5 such individual in the activities specified in the
6 self sufficiency plan, and regularly review the
7 progress of the family toward self-sufficiency;

8 “(E) upon such a review, revise the self-
9 sufficiency plan and activities as the State
10 deems appropriate.

11 “(2) TIMING.—The State shall comply with
12 paragraph (1) with respect to a family—

13 “(A) in the case of a family that, as of Oc-
14 tober 1, 2002, is not receiving assistance from
15 the State program funded under this part, not
16 later than 60 days after the family first receives
17 assistance on the basis of the most recent appli-
18 cation for the assistance; or

19 “(B) in the case of a family that, as of
20 such date, is receiving the assistance, not later
21 than 12 months after the date of enactment of
22 this subsection.

23 “(3) STATE DISCRETION.—A State shall have
24 sole discretion, consistent with section 407, to define
25 and design activities for families for purposes of this

1 subsection, to develop methods for monitoring and
 2 reviewing progress pursuant to this subsection, and
 3 to make modifications to the plan as the State
 4 deems appropriate to assist the individual in increas-
 5 ing their degree of self-sufficiency.

6 “(4) RULE OF INTERPRETATION.—Nothing in
 7 this part shall preclude a State from requiring par-
 8 ticipation in work and any other activities the State
 9 deems appropriate for helping families achieve self-
 10 sufficiency and improving child well-being.”.

11 (2) PENALTY FOR FAILURE TO ESTABLISH
 12 FAMILY SELF-SUFFICIENCY PLAN.—Section
 13 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

14 (A) in the paragraph heading, by inserting
 15 “OR ESTABLISH FAMILY SELF-SUFFICIENCY
 16 PLAN” after “RATES”; and

17 (B) in subparagraph (A), by inserting “or
 18 408(b)” after “407(a)”.

19 **SEC. 110. WORK PARTICIPATION REQUIREMENTS.**

20 (a) IN GENERAL.—Section 407 (42 U.S.C. 607) is
 21 amended by striking all that precedes subsection (b)(3)
 22 and inserting the following:

23 **“SEC. 407. WORK PARTICIPATION REQUIREMENTS.**

24 “(a) PARTICIPATION RATE REQUIREMENTS.—A
 25 State to which a grant is made under section 403 for a

1 fiscal year shall achieve a minimum participation rate
2 equal to not less than—

3 “(1) 50 percent for fiscal year 2003;

4 “(2) 55 percent for fiscal year 2004;

5 “(3) 60 percent for fiscal year 2005;

6 “(4) 65 percent for fiscal year 2006; and

7 “(5) 70 percent for fiscal year 2007 and each
8 succeeding fiscal year.

9 “(b) CALCULATION OF PARTICIPATION RATES.—

10 “(1) AVERAGE MONTHLY RATE.—For purposes
11 of subsection (a), the participation rate of a State
12 for a fiscal year is the average of the participation
13 rates of the State for each month in the fiscal year.

14 “(2) MONTHLY PARTICIPATION RATES; INCOR-
15 PORATION OF 40-HOUR WORK WEEK STANDARD.—

16 “(A) IN GENERAL.—For purposes of para-
17 graph (1), the participation rate of a State for
18 a month is—

19 “(i) the total number of countable
20 hours (as defined in subsection (c)) with
21 respect to the counted families for the
22 State for the month; divided by

23 “(ii) 160 multiplied by the number of
24 counted families for the State for the
25 month.

1 “(B) COUNTED FAMILIES DEFINED.—

2 “(i) IN GENERAL.—In subparagraph
3 (A), the term ‘counted family’ means, with
4 respect to a State and a month, a family
5 that includes a work-eligible individual and
6 that receives assistance in the month under
7 the State program funded under this part,
8 subject to clause (ii).

9 “(ii) STATE OPTION TO EXCLUDE
10 CERTAIN FAMILIES.—At the option of a
11 State, the term ‘counted family’ shall not
12 include—

13 “(I) a family in the first month
14 for which the family receives assist-
15 ance from a State program funded
16 under this part on the basis of the
17 most recent application for such as-
18 sistance; or

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

22 “(iii) STATE OPTION TO INCLUDE IN-
23 DIVIDUALS RECEIVING ASSISTANCE UNDER
24 A TRIBAL FAMILY ASSISTANCE PLAN OR
25 TRIBAL WORK PROGRAM.—At the option of

1 a State, the term ‘counted family’ may in-
2 clude families in the State that are receiv-
3 ing assistance under a tribal family assist-
4 ance plan approved under section 412 or
5 under a tribal work program to which
6 funds are provided under this part.

7 “(C) WORK-ELIGIBLE INDIVIDUAL DE-
8 FINED.—In this section, the term ‘work-eligible
9 individual’ means an individual—

10 “(i) who is married or a single head
11 of household; and

12 “(ii) whose needs are (or, but for
13 sanctions under this part that have been in
14 effect for more than 3 months (whether or
15 not consecutive) in the preceding 12
16 months or under part D, would be) in-
17 cluded in determining the amount of cash
18 assistance to be provided to the family
19 under the State program funded under this
20 part.”.

21 (b) RECALIBRATION OF CASELOAD REDUCTION
22 CREDIT.—Section 407(b)(3)(A)(ii) (42 U.S.C.
23 607(b)(3)(A)(ii)) is amended to read as follows:

24 “(ii) the average monthly number of
25 families that received assistance under the

1 State program funded under this part
2 during—

3 “(I) if the fiscal year is fiscal
4 year 2003, fiscal year 1996;

5 “(II) if the fiscal year is fiscal
6 year 2004, fiscal year 1998;

7 “(III) if the fiscal year is fiscal
8 year 2005, fiscal year 2001; or

9 “(IV) if the fiscal year is fiscal
10 year 2006 or any succeeding fiscal
11 year, the then 4th preceding fiscal
12 year.”.

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

16 “(4) SUPERACHIEVER CREDIT.—

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

22 “(i) the amount (if any) of the super-
23 achiever credit applicable to the State; or

24 “(ii) the number of percentage points
25 (if any) by which the minimum participa-

1 tion rate required by subsection (a) for the
2 fiscal year exceeds 50 percent.

3 “(B) SUPERACHIEVER STATE.—For pur-
4 poses of subparagraph (A), a State is a super-
5 achiever State if the State caseload for fiscal
6 year 2001 has declined by at least 60 percent
7 from the State caseload for fiscal year 1995.

8 “(C) AMOUNT OF CREDIT.—The super-
9 achiever credit applicable to a State is the num-
10 ber of percentage points (if any) by which the
11 decline referred to in subparagraph (B) exceeds
12 60 percent.

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

14 “(i) STATE CASELOAD FOR FISCAL
15 YEAR 2001.—The term ‘State caseload for
16 fiscal year 2001’ means the average
17 monthly number of families that received
18 assistance during fiscal year 2001 under
19 the State program funded under this part.

20 “(ii) STATE CASELOAD FOR FISCAL
21 YEAR 1995.—The term ‘State caseload for
22 fiscal year 1995’ means the average
23 monthly number of families that received
24 aid under the State plan approved under

1 part A (as in effect on September 30,
2 1995) during fiscal year 1995.”.

3 (d) COUNTABLE HOURS.—Section 407 of such Act
4 (42 U.S.C. 607) is amended by striking subsections (c)
5 and (d) and inserting the following:

6 “(c) COUNTABLE HOURS.—

7 “(1) DEFINITION.—In subsection (b)(2), the
8 term ‘countable hours’ means, with respect to a fam-
9 ily for a month, the total number of hours in the
10 month in which any member of the family who is a
11 work-eligible individual is engaged in a direct work
12 activity or other activities specified by the State (ex-
13 cluding an activity that does not address a purpose
14 specified in section 401(a)), subject to the other pro-
15 visions of this subsection.

16 “(2) LIMITATIONS.—Subject to such regula-
17 tions as the Secretary may prescribe:

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

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

8 “(3) SPECIAL RULES.—For purposes of para-
9 graph (1):

10 “(A) PARTICIPATION IN QUALIFIED AC-
11 TIVITIES.—

12 “(i) IN GENERAL.—If, with the ap-
13 proval of the State, the work-eligible indi-
14 viduals in a family are engaged in 1 or
15 more qualified activities for an average
16 total of at least 24 hours per week in a
17 month, then all such engagement in the
18 month shall be considered engagement in a
19 direct work activity, subject to clause (iii).

20 “(ii) QUALIFIED ACTIVITY DE-
21 FINED.—The term ‘qualified activity’
22 means an activity specified by the State
23 (subject to the exclusion described in para-
24 graph (1)) that meets such standards and

1 criteria as the State may specify,
2 including—

3 “(I) substance abuse counseling
4 or treatment;

5 “(II) rehabilitation treatment
6 and services;

7 “(III) work-related education or
8 training directed at enabling the fam-
9 ily member to work;

10 “(IV) job search or job readiness
11 assistance; and

12 “(V) any other activity that ad-
13 dresses a purpose specified in section
14 401(a).

15 “(iii) LIMITATION.—

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

21 “(II) SPECIAL RULE APPLICABLE
22 TO EDUCATION AND TRAINING.—A
23 State may, on a case-by-case basis,
24 apply clause (i) to a work-eligible indi-
25 vidual so that participation by the in-

1 dividual in education or training, if
2 needed to permit the individual to
3 complete a certificate program or
4 other work-related education or train-
5 ing directed at enabling the individual
6 to fill a known job need in a local
7 area, may be considered countable
8 hours with respect to the family of the
9 individual for not more than 4 months
10 in any period of 24 consecutive
11 months.

12 “(B) SCHOOL ATTENDANCE BY TEEN
13 HEAD OF HOUSEHOLD.—The work-eligible
14 members of a family shall be considered to be
15 engaged in a direct work activity for an average
16 of 40 hours per week in a month if the family
17 includes an individual who is married, or is a
18 single head of household, who has not attained
19 20 years of age, and the individual—

20 “(i) maintains satisfactory attendance
21 at secondary school or the equivalent in
22 the month; or

23 “(ii) participates in education directly
24 related to employment for an average of at
25 least 20 hours per week in the month.

1 “(d) DIRECT WORK ACTIVITY.—In this section, the
2 term ‘direct work activity’ means—

3 “(1) unsubsidized employment;

4 “(2) subsidized private sector employment;

5 “(3) subsidized public sector employment;

6 “(4) on-the-job training;

7 “(5) supervised work experience; or

8 “(6) supervised community service.”.

9 (e) PENALTIES AGAINST INDIVIDUALS.—Section
10 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as
11 follows:

12 “(1) REDUCTION OR TERMINATION OF ASSIST-
13 ANCE.—

14 “(A) IN GENERAL.—Except as provided in
15 paragraph (2), if an individual in a family re-
16 ceiving assistance under a State program fund-
17 ed under this part fails to engage in activities
18 required in accordance with this section, or
19 other activities required by the State under the
20 program, and the family does not otherwise en-
21 gage in activities in accordance with the self-
22 sufficiency plan established for the family pur-
23 suant to section 408(b), the State shall—

24 “(i) if the failure is partial or persists
25 for not more than 1 month—

1 “(I) reduce the amount of assist-
2 ance otherwise payable to the family
3 pro rata (or more, at the option of the
4 State) with respect to any period dur-
5 ing a month in which the failure oc-
6 curs; or

7 “(II) terminate all assistance to
8 the family, subject to such good cause
9 exceptions as the State may establish;
10 or

11 “(ii) if the failure is total and persists
12 for at least 2 consecutive months, termi-
13 nate all cash payments to the family in-
14 cluding qualified State expenditures (as de-
15 fined in section 409(a)(7)(B)(i)) for at
16 least 1 month and thereafter until the
17 State determines that the individual has
18 resumed full participation in the activities,
19 subject to such good cause exceptions as
20 the State may establish.

21 “(B) SPECIAL RULE.—In the event of a
22 conflict between a requirement of clause (i)(II)
23 or (ii) of subparagraph (A) and a requirement
24 of a State constitution, or of a State statute
25 that, before 1966, obligated local government to

1 provide assistance to needy parents and chil-
2 dren, the State constitutional or statutory re-
3 quirement shall control.”.

4 (f) CONFORMING AMENDMENTS.—

5 (1) Section 407(f) (42 U.S.C. 607(f)) is amend-
6 ed in each of paragraphs (1) and (2) by striking
7 “work activity described in subsection (d)” and in-
8 serting “direct work activity”.

9 (2) The heading of section 409(a)(14) (42
10 U.S.C. 609(a)(14)) is amended by inserting “OR RE-
11 FUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY
12 SELF-SUFFICIENCY PLAN” after “WORK”.

13 **SEC. 111. MAINTENANCE OF EFFORT.**

14 (a) IN GENERAL.—Section 409(a)(7) (42 U.S.C.
15 609(a)(7)) is amended—

16 (1) in subparagraph (A) by striking “fiscal year
17 1998, 1999, 2000, 2001, 2002, or 2003” and insert-
18 ing “fiscal year 2003, 2004, 2005, 2006, 2007 or
19 2008”; and

20 (2) in subparagraph (B)(ii)—

21 (A) by inserting “preceding” before “fiscal
22 year”; and

23 (B) by striking “for fiscal years 1997
24 through 2002,”.

1 (b) STATE SPENDING ON PROMOTING HEALTHY
2 MARRIAGE.—

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

5 “(1) MARRIAGE PROMOTION.—A State, territory, or
6 tribal organization to which a grant is made under section
7 403(a)(2) may use a grant made to the State, territory,
8 or tribal organization under any other provision of section
9 403 for marriage promotion activities, and the amount of
10 any such grant so used shall be considered State funds
11 for purposes of section 403(a)(2).”.

