

107TH CONGRESS
2^D SESSION

H. R. 4092

To enhance the opportunities of needy families to achieve self-sufficiency
and access quality child care, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2002

Mr. MCKEON (for himself, Mr. BOEHNER, Mr. PETRI, Mr. HOEKSTRA, Mr. GREENWOOD, Mr. UPTON, Mr. TANCREDO, Mr. DEMINT, Mr. ISAKSON, Mr. KELLER, and Mr. CULBERSON) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To enhance the opportunities of needy families to achieve self-sufficiency and access 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,*

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

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Working Toward Independence Act of 2002”.

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

Sec. 1. Short title.

TITLE I—TANF PROGRAM

- Sec. 101. Work participation requirements.
 Sec. 102. Universal engagement policy.
 Sec. 103. Work-related performance objectives.
 Sec. 104. Bonus to reward employment achievement.

TITLE II—AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

- Sec. 201. Short title.
 Sec. 202. Goals.
 Sec. 203. Authorization of appropriations.
 Sec. 204. Application and plan.
 Sec. 205. Activities to improve the quality of child care.
 Sec. 206. Definitions.

TITLE III—BROADENED WAIVER AUTHORITY

- Sec. 301. State program demonstration projects.

TITLE VII—EFFECTIVE DATE

- Sec. 401. Effective date.

1 **TITLE I—TANF PROGRAM**

2 **SEC. 101. WORK PARTICIPATION REQUIREMENTS.**

3 (a) IN GENERAL.—Section 407 of the Social Security
 4 Act (42 U.S.C. 607) is amended by striking all that pre-
 5 cedes subsection (b)(3) and inserting the following:

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

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

11 “(1) 50 percent for fiscal year 2003;

12 “(2) 55 percent for fiscal year 2004;

13 “(3) 60 percent for fiscal year 2005;

14 “(4) 65 percent for fiscal year 2006; and

1 “(5) 70 percent for fiscal year 2007 and each
2 succeeding fiscal year.

3 “(b) CALCULATION OF PARTICIPATION RATES.—

4 “(1) AVERAGE MONTHLY RATE.—For purposes
5 of subsection (a), the participation rate of a State
6 for a fiscal year is the average of the participation
7 rates of the State for each month in the fiscal year.

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

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

13 “(i) the total number of countable
14 hours (as defined in subsection (c)) with
15 respect to the counted families for the
16 State for the month; divided by

17 “(ii) 160 multiplied by the number of
18 counted families for the State for the
19 month.

20 “(B) COUNTED FAMILIES DEFINED.—

21 “(i) IN GENERAL.—In subparagraph
22 (A), the term ‘counted family’ means, with
23 respect to a State and a month, a family
24 that includes a work-eligible individual and
25 that receives assistance in the month under

1 the State program funded under this part,
2 subject to clause (ii).

3 “(ii) STATE OPTION TO EXCLUDE
4 CERTAIN FAMILIES.—At the option of a
5 State, the term ‘counted family’ shall not
6 include—

7 “(I) a family in the first month
8 for which the family is a recipient of
9 assistance under the State program;
10 or

11 “(II) a family in which the
12 youngest child has not attained 12
13 months of age, except to the extent
14 that the State, on a case-by-case
15 basis, has elected to permit or require
16 the family to engage in direct work
17 activities or other activities specified
18 by the State.

19 “(iii) STATE OPTION TO INCLUDE IN-
20 DIVIDUALS RECEIVING ASSISTANCE UNDER
21 A TRIBAL FAMILY ASSISTANCE PLAN OR
22 TRIBAL WORK PROGRAM.—At the option of
23 a State, the term ‘counted family’ may in-
24 clude families in the State that are receiv-
25 ing assistance under a tribal family assist-

1 ance plan approved under section 412 or
2 under a tribal work program to which
3 funds are provided under this part.

