

103^D CONGRESS
2^D SESSION

S. 2009

To amend title IV of the Social Security Act by reforming the aid to families with dependent children program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 11, 1994

Mr. HARKIN (for himself, Mr. BOND, and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title IV of the Social Security Act by reforming the aid to families with dependent children program, 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,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Welfare to Self-Sufficiency Act of 1994”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Amendments to Social Security Act.

TITLE I—FAMILY INVESTMENT PROGRAM AND OTHER WELFARE
REFORM

- Sec. 101. Family investment program.
- Sec. 102. Work incentives.
- Sec. 103. Optional State disregard of dependent child's income.
- Sec. 104. Family stability.
- Sec. 105. Work requirements for unemployed parents.
- Sec. 106. Jobs program.
- Sec. 107. Increased payments to States.
- Sec. 108. Assessment, monitoring, and evaluation.
- Sec. 109. Timely preventive health care for children.
- Sec. 110. Wage supplementation demonstration projects.
- Sec. 111. Increase in authorizations of Public Health Service title X family planning grants.
- Sec. 112. Delay in certain effective dates.

TITLE II—IMPROVEMENTS IN THE COLLECTION OF CHILD
SUPPORT

- Sec. 201. Transmission and assignment of certain child support orders to the IRS.
- Sec. 202. Collection of child support by Internal Revenue Service.
- Sec. 203. Publication of delinquent child support obligors.
- Sec. 204. Effective date.

1 SEC. 2. FINDINGS.

2 The Congress finds the following:

3 (1) The welfare system is failing recipients and
4 taxpayers and must be reformed.

5 (2) The aid to families with dependent children
6 program under title IV of the Social Security Act
7 (hereafter in this section referred to as "AFDC")
8 remains largely unchanged from its predecessor pro-
9 gram which was created in 1935, while society has
10 changed dramatically during the same period.

11 (3) The number of female-headed households
12 with children under the age of 18 increased by 146
13 percent from 1970 to 1990, and there are now more
14 children living in single-parent homes than at any
15 time in the Nation's history.

1 (4) Expenditures for AFDC increased 13 per-
2 cent (in inflation adjusted dollars) over a 12-year pe-
3 riod, from \$19,600,000,000 in 1980 to
4 \$22,200,000,000 in 1992.

5 (5) The number of families on AFDC has in-
6 creased 33 percent over a 12-year period, from
7 3,600,000 families in 1980 to 4,800,000 families in
8 1992.

9 (6) There were 2,000,000 more children receiv-
10 ing welfare in 1992 than there were in 1980 and 1
11 in 5 American children currently live in poverty.

12 (7) Many States are enacting sweeping changes
13 to welfare programs in an effort to curb expendi-
14 tures and reduce the number of dependent families.

15 (8) Iowa has replaced AFDC with a new “Fam-
16 ily Investment Program” which requires all families
17 on welfare to enter into a social contract with the
18 State which establishes a specific time-line when wel-
19 fare benefits will end and outlines the steps that in-
20 dividual families will take to move off welfare and
21 into work and self-sufficiency.

22 (9) Welfare reform legislation must recognize
23 the individuality of each family and enact programs
24 that are consistent with this principle.

1 (10) Welfare reform legislation must also recog-
2 nize the importance of a holistic approach which
3 treats the family as a single unit and not as the sum
4 of its parts.

5 (11) Health care reform is essential to welfare
6 reform because many families remain on public as-
7 sistance simply because they cannot afford to lose
8 benefits under the medicaid program under title
9 XIX of the Social Security Act for themselves, and,
10 most importantly, for their children.

11 (12) Parents, including noncustodial parents,
12 have a responsibility to provide financial support for
13 their children and failure to provide child support in-
14 creases the need for AFDC payments.

15 (13) In 1991, the United States Commission on
16 Interstate Child Support reported that the collection
17 of child support fell far short of court awards, with
18 11,000,000 children being awarded \$15,000,000,000
19 in child support payments while approximately
20 \$5,000,000,000 in child support payments remained
21 unpaid.

22 **SEC. 3. AMENDMENTS TO SOCIAL SECURITY ACT.**

23 Except as otherwise specifically provided, whenever in
24 this Act an amendment is expressed in terms of an amend-
25 ment to or repeal of a section or other provision, the ref-

1 erence shall be considered to be made to that section or
 2 other provision of the Social Security Act.

3 **TITLE I—FAMILY INVESTMENT**
 4 **PROGRAM AND OTHER WEL-**
 5 **FARE REFORM**

6 **SEC. 101. FAMILY INVESTMENT PROGRAM.**

7 (a) STATE PLAN TO INCLUDE FAMILY INVESTMENT
 8 PROGRAM.—Section 402(a) (42 U.S.C. 602(a)) is amend-
 9 ed by inserting after paragraph (28) the following new
 10 paragraph:

11 “(29) except in the case of a State receiving a
 12 waiver from the Secretary, provide that the State
 13 has in effect a family investment program described
 14 in subsection (j);”.

15 (b) FAMILY INVESTMENT PROGRAM.—Section 402
 16 (42 U.S.C. 602) is amended by adding at the end the fol-
 17 lowing new subsection:

18 “(j) For purposes of subsection (a)(29)—

19 “(1) The term ‘family investment program’
 20 means a program under which the State agency—

21 “(A) negotiates a family investment agree-
 22 ment (as defined in section 406(i)) with each
 23 family, and

24 “(B) offers a family the opportunity to
 25 enter into a limited benefit agreement (as de-

1 fined in section 406(j)) in lieu of such family
2 investment agreement.

3 “(2)(A) Any agreement described in section
4 406(i) shall be entered into by each caretaker rel-
5 ative, any other relative with whom a dependent rel-
6 ative is living, and any other individual living in the
7 same home as such relative and the dependent child
8 whose needs are taken into account in making the
9 determination under section 402(a)(7).

10 “(B) An individual shall not be required to
11 enter into the agreement if such individual is—

12 “(i) a parent of a child who is less than 6
13 months of age, but if both parents are living in
14 the child’s home, only one parent shall be ex-
15 empt from entering into the agreement;

16 “(ii) employed for 30 or more hours per
17 week;

18 “(iii) ill, incapacitated, or of advanced age;
19 or

20 “(iv) needed in the home because of the ill-
21 ness or incapacity of another member of the
22 household.

23 “(3) The State agency shall ensure that—

24 “(A) any correspondence with an individ-
25 ual described in paragraph (2) relating to the

1 family investment program (including the initial
2 notice of the requirement to enter into a family
3 investment agreement) shall be in a format
4 which is designed to be easily understandable to
5 such individual;

6 “(B) the correspondence described in sub-
7 paragraph (A) shall be designed to be under-
8 standable to individuals who are not English
9 language speakers; and

10 “(C) employees of the State agency are
11 readily available to assist individuals in com-
12 pleting any documents required for participa-
13 tion in the family investment program.

14 “(4) The State agency shall establish a dispute
15 resolution procedure for disputes related to partici-
16 pation in the family investment agreement that pro-
17 vides the opportunity for a hearing consistent with
18 the hearing requirement under section 482(h).

19 “(5)(A) A State shall be treated as meeting the
20 requirements of paragraph (1) for fiscal years 1995
21 through 2002 if it enters into family investment
22 agreements with at least the implementation per-
23 centage of the applicable population.

24 “(B) For purposes of subparagraph (A), the
25 implementation percentage is equal to—

- 1 “(i) 10 percent in fiscal year 1995;
 2 “(ii) 15 percent in fiscal year 1996;
 3 “(iii) 20 percent in fiscal year 1997;
 4 “(iv) 30 percent in fiscal year 1998;
 5 “(v) 40 percent in fiscal year 1999;
 6 “(vi) 60 percent in fiscal year 2000;
 7 “(vii) 70 percent in fiscal year 2001; and
 8 “(viii) 90 percent in fiscal year 2002.

9 “(C) For purposes of subparagraph (A), the ap-
 10 plicable population is the average total number of in-
 11 dividuals in the State during the fiscal year who—

12 “(i) receive aid to families with dependent
 13 children; and

14 “(ii) are not exempt from entering a family
 15 investment agreement under clauses (i) through
 16 (iv) of paragraph (2)(B).”.