12 (2) FEDERAL TANF FUNDS USED FOR MAR-
13 RIAGE PROMOTION DISREGARDED FOR PURPOSES OF
14 MAINTENANCE OF EFFORT REQUIREMENT.—Section
15 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as
16 amended by section 103(c) of this Act, is amended
17 by adding at the end the following:

18 “(VI) EXCLUSION OF FEDERAL
19 TANF FUNDS USED FOR MARRIAGE
20 PROMOTION ACTIVITIES.—Such term
21 does not include the amount of any
22 grant made to the State under section
23 403 that is expended for a marriage
24 promotion activity.”.

1 **SEC. 112. PERFORMANCE IMPROVEMENT.**

2 (a) STATE PLANS.—Section 402(a) (42 U.S.C.
3 602(a)) is amended—

4 (1) in paragraph (1)—

5 (A) in subparagraph (A)—

6 (i) by redesignating clause (vi) and
7 clause (vii) (as added by section 103(a) of
8 this Act) as clauses (vii) and (viii), respec-
9 tively; and

10 (ii) by striking clause (v) and insert-
11 ing the following:

12 “(v) The document shall—

13 “(I) describe how the State will
14 pursue ending dependence of needy
15 families on government benefits and
16 reducing poverty by promoting job
17 preparation and work;

18 “(II) describe how the State will
19 encourage the formation and mainte-
20 nance of healthy 2-parent married
21 families, encourage responsible father-
22 hood, and prevent and reduce the inci-
23 dence of out-of-wedlock pregnancies;

24 “(III) include specific, numerical,
25 and measurable performance objec-
26 tives for accomplishing subclauses (I)

1 and (II), and with respect to sub-
2 clause (I), include objectives con-
3 sistent with the criteria used by the
4 Secretary in establishing performance
5 targets under section 403(a)(4)(B) if
6 available; and

7 “(IV) describe the methodology
8 that the State will use to measure
9 State performance in relation to each
10 such objective.

11 “(vi) Describe any strategies and pro-
12 grams the State may be undertaking to
13 address—

14 “(I) employment retention and
15 advancement for recipients of assist-
16 ance under the program, including
17 placement into high-demand jobs, and
18 whether the jobs are identified using
19 labor market information;

20 “(II) efforts to reduce teen preg-
21 nancy;

22 “(III) services for struggling and
23 noncompliant families, and for clients
24 with special problems; and

1 “(IV) program integration, in-
2 cluding the extent to which employ-
3 ment and training services under the
4 program are provided through the
5 One-Stop delivery system created
6 under the Workforce Investment Act
7 of 1998, and the extent to which
8 former recipients of such assistance
9 have access to additional core, inten-
10 sive, or training services funded
11 through such Act.”; and

12 (B) in subparagraph (B), by striking
13 clause (iii) (as so redesignated by section
14 107(b)(1) of this Act) and inserting the fol-
15 lowing:

16 “(iii) The document shall describe
17 strategies and programs the State is un-
18 dertaking to engage religious organizations
19 in the provision of services funded under
20 this part and efforts related to section 104
21 of the Personal Responsibility and Work
22 Opportunity Reconciliation Act of 1996.

23 “(iv) The document shall describe
24 strategies to improve program manage-
25 ment and performance.”; and

1 (2) in paragraph (4), by inserting “and tribal”
2 after “that local”.

3 (b) CONSULTATION WITH STATE REGARDING PLAN
4 AND DESIGN OF TRIBAL PROGRAMS.—Section 412(b)(1)
5 (42 U.S.C. 612(b)(1)) is amended—

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

8 (2) by striking the period at the end of sub-
9 paragraph (F) and inserting “; and”; and

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

11 “(G) provides an assurance that the State
12 in which the tribe is located has been consulted
13 regarding the plan and its design.”.

14 (c) PERFORMANCE MEASURES.—Section 413 (42
15 U.S.C. 613) is amended by adding at the end the fol-
16 lowing:

17 “(k) PERFORMANCE IMPROVEMENT.—The Secretary,
18 in consultation with the States, shall develop uniform per-
19 formance measures designed to assess the degree of effec-
20 tiveness, and the degree of improvement, of State pro-
21 grams funded under this part in accomplishing the pur-
22 poses of this part.”.

23 (d) ANNUAL RANKING OF STATES.—Section
24 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking
25 “long-term private sector jobs” and inserting “private sec-

1 tor jobs, the success of the recipients in retaining employ-
2 ment, the ability of the recipients to increase their wages”.

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

4 (a) CONTENTS OF REPORT.— Section 411(a)(1)(A)
5 (42 U.S.C. 611(a)(1)(A)) is amended—

6 (1) in clause (vii), by inserting “and minor par-
7 ent” after “of each adult”;

8 (2) in clause (viii), by striking “and educational
9 level”;

10 (3) in clause (ix), by striking “, and if the lat-
11 ter 2, the amount received”;

12 (4) in clause (x)—

13 (A) by striking “each type of”; and

14 (B) by inserting before the period “and, if
15 applicable, the reason for receipt of the assist-
16 ance for a total of more than 60 months”;

17 (5) in clause (xi), by striking the subclauses
18 and inserting the following:

19 “(I) Subsidized private sector
20 employment.

21 “(II) Unsubsidized employment.

22 “(III) Public sector employment,
23 supervised work experience, or super-
24 vised community service.

25 “(IV) On-the-job training.

1 “(V) Job search and placement.

2 “(VI) Training.

3 “(VII) Education.

4 “(VIII) Other activities directed
5 at the purposes of this part, as speci-
6 fied in the State plan submitted pur-
7 suant to section 402.”;

8 (6) in clause (xii), by inserting “and progress
9 toward universal engagement” after “participation
10 rates”;

11 (7) in clause (xiii), by striking “type and” be-
12 fore “amount of assistance”;

13 (8) in clause (xvi), by striking subclause (II)
14 and redesignating subclauses (III) through (V) as
15 subclauses (II) through (IV), respectively; and

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

17 “(xviii) The date the family first re-
18 ceived assistance from the State program
19 on the basis of the most recent application
20 for such assistance.

21 “(xix) Whether a self-sufficiency plan
22 is established for the family in accordance
23 with section 408(b).

24 “(xx) With respect to any child in the
25 family, the marital status of the parents at

1 the birth of the child, and if the parents
2 were not then married, whether the pater-
3 nity of the child has been established.”.

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

6 (1) in clause (i)—

7 (A) by striking “a sample” and inserting
8 “samples”; and

9 (B) by inserting before the period “, except
10 that the Secretary may designate core data ele-
11 ments that must be reported on all families”;
12 and

13 (2) in clause (ii), by striking “funded under this
14 part” and inserting “described in subparagraph
15 (A)”.

16 (c) REPORT ON FAMILIES THAT BECOME INELI-
17 GIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42
18 U.S.C. 611(a)) is amended—

19 (1) by striking paragraph (5);

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

22 (3) by inserting after paragraph (5) (as so re-
23 designated) the following:

24 “(6) REPORT ON FAMILIES THAT BECOME IN-
25 ELIGIBLE TO RECEIVE ASSISTANCE.—The report re-

1 quired by paragraph (1) for a fiscal quarter shall in-
2 clude for each month in the quarter the number of
3 families and total number of individuals that, during
4 the month, became ineligible to receive assistance
5 under the State program funded under this part
6 (broken down by the number of families that become
7 so ineligible due to earnings, changes in family com-
8 position that result in increased earnings, sanctions,
9 time limits, or other specified reasons).”.

10 (d) REGULATIONS.—Section 411(a)(7) (42 U.S.C.
11 611(a)(7)) is amended—

12 (1) by inserting “and to collect the necessary
13 data” before “with respect to which reports”;

14 (2) by striking “subsection” and inserting “sec-
15 tion”; and

16 (3) by striking “in defining the data elements”
17 and all that follows and inserting “, the National
18 Governors’ Association, the American Public Human
19 Services Association, the National Conference of
20 State Legislatures, and others in defining the data
21 elements.”.

22 (e) ADDITIONAL REPORTS BY STATES.—Section 411
23 (42 U.S.C. 611) is amended—

24 (1) by redesignating subsection (b) as sub-
25 section (e); and

1 (2) by inserting after subsection (a) the fol-
2 lowing:

3 “(b) ANNUAL REPORTS ON PROGRAM CHARACTERIS-
4 TICS.—Not later than 90 days after the end of fiscal year
5 2004 and each succeeding fiscal year, each eligible State
6 shall submit to the Secretary a report on the characteris-
7 tics of the State program funded under this part and other
8 State programs funded with qualified State expenditures
9 (as defined in section 409(a)(7)(B)(i)). The report shall
10 include, with respect to each such program, the program
11 name, a description of program activities, the program
12 purpose, the program eligibility criteria, the sources of
13 program funding, the number of program beneficiaries,
14 sanction policies, and any program work requirements.

15 “(c) MONTHLY REPORTS ON CASELOAD.—Not later
16 than 3 months after the end of a calendar month that
17 begins 1 year or more after the enactment of this sub-
18 section, each eligible State shall submit to the Secretary
19 report on the number of families and total number of indi-
20 viduals receiving assistance in the calendar month under
21 the State program funded under this part.

22 “(d) ANNUAL REPORT ON PERFORMANCE IMPROVE-
23 MENT.—Beginning with fiscal year 2004, not later than
24 January 1 of each fiscal year, each eligible State shall sub-
25 mit to the Secretary a report on achievement and improve-

1 ment during the preceding fiscal year under the numerical
2 performance goals and measures under the State program
3 funded under this part with respect to each of the matters
4 described in section 402(a)(1)(A)(v).”.

5 (f) ANNUAL REPORTS TO CONGRESS BY THE SEC-
6 RETARY.—Section 411(e), as so redesignated by sub-
7 section (e) of this section, is amended—

8 (1) in the matter preceding paragraph (1), by
9 striking “and each fiscal year thereafter” and insert-
10 ing “and by July 1 of each fiscal year thereafter”;

11 (2) in paragraph (2), by striking “families ap-
12 plying for assistance,” and by striking the last
13 comma; and

14 (3) in paragraph (3), by inserting “and other
15 programs funded with qualified State expenditures
16 (as defined in section 409(a)(7)(B)(i))” before the
17 semicolon.

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

21 “(f) INCREASED ANALYSIS OF STATE SINGLE AUDIT
22 REPORTS.—

23 “(1) IN GENERAL.—Within 3 months after a
24 State submits to the Secretary a report pursuant to
25 section 7502(a)(1)(A) of title 31, United States

1 Code, the Secretary shall analyze the report for the
2 purpose of identifying the extent and nature of prob-
3 lems related to the oversight by the State of non-
4 governmental entities with respect to contracts en-
5 tered into by such entities with the State program
6 funded under this part, and determining what addi-
7 tional actions may be appropriate to help prevent
8 and correct the problems.

9 “(2) INCLUSION OF PROGRAM OVERSIGHT SEC-
10 TION IN ANNUAL REPORT TO THE CONGRESS.—The
11 Secretary shall include in each report under sub-
12 section (a) a section on oversight of State programs
13 funded under this part, including findings on the ex-
14 tent and nature of the problems referred to in para-
15 graph (1), actions taken to resolve the problems, and
16 to the extent the Secretary deems appropriate make
17 recommendations on changes needed to resolve the
18 problems.”.

19 **SEC. 114. DIRECT FUNDING AND ADMINISTRATION BY IN-**
20 **DIAN TRIBES.**

21 (a) TRIBAL FAMILY ASSISTANCE GRANT.—Section
22 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by
23 striking “1997, 1998, 1999, 2000, 2001, and 2002” and
24 inserting “2003 through 2007”.

1 (b) GRANTS FOR INDIAN TRIBES THAT RECEIVED
2 JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C.
3 612(a)(2)(A)) is amended by striking “1997, 1998, 1999,
4 2000, 2001, and 2002” and inserting “2003 through
5 2007”.

6 **SEC. 115. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
7 **IES.**

8 (a) SECRETARY’S FUND FOR RESEARCH, DEM-
9 ONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section
10 413 (42 U.S.C. 613), as amended by section 112(c) of
11 this Act, is further amended by adding at the end the fol-
12 lowing:

13 “(1) FUNDING FOR RESEARCH, DEMONSTRATIONS,
14 AND TECHNICAL ASSISTANCE.—

15 “(1) IN GENERAL.—Out of any money in the
16 Treasury of the United States not otherwise appro-
17 priated, there are appropriated \$102,000,000 for
18 each of fiscal years 2003 through 2007, which shall
19 be available to the Secretary for the purpose of con-
20 ducting and supporting research and demonstration
21 projects by public or private entities, and providing
22 technical assistance to States, Indian tribal organi-
23 zations, and such other entities as the Secretary
24 may specify that are receiving a grant under this
25 part, which shall be expended primarily on activities

1 described in section 403(a)(2)(B), and which shall
2 be in addition to any other funds made available
3 under this part.

4 “(2) SET ASIDE FOR DEMONSTRATION
5 PROJECTS FOR COORDINATION OF PROVISION OF
6 CHILD WELFARE AND TANF SERVICES TO TRIBAL
7 FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—

8 “(A) IN GENERAL.—Of the amounts made
9 available under paragraph (1) for a fiscal year,
10 \$2,000,000 shall be awarded on a competitive
11 basis to fund demonstration projects designed
12 to test the effectiveness of tribal governments
13 or tribal consortia in coordinating the provision
14 to tribal families at risk of child abuse or ne-
15 glect of child welfare services and services
16 under tribal programs funded under this part.

17 “(B) USE OF FUNDS.—A grant made to
18 such a project shall be used—

19 “(i) to improve case management for
20 families eligible for assistance from such a
21 tribal program;

22 “(ii) for supportive services and as-
23 sistance to tribal children in out-of-home
24 placements and the tribal families caring

1 for such children, including families who
2 adopt such children; and

3 “(iii) for prevention services and as-
4 sistance to tribal families at risk of child
5 abuse and neglect.