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

7 “(i) who is married, or is a single
8 head of household; and

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

18 (b) REVISION OF CASELOAD REDUCTION CREDIT.—
19 Section 407(b)(3)(A)(ii) of such Act (42 U.S.C.
20 607(b)(3)(A)(ii)) is amended to read as follows:

21 “(ii) the average monthly number of
22 families that received assistance under the
23 State program funded under this part
24 during—

1 “(I) if the fiscal year is fiscal
2 year 2003, fiscal year 1996;

3 “(II) if the fiscal year is fiscal
4 year 2004, fiscal year 1998;

5 “(III) if the fiscal year is fiscal
6 year 2005, fiscal year 2001; or

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

11 (c) COUNTABLE HOURS.—Section 407 of such Act
12 (42 U.S.C. 607) is amended by striking subsections (c)
13 and (d) and inserting the following:

14 “(c) COUNTABLE HOURS.—

15 “(1) DEFINITION.—In subsection (b)(2), the
16 term ‘countable hours’ means, with respect to a fam-
17 ily for a month, the total number of hours in the
18 month in which any member of the family who is a
19 work-eligible individual is engaged in a direct work
20 activity or other activity specified by the State, sub-
21 ject to the other provisions of this subsection.

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

24 “(A) MINIMUM WEEKLY AVERAGE OF 24
25 HOURS OF DIRECT WORK ACTIVITIES RE-

1 REQUIRED.—If the work-eligible individuals in a
2 family are engaged in a direct work activity for
3 an average total of fewer than 24 hours per
4 week in a month, then the number of countable
5 hours with respect to the family for the month
6 shall be zero.

7 “(B) MAXIMUM WEEKLY AVERAGE OF 16
8 HOURS OF OTHER ACTIVITIES.—An average of
9 not more than 16 hours per week of other ac-
10 tivities referred to in paragraph (1) may be
11 considered countable hours in a month with re-
12 spect to a family.

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

15 “(A) PARTICIPATION IN QUALIFIED AC-
16 TIVITIES.—

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

1 “(ii) QUALIFIED ACTIVITY DE-
2 FINED.—The term ‘qualified activity’
3 means an activity specified by the State,
4 including a program meeting such stand-
5 ards and criteria as the State may specify
6 consistent with the purposes of this part,
7 such as—

8 “(I) substance abuse counseling
9 or treatment;

10 “(II) rehabilitation treatment
11 and services;

12 “(III) work-related education or
13 training directed effectively at ena-
14 bling the family member to work; or

15 “(IV) job search or job readiness
16 assistance.

17 “(iii) LIMITATION.—Clause (i) may
18 not be applied to a family for more than
19 3 months in any period of 24 consecutive
20 months.

21 “(B) SCHOOL ATTENDANCE BY TEEN
22 HEAD OF HOUSEHOLD.—A family shall be con-
23 sidered to be engaged in a direct work activity
24 for an average of 40 hours per week in a month
25 if the family includes an individual who is mar-

1 ried or is a single head of household who has
2 not attained 20 years of age, and the
3 individual—

4 “(i) maintains satisfactory attendance
5 at secondary school or the equivalent in
6 the month; or

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

10 “(d) DIRECT WORK ACTIVITIES.—In this section, the
11 term ‘direct work activities’ means—

12 “(1) unsubsidized employment;

13 “(2) subsidized private sector employment;

14 “(3) subsidized public sector employment;

15 “(4) on-the-job training;

16 “(5) supervised work experience; or

17 “(6) supervised community service.

18 (d) PENALTIES AGAINST INDIVIDUALS.—Section
19 407(e) of such Act (42 U.S.C. 607(e)) is amended—

20 (1) in paragraph (1), in the matter that pre-
21 cedes subparagraph (A)—

22 (A) by striking “work” and inserting “ac-
23 tivities”; and

24 (B) by inserting “and the family does not
25 otherwise engage in activities in accordance

1 with the self-sufficiency plan established for the
2 family pursuant to section 408(b) for the num-
3 ber of hours required by the self-sufficiency
4 plan,” before “the State shall”; and

5 (2) in paragraph (2)—

6 (A) in the matter that precedes subpara-
7 graph (A), by striking “work” and inserting
8 “activities”; and

9 (B) in subparagraph (A), by striking
10 “work” and inserting “activity”.