17 (c) FAMILY INVESTMENT AGREEMENT AND LIMITED
 18 BENEFIT PLAN.—Section 406 (42 U.S.C. 606) is amend-
 19 ed by adding at the end the following new subsections:

20 “(i) The term ‘family investment agreement’ means
 21 a social contract between the State and each family receiv-
 22 ing aid to families with dependent children which—

23 “(1) outlines the steps a family will take to ob-
 24 tain self-sufficiency;

1 “(2) specifies a negotiated time-limited period
2 of eligibility for receipt of aid to families with de-
3 pendent children that is consistent with unique fam-
4 ily circumstances and is based on a reasonable plan
5 to facilitate the transition of the family to self-suffi-
6 ciency;

7 “(3)(A) contains a requirement that each rel-
8 ative and any other individual entering into the
9 agreement (except those determined to need child
10 care assistance but for whom the State does not
11 guarantee such assistance in accordance with section
12 402(g)), participate in one or more of the following
13 activities providing such relative or individual with a
14 significant level of commitment up to the level re-
15 quired for full-time employment:

16 “(i) Full-time or part-time employment.

17 “(ii) Job-search activities.

18 “(iii) Participation in a job opportunities
19 and basic skills training program which meets
20 the requirements of part F.

21 “(iv) Participation in education or training
22 programs.

23 “(v) Unpaid community service (subject to
24 the provisions of subparagraph (B)), only as
25 part of a plan to improve the employability of

1 the individual and leading to the eventual self-
2 sufficiency of the family.

3 “(vi) Placement in a community work ex-
4 perience program in accordance with section
5 482(f).

6 “(vii) High school completion activities (or
7 the equivalent) for a parent under the age of
8 20; and

9 “(B)(i) provides that an individual who partici-
10 pates in unpaid community service under subpara-
11 graph (A)(v) shall not be required to perform such
12 unpaid community service for a greater number of
13 hours per month than the maximum number of
14 hours an individual may be required to work in any
15 month under the community work experience pro-
16 gram as determined under section 482(f)(1)(B)(i);

17 “(ii) requires any sponsor of unpaid community
18 service to comply with the rules described in sub-
19 sections (b), (c), (d), and (g) of section 484 of the
20 Social Security Act (42 U.S.C. 684); and

21 “(iii) provides that an individual’s participation
22 in unpaid community service may not exceed 3
23 months;

24 “(4) provides each relative and any other indi-
25 vidual entering into the agreement with the supple-

1 mental services required to obtain self-sufficiency
2 and comply with the terms of the family investment
3 agreement, including health care, transportation,
4 child care, education, and training;

5 “(5) if the State agency and a relative or other
6 individual entering into the agreement agree, pro-
7 vides that the relative or other individual participate
8 in—

9 “(A) a substance abuse treatment pro-
10 gram, or other social service program that the
11 State agency determines necessary to increase
12 the employability of such relative or individual;

13 “(B) programs and support services to
14 strengthen parenting skills and assure family
15 stability; and

16 “(C) programs that lead to improved
17 school readiness for preschool children and on-
18 grade performance for school age children;

19 “(6) provides that the State agency shall pro-
20 vide the family with reasonable support and case
21 management in the creation, monitoring, and adap-
22 tation of a family investment agreement to respond
23 to changes in family circumstances and factors out-
24 side family control;

1 “(7) provides that the State agency shall re-
2 negotiate the family investment agreement—

3 “(A) during the period of the agreement,
4 to reflect substantial changes in family cir-
5 cumstances or needs; and

6 “(B) at the conclusion of the original
7 agreement, if each relative and any other indi-
8 vidual entering into the agreement has made a
9 good faith effort to comply with the agreement
10 but were unable to reach self-sufficiency be-
11 cause of factors outside of the control of the
12 relative or other individual;

13 “(8) provides that the family will automatically
14 enter into a limited benefit plan (as described in
15 subsection (j)) if a relative or other individual who
16 has entered into the family investment agreement
17 fails to comply with the agreement; and

18 “(9) provides that the agreement shall be in-
19 valid if the State agency fails to comply with the
20 agreement.

21 “(j) The term ‘limited benefit plan’ means a plan
22 which, notwithstanding any other provision of this title,
23 provides that—

24 “(1)(A) during the first 3-month period in
25 which a family receives aid under the plan, the fam-

1 ily shall receive benefits as normally determined
2 under this title;

3 “(B) during the second 3-month period in
4 which the family receives aid under the plan, the
5 needs of the caretaker relative, any other relative
6 with whom a dependent child is living, and any other
7 individual living in the same home as such relative
8 and the dependent child whose needs are taken into
9 account in making the determination under section
10 402(a)(7), shall not be taken into account in making
11 the determination with respect to the family for pur-
12 poses of paragraph (7) and in the case of a family
13 which is eligible by reason of section 407, both par-
14 ents shall not be taken into account into making
15 such a determination; and

16 “(C) after the expiration of a 6-month period
17 beginning on the date on which the family enter into
18 the limited benefit plan, the family shall be ineligible
19 for benefits under this title and may not reapply for
20 such benefits within a 6 month period beginning on
21 the date of such expiration;

22 “(2) during the duration of a limited benefit
23 plan, a third-party counselor shall inquire as to the
24 well being of the dependent children; and

1 “(3) within a 45-day period beginning on the
2 date that the family automatically enters a limited
3 benefit plan by reason of the family investment
4 agreement provision described in subsection (i)(8) or
5 elects to enter a limited benefit plan under section
6 402(j)(1), the family shall have the option to void
7 the limited benefit plan by regaining compliance with
8 the negotiated family investment agreement or if no
9 agreement has been negotiated, negotiate an agree-
10 ment.”.

11 (d) COORDINATION BETWEEN DEPARTMENTS.—

12 (1) IN GENERAL.—The Secretary of Health and
13 Human Services, the Secretary of Labor, and the
14 Secretary of Education shall ensure appropriate co-
15 ordination in the planning, development, and oper-
16 ation of the programs described in paragraph (2) in
17 order to—

18 (A) improve the quality and effectiveness
19 of services provided by the Department of
20 Health and Human Services, the Department of
21 Labor, and the Department of Education;

22 (B) reduce the overlap of such programs;
23 and

24 (C) reduce the administrative costs of such
25 programs.

1 (2) PROGRAMS DESCRIBED.—The programs de-
2 scribed in this paragraph are as follows:

3 (A) The family investment program under
4 section 402(j) of the Social Security Act (42
5 U.S.C. 602(j)).

6 (B) The JOBS program under part F of
7 title IV of the Social Security Act (42 U.S.C.
8 681 et seq.).

9 (C) Job training programs.

10 (D) Child care programs.

11 (E) Educational programs.

12 (F) Any other program administered by
13 the Department of Health and Human Services,
14 the Department of Labor, or the Department of
15 Education which has the effect of promoting
16 self-sufficiency among recipients of aid to fami-
17 lies with dependent children under title IV of
18 the Social Security Act (42 U.S.C. 601 et seq.).

19 (e) EFFECTIVE DATE.—Except as provided in section
20 112, the amendments made by this section shall take ef-
21 fect on the first day of the first fiscal year beginning after
22 the date of the enactment of this Act.

23 **SEC. 102. WORK INCENTIVES.**

24 (a) INCREASE IN WORK EXPENSE DISREGARD.—Sec-
25 tion 402(a)(8)(A)(ii) (42 U.S.C. 602(a)(8)(A)(ii)) is

1 amended by inserting “, or at the option of the State (on
2 a statewide basis or in a defined area of the State), the
3 greater of the first \$90, or up to the first 20 percent of
4 the total of such earned income for such month” after
5 “such month”.

6 (b) INCREASE IN EARNED INCOME INCENTIVE.—

7 (1) IN GENERAL.—Section 402(a)(8)(A)(iv) (42
8 U.S.C. 602(a)(8)(A)(iv)) is amended—

9 (A) by striking “(II)”;

10 (B) by inserting “, or (II) at the option of
11 the State (on a statewide basis or in a defined
12 area of the State), up to one-half of the total
13 of such earned income not disregarded under
14 any other clause of this subparagraph if such
15 amount is greater than the amount disregarded
16 under subclause (I)” before the semicolon at
17 the end.