6 “(C) REPORTS.—The Secretary may re-
7 quire a recipient of funds awarded under this
8 paragraph to provide the Secretary with such
9 information as the Secretary deems relevant to
10 enable the Secretary to facilitate and oversee
11 the administration of any project for which
12 funds are provided under this paragraph.”.

13 (b) FUNDING OF STUDIES AND DEMONSTRATIONS.—
14 Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in
15 the matter preceding subparagraph (A) by striking “1997
16 through 2002” and inserting “2003 through 2007”.

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

1 (d) REPORT ON COORDINATION.—Not later than 6
2 months after the date of the enactment of this Act, the
3 Secretary of Health and Human Services and the Sec-
4 retary of Labor shall jointly submit a report to the Con-
5 gress describing common or conflicting data elements,
6 definitions, performance measures, and reporting require-
7 ments in the Workforce Investment Act of 1998 and part
8 A of title IV of the Social Security Act, and, to the degree
9 each Secretary deems appropriate, at the discretion of ei-
10 ther Secretary, any other program administered by the re-
11 spective Secretary, to allow greater coordination between
12 the welfare and workforce development systems.

13 **SEC. 116. STUDIES BY THE CENSUS BUREAU AND THE GEN-**
14 **ERAL ACCOUNTING OFFICE.**

15 (a) CENSUS BUREAU STUDY.—

16 (1) IN GENERAL.—Section 414(a) (42 U.S.C.
17 614(a)) is amended to read as follows:

18 “(a) IN GENERAL.—The Bureau of the Census shall
19 implement a new longitudinal survey of program dynam-
20 ics, developed in consultation with the Secretary and made
21 available to interested parties, to allow for the assessment
22 of the outcomes of continued welfare reform on the eco-
23 nomic and child well-being of low-income families with
24 children, including those who received assistance or serv-
25 ices from a State program funded under this part, and,

1 to the extent possible, shall provide State representative
2 samples. The content of the survey should include such
3 information as may be necessary to examine the issues of
4 out-of-wedlock childbearing, marriage, welfare dependency
5 and compliance with work requirements, the beginning
6 and ending of spells of assistance, work, earnings and em-
7 ployment stability, and the well-being of children.”.

8 (2) APPROPRIATION.—Section 414(b) (42
9 U.S.C. 614(b)) is amended by striking “1996,” and
10 all that follows through “2002” and inserting “2003
11 through 2007”.

12 (b) GAO STUDY.—

13 (1) IN GENERAL.—The Comptroller General of
14 the United States shall conduct a study to determine
15 the combined effect of the phase-out rates for Fed-
16 eral programs and policies which provide support to
17 low-income families and individuals as they move
18 from welfare to work, at all earning levels up to
19 \$35,000 per year, for at least 5 States including
20 Wisconsin and California, and any potential dis-
21 incentives the combined phase-out rates create for
22 families to achieve independence or to marry.

23 (2) REPORT.—Not later than 1 year after the
24 date of the enactment of this subsection, the Comp-
25 troller General shall submit a report to Congress

1 containing the results of the study conducted under
2 this section and, as appropriate, any recommenda-
3 tions consistent with the results.

4 **SEC. 117. DEFINITION OF ASSISTANCE.**

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

7 “(6) ASSISTANCE.—

8 “(A) IN GENERAL.—The term ‘assistance’
9 means payment, by cash, voucher, or other
10 means, to or for an individual or family for the
11 purpose of meeting a subsistence need of the in-
12 dividual or family (including food, clothing,
13 shelter, and related items, but not including
14 costs of transportation or child care).

15 “(B) EXCEPTION.—The term ‘assistance’
16 does not include a payment described in sub-
17 paragraph (A) to or for an individual or family
18 on a short-term, nonrecurring basis (as defined
19 by the State in accordance with regulations pre-
20 scribed by the Secretary).”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is
23 amended by striking “assistance” and inserting
24 “aid”.

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

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

7 (4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is
8 amended by striking “assistance” and inserting
9 “aid”.

10 **SEC. 118. TECHNICAL CORRECTIONS.**

11 (a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is
12 amended by inserting a comma after “appropriate”.

13 (b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C.
14 611(a)(1)(A)(ii)(III)) is amended by striking the last close
15 parenthesis.

16 (c) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is
17 amended by striking “section” and inserting “sections”.

18 (d)(1) Section 413 (42 U.S.C. 613) is amended by
19 striking subsection (g) and redesignating subsections (h)
20 through (j) and subsections (k) and (l) (as added by sec-
21 tions 112(c) and 115(a) of this Act, respectively) as sub-
22 sections (g) through (k), respectively.

23 (2) Each of the following provisions is amended by
24 striking “413(j)” and inserting “413(i)”:

1 (A) Section 403(a)(5)(A)(ii)(III) (42 U.S.C.
2 603(a)(5)(A)(ii)(III)).

3 (B) Section 403(a)(5)(F) (42 U.S.C.
4 603(a)(5)(F)).

5 (C) Section 403(a)(5)(G)(ii) (42 U.S.C.
6 603(a)(5)(G)(ii)).

7 (D) Section 412(a)(3)(B)(iv) (42 U.S.C.
8 612(a)(3)(B)(iv)).

9 **SEC. 119. FATHERHOOD PROGRAM.**

10 (a) SHORT TITLE.—This section may be cited as the
11 “Promotion and Support of Responsible Fatherhood and
12 Healthy Marriage Act of 2002”.

13 (b) FATHERHOOD PROGRAM.—

14 (1) IN GENERAL.—Title I of the Personal Re-
15 sponsibility and Work Opportunity Reconciliation
16 Act of 1996 (Public Law 104–193) is amended by
17 adding at the end the following:

18 **“SEC. 117. FATHERHOOD PROGRAM.**

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

21 **‘PART C—FATHERHOOD PROGRAM**

22 **‘SEC. 441. FINDINGS AND PURPOSES.**

23 ‘(a) FINDINGS.—The Congress finds that there is
24 substantial evidence strongly indicating the urgent need
25 to promote and support involved, committed, and respon-

1 sible fatherhood, and to encourage and support healthy
2 marriages between parents raising children, including data
3 demonstrating the following:

4 ‘(1) In approximately 90 percent of cases where
5 a parent is absent, that parent is the father.

6 ‘(2) By some estimates, 60 percent of children
7 born in the 1990’s will spend a significant portion
8 of their childhood in a home without a father.

9 ‘(3) Nearly 75 percent of children in single-par-
10 ent homes will experience poverty before they are 11
11 years old, compared with only 20 percent of children
12 in 2-parent families.

13 ‘(4) Low income is positively correlated with
14 children’s difficulties with education, social adjust-
15 ment, and delinquency, and single-parent households
16 constitute a disproportionate share of low-income
17 households.

18 ‘(5) Where families (whether intact or with a
19 parent absent) are living in poverty, a significant
20 factor is the father’s lack of job skills.

21 ‘(6) Children raised in 2-parent married fami-
22 lies, on average, fare better as a group in key areas,
23 including better school performance, reduced rates of
24 substance abuse, crime, and delinquency, fewer
25 health, emotional, and behavioral problems, lower

1 rates of teenage sexual activity, less risk of abuse or
2 neglect, and lower risk of teen suicide.

3 ‘(7) Committed and responsible fathering dur-
4 ing infancy and early childhood contributes to the
5 development of emotional security, curiosity, and
6 math and verbal skills.

7 ‘(8) An estimated 24,000,000 children (33.5
8 percent) live apart from their biological father.

9 ‘(9) A recent national survey indicates that of
10 all children under age 18 not living with their bio-
11 logical father, 29 percent had not seen their father
12 even once in the last 12 months.

13 ‘(b) PURPOSES.—The purposes of this part are:

14 ‘(1) To provide for projects and activities by
15 public entities and by nonprofit community entities,
16 including religious organizations, designed to test
17 promising approaches to accomplishing the following
18 objectives:

19 ‘(A) Promoting responsible, caring, and ef-
20 fective parenting through counseling, men-
21 toring, and parenting education, dissemination
22 of educational materials and information on
23 parenting skills, encouragement of positive fa-
24 ther involvement, including the positive involve-

1 ment of nonresident fathers, and other meth-
2 ods.

3 ‘(B) Enhancing the abilities and commit-
4 ment of unemployed or low-income fathers to
5 provide material support for their families and
6 to avoid or leave welfare programs by assisting
7 them to take full advantage of education, job
8 training, and job search programs, to improve
9 work habits and work skills, to secure career
10 advancement by activities such as outreach and
11 information dissemination, coordination, as ap-
12 propriate, with employment services and job
13 training programs, including the One-Stop de-
14 livery system established under title I of the
15 Workforce Investment Act of 1998, encourage-
16 ment and support of timely payment of current
17 child support and regular payment toward past
18 due child support obligations in appropriate
19 cases, and other methods.

20 ‘(C) Improving fathers’ ability to effec-
21 tively manage family business affairs by means
22 such as education, counseling, and mentoring in
23 matters including household management,
24 budgeting, banking, and handling of financial

1 transactions, time management, and home
2 maintenance.

3 '(D) Encouraging and supporting healthy
4 marriages and married fatherhood through such
5 activities as premarital education, including the
6 use of premarital inventories, marriage prepara-
7 tion programs, skills-based marriage education
8 programs, marital therapy, couples counseling,
9 divorce education and reduction programs, di-
10 vorce mediation and counseling, relationship
11 skills enhancement programs, including those
12 designed to reduce child abuse and domestic vi-
13 olence, and dissemination of information about
14 the benefits of marriage for both parents and
15 children.

16 '(2) Through the projects and activities de-
17 scribed in paragraph (1), to improve outcomes for
18 children with respect to measures such as increased
19 family income and economic security, improved
20 school performance, better health, improved emo-
21 tional and behavioral stability and social adjustment,
22 and reduced risk of delinquency, crime, substance
23 abuse, child abuse and neglect, teen sexual activity,
24 and teen suicide.

1 ‘(3) To evaluate the effectiveness of various ap-
2 proaches and to disseminate findings concerning out-
3 comes and other information in order to encourage
4 and facilitate the replication of effective approaches
5 to accomplishing these objectives.

6 **‘SEC. 442. DEFINITIONS.**

7 ‘In this part, the terms “Indian tribe” and “tribal
8 organization” have the meanings given them in sub-
9 sections (e) and (l), respectively, of section 4 of the Indian
10 Self-Determination and Education Assistance Act.

11 **‘SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.**

12 ‘(a) IN GENERAL.—The Secretary may make grants
13 for fiscal years 2003 through 2007 to public and nonprofit
14 community entities, including religious organizations, and
15 to Indian tribes and tribal organizations, for demonstra-
16 tion service projects and activities designed to test the ef-
17 fectiveness of various approaches to accomplish the objec-
18 tives specified in section 441(b)(1).

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

24 ‘(1) PROJECT DESCRIPTION.—A statement
25 including—

1 ‘(A) a description of the project and how
2 it will be carried out, including the geographical
3 area to be covered and the number and charac-
4 teristics of clients to be served, and how it will
5 address each of the 4 objectives specified in sec-
6 tion 441(b)(1); and

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

12 ‘(2) EXPERIENCE AND QUALIFICATIONS.—A
13 demonstration of ability to carry out the project, by
14 means such as demonstration of experience in suc-
15 cessfully carrying out projects of similar design and
16 scope, and such other information as the Secretary
17 may find necessary to demonstrate the entity’s ca-
18 pacity to carry out the project, including the entity’s
19 ability to provide the non-Federal share of project
20 resources.

21 ‘(3) ADDRESSING CHILD ABUSE AND NEGLECT
22 AND DOMESTIC VIOLENCE.—A description of how
23 the entity will assess for the presence of, and inter-
24 vene to resolve, domestic violence and child abuse
25 and neglect, including how the entity will coordinate

1 with State and local child protective service and do-
2 mestic violence programs.

3 ‘(4) ADDRESSING CONCERNS RELATING TO
4 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
5 mitment to make available to each individual partici-
6 pating in the project education about alcohol, to-
7 bacco, and other drugs, and about the health risks
8 associated with abusing such substances, and infor-
9 mation about diseases and conditions transmitted
10 through substance abuse and sexual contact, includ-
11 ing HIV/AIDS, and to coordinate with providers of
12 services addressing such problems, as appropriate.

13 ‘(5) COORDINATION WITH SPECIFIED PRO-
14 GRAMS.—An undertaking to coordinate, as appro-
15 priate, with State and local entities responsible for
16 the programs under parts A, B, and D of this title,
17 including programs under title I of the Workforce
18 Investment Act of 1998 (including the One-Stop de-
19 livery system), and such other programs as the Sec-
20 retary may require.

21 ‘(6) RECORDS, REPORTS, AND AUDITS.—An
22 agreement to maintain such records, make such re-
23 ports, and cooperate with such reviews or audits as
24 the Secretary may find necessary for purposes of
25 oversight of project activities and expenditures.

1 ‘(7) SELF-INITIATED EVALUATION.—If the enti-
2 ty elects to contract for independent evaluation of
3 the project (part or all of the cost of which may be
4 paid for using grant funds), a commitment to sub-
5 mit to the Secretary a copy of the evaluation report
6 within 30 days after completion of the report and
7 not more than 1 year after completion of the project.

8 ‘(8) COOPERATION WITH SECRETARY’S OVER-
9 SIGHT AND EVALUATION.—An agreement to cooper-
10 ate with the Secretary’s evaluation of projects as-
11 sisted under this section, by means including ran-
12 dom assignment of clients to service recipient and
13 control groups, if determined by the Secretary to be
14 appropriate, and affording the Secretary access to
15 the project and to project-related records and docu-
16 ments, staff, and clients.