11 (e) CONFORMING AMENDMENTS.—

12 (1) Section 404(k)(1)(D) of such Act (42
13 U.S.C. 604(k)(1)(D)) is amended by striking “work
14 activities (as defined in section 407(d)” and insert-
15 ing “direct work activities”.

16 (2) Section 407(b) of such Act (42 U.S.C.
17 607(b)) is amended by striking paragraphs (4) and
18 (5).

19 (3) Section 407(f) of such Act (42 U.S.C.
20 607(f)) is amended in each of paragraphs (1) and
21 (2) by striking “work activity described in subsection
22 (d)” and inserting “direct work activity”.

23 (4) The heading of section 409(a)(14) of such
24 Act (42 U.S.C. 609(a)(14)) is amended by inserting

1 “OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A
2 FAMILY SELF-SUFFICIENCY PLAN” after “WORK”.

3 **SEC. 102. UNIVERSAL ENGAGEMENT POLICY.**

4 (a) MODIFICATION OF STATE PLAN REQUIRE-
5 MENTS.—Section 402(a)(1)(A) of the Social Security Act
6 (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses
7 (ii) and (iii) and inserting the following:

8 “(ii) Require a parent or caretaker re-
9 ceiving assistance under the program to
10 engage in work and alternative self-suffi-
11 ciency activities (as defined by the State),
12 consistent with section 407(e)(2).

13 “(iii) Require families receiving assist-
14 ance under the program to engage in ac-
15 tivities in accordance with family self-suffi-
16 ciency plans developed pursuant to section
17 408(b).”.

18 (b) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY
19 PLANS.—Section 408(b) of such Act (42 U.S.C. 608(b))
20 is amended to read as follows:

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

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

24 “(A) establish for each family receiving as-
25 sistance under the State program funded under

1 this part a self-sufficiency plan that specifies
2 appropriate activities described in the State
3 plan submitted pursuant to section 402, includ-
4 ing direct work activities as appropriate de-
5 signed to assist the family in achieving their
6 maximum degree of self-sufficiency;

7 “(B) require, at a minimum, each member
8 of the family who is a work eligible individual
9 (as defined in section 407(b)(2)(C)) to partici-
10 pate in activities in accordance with the self-
11 sufficiency plan;

12 “(C) monitor the participation of such
13 family members in the activities and the
14 progress of the family toward self-sufficiency;

15 “(D) regularly review the self-sufficiency
16 plan; and

17 “(E) revise the self-sufficiency plan as ap-
18 propriate.

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

21 “(A) in the case of a family that, as of Oc-
22 tober 1, 2002, is not receiving assistance from
23 the State program funded under this part, not
24 later than 60 days after the family first receives

1 assistance on the basis of the most recent appli-
2 cation for the assistance; or

3 “(B) in the case of a family that, as of
4 such date, is receiving the assistance, not later
5 than 180 days after October 1, 2002.

6 “(3) STATE DISCRETION.—A State shall have
7 sole discretion, consistent with section 407, to define
8 and design activities for families for purposes of this
9 subsection, and to develop methods for monitoring
10 and reviewing progress pursuant to this sub-
11 section.”.

12 (c) PENALTY FOR FAILURE TO ESTABLISH FAMILY
13 SELF-SUFFICIENCY PLAN.—Section 409(a)(3) of such
14 Act (42 U.S.C. 609(a)(3)) is amended—

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

18 (2) in subparagraph (A), by inserting “or
19 408(b)” after “407(a)”.

20 **SEC. 103. WORK-RELATED PERFORMANCE OBJECTIVES.**

21 (a) STATE PLAN MODIFICATIONS.—Section
22 402(a)(1) of the Social Security Act (42 U.S.C. 602(a)(1))
23 is amended—

24 (1) in subparagraph(A), by adding at the end
25 the following:

1 “(vii) The document shall—

2 “(I) describe how the State will
3 pursue ending dependence of needy
4 parents on government benefits by
5 promoting job preparation and work;

6 “(II) include specific numerical
7 and measurable performance objec-
8 tives for accomplishing the purpose so
9 described, which shall include objec-
10 tives consistent with the criteria used
11 by the Secretary in establishing per-
12 formance targets under section
13 403(a)(4)(B) if available; and

14 “(III) describe the methodology
15 that the State will use to measure
16 State performance in relation to each
17 such objective.