18 (2) NO TIME LIMITATION.—Section
19 402(a)(8)(B) (42 U.S.C. 602(a)(8)(B)) is amended
20 to read as follows:

21 “(B) provide that (with respect to any month)
22 the State agency shall not disregard under clause
23 (ii), (iii), or (iv) of subparagraph (A) any earned in-
24 come of any one of the individuals specified in sub-
25 paragraph (A)(ii) if such individual—

1 “(i) terminated the individual’s employ-
2 ment or reduced the individual’s earned income
3 without good cause within such period (of not
4 less than 30 days) preceding such month as
5 may be prescribed by the Secretary;

6 “(ii) refused without good cause, within
7 such period preceding such month as may be
8 prescribed by the Secretary, to accept employ-
9 ment in which the individual is able to engage
10 which is offered through the public employment
11 offices of the State, or is otherwise offered by
12 an employer if the offer of such employer is de-
13 termined by the State or local agency admin-
14 istering the State plan, after notification by the
15 employer, to be a bona fide offer of employ-
16 ment; or

17 “(iii) failed without good cause to make a
18 timely report (as prescribed by the State plan
19 pursuant to paragraph (14)) to the State agen-
20 cy of earned income received in such month;
21 and”.

22 (c) WORK TRANSITION PERIOD.—

23 (1) IN GENERAL.—Section 402(a)(8)(A) (42
24 U.S.C. 602(a)(8)(A)) is amended—

1 (A) by striking “and” at the end of clause
2 (vii); and

3 (B) by inserting after clause (viii) the fol-
4 lowing new clause:

5 “(ix) at the option of the State (on a state-
6 wide basis or in a defined area of the State),
7 may disregard up to the first 4 months of
8 earned income due to new employment of any
9 child or relative receiving aid to families with
10 dependent children, or of any other individual
11 (living in the same home as such relative and
12 child) whose needs are taken into account in
13 making such a determination not disregarded
14 under any other clause of this subparagraph,
15 if—

16 “(I) such individual earned less than
17 \$1,200 in the 12-month period preceding
18 the new employment; and

19 “(II) such individual timely reports
20 the earnings to the State agency; and”.

21 (2) AFDC QUALITY CONTROL.—Section
22 408(c)(3) (42 U.S.C. 608(c)(3)) is amended—

23 (A) by striking “or” at the end of subpara-
24 graph (D);

1 (B) by striking the period at the end of
2 subparagraph (E) and inserting “; or”; and

3 (C) by adding at the end the following new
4 subparagraph:

5 “(F) the State’s reliance on the best infor-
6 mation available in determining eligibility for
7 the earned income disregard described in sec-
8 tion 402(a)(8)(A)(ix).”.

9 (d) RETROSPECTIVE BUDGETING PROCEDURES.—
10 Section 402(a)(13) (42 U.S.C. 602(a)(13)) is amended—

11 (1) by striking “subparagraph (B)” in subpara-
12 graph (A) and inserting “subparagraphs (B) and
13 (C)”;

14 (2) by striking “and” at the end of subpara-
15 graph (A);

16 (3) by adding “and” at the end of subpara-
17 graph (B); and

18 (4) by adding at the end the following new sub-
19 paragraph:

20 “(C) in the case of the termination of a
21 source of income of an individual whose income
22 is taken into account in making a determination
23 under paragraph (7), the State agency shall
24 consider the loss of income in making a deter-
25 mination regarding the amount of aid, begin-

1 ning in the first month such loss of income oc-
2 curs, but only if the termination is timely re-
3 ported and, in the case of earned income, the
4 individual shows good cause for the termination
5 of employment;”.

6 (e) DISREGARD OF INTEREST INCOME.—Section
7 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by
8 subsection (c), is amended—

9 (1) by striking “and” at the end of clause (viii);

10 and

11 (2) by inserting after clause (ix) the following
12 new clause:

13 “(x) at the option of the State (on a state-
14 wide basis or in a defined area of the State),
15 may disregard all interest income of any child
16 or relative applying for or receiving aid to fami-
17 lies with dependent children, or of any other in-
18 dividual (living in the same home as such rel-
19 ative and child) whose needs are taken into ac-
20 count in making such a determination; and”.

21 (f) DISREGARD OF INCOME AND RESOURCES DES-
22 IGNATED FOR EDUCATION, TRAINING, AND EMPLOY-
23 ABILITY.—

1 (1) DISREGARD AS RESOURCE.—Section
2 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is amend-
3 ed—

4 (A) by striking “or” before “(iv)”; and

5 (B) by inserting “, or (v) at the option of
6 the State (on a statewide basis or in a defined
7 area of the State), in the case of a family re-
8 ceiving aid under the State plan (and a family
9 not receiving such aid but which received such
10 aid in at least 1 of the preceding 4 months or
11 became ineligible for such aid during the pre-
12 ceding 12 months because of excessive earn-
13 ings), any amount not to exceed \$10,000 in a
14 qualified asset account (as such term is defined
15 in section 406(k)) of such family, reduced by
16 the amount (if any) excluded from the resources
17 of the family pursuant to paragraph (46)(A)(i)”
18 before “; and”.

19 (2) DISREGARD AS INCOME.—

20 (A) NONRECURRING LUMP SUM EXEMPT
21 FROM LUMP-SUM RULE.—Section 402(a)(17)
22 (42 U.S.C. 602(a)(17)) is amended by adding
23 at the end the following: “; at the option of the
24 State (on a statewide basis or in a defined area
25 of the State), that this paragraph shall not

1 apply to earned or unearned income received in
2 a month on a nonrecurring basis to the extent
3 that such income is placed in a qualified asset
4 account (as defined in section 406(k)) the total
5 amounts in which, after such placement, does
6 not exceed \$10,000;”.

7 (B) TREATMENT AS INCOME.—Section
8 402(a)(7) (42 U.S.C. 602(a)(7)) is amended—

9 (i) by striking “and” at the end of
10 subparagraph (B);

11 (ii) by striking the semicolon at the
12 end of subparagraph (C) and inserting “;
13 and”; and

14 (iii) by adding at the end the follow-
15 ing new subparagraph:

16 “(D) shall treat as income any distribu-
17 tions from a qualified asset account (as defined
18 in section 406(k)(1)) which do not meet the
19 definition of a qualified distribution under sec-
20 tion 406(k)(2);”.

21 (3) QUALIFIED ASSET ACCOUNTS.—Section 406
22 (42 U.S.C. 606), as amended by section 101(b), is
23 amended by adding at the end the following new
24 subsection:

1 “(k)(1) The term ‘qualified asset account’ means a
 2 mechanism approved by the State (such as individual re-
 3 tirement accounts, escrow accounts, or savings bonds) that
 4 allows savings of a family receiving aid to families with
 5 dependent children to be used for qualified distributions.

6 “(2) The term ‘qualified distributions’ means dis-
 7 tributions for expenses directly related to 1 or more of
 8 the following purposes:

9 “(A) The attendance of a member of the family
 10 at any education or training program.

11 “(B) The improvement of the employability (in-
 12 cluding self-employment) of a member of the family
 13 (such as through the purchase of an automobile).

14 “(C) The purchase of a home for the family.

15 “(D) A change of the family residence.”.

16 (g) DISREGARD OF INCOME AND RESOURCES RELAT-
 17 ED TO SELF-EMPLOYMENT.—

18 (1) STATE PLAN REQUIREMENTS.—Section
 19 402(a) (42 U.S.C. 602(a)) is amended—

20 (A) by striking “and” at the end of para-
 21 graph (44);

22 (B) by striking the period at the end of
 23 paragraph (45) and inserting “; and”; and

24 (C) by inserting after paragraph (45) the
 25 following new paragraph:

1 “(46) at the option of the State (on a statewide
2 basis or in a defined area of the State), provide that
3 the State agency for a period not to exceed 2
4 years—

5 “(A)(i) shall not include as a resource of
6 the family of which a child referred to in para-
7 graph (7)(A) is a member, for purposes of
8 paragraph (7)(B), the lesser of—

9 “(I) the first \$10,000 of the net
10 worth (assets reduced by liabilities with re-
11 spect thereto) of all microenterprises (as
12 defined in section 406(l)(1)) owned, in
13 whole or in part, by the child or by a rel-
14 ative or other individual referred to in
15 paragraph (7)(A), or

16 “(II) such net worth attributable to
17 such ownership; and

18 “(ii) shall take into consideration as
19 earned income of the family of which the child
20 is a member, only the net profits (as defined in
21 section 406(l)(2)) of such microenterprises; and

22 “(B) shall ensure that caseworkers are
23 able to properly advise recipients of aid under
24 the State plan of the option of microenterprise
25 as a legitimate route toward self-sufficiency,

1 and that caseworkers encourage recipients of
2 such aid who are interested in starting a
3 microenterprise to participate in a program de-
4 signed to assist them in such effort.”.