17 ‘(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE
18 GRANTS.—In order to be eligible for a grant under this
19 section in an amount under \$25,000 per fiscal year, an
20 entity shall submit an application to the Secretary con-
21 taining the following:

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

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

3 ‘(2) QUALIFICATIONS.—Such information as
4 the Secretary may require as to the capacity of the
5 entity to carry out the project, including any pre-
6 vious experience with similar activities.

7 ‘(3) COORDINATION WITH RELATED PRO-
8 GRAMS.—As required by the Secretary in appro-
9 priate cases, an undertaking to coordinate and co-
10 operate with State and local entities responsible for
11 specific programs relating to the objectives of the
12 project including, as appropriate, jobs programs and
13 programs serving children and families.

14 ‘(4) RECORDS, REPORTS, AND AUDITS.—An
15 agreement to maintain such records, make such re-
16 ports, and cooperate with such reviews or audits as
17 the Secretary may find necessary for purposes of
18 oversight of project activities and expenditures.

19 ‘(5) COOPERATION WITH SECRETARY’S OVER-
20 SIGHT AND EVALUATION.—An agreement to cooper-
21 ate with the Secretary’s evaluation of projects as-
22 sisted under this section, by means including afford-
23 ing the Secretary access to the project and to
24 project-related records and documents, staff, and cli-
25 ents.

1 ‘(d) CONSIDERATIONS IN AWARDING GRANTS.—

2 ‘(1) DIVERSITY OF PROJECTS.—In awarding
3 grants under this section, the Secretary shall seek to
4 achieve a balance among entities of differing sizes,
5 entities in differing geographic areas, entities in
6 urban and in rural areas, and entities employing dif-
7 fering methods of achieving the purposes of this sec-
8 tion, including working with the State agency re-
9 sponsible for the administration of part D to help fa-
10 thers satisfy child support arrearage obligations.

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

16 ‘(e) FEDERAL SHARE.—

17 ‘(1) IN GENERAL.—Grants for a project under
18 this section for a fiscal year shall be available for a
19 share of the cost of such project in such fiscal year
20 equal to—

21 ‘(A) up to 80 percent (or up to 90 percent,
22 if the entity demonstrates to the Secretary’s
23 satisfaction circumstances limiting the entity’s
24 ability to secure non-Federal resources) in the
25 case of a project under subsection (b); and

1 ‘(B) up to 100 percent, in the case of a
2 project under subsection (c).

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

8 **‘SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION**
9 **PROJECTS.**

10 ‘(a) IN GENERAL.—The Secretary may make grants
11 under this section for fiscal years 2003 through 2007 to
12 eligible entities (as specified in subsection (b)) for
13 multicity, multistate projects demonstrating approaches to
14 achieving the objectives specified in section 441(b)(1). One
15 of the projects shall test the use of married couples to
16 deliver program services.

17 ‘(b) ELIGIBLE ENTITIES.—An entity eligible for a
18 grant under this section must be a national nonprofit fa-
19 therhood promotion organization that meets the following
20 requirements:

21 ‘(1) EXPERIENCE WITH FATHERHOOD PRO-
22 GRAMS.—The organization must have substantial ex-
23 perience in designing and successfully conducting
24 programs that meet the purposes described in sec-
25 tion 441.

1 ‘(2) EXPERIENCE WITH MULTICITY,
2 MULTISTATE PROGRAMS AND GOVERNMENT COORDI-
3 NATION.—The organization must have experience in
4 simultaneously conducting such programs in more
5 than 1 major metropolitan area in more than 1
6 State and in coordinating such programs, where ap-
7 propriate, with State and local government agencies
8 and private, nonprofit agencies (including commu-
9 nity-based and religious organizations), including
10 State or local agencies responsible for child support
11 enforcement and workforce development.

12 ‘(c) APPLICATION REQUIREMENTS.—In order to be
13 eligible for a grant under this section, an entity must sub-
14 mit to the Secretary an application that includes the fol-
15 lowing:

16 ‘(1) QUALIFICATIONS.—

17 ‘(A) ELIGIBLE ENTITY.—A demonstration
18 that the entity meets the requirements of sub-
19 section (b).

20 ‘(B) OTHER.—Such other information as
21 the Secretary may find necessary to dem-
22 onstrate the entity’s capacity to carry out the
23 project, including the entity’s ability to provide
24 the non-Federal share of project resources.

1 ‘(2) PROJECT DESCRIPTION.—A description of
2 and commitments concerning the project design, in-
3 cluding the following:

4 ‘(A) IN GENERAL.—A detailed description
5 of the proposed project design and how it will
6 be carried out, which shall—

7 ‘(i) provide for the project to be con-
8 ducted in at least 3 major metropolitan
9 areas;

10 ‘(ii) state how it will address each of
11 the 4 objectives specified in section
12 441(b)(1);

13 ‘(iii) demonstrate that there is a suffi-
14 cient number of potential clients to allow
15 for the random selection of individuals to
16 participate in the project and for compari-
17 sons with appropriate control groups com-
18 posed of individuals who have not partici-
19 pated in such projects; and

20 ‘(iv) demonstrate that the project is
21 designed to direct a majority of project re-
22 sources to activities serving low-income fa-
23 thers (but the project need not make serv-
24 ices available on a means-tested basis).

1 ‘(B) OVERSIGHT, EVALUATION, AND AD-
2 JUSTMENT COMPONENT.—An agreement that
3 the entity—

4 ‘(i) in consultation with the evaluator
5 selected pursuant to section 445, and as
6 required by the Secretary, will modify the
7 project design, initially and (if necessary)
8 subsequently throughout the duration of
9 the project, in order to facilitate ongoing
10 and final oversight and evaluation of
11 project operation and outcomes (by means
12 including, to the maximum extent feasible,
13 random assignment of clients to service re-
14 cipient and control groups), and to provide
15 for mid-course adjustments in project de-
16 sign indicated by interim evaluations;

17 ‘(ii) will submit to the Secretary re-
18 vised descriptions of the project design as
19 modified in accordance with clause (i); and

20 ‘(iii) will cooperate fully with the Sec-
21 retary’s ongoing oversight and ongoing and
22 final evaluation of the project, by means
23 including affording the Secretary access to
24 the project and to project-related records
25 and documents, staff, and clients.

1 ‘(3) ADDRESSING CHILD ABUSE AND NEGLECT
2 AND DOMESTIC VIOLENCE.—A description of how
3 the entity will assess for the presence of, and inter-
4 vene to resolve, domestic violence and child abuse
5 and neglect, including how the entity will coordinate
6 with State and local child protective service and do-
7 mestic violence programs.

8 ‘(4) ADDRESSING CONCERNS RELATING TO
9 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
10 mitment to make available to each individual partici-
11 pating in the project education about alcohol, to-
12 bacco, and other drugs, and about the health risks
13 associated with abusing such substances, and infor-
14 mation about diseases and conditions transmitted
15 through substance abuse and sexual contact, includ-
16 ing HIV/AIDS, and to coordinate with providers of
17 services addressing such problems, as appropriate.

18 ‘(5) COORDINATION WITH SPECIFIED PRO-
19 GRAMS.—An undertaking to coordinate, as appro-
20 priate, with State and local entities responsible for
21 the programs funded under parts A, B, and D of
22 this title, programs under title I of the Workforce
23 Investment Act of 1998 (including the One-Stop de-
24 livery system), and such other programs as the Sec-
25 retary may require.

1 ‘(6) RECORDS, REPORTS, AND AUDITS.—An
2 agreement to maintain such records, make such re-
3 ports, and cooperate with such reviews or audits (in
4 addition to those required under the preceding provi-
5 sions of paragraph (2)) as the Secretary may find
6 necessary for purposes of oversight of project activi-
7 ties and expenditures.

8 ‘(d) FEDERAL SHARE.—

9 ‘(1) IN GENERAL.—Grants for a project under
10 this section for a fiscal year shall be available for up
11 to 80 percent of the cost of such project in such fis-
12 cal year.

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

18 **‘SEC. 445. EVALUATION.**

19 ‘(a) IN GENERAL.—The Secretary, directly or by con-
20 tract or cooperative agreement, shall evaluate the effec-
21 tiveness of service projects funded under sections 443 and
22 444 from the standpoint of the purposes specified in sec-
23 tion 441(b)(1).

24 ‘(b) EVALUATION METHODOLOGY.—Evaluations
25 under this section shall—

1 ‘(1) include, to the maximum extent feasible,
2 random assignment of clients to service delivery and
3 control groups and other appropriate comparisons of
4 groups of individuals receiving and not receiving
5 services;

6 ‘(2) describe and measure the effectiveness of
7 the projects in achieving their specific project goals;
8 and

9 ‘(3) describe and assess, as appropriate, the im-
10 pact of such projects on marriage, parenting, domes-
11 tic violence, child abuse and neglect, money manage-
12 ment, employment and earnings, payment of child
13 support, and child well-being, health, and education.

14 ‘(c) **EVALUATION REPORTS.**—The Secretary shall
15 publish the following reports on the results of the evalua-
16 tion:

17 ‘(1) An implementation evaluation report cov-
18 ering the first 24 months of the activities under this
19 part to be completed by 36 months after initiation
20 of such activities.

21 ‘(2) A final report on the evaluation to be com-
22 pleted by September 30, 2010.

23 **‘SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.**

24 ‘The Secretary is authorized, by grant, contract, or
25 cooperative agreement, to carry out projects and activities

1 of national significance relating to fatherhood promotion,
2 including—

3 “(1) COLLECTION AND DISSEMINATION OF IN-
4 FORMATION.—Assisting States, communities, and
5 private entities, including religious organizations, in
6 efforts to promote and support marriage and respon-
7 sible fatherhood by collecting, evaluating, developing,
8 and making available (through the Internet and by
9 other means) to all interested parties information re-
10 garding approaches to accomplishing the objectives
11 specified in section 441(b)(1).

12 “(2) MEDIA CAMPAIGN.—Developing, promoting,
13 and distributing to interested States, local govern-
14 ments, public agencies, and private nonprofit organi-
15 zations, including charitable and religious organiza-
16 tions, a media campaign that promotes and encour-
17 ages involved, committed, and responsible fatherhood
18 and married fatherhood.

19 “(3) TECHNICAL ASSISTANCE.—Providing tech-
20 nical assistance, including consultation and training,
21 to public and private entities, including community
22 organizations and faith-based organizations, in the
23 implementation of local fatherhood promotion pro-
24 grams.

1 ‘(4) RESEARCH.—Conducting research related
2 to the purposes of this part.

3 **‘SEC. 447. NONDISCRIMINATION.**

4 ‘The projects and activities assisted under this part
5 shall be available on the same basis to all fathers and ex-
6 pectant fathers able to benefit from such projects and ac-
7 tivities, including married and unmarried fathers and cus-
8 todial and noncustodial fathers, with particular attention
9 to low-income fathers, and to mothers and expectant
10 mothers on the same basis as to fathers.

11 **‘SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RES-**
12 **ERVATION FOR CERTAIN PURPOSE.**

13 ‘(a) AUTHORIZATION.—There are authorized to be
14 appropriated \$20,000,000 for each of fiscal years 2003
15 through 2007 to carry out the provisions of this part.

16 ‘(b) RESERVATION.—Of the amount appropriated
17 under this section for each fiscal year, not more than 15
18 percent shall be available for the costs of the multicounty,
19 multicounty, multistate demonstration projects under sec-
20 tion 444, evaluations under section 445, and projects of
21 national significance under section 446.’.

22 “(b) INAPPLICABILITY OF EFFECTIVE DATE PROVI-
23 SIONS.—Section 116 shall not apply to the amendment
24 made by subsection (a) of this section.”.

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

“Sec. 117. Fatherhood program.”.

5 **SEC. 120. STATE OPTION TO MAKE TANF PROGRAMS MAN-**
6 **DATORY PARTNERS WITH ONE-STOP EMPLOY-**
7 **MENT TRAINING CENTERS.**

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

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

21 **SEC. 121. SENSE OF THE CONGRESS.**

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

1 **TITLE II—CHILD CARE**

2 **SEC. 201. SHORT TITLE.**

3 This title may be cited as the “Caring for Children
4 Act of 2002”.

5 **SEC. 202. GOALS.**

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

9 (1) in paragraph (3) by striking “encourage”
10 and inserting “assist”,

11 (2) by amending paragraph (4) to read as fol-
12 lows:

13 “(4) to assist State to provide child care to low-
14 income parents;”,

15 (3) by redesignating paragraph (5) as para-
16 graph (7), and

17 (4) by inserting after paragraph (4) the fol-
18 lowing:

19 “(5) to encourage States to improve the quality
20 of child care available to families;

21 “(6) to promote school readiness by encour-
22 aging the exposure of young children in child care to
23 nurturing environments and developmentally-appro-
24 priate activities, including activities to foster early
25 cognitive and literacy development; and”.

1 (b) CONFORMING AMENDMENT.—Section
2 658E(c)(3)(B) of the Child Care and Development Block
3 Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(B)) is amended
4 by striking “through (5)” and inserting “through (7)”.

5 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

6 Section 658B of the Child Care and Development
7 Block Grant Act of 1990 (42 U.S.C. 9858) is amended—
8 (1) by striking “is” and inserting “are”, and
9 (2) by striking “\$1,000,000,000 for each of the
10 fiscal years 1996 through 2002” and inserting
11 “\$2,300,000,000 for fiscal year 2003,
12 \$2,500,000,000 for fiscal year 2004,
13 \$2,700,000,000 for fiscal year 2005,
14 \$2,900,000,000 for fiscal year 2006, and
15 \$3,100,000,000 for fiscal year 2007”.