5 (2) DEFINITIONS.—Section 406 (42 U.S.C.
6 606), as amended by section 101(b) and subsection
7 (f)(3) of this section, is amended by adding at the
8 end the following new subsection:

9 “(1) The term ‘microenterprise’ means a commer-
10 cial enterprise which has 5 or fewer employees, 1 or more
11 of whom owns the enterprise.

12 “(2) The term ‘net profits’ means, with respect to
13 a microenterprise, the gross receipts of the business,
14 minus—

15 “(A) payments of principal or interest on a loan
16 to the microenterprise;

17 “(B) transportation expenses;

18 “(C) inventory costs;

19 “(D) expenditures to purchase capital equip-
20 ment;

21 “(E) cash retained by the microenterprise for
22 future use by the business;

23 “(F) taxes paid by reason of the business;

24 “(G) if the business is covered under a policy
25 of insurance against loss—

1 “(i) the premiums paid for such insurance;
2 and

3 “(ii) the losses incurred by the business
4 that are not reimbursed by the insurer solely by
5 reason of the existence of a deductible with re-
6 spect to the insurance policy;

7 “(H) the reasonable costs of obtaining 1 motor
8 vehicle necessary for the conduct of the business;
9 and

10 “(I) the other expenses of the business.”.

11 (3) INCLUSION OF MICROENTERPRISE TRAINING
12 AND ACTIVITIES IN THE JOBS PROGRAM.—

13 (A) IN GENERAL.—Section 482(d)(1) (42
14 U.S.C. 682(d)(1)) is amended by adding at the
15 end the following new subparagraph:

16 “(C) The services and activities referred to in sub-
17 paragraph (A)—

18 “(i) in the case of a State in which at least 3
19 percent of the adult recipients of aid under the State
20 plan approved under part A (as of the close of the
21 immediately preceding fiscal year) elect to partici-
22 pate in microenterprise activities, shall include pro-
23 grams described in paragraph (4); or

24 “(ii) in the case of a State in which less than
25 3 percent of the adult recipients of such aid (as of

1 such time) elect to participate in microenterprise ac-
2 tivities, may include programs described in para-
3 graph (4).”.

4 (B) MICROENTERPRISE PROGRAMS.—Sec-
5 tion 482(d) (42 U.S.C. 682(d)) is amended by
6 adding at the end the following:

7 “(4) The programs described in this paragraph are
8 programs of public and private organizations, agencies,
9 and other entities (including nonprofit and for-profit enti-
10 ties) to enable such entities to facilitate economic develop-
11 ment by—

12 “(A) providing technical assistance, advice, and
13 business support services (including assistance, ad-
14 vice, and support relating to business planning, fi-
15 nancing, marketing, and other microenterprise devel-
16 opment activities) to owners of microenterprises and
17 persons developing microenterprises; and

18 “(B) providing general support (such as peer
19 support and self-esteem programs) to owners of
20 microenterprises and persons developing
21 microenterprises.”.

22 (h) EXTENSION OF TRANSITIONAL CHILD CARE.—
23 Section 402(g)(1)(A)(iii) (42 U.S.C. 602(g)(1)(A)(iii)) is
24 amended by striking “12 months” and inserting “24
25 months”.

1 (i) EFFECTIVE DATE.—Except as provided in section
2 112, the amendments made by this section shall take ef-
3 fect on the first day of the first fiscal year beginning after
4 the date of the enactment of this Act.

5 **SEC. 103. OPTIONAL STATE DISREGARD OF DEPENDENT**
6 **CHILD'S INCOME.**

7 (a) IN GENERAL.—Section 402(a)(8) (42 U.S.C.
8 602(a)(8)), as amended by subsections (c) and (e) of sec-
9 tion 102, is amended—

10 (1) by striking “and” at the end of clause (ix);

11 (2) by striking the semicolon at the end of
12 clause (x) and inserting “; and”; and

13 (3) by inserting after clause (x) the following
14 new clause:

15 “(xi) at the option of the State (on a state-
16 wide basis or in a defined area of the State),
17 may disregard all or any part of the earned in-
18 come of a dependent child; and”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall take effect on the first day of the first
21 fiscal year beginning after the date of the enactment of
22 this Act.

1 **SEC. 104. FAMILY STABILITY.**

2 (a) EQUIVALENT TREATMENT OF STEPPARENT IN-
3 COME AND PARENT INCOME.—Section 402(a)(31) (42
4 U.S.C. 602(a)(31)) is amended—

5 (1) in subparagraph (A), by inserting “, or at
6 the option of the State (on a statewide basis or in
7 a defined area of the State), the greater of \$90, or
8 the first 20 percent of such total” before the comma
9 at the end;

10 (2) by striking “and” at the end of subpara-
11 graph (C); and

12 (3) by striking the semicolon at the end of sub-
13 paragraph (D) and inserting “, (E) an amount equal
14 to the expenditure for care in such month for a de-
15 pendent child of the stepparent who is living in the
16 same home as the stepparent, not receiving aid to
17 families for dependent children, and requiring care
18 for such month to the extent that such amount (for
19 each such dependent child) does not exceed \$175 (or
20 such lesser amount as the Secretary may prescribe
21 in the case of an individual not engaged in full-time
22 employment, or not employed throughout the
23 month), or, in the case such child is under age 2,
24 \$200, and (F) at the option of the State (on a state-
25 wide basis or in a defined area of the State), up to
26 one-half of the total of such earned income not dis-

1 regarded under any other subparagraph of this para-
2 graph;”.

3 (b) UNEMPLOYED PARENT HOUSEHOLDS.—

4 (1) ELIMINATION OF PRINCIPAL EARNER RE-
5 QUIREMENT.—

6 (A) IN GENERAL.—Section 407 (42 U.S.C.
7 607) is amended—

8 (i) by striking “of the parent who is
9 the principal earner” in subsection (a) and
10 inserting “of either parent in a home in
11 which both parents of such child are liv-
12 ing”;

13 (ii) by striking “the parent who is the
14 principal earner” in subsection
15 (b)(2)(B)(ii)(II) and inserting “either par-
16 ent”;

17 (iii) by striking “; and” at the end of
18 paragraph (3) of subsection (d) and insert-
19 ing a period; and

20 (iv) by striking paragraph (4) of sub-
21 section (d).

22 (B) CONFORMING AMENDMENT.—Section
23 402(a)(19)(D) (42 U.S.C. 602(a)(19)(D)) is
24 amended by striking “the parent who is the
25 principal earner” and inserting “either parent”.

1 (2) MODIFICATION OF OTHER REQUIRE-
2 MENTS.—Subparagraph (A) of section 407(b)(1) (42
3 U.S.C. 607(b)(1)) is amended to read as follows:

4 “(A) subject to paragraph (2), shall require the
5 payment of aid to families with dependent children
6 with respect to a dependent child as defined in sub-
7 section (a) when—

8 “(i) for at least 30 days—

9 “(I) prior to the receipt of aid, either
10 parent has been employed for less than a
11 monthly cap specified by the State plan
12 (not to exceed 100 hours), and at the time
13 of the application for aid, both parents are
14 employed for less than such monthly cap;
15 or

16 “(II) after the application for aid, one
17 or both parents are employed for less than
18 the monthly cap established under
19 subclause (I),

20 “(ii) either such parent has not without
21 good cause, within such period (of not less than
22 30 days) as may be prescribed by the Secretary,
23 refused a bona fide offer of employment or
24 training for employment, and

1 “(iii) notwithstanding the number of hours
2 either such parent is working after the initial
3 determination of eligibility, such family remains
4 otherwise eligible for payment under this sec-
5 tion; and”.

6 (c) INCREASE IN ASSET LIMITS.—Section
7 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is amended in the
8 matter preceding clause (i) by inserting “(or, at the option
9 of the State (on a statewide basis or in a defined area
10 of the State), exceeds an amount prescribed by the State
11 not to exceed \$2,000 for applicant families and \$5,000
12 for recipient families)” after “may determine”.