16 **SEC. 204. APPLICATION AND PLAN.**

17 Section 658E(c)(2) of the Child Care and Develop-
18 ment Block Grant Act of 1990 (42 U.S.C. 9858C(c)(2))
19 is amended—

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

22 “(D) CONSUMER AND CHILD CARE PRO-
23 VIDER EDUCATION INFORMATION.—Certify that
24 the State will collect and disseminate, through
25 resource and referral services and other means

1 as determined by the State, to parents of eligi-
2 ble children, child care providers, and the gen-
3 eral public, information regarding—

4 “(i) the promotion of informed child
5 care choices, including information about
6 the quality and availability of child care
7 services;

8 “(ii) research and best practices on
9 children’s development, including early cog-
10 nitive development;

11 “(iii) the availability of assistance to
12 obtain child care services; and

13 “(iv) other programs for which fami-
14 lies that receive child care services for
15 which financial assistance is provided
16 under this subchapter may be eligible, in-
17 cluding the food stamp program, the WIC
18 program under section 17 of the Child Nu-
19 trition Act of 1966, the child and adult
20 care food program under section 17 of the
21 Richard B. Russell National School Lunch
22 Act, and the medicaid and CHIP programs
23 under titles XIX and XXI of the Social Se-
24 curity Act.”, and

1 (2) by inserting after subparagraph (H) the fol-
2 lowing:

3 “(I) COORDINATION WITH OTHER EARLY
4 CHILD CARE SERVICES AND EARLY CHILDHOOD
5 EDUCATION PROGRAMS.—Demonstrate how the
6 State is coordinating child care services pro-
7 vided under this subchapter with Head Start,
8 Early Reading First, Even Start, Ready-To-
9 Learn Television, State pre-kindergarten pro-
10 grams, and other early childhood education pro-
11 grams to expand accessibility to and continuity
12 of care and early education without displacing
13 services provided by the current early care and
14 education delivery system.

15 “(J) PUBLIC-PRIVATE PARTNERSHIPS.—
16 Demonstrate how the State encourages partner-
17 ships with private and other public entities to
18 leverage existing service delivery systems of
19 early childhood education and increase the sup-
20 ply and quality of child care services.

21 “(K) CHILD CARE SERVICE QUALITY.—

22 “(i) CERTIFICATION.—For each fiscal
23 year after fiscal year 2003, certify that
24 during the then preceding fiscal year the
25 State was in compliance with section 658G

1 and describe how funds were used to com-
2 ply with such section during such pre-
3 ceding fiscal year.

4 “(ii) STRATEGY.—For each fiscal year
5 after fiscal year 2003, contain an outline
6 of the strategy the State will implement
7 during such fiscal year for which the State
8 plan is submitted, to address the quality of
9 child care services in child care settings
10 that provide services for which assistance
11 is made available under this subchapter,
12 and include in such strategy—

13 “(I) a statement specifying how
14 the State will address the activities
15 described in paragraphs (1), (2), and
16 (3) of section 658G;

17 “(II) a description of quantifi-
18 able, objective measures for evaluating
19 the quality of child care services sepa-
20 rately with respect to the activities
21 listed in each of such paragraphs that
22 the State will use to evaluate its
23 progress in improving the quality of
24 such child care services;

1 “(III) a list of State-developed
2 child care service quality targets for
3 such fiscal year quantified on the
4 basis of such measures; and

5 “(IV) for each fiscal year after
6 fiscal year 2003, a report on the
7 progress made to achieve such targets
8 during the then preceding fiscal year.

9 “(iii) RULE OF CONSTRUCTION.—
10 Nothing in this subparagraph shall be con-
11 strued to require that the State apply
12 measures for evaluating quality to specific
13 types of child care providers.

14 “(L) ACCESS TO CARE FOR CERTAIN POPU-
15 LATIONS.—Demonstrate how the State is ad-
16 dressing the child care needs of parents eligible
17 for child care services for which financial assist-
18 ance is provided under this subchapter who
19 have children with special needs, work nontradi-
20 tional hours, or require child care services for
21 infants or toddlers.”.

1 **SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
2 **CARE.**

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

6 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
7 **CHILD CARE SERVICES.**

8 “A State that receives funds to carry out this sub-
9 chapter for a fiscal year, shall use not less than 6 percent
10 of the amount of such funds for activities provided
11 through resource and referral services or other means,
12 that are designed to improve the quality of child care serv-
13 ices for which financial assistance is made available under
14 this subchapter. Such activities include—

15 “(1) programs that provide training, education,
16 and other professional development activities to en-
17 hance the skills of the child care workforce, includ-
18 ing training opportunities for caregivers in informal
19 care settings;

20 “(2) activities within child care settings to en-
21 hance early learning for young children, to promote
22 early literacy, and to foster school readiness;

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

1 “(4) other activities deemed by the State to im-
2 prove the quality of child care services provided in
3 such State.”.

4 **SEC. 206. REPORT BY SECRETARY.**

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

8 **“SEC. 658L. REPORT BY SECRETARY.**

9 “(a) REPORT REQUIRED.—Not later than October 1,
10 2004, and biennially thereafter, the Secretary shall pre-
11 pare and submit to the Committee on Education and the
12 Workforce of the House of Representatives and the Com-
13 mittee on Health, Education, Labor and Pensions of the
14 Senate a report that contains the following:

15 “(1) A summary and analysis of the data and
16 information provided to the Secretary in the State
17 reports submitted under section 658K.

18 “(2) Aggregated statistics on the supply of, de-
19 mand for, and quality of child care, early education,
20 and non-school-hours programs.

21 “(3) An assessment, and where appropriate,
22 recommendations for the Congress concerning ef-
23 forts that should be undertaken to improve the ac-
24 cess of the public to quality and affordable child care
25 in the United States.

1 “(b) COLLECTION OF INFORMATION.—The Secretary
2 may utilize the national child care data system available
3 through resource and referral organizations at the local,
4 State, and national level to collect the information re-
5 quired by subsection (a)(2).

6 **SEC. 207. DEFINITIONS.**

7 Section 658P(4)(B) of the Child Care and Develop-
8 ment Block Grant Act of 1990 (42 U.S.C. 9858N(4)(B))
9 is amended by striking “85 percent of the State median
10 income” and inserting “income levels as established by the
11 State, prioritized by need,”.

12 **SEC. 208. ENTITLEMENT FUNDING.**

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

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

17 (2) by striking the period at the end of sub-
18 paragraph (F) and inserting “; and”; and

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

20 “(G) \$2,917,000,000 for each of fiscal
21 years 2003 through 2007.”.

1 **TITLE III—TAXPAYER**
2 **PROTECTIONS**

3 **SEC. 301. EXCLUSION FROM GROSS INCOME FOR INTEREST**
4 **ON OVERPAYMENTS OF INCOME TAX BY INDI-**
5 **VIDUALS.**

6 (a) IN GENERAL.—Part III of subchapter B of chap-
7 ter 1 of the Internal Revenue Code of 1986 (relating to
8 items specifically excluded from gross income) is amended
9 by inserting after section 139 the following new section:

10 **“SEC. 139A. EXCLUSION FROM GROSS INCOME FOR INTER-**
11 **EST ON OVERPAYMENTS OF INCOME TAX BY**
12 **INDIVIDUALS.**

13 “(a) IN GENERAL.—In the case of an individual,
14 gross income shall not include interest paid under section
15 6611 on any overpayment of tax imposed by this subtitle.

16 “(b) EXCEPTION.—Subsection (a) shall not apply in
17 the case of a failure to claim items resulting in the over-
18 payment on the original return if the Secretary determines
19 that the principal purpose of such failure is to take advan-
20 tage of subsection (a).

21 “(c) SPECIAL RULE FOR DETERMINING MODIFIED
22 ADJUSTED GROSS INCOME.—For purposes of this title,
23 interest not included in gross income under subsection (a)
24 shall not be treated as interest which is exempt from tax
25 for purposes of sections 32(i)(2)(B) and 6012(d) or any

1 computation in which interest exempt from tax under this
2 title is added to adjusted gross income.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for part III of subchapter B of chapter 1 of such Code
5 is amended by inserting after the item relating to section
6 139 the following new item:

“Sec. 139A. Exclusion from gross income for interest on over-
payments of income tax by individuals.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to interest received after December
9 31, 2006.

10 **SEC. 302. DEPOSITS MADE TO SUSPEND RUNNING OF IN-**
11 **TEREST ON POTENTIAL UNDERPAYMENTS.**

12 (a) IN GENERAL.—Subchapter A of chapter 67 of the
13 Internal Revenue Code of 1986 (relating to interest on un-
14 derpayments) is amended by adding at the end the fol-
15 lowing new section:

16 **“SEC. 6603. DEPOSITS MADE TO SUSPEND RUNNING OF IN-**
17 **TEREST ON POTENTIAL UNDERPAYMENTS,**
18 **ETC.**

19 “(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN
20 AS PAYMENT OF TAX.—A taxpayer may make a cash de-
21 posit with the Secretary which may be used by the Sec-
22 retary to pay any tax imposed under subtitle A or B or
23 chapter 41, 42, 43, or 44 which has not been assessed

1 at the time of the deposit. Such a deposit shall be made
2 in such manner as the Secretary shall prescribe.

3 “(b) NO INTEREST IMPOSED.—To the extent that
4 such deposit is used by the Secretary to pay tax, for pur-
5 poses of section 6601 (relating to interest on underpay-
6 ments), the tax shall be treated as paid when the deposit
7 is made.

8 “(c) RETURN OF DEPOSIT.—Except in a case where
9 the Secretary determines that collection of tax is in jeop-
10 ardy, the Secretary shall return to the taxpayer any
11 amount of the deposit (to the extent not used for a pay-
12 ment of tax) which the taxpayer requests in writing.

13 “(d) PAYMENT OF INTEREST.—

14 “(1) IN GENERAL.—For purposes of section
15 6611 (relating to interest on overpayments), a de-
16 posit which is returned to a taxpayer shall be treated
17 as a payment of tax for any period to the extent
18 (and only to the extent) attributable to a disputable
19 tax for such period. Under regulations prescribed by
20 the Secretary, rules similar to the rules of section
21 6611(b)(2) shall apply.

22 “(2) DISPUTABLE TAX.—

23 “(A) IN GENERAL.—For purposes of this
24 section, the term ‘disputable tax’ means the
25 amount of tax specified at the time of the de-

1 posit as the taxpayer’s reasonable estimate of
2 the maximum amount of any tax attributable to
3 disputable items.

4 “(B) SAFE HARBOR BASED ON 30-DAY
5 LETTER.—In the case of a taxpayer who has
6 been issued a 30-day letter, the maximum
7 amount of tax under subparagraph (A) shall
8 not be less than the amount of the proposed de-
9 ficiency specified in such letter.

10 “(3) OTHER DEFINITIONS.—For purposes of
11 paragraph (2)—

12 “(A) DISPUTABLE ITEM.—The term ‘dis-
13 putable item’ means any item of income, gain,
14 loss, deduction, or credit if the taxpayer—

15 “(i) has a reasonable basis for its
16 treatment of such item, and

17 “(ii) reasonably believes that the Sec-
18 retary also has a reasonable basis for dis-
19 allowing the taxpayer’s treatment of such
20 item.

21 “(B) 30-DAY LETTER.—The term ‘30-day
22 letter’ means the first letter of proposed defi-
23 ciency which allows the taxpayer an opportunity
24 for administrative review in the Internal Rev-
25 enue Service Office of Appeals.

1 pursuant to Revenue Procedure 84-58, the date that
2 the taxpayer identifies such amount as a deposit
3 made pursuant to section 6603 of the Internal Rev-
4 enue Code (as added by this Act) shall be treated as
5 the date such amount is deposited for purposes of
6 such section 6603.

7 **SEC. 303. PARTIAL PAYMENT OF TAX LIABILITY IN IN-**
8 **STALLMENT AGREEMENTS.**

9 (a) IN GENERAL.—

10 (1) Section 6159(a) of the Internal Revenue
11 Code of 1986 (relating to authorization of agree-
12 ments) is amended—

13 (A) by striking “satisfy liability for pay-
14 ment of” and inserting “make payment on”,
15 and

16 (B) by inserting “full or partial” after “fa-
17 cilitate”.

18 (2) Section 6159(c) of such Code (relating to
19 Secretary required to enter into installment agree-
20 ments in certain cases) is amended in the matter
21 preceding paragraph (1) by inserting “full” before
22 “payment”.

23 (b) REQUIREMENT TO REVIEW PARTIAL PAYMENT
24 AGREEMENTS EVERY TWO YEARS.—Section 6159 of such
25 Code is amended by redesignating subsections (d) and (e)

1 as subsections (e) and (f), respectively, and inserting after
2 subsection (e) the following new subsection:

3 “(d) SECRETARY REQUIRED TO REVIEW INSTALL-
4 MENT AGREEMENTS FOR PARTIAL COLLECTION EVERY
5 TWO YEARS.—In the case of an agreement entered into
6 by the Secretary under subsection (a) for partial collection
7 of a tax liability, the Secretary shall review the agreement
8 at least once every 2 years.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to agreements entered into on or
11 after the date of the enactment of this Act.

12 **TITLE IV—CHILD SUPPORT**

13 **SEC. 401. FEDERAL MATCHING FUNDS FOR LIMITED PASS** 14 **THROUGH OF CHILD SUPPORT PAYMENTS TO** 15 **FAMILIES RECEIVING TANF.**

16 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
17 657(a)) is amended—

18 (1) in paragraph (1)(A), by inserting “subject
19 to paragraph (7)” before the semicolon; and

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

21 “(7) FEDERAL MATCHING FUNDS FOR LIMITED
22 PASS THROUGH OF CHILD SUPPORT PAYMENTS TO
23 FAMILIES RECEIVING TANF.—Notwithstanding para-
24 graph (1), a State shall not be required to pay to
25 the Federal Government the Federal share of an

1 amount collected during a month on behalf of a fam-
2 ily that is a recipient of assistance under the State
3 program funded under part A, to the extent that—

4 “(A) the State distributes the amount to
5 the family;

6 “(B) the total of the amounts so distrib-
7 uted to the family during the month—

8 “(i) exceeds the amount (if any) that,
9 as of December 31, 2001, was required
10 under State law to be distributed to a fam-
11 ily under paragraph (1)(B); and

12 “(ii) does not exceed the greater of—

13 “(I) \$100; or

14 “(II) \$50 plus the amount de-
15 scribed in clause (i); and

16 “(C) the amount is disregarded in deter-
17 mining the amount and type of assistance pro-
18 vided to the family under the State program
19 funded under part A.”.