13 (d) INCREASE IN MOTOR VEHICLE LIMIT.—Section
14 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by
15 section 102(f), is amended—

16 (1) in clause (i), by striking “and so much of
17 the family member’s ownership interest in one auto-
18 mobile as does not exceed such amount as the Sec-
19 retary may prescribe”;

20 (2) by striking “or” at the end of clause (iv);
21 and

22 (3) by striking “; and” at the end of clause (v)
23 and inserting “, or (vi) the greater of so much of the
24 family member’s ownership interest in 1 automobile
25 as does not exceed (I) such amount as the Secretary

1 parents in a program established by the State agency
2 which shall include job search activities, counseling, and
3 training services when the State agency determines that
4 such participation is required, except as provided in clause
5 (ii).

6 “(ii) A parent shall not be subject to the requirement
7 under subparagraph (A), if such parent is employed at
8 least 30 hours per week, is needed in the home to care
9 for a child under 6 months of age, or if the State agency
10 determines the existence of other good cause.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall take effect on the first day of the first
13 fiscal year beginning after the date of the enactment of
14 this Act.

15 **SEC. 106. JOBS PROGRAM.**

16 (a) REQUIREMENT OF JOBS PARTICIPATION OF
17 PREGNANT INDIVIDUALS.—Section 402(a)(19)(C) (42
18 U.S.C. 602(a)(19)(C)) is amended—

19 (1) by inserting “or” at the end of clause (v);

20 (2) by striking clause (vi); and

21 (3) by redesignating clause (vii) as clause (vi).

22 (b) NO LIMITATION ON LENGTH OF JOB SEARCH
23 PROGRAM.—Section 482(g)(2) (42 U.S.C. 682(g)(2)) is
24 amended by striking “402(a)(19)(D) applies” through the

1 end of subparagraph (B) and inserting “402(a)(19)(D)
2 applies.”.

3 (c) PROTECTION OF EXISTING WORKERS.—

4 (1) NONDISPLACEMENT.—Section 484(c) (42
5 U.S.C. 684(c)) is amended by—

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

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

10 (C) by inserting after paragraph (3) the
11 following new paragraph:

12 “(4) the employment or assignment of a partici-
13 pant or the filling of a position if such participant
14 will perform any services or duties, or engage in ac-
15 tivities, that—

16 “(A) will supplant the hiring of employed
17 workers;

18 “(B) are services, duties, or activities with
19 respect to which an individual has recall rights
20 pursuant to a collective bargaining agreement
21 or applicable personnel procedures; or

22 “(C) had been performed by or were as-
23 signed to any employee who—

24 “(i) is subject to a reduction in force;

25 or

1 “(ii) has recall rights pursuant to a
2 collective bargaining agreement or applica-
3 ble personnel procedures.”.

4 (2) CONCURRENCE OF LOCAL LABOR ORGANIZA-
5 TION.—Section 484 (42 U.S.C. 684) is amended by
6 adding at the end the following new subsection:

7 “(g) No work assignment under the program shall
8 be made until the State agency has obtained from an em-
9 ployer with whom a participant is placed, the written con-
10 currence of any local labor organization representing em-
11 ployees of the employer who are engaged in the same or
12 substantially similar work as that proposed to be carried
13 out.”.

14 (d) GRIEVANCE PROCEDURE.—Section 484(d)(1) (42
15 U.S.C. 684(d)(1) is amended to read as follows:

16 “(d)(1)(A) The State shall establish and maintain a
17 grievance procedure for resolving complaints by regular
18 employees or such employees’ representatives that the
19 work assignment of an individual under the program vio-
20 lates any of the prohibitions described in subsection (c).

21 “(B) Except for a grievance that alleges fraud or
22 criminal activity, a grievance shall be made not later than
23 1 year after the date of the alleged occurrence of the event
24 that is the subject of the grievance.

1 “(C)(i) A hearing on any grievance conducted under
2 this paragraph shall be conducted not later than 30 days
3 after the filing of such grievance.

4 “(ii) A decision on any such grievance shall be made
5 not later than 60 days after the filing of such grievance.

6 “(D)(i)(I) In the event of a decision on a grievance
7 that is adverse to the party who filed such grievance, or
8 60 days after the filing of such grievance if no decision
9 has been reached, such party shall be permitted to submit
10 such grievance to binding arbitration before a qualified ar-
11 bitrator who is jointly selected and independent of the in-
12 terested parties.

13 “(II) If the parties cannot agree on an arbitrator, the
14 Governor shall appoint an arbitrator from a list of quali-
15 fied arbitrators within 15 days after receiving a request
16 for such appointment from one of the parties to the griev-
17 ance.

18 “(ii) An arbitration proceeding shall be held not later
19 than 45 days after the request for such arbitration pro-
20 ceeding, or, if the arbitrator is appointed by the Governor
21 in accordance with clause (i)(II), not later than 30 days
22 after the appointment of such arbitrator.

23 “(iii) A decision concerning a grievance shall be made
24 not later than 30 days after the date such arbitration pro-
25 ceeding begins.

1 “(iv)(I) Except as provided in subclause (II), the cost
2 of an arbitration proceeding shall be divided evenly be-
3 tween the parties to the arbitration.

4 “(II) If a regular employee or such employee’s rep-
5 resentative prevails under a binding arbitration proceed-
6 ing, the State agency shall pay the total cost of such pro-
7 ceeding and the attorneys’ fees of such employee or rep-
8 resentative.

9 “(E) Remedies for a grievance filed under this para-
10 graph include—

11 “(i) prohibition of the work assignment in the
12 program under this part; and

13 “(ii)(I) reinstatement of the displaced employee
14 to the position held by such employee prior to dis-
15 placement;

16 “(II) payment of lost wages and benefits of the
17 displaced employee;

18 “(III) reestablishment of other relevant terms,
19 conditions, and privileges of employment of the dis-
20 placed employee; and

21 “(IV) such equitable relief as is necessary to
22 make the displaced employee whole.

23 “(F) Suits to enforce arbitration awards under this
24 paragraph may be brought in any district court of the
25 United States having jurisdiction of the parties, without

1 regard to the amount in controversy and without regard
2 to the citizenship of the parties.”.

3 (e) EFFECTIVE DATE.—Except as provided in section
4 112, the amendments made by this section shall take ef-
5 fect on the first day of the first fiscal year beginning after
6 the date of the enactment of this Act.

7 **SEC. 107. INCREASED PAYMENTS TO STATES.**

8 (a) CHANGES TO JOBS PAYMENT FORMULA.—

9 (1) IN GENERAL.—Section 403(l)(1)(A) (42
10 U.S.C. 603(l)(1)(A)) is amended—

11 (A) by striking “and” at the end of clause
12 (i);

13 (B) in clause (ii), in the matter preceding
14 subclause (I), by striking “described in clause
15 (i)” and inserting “described in clause (i) but
16 do not exceed the amount of such expenditures
17 in fiscal year 1994”;

18 (C) by striking the period at the end of
19 clause (ii) and inserting “; and”; and

20 (D) by adding at the end the following new
21 clause:

22 “(iii) with respect to so much of the expendi-
23 tures in a fiscal year that exceed the sum of the
24 amounts described in clauses (i) and (ii)—

1 “(I) 50 percent in the case of expenditures
2 described in clause (i)(II), and

3 “(II) in the case of expenditures made by
4 a State in operating such a program for a fiscal
5 year (other than for costs described in
6 subclause (I)), the greater of—

7 “(aa) 70 percent, or

8 “(bb) the Federal medical assistance
9 percentage (as defined in section 1118 in
10 the case of any State to which section
11 1108 applies, or as defined in section
12 1905(b) in the case of any other State).”.

13 (2) EFFECTIVE DATE.—The amendments made
14 by paragraph (1) shall apply with respect to pay-
15 ments made on and after October 1, 1994.

16 (b) INCREASE IN JOBS PROGRAM AUTHORIZA-
17 TION.—Section 403(k)(3) (42 U.S.C. 603(k)(3)) is
18 amended—

19 (1) by striking subparagraphs (E) and (F); and

20 (2) by inserting after subparagraph (D) the fol-
21 lowing new subparagraphs:

22 “(E) \$1,500,000,000 in the case of fiscal year
23 1995,

24 “(F) \$2,000,000,000 in the case of fiscal year
25 1996,

1 “(G) \$2,500,000,000 in the case of fiscal year
2 1997,

3 “(H) \$3,000,000,000 in the case of fiscal year
4 1998, and

5 “(I) \$3,500,000,000 in the case of fiscal year
6 1999.”.

7 (c) INCREASE IN CHILD CARE PAYMENT FOR-
8 MULA.—

9 (1) IN GENERAL.—

10 (A) INCREASED PERCENTAGE.—Section
11 402(g)(3)(A)(i) of the Social Security Act (42
12 U.S.C. 602(g)(3)(A)(i)) is amended to read as
13 follows:

14 “(3)(A)(i) In the case of expenditures in any fiscal
15 year for child care pursuant to paragraph (1)(A) by any
16 State to which section 1108 does not apply, the applicable
17 rate for purposes of section 403(a) shall be—

18 “(I) with respect to so much of such expendi-
19 tures as does not exceed the State’s expenditures in
20 the fiscal year 1994, the Federal medical assistance
21 percentage (as defined in section 1905(b)), and

22 “(II) with respect to so much of such expendi-
23 tures as exceed the amount described in subclause
24 (I), the sum of—

1 “(aa) the Federal medical assistance per-
2 centage (as defined in section 1905(b)), and

3 “(bb) one-half of the difference between
4 100 percent and such Federal medical assist-
5 ance percentage.”.

6 (B) EFFECTIVE DATE.—The amendments
7 made by subparagraph (A) shall apply with re-
8 spect to payments made on and after October
9 1, 1994.

10 (2) CONFORMING AMENDMENTS.—

11 (A) IN GENERAL.—Section 402(g)(3)(A)(i)
12 of the Social Security Act (42 U.S.C.
13 602(g)(3)(A)(i)), as amended by paragraph
14 (1)(A), is amended—

15 (i) by striking “(i)” after “(A)”;

16 (ii) by striking “subclause (I)” in
17 subclause (II) and inserting “clause (i)”;

18 (iii) by redesignating subclauses (I)
19 and (II) as clauses (i) and (ii), respec-
20 tively; and

21 (iv) by redesignating items (aa) and
22 (bb) as subclauses (I) and (II), respec-
23 tively.

1 (B) EFFECTIVE DATE.—The amendments
2 made by subparagraph (A) shall take effect on
3 September 30, 1998.

4 **SEC. 108. ASSESSMENT, MONITORING, AND EVALUATION.**

5 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
6 602(a)), as amended by section 102(g), is amended—

7 (1) by striking “and” at the end of paragraph
8 (45);

9 (2) by striking the period at the end of para-
10 graph (46) and inserting “; and”; and

11 (3) by inserting after paragraph (46) the fol-
12 lowing new paragraph:

13 “(47) at the option of the State (on a statewide
14 basis or in a defined area of the State), provide that
15 the State agency (in order to increase the percentage
16 of families moving from welfare to self-sufficiency)—

17 “(A) shall conduct an assessment, in con-
18 sultation with State and local elected officials,
19 current recipients of aid to families with de-
20 pendent children, recipients of community-based
21 service systems, and individuals with expertise
22 in business, education, child welfare, juvenile
23 justice, mental health, substance addiction,
24 housing, and labor—

1 “(i) of the barriers which families that
2 receive aid to families with dependent chil-
3 dren face in achieving self-sufficiency, in-
4 cluding noneconomic barriers such as fam-
5 ily functions, parenting capacity, child de-
6 velopment, housing, substance abuse, and
7 mental illness;

8 “(ii) of the capacity within the State
9 to provide employment opportunities to
10 families that receive aid to families with
11 dependent children and to address other
12 barriers such families face to achieving
13 self-sufficiency; and

14 “(iii) of the number and skills of
15 workers needed to develop the family in-
16 vestment program under paragraph (29),
17 monitor progress, and adapt goals to meet
18 new challenges;

19 “(B) shall establish a system to monitor
20 and evaluate both the economic gains related to
21 employment of individuals in households receiv-
22 ing aid to families with dependent children and
23 the social, health, educational, and developmen-
24 tal impact on children in such households that

1 result from efforts to achieve self-sufficiency;
2 and

3 “(C) shall establish a system to determine
4 the number of individuals who achieve self-suffi-
5 ciency through the family investment program
6 under paragraph (29) and the rate of recidi-
7 vism.”.

8 (b) EFFECTIVE DATE.—Except as provided in sec-
9 tion 112, the amendments made by this section shall take
10 effect on the first day of the first fiscal year beginning
11 after the date of the enactment of this Act.

12 **SEC. 109. TIMELY PREVENTIVE HEALTH CARE FOR CHIL-**
13 **DREN.**

14 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
15 602(a)), as amended by section 102(g) and 108, is amend-
16 ed—

17 (1) by striking “and” at the end of paragraph
18 (46);

19 (2) by striking the period at the end of para-
20 graph (47) and inserting “; and”; and

21 (3) by inserting after paragraph (47) the fol-
22 lowing new paragraph:

23 “(48) provide that (unless the State agency
24 provides the Secretary with adequate certification
25 that the care described in subparagraph (A)(i)(I) is

1 not accessible in the area in which a family re-
2 sides)—

3 “(A)(i) the State shall decrease the
4 amount of aid paid to a family under this part
5 (determined without regard to subparagraph
6 (B)) by a percentage amount determined appro-
7 priate by the Secretary beginning in the month
8 following any month in which the State agency
9 has failed to receive—

10 “(I) written verification that each
11 child in the family under 6 years of age
12 has been immunized and has received well-
13 baby and well-child care in accordance with
14 guidelines issued by the Surgeon General
15 of the Public Health Service; or

16 “(II) notice of a medical justification
17 that would exempt the child or children
18 from receiving such care; and

19 “(ii) the State shall end the reduction of
20 payment under clause (i) beginning in the
21 month following the month in which the State
22 agency receives the required verification; and

23 “(B) aid under the plan to a family shall
24 be increased by a bonus payment equal to the
25 percentage amount determined by the Secretary

1 under subparagraph (A) in the month following
2 a month in which the State agency receives ver-
3 ification that each such child has received the
4 immunizations and care described in subpara-
5 graph (A)(i).”.

6 (b) EFFECTIVE DATE.—Except as provided in sec-
7 tion 112, the amendments made by this section shall take
8 effect on the first day of the first fiscal year beginning
9 after the date of the enactment of this Act.

10 **SEC. 110. WAGE SUPPLEMENTATION DEMONSTRATION**
11 **PROJECTS.**

12 (a) IN GENERAL.—The Secretary of Health and
13 Human Services (hereafter in this section referred to as
14 the “Secretary”) shall establish demonstration projects for
15 the purpose of developing a wage supplementation pro-
16 gram under which—

17 (1) certain individuals eligible for aid to fami-
18 lies with dependent children under title IV of the So-
19 cial Security Act (42 U.S.C. 601 et seq.) would be
20 given an incentive to work; and

21 (2) the State would use funds available to pay
22 benefits described in paragraph (1) and food stamp
23 benefits under the Food Stamp Act of 1977 (7
24 U.S.C. 2011 et seq.) to make monthly incentive pay-
25 ments (in lieu of such benefits) to such individuals.

1 Each such program shall meet the requirements of sub-
2 section (b).

3 (b) WAGE SUPPLEMENTATION DEMONSTRATION
4 PROJECT.—

5 (1) IN GENERAL.—A demonstration project
6 conducted under this section shall provide the follow-
7 ing:

8 (A) INCENTIVES TO WORK.—The project
9 shall—

10 (i) require as a condition of participa-
11 tion in the project that an eligible individ-
12 ual be employed by a participating em-
13 ployer;

14 (ii) provide that the State shall make
15 monthly incentive payments to any eligible
16 individual for each month of employment
17 in an amount equal to the benefits de-
18 scribed in subsection (a)(2) which would
19 otherwise be payable to the individual, de-
20 termined as of the first day of the first full
21 month of employment of such individual by
22 a participating employer; and

23 (iii) provide that such payments be in
24 lieu of such benefits.

1 (B) PERIOD OF PARTICIPATION.—A
2 project shall not permit an eligible individual to
3 participate in the demonstration project for a
4 period in excess of the lesser of—

5 (i) an aggregate period of 48 months,

6 or

7 (ii) a period consisting of the number
8 of months in which such individual was
9 employed by a participating employer.

10 (C) INCOME IN EXCESS OF LIMIT.—The
11 project shall set a limit (to be determined by
12 the State) on the monthly income (including
13 payments under subparagraph (A)(ii)) of the
14 family of an eligible individual and shall permit
15 the State to—

16 (i) reduce payments under subpara-
17 graph (A)(ii) in excess of the limit; or

18 (ii) determine an individual ineligible
19 for participation in the project if such in-
20 come is in excess of the limit.