20 (b) **EFFECTIVE DATE.**—The amendments made by
21 subsection (a) shall apply to amounts distributed on or
22 after October 1, 2004.

1 **SEC. 402. STATE OPTION TO PASS THROUGH ALL CHILD**
2 **SUPPORT PAYMENTS TO FAMILIES THAT**
3 **FORMERLY RECEIVED TANF.**

4 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
5 657(a)), as amended by section 401(a) of this Act, is
6 amended—

7 (1) in paragraph (2)(B), in the matter pre-
8 ceding clause (i), by inserting “, except as provided
9 in paragraph (8),” after “shall”; and

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

11 “(8) STATE OPTION TO PASS THROUGH ALL
12 CHILD SUPPORT PAYMENTS TO FAMILIES THAT FOR-
13 MERLY RECEIVED TANF.—In lieu of applying para-
14 graph (2) to any family described in paragraph (2),
15 a State may distribute to the family any amount col-
16 lected during a month on behalf of the family.”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 subsection (a) shall apply to amounts distributed on or
19 after October 1, 2004.

20 **SEC. 403. MANDATORY REVIEW AND ADJUSTMENT OF**
21 **CHILD SUPPORT ORDERS FOR FAMILIES RE-**
22 **CEIVING TANF.**

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

25 (1) by striking “parent, or,” and inserting
26 “parent or”; and

1 (2) by striking “upon the request of the State
2 agency under the State plan or of either parent,”.

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

5 **SEC. 404. MANDATORY FEE FOR SUCCESSFUL CHILD SUP-**
6 **PORT COLLECTION FOR FAMILY THAT HAS**
7 **NEVER RECEIVED TANF.**

8 (a) **IN GENERAL.**—Section 454(6)(B) (42 U.S.C.
9 654(6)(B)) is amended—

10 (1) by inserting “(i)” after “(B)”;

11 (2) by redesignating clauses (i) and (ii) as sub-
12 clauses (I) and (II), respectively;

13 (3) by adding “and” after the semicolon; and

14 (4) by adding after and below the end the fol-
15 lowing new clause:

16 “(ii) in the case of an individual who has
17 never received assistance under a State pro-
18 gram funded under part A and for whom the
19 State has collected at least \$500 of support, the
20 State shall impose an annual fee of \$25 for
21 each case in which services are furnished, which
22 shall be retained by the State from support col-
23 lected on behalf of the individual (but not from
24 the 1st \$500 so collected), paid by the indi-
25 vidual applying for the services, recovered from

1 the absent parent, or paid by the State out of
2 its own funds (the payment of which from State
3 funds shall not be considered as an administra-
4 tive cost of the State for the operation of the
5 plan, and shall be considered income to the pro-
6 gram);”.

7 (b) CONFORMING AMENDMENT.—Section 457(a)(3)
8 (42 U.S.C. 657(a)(3)) is amended to read as follows:

9 “(3) FAMILIES THAT NEVER RECEIVED ASSIST-
10 ANCE.—In the case of any other family, the State
11 shall distribute to the family the portion of the
12 amount so collected that remains after withholding
13 any fee pursuant to section 454(6)(B)(ii).”.

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

16 **SEC. 405. REPORT ON UNDISTRIBUTED CHILD SUPPORT**
17 **PAYMENTS.**

18 Not later than 6 months after the date of the enact-
19 ment of this Act, the Secretary of Health and Human
20 Services shall submit to the Committee on Ways and
21 Means of the House of Representatives and the Committee
22 on Finance of the Senate a report on the procedures that
23 the States use generally to locate custodial parents for
24 whom child support has been collected but not yet distrib-
25 uted. The report shall include an estimate of the total

1 amount of such undistributed child support and the aver-
2 age length of time it takes for such child support to be
3 distributed. To the extent the Secretary deems appro-
4 priate, the Secretary shall include in the report rec-
5 ommendations as to whether additional procedures should
6 be established at the State or Federal level to expedite
7 the payment of undistributed child support.

8 **SEC. 406. USE OF NEW HIRE INFORMATION TO ASSIST IN**
9 **ADMINISTRATION OF UNEMPLOYMENT COM-**
10 **PENSATION PROGRAMS.**

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

13 “(7) INFORMATION COMPARISONS AND DISCLO-
14 SURE TO ASSIST IN ADMINISTRATION OF UNEMPLOY-
15 MENT COMPENSATION PROGRAMS.—

16 “(A) IN GENERAL.—If a State agency re-
17 sponsible for the administration of an unem-
18 ployment compensation program under Federal
19 or State law transmits to the Secretary the
20 name and social security account number of an
21 individual, the Secretary shall, if the informa-
22 tion in the National Directory of New Hires in-
23 dicates that the individual may be employed,
24 disclose to the State agency the name, address,
25 and employer identification number of any pu-

1 tative employer of the individual, subject to this
2 paragraph.

3 “(B) CONDITION ON DISCLOSURE.—The
4 Secretary shall make a disclosure under sub-
5 paragraph (A) only to the extent that the Sec-
6 retary determines that the disclosure would not
7 interfere with the effective operation of the pro-
8 gram under this part.

9 “(C) USE OF INFORMATION.—A State
10 agency may use information provided under this
11 paragraph only for purposes of administering a
12 program referred to in subparagraph (A).”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 subsection (a) shall take effect on October 1, 2003.

15 **SEC. 407. DECREASE IN AMOUNT OF CHILD SUPPORT AR-**
16 **REARAGE TRIGGERING PASSPORT DENIAL.**

17 (a) IN GENERAL.—Section 452(k)(1) (42 U.S.C.
18 652(k)(1)) is amended by striking “\$5,000” and inserting
19 “\$2,500”.

20 (b) CONFORMING AMENDMENT.—Section 454(31)
21 (42 U.S.C. 654(31)) is amended by striking “\$5,000” and
22 inserting “\$2,500”.

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

1 **SEC. 408. USE OF TAX REFUND INTERCEPT PROGRAM TO**
2 **COLLECT PAST-DUE CHILD SUPPORT ON BE-**
3 **HALF OF CHILDREN WHO ARE NOT MINORS.**

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

6 (1) in subsection (a)(2)(A), by striking “(as
7 that term is defined for purposes of this paragraph
8 under subsection (c))”; and

9 (2) in subsection (c)—

10 (A) in paragraph (1)—

11 (i) by striking “(1) Except as pro-
12 vided in paragraph (2), as used in” and in-
13 serting “In”; and

14 (ii) by inserting “(whether or not a
15 minor)” after “a child” each place it ap-
16 pears; and

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

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

20 **SEC. 409. GARNISHMENT OF COMPENSATION PAID TO VET-**
21 **ERANS FOR SERVICE-CONNECTED DISABIL-**
22 **ITIES IN ORDER TO ENFORCE CHILD SUP-**
23 **PORT OBLIGATIONS.**

24 (a) IN GENERAL.—Section 459(h) (42 U.S.C.
25 659(h)) is amended—

1 (1) in paragraph (1)(A)(ii)(V), by striking all
2 that follows “Armed Forces” and inserting a semi-
3 colon; and

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

5 “(3) LIMITATIONS WITH RESPECT TO COM-
6 PENSATION PAID TO VETERANS FOR SERVICE-CON-
7 NECTED DISABILITIES.—Notwithstanding any other
8 provision of this section:

9 “(A) Compensation described in paragraph
10 (1)(A)(ii)(V) shall not be subject to withholding
11 pursuant to this section—

12 “(i) for payment of alimony; or

13 “(ii) for payment of child support if
14 the individual is fewer than 60 days in ar-
15 rears in payment of the support.

16 “(B) Not more than 50 percent of any
17 payment of compensation described in para-
18 graph (1)(A)(ii)(V) may be withheld pursuant
19 to this section.”.

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

22 **SEC. 410. IMPROVING FEDERAL DEBT COLLECTION PRAC-**
23 **TICES.**

24 Section 3716(h)(3) of title 31, United States Code,
25 is amended to read as follows:

1 “(3) In applying this subsection with respect to any
2 debt owed to a State, other than past due support being
3 enforced by the State, subsection (c)(3)(A) shall not apply.
4 Subsection (c)(3)(A) shall apply with respect to past due
5 support being enforced by the State notwithstanding any
6 other provision of law, including sections 207 and
7 1631(d)(1) of the Social Security Act (42 U.S.C. 407 and
8 1383(d)(1)), section 413(b) of Public law 91–173 (30
9 U.S.C. 923(b)), and section 14 of the Act of August 29,
10 1935 (45 U.S.C. 231m).”

11 **SEC. 411. MAINTENANCE OF TECHNICAL ASSISTANCE**
12 **FUNDING.**

13 Section 452(j) (42 U.S.C. 652(j)) is amended by in-
14 serting “or the amount appropriated under this paragraph
15 for fiscal year 2002, whichever is greater,” before “which
16 shall be available”.

17 **SEC. 412. MAINTENANCE OF FEDERAL PARENT LOCATOR**
18 **SERVICE FUNDING.**

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

20 (1) in the 1st sentence, by inserting “or the
21 amount appropriated under this paragraph for fiscal
22 year 2002, whichever is greater,” before “which
23 shall be available”; and

24 (2) in the 2nd sentence, by striking “for each
25 of fiscal years 1997 through 2001”.

1 **TITLE V—CHILD WELFARE**

2 **SEC. 501. EXTENSION OF AUTHORITY TO APPROVE DEM-**
3 **ONSTRATION PROJECTS.**

4 Section 1130(a)(2) (42 U.S.C. 1320a-9(a)(2)) is
5 amended by striking “2002” and inserting “2007”.

6 **SEC. 502. ELIMINATION OF LIMITATION ON NUMBER OF**
7 **WAIVERS.**

8 Section 1130(a)(2) (42 U.S.C. 1320a-9(a)(2)) is
9 amended by striking “not more than 10”.

10 **SEC. 503. ELIMINATION OF LIMITATION ON NUMBER OF**
11 **STATES THAT MAY BE GRANTED WAIVERS TO**
12 **CONDUCT DEMONSTRATION PROJECTS ON**
13 **SAME TOPIC.**

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

16 “(h) NO LIMIT ON NUMBER OF STATES THAT MAY
17 BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR
18 DEMONSTRATION PROJECTS.—The Secretary shall not
19 refuse to grant a waiver to a State under this section on
20 the grounds that a purpose of the waiver or of the dem-
21 onstration project for which the waiver is necessary would
22 be the same as or similar to a purpose of another waiver
23 or project that is or may be conducted under this sec-
24 tion.”.

1 **SEC. 504. ELIMINATION OF LIMITATION ON NUMBER OF**
2 **WAIVERS THAT MAY BE GRANTED TO A SIN-**
3 **GLE STATE FOR DEMONSTRATION PROJECTS.**

4 Section 1130 (42 U.S.C. 1320a–9) is further amend-
5 ed by adding at the end the following:

6 “(i) NO LIMIT ON NUMBER OF WAIVERS GRANTED
7 TO, OR DEMONSTRATION PROJECTS THAT MAY BE CON-
8 DUCTED BY, A SINGLE STATE.—The Secretary shall not
9 impose any limit on the number of waivers that may be
10 granted to a State, or the number of demonstration
11 projects that a State may be authorized to conduct, under
12 this section.”.

13 **SEC. 505. STREAMLINED PROCESS FOR CONSIDERATION OF**
14 **AMENDMENTS TO AND EXTENSIONS OF DEM-**
15 **ONSTRATION PROJECTS REQUIRING WAIV-**
16 **ERS.**

17 Section 1130 (42 U.S.C. 1320a–9) is further amend-
18 ed by adding at the end the following:

19 “(j) STREAMLINED PROCESS FOR CONSIDERATION
20 OF AMENDMENTS AND EXTENSIONS.—The Secretary
21 shall develop a streamlined process for consideration of
22 amendments and extensions proposed by States to dem-
23 onstration projects conducted under this section.”.

24 **SEC. 506. AVAILABILITY OF REPORTS.**

25 Section 1130 (42 U.S.C. 1320a–9) is further amend-
26 ed by adding at the end the following:

1 “(k) AVAILABILITY OF REPORTS.—The Secretary
2 shall make available to any State or other interested party
3 any report provided to the Secretary under subsection
4 (f)(2), and any evaluation or report made by the Secretary
5 with respect to a demonstration project conducted under
6 this section, with a focus on information that may promote
7 best practices and program improvements.”.

8 **SEC. 507. TECHNICAL CORRECTION.**

9 Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is
10 amended by striking “422(b)(9)” and inserting
11 “422(b)(10)”.

12 **TITLE VI—SUPPLEMENTAL**
13 **SECURITY INCOME**

14 **SEC. 601. REVIEW OF STATE AGENCY BLINDNESS AND DIS-**
15 **ABILITY DETERMINATIONS.**

16 Section 1633 (42 U.S.C. 1383b) is amended by add-
17 ing at the end the following:

18 “(e)(1) The Commissioner of Social Security shall re-
19 view determinations, made by State agencies pursuant to
20 subsection (a) in connection with applications for benefits
21 under this title on the basis of blindness or disability, that
22 individuals who have attained 18 years of age are blind
23 or disabled as of a specified onset date. The Commissioner
24 of Social Security shall review such a determination before
25 any action is taken to implement the determination.

1 “(2)(A) In carrying out paragraph (1), the Commis-
2 sioner of Social Security shall review—

3 “(i) at least 20 percent of all determinations re-
4 ferred to in paragraph (1) that are made in fiscal
5 year 2003;

6 “(ii) at least 40 percent of all such determina-
7 tions that are made in fiscal year 2004; and

8 “(iii) at least 50 percent of all such determina-
9 tions that are made in fiscal year 2005 or thereafter.

10 “(B) In carrying out subparagraph (A), the Commis-
11 sioner of Social Security shall, to the extent feasible, select
12 for review the determinations which the Commissioner of
13 Social Security identifies as being the most likely to be
14 incorrect.”.

15 **TITLE VII—STATE AND LOCAL** 16 **FLEXIBILITY**

17 **SEC. 701. PROGRAM COORDINATION DEMONSTRATION** 18 **PROJECTS.**

19 (a) PURPOSE.—The purpose of this section is to es-
20 tablish a program of demonstration projects in a State or
21 portion of a State to coordinate multiple public assistance,
22 workforce development, and other programs, for the pur-
23 pose of supporting working individuals and families, help-
24 ing families escape welfare dependency, promoting child
25 well-being, or helping build stronger families, using inno-

1 vative approaches to strengthen service systems and pro-
2 vide more coordinated and effective service delivery.

3 (b) DEFINITIONS.—In this section:

4 (1) ADMINISTERING SECRETARY.—The term
5 “administering Secretary” means, with respect to a
6 qualified program, the head of the Federal agency
7 responsible for administering the program.

8 (2) QUALIFIED PROGRAM.—The term “qualified
9 program” means—

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

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

14 (C) activities funded under title I of the
15 Workforce Investment Act of 1998, except sub-
16 title C of such title;

17 (D) a demonstration project authorized
18 under section 505 of the Family Support Act of
19 1988;

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

22 (F) activities funded under the Adult Edu-
23 cation and Family Literacy Act;

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

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

4 (i) any program for rental assistance
5 under section 8 of such Act (42 U.S.C.
6 1437f); and

7 (ii) the program under section 7 of
8 such Act (42 U.S.C. 1437e) for desig-
9 nating public housing for occupancy by
10 certain populations;

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

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

17 (c) APPLICATION REQUIREMENTS.—The head of a
18 State entity or of a sub-State entity administering 2 or
19 more qualified programs proposed to be included in a dem-
20 onstration project under this section shall (or, if the
21 project is proposed to include qualified programs adminis-
22 tered by 2 or more such entities, the heads of the admin-
23 istering entities (each of whom shall be considered an ap-
24 plicant for purposes of this section) shall jointly) submit

1 to the administering Secretary of each such program an
2 application that contains the following:

3 (1) PROGRAMS INCLUDED.—A statement identi-
4 fying each qualified program to be included in the
5 project, and describing how the purposes of each
6 such program will be achieved by the project.

7 (2) POPULATION SERVED.—A statement identi-
8 fying the population to be served by the project and
9 specifying the eligibility criteria to be used.

10 (3) DESCRIPTION AND JUSTIFICATION.—A de-
11 tailed description of the project, including—

12 (A) a description of how the project is ex-
13 pected to improve or enhance achievement of
14 the purposes of the programs to be included in
15 the project, from the standpoint of quality, of
16 cost-effectiveness, or of both; and

17 (B) a description of the performance objec-
18 tives for the project, including any proposed
19 modifications to the performance measures and
20 reporting requirements used in the programs.

21 (4) WAIVERS REQUESTED.—A description of
22 the statutory and regulatory requirements with re-
23 spect to which a waiver is requested in order to
24 carry out the project, and a justification of the need
25 for each such waiver.

1 (5) COST NEUTRALITY.—Such information and
2 assurances as necessary to establish to the satisfac-
3 tion of the administering Secretary, in consultation
4 with the Director of the Office of Management and
5 Budget, that the proposed project is reasonably ex-
6 pected to meet the applicable cost neutrality require-
7 ments of subsection (d)(4).

8 (6) EVALUATION AND REPORTS.—An assurance
9 that the applicant will conduct ongoing and final
10 evaluations of the project, and make interim and
11 final reports to the administering Secretary, at such
12 times and in such manner as the administering Sec-
13 retary may require.

14 (7) PUBLIC HOUSING AGENCY PLAN.—In the
15 case of an application proposing a demonstration
16 project that includes activities referred to in sub-
17 section (b)(2)(H) of this section—

18 (A) a certification that the applicable an-
19 nual public housing agency plan of any agency
20 affected by the project that is approved under
21 section 5A of the United States Housing Act of
22 1937 (42 U.S.C. 1437e–1) by the Secretary in-
23 cludes the information specified in paragraphs
24 (1) through (4) of this subsection; and

1 (B) any resident advisory board rec-
2 ommendations, and other information, relating
3 to the project that, pursuant to section
4 5A(e)(2) of the United States Housing Act of
5 1937 (42 U.S.C. 1437c-1(e)(2)), is required to
6 be included in the public housing agency plan of
7 any public housing agency affected by the
8 project.

9 (8) OTHER INFORMATION AND ASSURANCES.—

10 Such other information and assurances as the ad-
11 ministering Secretary may require.

12 (d) APPROVAL OF APPLICATIONS.—

13 (1) IN GENERAL.—The administering Secretary
14 with respect to a qualified program that is identified
15 in an application submitted pursuant to subsection
16 (c) may approve the application and, except as pro-
17 vided in paragraph (2), waive any requirement appli-
18 cable to the program, to the extent consistent with
19 this section and necessary and appropriate for the
20 conduct of the demonstration project proposed in the
21 application, if the administering Secretary deter-
22 mines that the project—

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

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

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

7 (2) PROVISIONS EXCLUDED FROM WAIVER AU-
8 THORITY.—A waiver shall not be granted under
9 paragraph (1)—

10 (A) with respect to any provision of law re-
11 lating to—

12 (i) civil rights or prohibition of dis-
13 crimination;

14 (ii) purposes or goals of any program;

15 (iii) maintenance of effort require-
16 ments;

17 (iv) health or safety;

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

20 (vi) environmental protection;

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

23 (C) in the case of a program under the
24 United States Housing Act of 1937 (42 U.S.C.
25 1437 et seq.), with respect to any requirement

1 under section 5A of such Act (42 U.S.C.
2 1437e-1; relating to public housing agency
3 plans and resident advisory boards);

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

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

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

17 (ii) title IV of the Personal Responsi-
18 bility and Work Opportunity Reconciliation
19 Act of 1996 (8 U.S.C. 1601 et seq.);

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

23 (G) if the waiver would waive any funding
24 restriction or limitation provided in an appro-
25 priations Act, or would have the effect of trans-

1 ferring appropriated funds from 1 appropria-
2 tions account to another; or

3 (H) except as otherwise provided by stat-
4 ute, if the waiver would waive any funding re-
5 striction applicable to a program authorized
6 under an Act which is not an appropriations
7 Act (but not including program requirements
8 such as application procedures, performance
9 standards, reporting requirements, or eligibility
10 standards), or would have the effect of transfer-
11 ring funds from a program for which there is
12 direct spending (as defined in section 250(c)(8)
13 of the Balanced Budget and Emergency Deficit
14 Control Act of 1985) to another program.

15 (3) AGREEMENT OF EACH ADMINISTERING SEC-
16 RETARY REQUIRED.—

17 (A) IN GENERAL.—An applicant may not
18 conduct a demonstration project under this sec-
19 tion unless each administering Secretary with
20 respect to any program proposed to be included
21 in the project has approved the application to
22 conduct the project.

23 (B) AGREEMENT WITH RESPECT TO FUND-
24 ING AND IMPLEMENTATION.—Before approving
25 an application to conduct a demonstration

1 project under this section, an administering
2 Secretary shall have in place an agreement with
3 the applicant with respect to the payment of
4 funds and responsibilities required of the ad-
5 ministering Secretary with respect to the
6 project.

7 (4) COST-NEUTRALITY REQUIREMENT.—

8 (A) GENERAL RULE.—Notwithstanding
9 any other provision of law (except subparagraph
10 (B)), the total of the amounts that may be paid
11 by the Federal Government for a fiscal year
12 with respect to the programs in the State in
13 which an entity conducting a demonstration
14 project under this section is located that are af-
15 fected by the project shall not exceed the esti-
16 mated total amount that the Federal Govern-
17 ment would have paid for the fiscal year with
18 respect to the programs if the project had not
19 been conducted, as determined by the Director
20 of the Office of Management and Budget.

21 (B) SPECIAL RULE.—If an applicant sub-
22 mits to the Director of the Office of Manage-
23 ment and Budget a request to apply the rules
24 of this subparagraph to the programs in the
25 State in which the applicant is located that are

1 affected by a demonstration project proposed in
2 an application submitted by the applicant pur-
3 suant to this section, during such period of not
4 more than 5 consecutive fiscal years in which
5 the project is in effect, and the Director deter-
6 mines, on the basis of supporting information
7 provided by the applicant, to grant the request,
8 then, notwithstanding any other provision of
9 law, the total of the amounts that may be paid
10 by the Federal Government for the period with
11 respect to the programs shall not exceed the es-
12 timated total amount that the Federal Govern-
13 ment would have paid for the period with re-
14 spect to the programs if the project had not
15 been conducted.

16 (5) 90-DAY APPROVAL DEADLINE.—

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

22 (i) the administering Secretary is
23 deemed to have approved the application
24 for such period as is requested in the ap-

1 plication, except to the extent inconsistent
2 with subsection (e); and

3 (ii) any waiver requested in the appli-
4 cation which applies to a qualified program
5 that is identified in the application and is
6 administered by the administering Sec-
7 retary is deemed to be granted, except to
8 the extent inconsistent with paragraph (2)
9 or (4) of this subsection.

10 (B) DEADLINE EXTENDED IF ADDITIONAL
11 INFORMATION IS SOUGHT.—The 90-day period
12 referred to in subparagraph (A) shall not in-
13 clude any period that begins with the date the
14 Secretary requests the applicant to provide ad-
15 ditional information with respect to the applica-
16 tion and ends with the date the additional in-
17 formation is provided.

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

21 (f) REPORTS TO CONGRESS.—

22 (1) REPORT ON DISPOSITION OF APPLICA-
23 TIONS.—Within 90 days after an administering Sec-
24 retary receives an application submitted pursuant to
25 this section, the administering Secretary shall sub-

1 mit to each Committee of the Congress which has
2 jurisdiction over a qualified program identified in
3 the application notice of the receipt, a description of
4 the decision of the administering Secretary with re-
5 spect to the application, and the reasons for approv-
6 ing or disapproving the application.

7 (2) REPORTS ON PROJECTS.—Each admin-
8 istering Secretary shall provide annually to the Con-
9 gress a report concerning demonstration projects ap-
10 proved under this section, including—

11 (A) the projects approved for each appli-
12 cant;

13 (B) the number of waivers granted under
14 this section, and the specific statutory provi-
15 sions waived;

16 (C) how well each project for which a waiv-
17 er is granted is improving or enhancing pro-
18 gram achievement from the standpoint of qual-
19 ity, cost-effectiveness, or both;

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

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

1 (F) to the extent the administering Sec-
2 retary deems appropriate, recommendations for
3 modification of programs based on outcomes of
4 the projects.

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

8 (1) by redesignating paragraph (18) as para-
9 graph (19); and

10 (2) by inserting after paragraph (17) the fol-
11 lowing new paragraph:

12 “(18) PROGRAM COORDINATION DEMONSTRA-
13 TION PROJECTS.—In the case of an agency that ad-
14 ministers an activity referred to in section
15 701(b)(2)(H) of the Personal Responsibility, Work,
16 and Family Promotion Act of 2002 that, during
17 such fiscal year, will be included in a demonstration
18 project under section 701 of such Act, the informa-
19 tion that is required to be included in the application
20 for the project pursuant to paragraphs (1) through
21 (4) of section 701(b) of such Act.”.

22 **SEC. 702. STATE FOOD ASSISTANCE BLOCK GRANT DEM-**
23 **ONSTRATION PROJECT.**

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

1 **“SEC. 28. STATE FOOD ASSISTANCE BLOCK GRANT DEM-**
2 **ONSTRATION PROJECT.**

3 “(a) ESTABLISHMENT.—The Secretary shall estab-
4 lish a program to make grants to States in accordance
5 with this section to provide—

6 “(1) food assistance to needy individuals and
7 families residing in the State;

8 “(2) funds to operate an employment and train-
9 ing program under subsection (g) for needy individ-
10 uals under the program; and

11 “(3) funds for administrative costs incurred in
12 providing the assistance.

13 “(b) ELECTION.—

14 “(1) IN GENERAL.—A State may elect to par-
15 ticipate in the program established under subsection
16 (a).

17 “(2) ELECTION REVOCABLE.—A State that
18 elects to participate in the program established
19 under subsection (a) may subsequently reverse the
20 election of the State only once thereafter. Following
21 the reversal, the State shall only be eligible to par-
22 ticipate in the food stamp program in accordance
23 with the other sections of this Act and shall not re-
24 ceive a block grant under this section.

25 “(3) PROGRAM EXCLUSIVE.—A State that is
26 participating in the program established under sub-

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

4 “(c) LEAD AGENCY.—

5 “(1) DESIGNATION.—A State desiring to par-
6 ticipate in the program established under subsection
7 (a) shall designate, in an application submitted to
8 the Secretary under subsection (d)(1), an appro-
9 priate State agency that complies with paragraph
10 (2) to act as the lead agency for the State.