21 (2) SPECIAL RULES FOR TREATMENT UNDER
22 FEDERAL PROGRAMS.—Notwithstanding any other
23 provision of law, the following special rules shall
24 apply to an eligible individual participating in the
25 project:

1 (A) WAGES AS EARNED INCOME.—Wages
2 paid to an eligible individual by a participating
3 employer (but not payments under the project)
4 shall be considered earned income.

5 (B) TREATED AS ELIGIBLES.—Except for
6 purposes of determining eligibility for benefits
7 for which payments under the project are in
8 lieu of, an eligible individual participating in the
9 project shall be treated as eligible—

10 (i) for aid to families with dependent
11 children under part A of title IV of the So-
12 cial Security Act (42 U.S.C. 601 et seq.);
13 and

14 (ii) for food stamp benefits under the
15 Food Stamp Act of 1977 (7 U.S.C. 2011
16 et seq.) if such individual was otherwise el-
17 igible for food stamp benefits, determined
18 as of the first day of the first full month
19 of the employment of such individual by a
20 employer.

21 (C) ADDITIONAL CHILD SUPPORT
22 AMOUNTS.—An eligible individual who partici-
23 pates in the demonstration project shall remain
24 eligible for the project notwithstanding the re-
25 ceipt of any amounts paid to the family of the

1 individual under section 457(b)(4)(B) of the
2 Social Security Act (42 U.S.C. 657(b)(4)(B)).

3 (D) HOUSING.—Any wages paid to an eli-
4 gible individual by a participating employer dur-
5 ing the period of time that an eligible individual
6 participates in the demonstration project shall
7 not be taken into account in determining—

8 (i) the monthly rent under section
9 3(a) of the United States Housing Act of
10 1937 for any family residing in a dwelling
11 unit assisted under such Act; and

12 (ii) the monthly assistance payment
13 for any family under section 8(o)(2) of
14 such Act.

15 (3) ELIGIBLE INDIVIDUAL AND PARTICIPATING
16 EMPLOYER.—

17 (A) ELIGIBLE INDIVIDUAL.—For purposes
18 of this section, an individual is an eligible indi-
19 vidual if the individual is in a category of indi-
20 viduals which the State determines should be el-
21 igible to participate in the demonstration
22 project, and who would, at the time of place-
23 ment in the job involved, be eligible for aid to
24 families with dependent children under an ap-

1 proved State plan under title IV of the Social
2 Security Act (42 U.S.C. 601 et seq.).

3 (B) PARTICIPATING EMPLOYER.—

4 (i) IN GENERAL.—For purposes of
5 this section, an employer is a participating
6 employer, with respect to an eligible indi-
7 vidual, if the employer provides the State
8 with a written agreement certifying—

9 (I) that the employment of the
10 eligible individual complies with the
11 rules described in subsections (b), (c),
12 (d), and (g) of section 484 of the So-
13 cial Security Act (42 U.S.C. 684);

14 (II) that the gross wages (as de-
15 fined in section 209 of the Social Se-
16 curity Act (42 U.S.C. 609) deter-
17 mined without regard to any dollar
18 limitation) paid to such eligible indi-
19 vidual by the employer during any
20 month will not be less than the prod-
21 uct of—

22 (aa) the greater of the Fed-
23 eral minimum wage or the appli-
24 cable State minimum wage, and

1 (bb) the number of hours
2 worked by such individual;

3 (III) that the employer will not
4 receive any wage subsidy under any
5 other provision of Federal law, includ-
6 ing part F of title IV of the Social Se-
7 curity Act with respect to the employ-
8 ment of such eligible individual; and

9 (IV) that the eligible individual
10 receives the same employer-provided
11 benefits (other than health care bene-
12 fits) that other employees of the em-
13 ployer receive.

14 (ii) CONTINUING CERTIFICATION RE-
15 QUIREMENT.—A participating employer
16 shall be required to submit a monthly re-
17 port to the State (in a form and in such
18 manner as the State requires) certifying
19 that the employer has complied with the
20 requirements of subclauses (I), (II), (III),
21 and (IV) of clause (i) with respect to an el-
22 igible individual during the period such in-
23 dividual participates under the project.

24 (c) DURATION.—A demonstration project under this
25 Act shall be conducted for not more than 5 years (includ-

1 ing any time necessary for final evaluation and reporting).
2 The Secretary may terminate a project if the Secretary
3 determines that the State conducting the project is not
4 in substantial compliance with the terms of the application
5 approved by the Secretary under this section.

6 (d) APPLICATIONS.—

7 (1) IN GENERAL.—Each State desiring to con-
8 duct a demonstration project under this section shall
9 prepare and submit to the Secretary an application,
10 at such time, in such manner, and containing such
11 information as the Secretary may require, including
12 an explanation of a plan for evaluating the project.

13 (2) APPROVAL OF APPLICATIONS.—A State that
14 submits an application under paragraph (1) may
15 begin a demonstration project under this section—

16 (A) upon approval of such application by
17 the Secretary; or

18 (B) at the end of the 60-day period begin-
19 ning on the date such application is submitted,
20 unless the Secretary denies the application dur-
21 ing such period.

22 (3) NOTICE AND COMMENT.—A State shall
23 issue a public notice on the date the State submits
24 an application under paragraph (1) which contains
25 a general description of the proposed demonstration

1 project. Any interested party may comment on the
2 proposed demonstration project to the State or the
3 Secretary during the 30-day period beginning on the
4 date the public notice is issued.

5 (e) EVALUATIONS.—Each State conducting a dem-
6 onstration project under this section shall submit to the
7 Secretary an annual and final evaluation that determines
8 the success of the State’s demonstration project under this
9 section in moving people from welfare dependency to self-
10 sufficiency.

11 (f) FUNDING FOR DEMONSTRATION PROJECTS.—For
12 each State that conducts a demonstration project under
13 this section—

14 (1) the portion of the monthly payments that
15 the State makes to a participant in the project
16 under subsection (b)(1)(A)(ii) that is attributable to
17 aid to families with dependent children under part A
18 of title IV of the Social Security Act (42 U.S.C. 601
19 et seq.) shall be considered expenditures under the
20 State plan for such aid;

21 (2) the expenses incurred by the State in the
22 administration of the demonstration project shall be
23 considered expenditures by the State for administra-
24 tive costs in operating a program under part F of

1 title IV of the Social Security Act (42 U.S.C. 601
2 et seq.); and

3 (3) the portion of the monthly payments that
4 the State makes to a participant in the project that
5 is attributable to the cash value of food stamp bene-
6 fits under the Food Stamp Act of 1977 (7 U.S.C.
7 2011 et seq.) shall be considered to be expenditures
8 for food stamp benefits under such Act.

9 (g) MAINTENANCE OF EFFORT.—Any funds available
10 for the activities covered by a demonstration project con-
11 ducted under this section shall supplement, and shall not
12 supplant, funds that are expended for similar purposes
13 under any State, regional, or local program.

14 **SEC. 111. INCREASE IN AUTHORIZATIONS OF PUBLIC**
15 **HEALTH SERVICE TITLE X FAMILY PLANNING**
16 **GRANTS.**

17 Section 1001(d) of the Public Health Service Act (42
18 U.S.C. 300a(d)) is amended—

19 (1) by striking “and” after “1984;”; and

20 (2) by inserting before the period the following:
21 “; and \$280,918,000 for the fiscal year ending Sep-
22 tember 30, 1995, and such sums as may be nec-
23 essary in each succeeding fiscal year”.

1 **SEC. 112. DELAY IN CERTAIN EFFECTIVE DATES.**

2 In the case of a State that the Secretary of Health
3 and Human Services determines requires State legislation
4 (other than legislation appropriating funds) in order to
5 meet the additional requirements imposed by the amend-
6 ments made by section 101, 102, 104, 106, and 108, the
7 State shall not be regarded as failing to comply with the
8 requirements of such amendments before the first day of
9 the first calendar quarter beginning after the close of the
10 first regular session of the State legislature that begins
11 after October 1, 1994, if such State legislature did not
12 meet in a regular session after the date of the enactment
13 of this Act and before October 1, 1994. For purposes of
14 this subsection, in the case of a State that has a 2-year
15 legislative session, each year of the session shall be treated
16 as a separate regular session of the State legislature.