11 “(2) DUTIES.—The lead agency shall—

12 “(A) administer, either directly, through
13 other State agencies, or through local agencies,
14 the assistance received under this section by the
15 State;

16 “(B) develop the State plan to be sub-
17 mitted to the Secretary under subsection (d)(1);
18 and

19 “(C) coordinate the provision of food as-
20 sistance under this section with other Federal,
21 State, and local programs.

22 “(d) APPLICATION AND PLAN.—

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

1 time, in such manner, and containing such informa-
2 tion as the Secretary shall by regulation require,
3 including—

4 “(A) an assurance that the State will com-
5 ply with the requirements of this section;

6 “(B) a State plan that meets the require-
7 ments of paragraph (2); and

8 “(C) an assurance that the State will com-
9 ply with the requirements of the State plan
10 under paragraph (2).

11 “(2) REQUIREMENTS OF PLAN.—

12 “(A) LEAD AGENCY.—The State plan shall
13 identify the lead agency.

14 “(B) USE OF BLOCK GRANT FUNDS.—The
15 State plan shall provide that the State shall use
16 the amounts provided to the State for each fis-
17 cal year under this section—

18 “(i) to provide food assistance to
19 needy individuals and families residing in
20 the State, other than residents of institu-
21 tions who are ineligible for food stamps
22 under section 3(i);

23 “(ii) to administer an employment
24 and training program under subsection (g)
25 for needy individuals under the program

1 and to provide reimbursements to needy
2 individuals and families as would be al-
3 lowed under section 16(h)(3); and

4 “(iii) to pay administrative costs in-
5 curred in providing the assistance.

6 “(C) ASSISTANCE FOR ENTIRE STATE.—

7 The State plan shall provide that benefits under
8 this section shall be available throughout the
9 entire State.

10 “(D) NOTICE AND HEARINGS.—The State
11 plan shall provide that an individual or family
12 who applies for, or receives, assistance under
13 this section shall be provided with notice of, and
14 an opportunity for a hearing on, any action
15 under this section that adversely affects the in-
16 dividual or family.

17 “(E) OTHER ASSISTANCE.—

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

24 “(ii) PENALTIES.—If an individual or
25 family is penalized for violating part A of

1 title IV of the Act, the State plan may re-
2 duce the amount of assistance provided
3 under this section or otherwise penalize the
4 individual or family.

5 “(F) ELIGIBILITY LIMITATIONS.—The
6 State plan shall describe the income and re-
7 source eligibility limitations that are established
8 for the receipt of assistance under this section.

9 “(G) RECEIVING BENEFITS IN MORE THAN
10 1 JURISDICTION.—The State plan shall estab-
11 lish a system to verify and otherwise ensure
12 that no individual or family shall receive bene-
13 fits under this section in more than 1 jurisdic-
14 tion within the State.

15 “(H) PRIVACY.—The State plan shall pro-
16 vide for safeguarding and restricting the use
17 and disclosure of information about any indi-
18 vidual or family receiving assistance under this
19 section.

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

23 “(3) APPROVAL OF APPLICATION AND PLAN.—
24 During fiscal years 2003 through 2007, the Sec-
25 retary may approve the applications and State plans

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

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

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

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

18 “(h) ENFORCEMENT.—

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

23 “(2) NONCOMPLIANCE.—

1 “(A) IN GENERAL.—If the Secretary, after
2 reasonable notice to a State and opportunity for
3 a hearing, finds that—

4 “(i) there has been a failure by the
5 State to comply substantially with any pro-
6 vision or requirement set forth in the State
7 plan approved under subsection (d)(3); or

8 “(ii) in the operation of any program
9 or activity for which assistance is provided
10 under this section, there is a failure by the
11 State to comply substantially with any pro-
12 vision of this section, the Secretary shall
13 notify the State of the finding and that no
14 further payments will be made to the State
15 under this section (or, in the case of non-
16 compliance in the operation of a program
17 or activity, that no further payments to the
18 State will be made with respect to the pro-
19 gram or activity) until the Secretary is sat-
20 isfied that there is no longer any failure to
21 comply or that the noncompliance will be
22 promptly corrected.

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

1 tion to, or in lieu of, imposing the sanctions de-
2 scribed in subparagraph (A), impose other ap-
3 propriate sanctions, including recoupment of
4 money improperly expended for purposes pro-
5 hibited or not authorized by this section and
6 disqualification from the receipt of financial as-
7 sistance under this section.

8 “(C) NOTICE.—The notice required under
9 subparagraph (A) shall include a specific identi-
10 fication of any additional sanction being im-
11 posed under subparagraph (B).

12 “(3) ISSUANCE OF REGULATIONS .—The Sec-
13 retary shall establish by regulation procedures for—

14 “(A) receiving, processing, and deter-
15 mining the validity of complaints concerning
16 any failure of a State to comply with the State
17 plan or any requirement of this section; and

18 “(B) imposing sanctions under this sec-
19 tion.

20 “(i) PAYMENTS.—

21 “(1) IN GENERAL.—For each fiscal year, the
22 Secretary shall pay to a State that has an applica-
23 tion approved by the Secretary under subsection
24 (d)(3) an amount that is equal to the allotment of
25 the State under subsection (l)(2) for the fiscal year.

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

7 “(3) SPENDING OF FUNDS BY STATE.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), payments to a State from an
10 allotment under subsection (1)(2) for a fiscal
11 year may be expended by the State only in the
12 fiscal year.

13 “(B) CARRYOVER.—The State may reserve
14 up to 10 percent of an allotment under sub-
15 section (1)(2) for a fiscal year to provide assist-
16 ance under this section in subsequent fiscal
17 years, except that the reserved funds may not
18 exceed 30 percent of the total allotment re-
19 ceived under this section for a fiscal year.

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

1 to food purchases, or direct provision of commod-
2 ities.

3 “(5) DEFINITION OF FOOD ASSISTANCE.—In
4 this section, the term ‘food assistance’ means assist-
5 ance that may be used only to obtain food, as de-
6 fined in section 3(g).

7 “(j) AUDITS.—

8 “(1) REQUIREMENT.—After the close of each
9 fiscal year, a State shall arrange for an audit of the
10 expenditures of the State during the program period
11 from amounts received under this section.

12 “(2) INDEPENDENT AUDITOR.—An audit under
13 this section shall be conducted by an entity that is
14 independent of any agency administering activities
15 that receive assistance under this section and be in
16 accordance with generally accepted auditing prin-
17 ciples.

18 “(3) PAYMENT ACCURACY.—Each annual audit
19 under this section shall include an audit of payment
20 accuracy under this section that shall be based on a
21 statistically valid sample of the caseload in the
22 State.

23 “(4) SUBMISSION.—Not later than 30 days
24 after the completion of an audit under this section,

1 the State shall submit a copy of the audit to the leg-
2 islature of the State and to the Secretary.

3 “(5) REPAYMENT OF AMOUNTS.—Each State
4 shall repay to the United States any amounts deter-
5 mined through an audit under this section to have
6 not been expended in accordance with this section or
7 to have not been expended in accordance with the
8 State plan, or the Secretary may offset the amounts
9 against any other amount paid to the State under
10 this section.

11 “(k) NONDISCRIMINATION.—

12 “(1) IN GENERAL.—The Secretary shall not
13 provide financial assistance for any program,
14 project, or activity under this section if any person
15 with responsibilities for the operation of the pro-
16 gram, project, or activity discriminates with respect
17 to the program, project, or activity because of race,
18 religion, color, national origin, sex, or disability.

19 “(2) ENFORCEMENT.—The powers, remedies,
20 and procedures set forth in title VI of the Civil
21 Rights Act of 1964 (42 U.S.C. 2000d et seq.) may
22 be used by the Secretary to enforce paragraph (1).

23 “(l) ALLOTMENTS.—

24 “(1) DEFINITION OF STATE.—In this section,
25 the term ‘State’ means each of the 50 States, the

1 District of Columbia, Guam, and the Virgin Islands
2 of the United States.

3 “(2) STATE ALLOTMENT.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (B), from the amounts made
6 available under section 18 of this Act for each
7 fiscal year, the Secretary shall allot to each
8 State participating in the program established
9 under subsection (a) an amount that is equal to
10 the sum of—

11 “(i) the greater of, as determined by
12 the Secretary—

13 “(I) the total dollar value of all
14 benefits issued under the food stamp
15 program established under this Act by
16 the State during fiscal year 2002; or

17 “(II) the average per fiscal year
18 of the total dollar value of all benefits
19 issued under the food stamp program
20 by the State during each of fiscal
21 years 2000 through 2002; and

22 “(ii) the greater of, as determined by
23 the Secretary—

24 “(I) the total amount received by
25 the State for administrative costs and

1 the employment and training program
2 under subsections (a) and (h), respec-
3 tively, of section 16 of this Act for fis-
4 cal year 2002; or

5 “(II) the average per fiscal year
6 of the total amount received by the
7 State for administrative costs and the
8 employment and training program
9 under subsections (a) and (h), respec-
10 tively, of section 16 of this Act for
11 each of fiscal years 2000 through
12 2002.

13 “(B) INSUFFICIENT FUNDS.—If the Sec-
14 retary finds that the total amount of allotments
15 to which States would otherwise be entitled for
16 a fiscal year under subparagraph (A) will ex-
17 ceed the amount of funds that will be made
18 available to provide the allotments for the fiscal
19 year, the Secretary shall reduce the allotments
20 made to States under this subsection, on a pro
21 rata basis, to the extent necessary to allot
22 under this subsection a total amount that is
23 equal to the funds that will be made available.”.

1 **TITLE VIII—ABSTINENCE**
2 **EDUCATION**

3 **SEC. 801. EXTENSION OF ABSTINENCE EDUCATION FUND-**
4 **ING UNDER MATERNAL AND CHILD HEALTH**
5 **PROGRAM.**

6 Section 510(d) (42 U.S.C. 710(d)) is amended by
7 striking “2002” and inserting “2007”.

8 **TITLE IX—TRANSITIONAL**
9 **MEDICAL ASSISTANCE**

10 **SEC. 901. ONE-YEAR REAUTHORIZATION OF TRANSITIONAL**
11 **MEDICAL ASSISTANCE.**

12 (a) **IN GENERAL.**—Section 1925(f) (42 U.S.C.
13 1396r–6(f)) is amended by striking “2002” and inserting
14 “2003”.

15 (b) **CONFORMING AMENDMENT.**—Section
16 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by
17 striking “2002” and inserting “2003”.

18 **SEC. 902. ADJUSTMENT TO PAYMENTS FOR MEDICAID AD-**
19 **MINISTRATIVE COSTS TO PREVENT DUPLICA-**
20 **TIVE PAYMENTS AND TO FUND A 1-YEAR EX-**
21 **TENSION OF TRANSITIONAL MEDICAL AS-**
22 **SISTANCE.**

23 Section 1903 (42 U.S.C. 1396b) is amended—

1 (1) in subsection (a)(7), by striking “section
2 1919(g)(3)(B)” and inserting “subsection (x) and
3 section 1919(g)(3)(C)”; and

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

5 “(x) ADJUSTMENTS TO PAYMENTS FOR ADMINISTRA-
6 TIVE COSTS TO FUND 1-YEAR EXTENSION OF TRANSI-
7 TIONAL MEDICAL ASSISTANCE.—

8 “(1) REDUCTIONS IN PAYMENTS FOR ADMINIS-
9 TRATIVE COSTS.—Effective for each calendar quar-
10 ter in fiscal year 2003 and fiscal year 2004, the Sec-
11 retary shall reduce the amount paid under sub-
12 section (a)(7) to each State by an amount equal to
13 50 percent for fiscal year 2003, and 75 percent for
14 fiscal year 2004, of one-quarter of the annualized
15 amount determined for the medicaid program under
16 section 16(k)(2)(B) of the Food Stamp Act of 1977
17 (7 U.S.C. 2025(k)(2)(B)).

18 “(2) ALLOCATION OF ADMINISTRATIVE
19 COSTS.—None of the funds or expenditures de-
20 scribed in section 16(k)(5)(B) of the Food Stamp
21 Act of 1977 (7 U.S.C. 2025(k)(5)(B)) may be used
22 to pay for costs—

23 “(A) eligible for reimbursement under sub-
24 section (a)(7) (or costs that would have been el-

1 igible for reimbursement but for this sub-
2 section); and

3 “(B) allocated for reimbursement to the
4 program under this title under a plan submitted
5 by a State to the Secretary to allocate adminis-
6 trative costs for public assistance programs;
7 except that, for purposes of subparagraph (A), the
8 reference in clause (iii) of that section to ‘subsection
9 (a)’ is deemed a reference to subsection (a)(7) and
10 clause (iv)(II) of that section shall be applied as if
11 ‘medicaid program’ were substituted for ‘food stamp
12 program’.”.

13 **TITLE X—EFFECTIVE DATE**

14 **SEC. 1001. EFFECTIVE DATE.**

15 (a) IN GENERAL.—Except as otherwise provided, the
16 amendments made by this Act shall take effect on October
17 1, 2002.

18 (b) EXCEPTION.—In the case of a State plan under
19 part A or D of title IV of the Social Security Act which
20 the Secretary determines requires State legislation in
21 order for the plan to meet the additional requirements im-
22 posed by the amendments made by this Act, the effective
23 date of the amendments imposing the additional require-
24 ments shall be 3 months after the first day of the first
25 calendar quarter beginning after the close of the first reg-

1 ular session of the State legislature that begins after the
2 date of the enactment of this Act. For purposes of the
3 preceding sentence, in the case of a State that has a 2-
4 year legislative session, each year of the session shall be
5 considered to be a separate regular session of the State
6 legislature.

Passed the House of Representatives May 16, 2002.

Attest:

Clerk.

107TH CONGRESS
2D SESSION

H. R. 4737

AN ACT

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