17 **TITLE II—IMPROVEMENTS IN**
18 **THE COLLECTION OF CHILD**
19 **SUPPORT**

20 **SEC. 201. TRANSMISSION AND ASSIGNMENT OF CERTAIN**
21 **CHILD SUPPORT ORDERS TO THE IRS.**

22 Section 466(a) (42 U.S.C. 666(a)) is amended by in-
23 serting after paragraph (11) the following new paragraph:

24 “(12)(A) Procedures which require any State
25 court or administrative agency that issues or modi-
26 fies (or has issued or modified) a child support order

1 (including an order for the payment of past-due sup-
2 port) to transmit a copy of the order to the Internal
3 Revenue Service upon the completion of a 12-month
4 period during which less than 50 percent of the
5 court-ordered child support amount for such period
6 has been paid.

7 “(B) Procedures which—

8 “(i) require any individual with the right
9 to collect child support pursuant to an order is-
10 sued or modified in the State (whether before
11 or after the effective date of this paragraph) to
12 be presumed to have assigned to the Internal
13 Revenue Service the right to collect such sup-
14 port (including any past-due support) pursuant
15 to subparagraph (A), unless the individual af-
16 firmatively elects to retain such right at any
17 time; and

18 “(ii) allow any individual who has made
19 the election referred to in clause (i) to rescind
20 or revive such election at any time.”.

21 **SEC. 202. COLLECTION OF CHILD SUPPORT BY INTERNAL**
22 **REVENUE SERVICE.**

23 (a) IN GENERAL.—Chapter 77 of the Internal Reve-
24 nue Code of 1986 (relating to miscellaneous provisions)
25 is amended by adding at the end the following new section:

1 **“SEC. 7524. COLLECTION OF CHILD SUPPORT.**

2 “(a) IN GENERAL.—The Secretary shall establish a
3 program to collect child support (including past-due sup-
4 port) pursuant to child support orders which are assigned
5 to the Internal Revenue Service under section 466(a)(12)
6 of the Social Security Act.

7 “(b) USE OF WAGE WITHHOLDING, ETC.—Such pro-
8 gram shall provide for the collection of child support re-
9 quired to be paid for any period through increases in wage
10 withholding under chapter 24 and estimated tax payments
11 under section 6654 during such period. Amounts required
12 to be paid through such withholding and payments shall
13 be treated as tax for purposes for this subtitle.

14 “(c) ANNUAL RECKONING OF OBLIGATION.—

15 “(1) IN GENERAL.—The entire amount of child
16 support required to be paid by any individual to the
17 Internal Revenue Service during any taxable year
18 shall be paid—

19 “(A) not later than the last date (deter-
20 mined without regard to extensions) prescribed
21 for filing such individual’s return of tax im-
22 posed by chapter 1 for such taxable year, and

23 “(B)(i) if such return is filed not later
24 than such date, with such return, or

1 “(ii) in any case not described in subpara-
2 graph (A), in such manner as the Secretary
3 may by regulations prescribe.

4 “(2) CREDIT FOR PERIODIC PAYMENTS.—The
5 amount required to be paid under paragraph (1)
6 shall be reduced by the aggregate payments of child
7 support made under subsection (b) by such individ-
8 ual through increases in wage withholding and esti-
9 mated tax payments.

10 “(d) FAILURE TO PAY AMOUNT OWING.—If an indi-
11 vidual fails to pay the full amount required to be paid on
12 or before the last date described in subsection (c)(1), the
13 Secretary shall assess and collect the unpaid amount in
14 the same manner, with the same powers, and subject to
15 the same limitations applicable to a tax imposed by sub-
16 title C the collection of which would be jeopardized by
17 delay, except that—

18 “(1) for such purposes, paragraphs (4), (6),
19 and (8) of section 6334(a) (relating to property ex-
20 empt from levy) shall not apply, and

21 “(2) there shall be exempt from levy so much
22 of the salary, wages, or other income of an individ-
23 ual as is being withheld therefrom in garnishment
24 pursuant to a judgment entered by a court of com-

1 petent jurisdiction for the support of the individual's
2 minor children.

3 “(e) COLLECTIONS DISPERSED TO INDIVIDUAL
4 SPECIFIED IN ORDER.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), amounts collected under this section pur-
7 suant to any child support order shall be paid to the
8 individual entitled to such amounts under such order
9 as quickly as possible. Any penalties and interest
10 collected with respect to such amounts also shall be
11 paid to such individual.

12 “(2) FAMILIES RECEIVING STATE ASSIST-
13 ANCE.—In the case of an individual with respect to
14 whom—

15 “(A) an assignment of child support pay-
16 ments to a State under section 402(a)(26) or
17 471(a)(17) of the Social Security Act is in ef-
18 fect, or

19 “(B) an application for State assistance
20 under section 454(6) is in effect,

21 amounts collected under this section shall be paid to
22 such State pursuant to section 457 of such Act.

23 “(f) COORDINATION WITH UNDERPAYMENT PROVI-
24 SIONS.—If the Secretary is collecting—

1 “(1) unpaid child support pursuant to an as-
2 sessment under this section, and

3 “(2) unpaid tax pursuant to an assessment
4 under section 6203,

5 all amounts collected shall be treated as collected pursuant
6 to the assessment under this section to the extent of the
7 amount of such unpaid child support.

8 “(g) LIMITATION ON JUDICIAL REVIEW.—No court
9 of the United States shall have jurisdiction to hear any
10 action, whether legal or equitable, brought to restrain or
11 review any assessment or collection authorized by this sec-
12 tion, nor shall any such assessment or collection be subject
13 to review by the Secretary in an administrative proceeding.
14 This subsection shall not preclude any legal, equitable, or
15 administrative action against the State by an individual
16 in any State court or before any State agency to determine
17 his liability for any amount assessed against him and col-
18 lected, or to recover any such amount collected from him,
19 under this section.

20 “(h) REGULATIONS.—The Secretary shall prescribe
21 such regulations as may be appropriate to carry out the
22 purposes of this section.”.

23 (b) ESTIMATE OF INCREASED INTERNAL REVENUE
24 FUNDING.—Within 1 year of the date of the enactment
25 of this Act, the Secretary of the Treasury shall submit

1 to the Congress an estimate of the additional cost per fis-
2 cal year for administering the program described in sec-
3 tion 7524 of the Internal Revenue Code of 1986 (as added
4 by this section).

5 (c) CLERICAL AMENDMENT.—The table of sections
6 for chapter 77 of the Internal Revenue Code of 1986 is
7 amended by adding at the end the following new item:

“Sec. 7524. Collection of child support.”

8 **SEC. 203. PUBLICATION OF DELINQUENT CHILD SUPPORT**
9 **OBLIGORS.**

10 Section 454 (42 U.S.C. 654) is amended by striking
11 “and” at the end of paragraph (23), by striking the period
12 at the end of paragraph (24) and inserting “; and”, and
13 by inserting after paragraph (24) the following new para-
14 graph:

15 “(25) at the option of the State, provide that
16 with respect to any child support order enforced by
17 the State under this part in which no payment has
18 been made during a preceding 3-month period, the
19 State make available for publication on a semi-an-
20 nual basis a listing of all such orders by name of the
21 support obligor, verified city and State address of
22 such obligor, and any other information deemed ap-
23 propriate by the State, and publicize the existence of
24 such listing to such support obligors.”.

1 **SEC. 204. EFFECTIVE DATE.**

2 (a) IN GENERAL.—Except as provided in subsection
 3 (b), the amendments made by this title shall take effect
 4 on the first day of the first fiscal year beginning after the
 5 date of the enactment of this Act.

6 (b) EXCEPTION.—In the case of a State that the Sec-
 7 retary of Health and Human Services determines requires
 8 State legislation (other than legislation appropriating
 9 funds) in order to meet the additional requirements im-
 10 posed by the amendments made by this title, the State
 11 shall not be regarded as failing to comply with the require-
 12 ments of such amendments before the first day of the first
 13 calendar quarter beginning after the close of the first reg-
 14 ular session of the State legislature that begins after Octo-
 15 ber 1, 1994, if such State legislature did not meet in a
 16 regular session after the date of the enactment of this Act
 17 and before October 1, 1994. For purposes of this sub-
 18 section, in the case of a State that has a 2-year legislative
 19 session, each year of the session shall be treated as a sepa-
 20 rate regular session of the State legislature.

○

S 2009 IS—2

S 2009 IS—3

S 2009 IS—4

S 2009 IS—5