18 “(viii) The document shall describe
19 any strategy and program the State may
20 be undertaking to address—

21 “(I) employment retention and
22 advancement for recipients of assist-
23 ance under the State program funded
24 under this part, including placement
25 into high-demand jobs;

1 “(II) services for struggling and
2 noncompliant families and clients with
3 special problems; and

4 “(III) program integration, in-
5 cluding the extent to which TANF
6 employment and training services are
7 provided through the One-Stop Career
8 Center system created under the
9 Workforce Investment Act of 1998,
10 and the extent to which former recipi-
11 ents of such assistance have access to
12 additional core, intensive, or training
13 services funded through such Act.”;
14 and

15 (2) in subparagraph (B), by striking clause (iv).

16 (b) REPORT ON ANNUAL ACHIEVEMENT OF PER-
17 FORMANCE GOALS.—Section 411 of such Act (42 U.S.C.
18 611) is amended by adding at the end the following:

19 “(c) ANNUAL REPORT ON ACHIEVEMENT OF PER-
20 FORMANCE GOALS.—Beginning with fiscal year 2004, not
21 later than 3 months after the end of each fiscal year, each
22 eligible State shall submit to the Secretary a report on
23 achievement and improvement during the preceding fiscal
24 year under the numerical objectives referred to in section

1 402(a)(1)(A)(vii), using the measurement methodology de-
2 scribed in such section.”.

3 (c) ANNUAL RANKING OF STATES.—Section
4 413(d)(1) of such Act (42 U.S.C. 613(d)(1)) is amended
5 by striking “long-term private sector jobs” and inserting
6 “private sector jobs, the success of the recipients in retain-
7 ing employment, the ability of the recipients to increase
8 their wages,”.

9 (d) PERFORMANCE IMPROVEMENT.—Section 413 of
10 such Act (42 U.S.C. 613) is amended by adding at the
11 end the following:

12 “(k) PERFORMANCE IMPROVEMENT.—The Secretary,
13 in consultation with States, shall develop uniform perform-
14 ance measures designed to assess the degree of effective-
15 ness, and the degree of improvement, of State programs
16 funded under this part in accomplishing the work-related
17 purposes of this part.”.

18 **SEC. 104. BONUS TO REWARD EMPLOYMENT ACHIEVE-**
19 **MENT.**

20 Section 403(a)(4) of the Social Security Act (42
21 U.S.C. 603(a)(4)) is amended to read as follows:

22 “(4) BONUS TO REWARD EMPLOYMENT
23 ACHIEVEMENT.—

24 “(A) IN GENERAL.—The Secretary shall
25 make a grant in accordance with this paragraph

1 to each State for each bonus year for which the
2 State achieves or exceeds the employment per-
3 formance targets established for the State
4 under subparagraph (B) for the fiscal year that
5 precedes the bonus year.

6 “(B) FORMULA FOR MEASURING STATE
7 PERFORMANCE; EMPLOYMENT PERFORMANCE
8 TARGETS.—

9 “(i) Not later than 1 year after the
10 date of the enactment of this paragraph,
11 the Secretary, in consultation with States
12 and the Secretary of Labor, shall develop
13 a formula for measuring State perform-
14 ance with respect to employment entry, job
15 retention, and increased earnings from em-
16 ployment for families receiving assistance
17 under the State program funded under this
18 part.

19 “(ii) The Secretary, in consultation
20 with a State, shall specify annual perform-
21 ance targets for each State with respect to
22 the objectives outlined in the formula de-
23 veloped under clause (i).

24 “(C) AMOUNT OF GRANT.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii) of this subparagraph, the Secretary
3 shall determine the amount of the grant
4 payable under this paragraph to a State
5 for a bonus year referred to in subpara-
6 graph (A).

7 “(ii) LIMITATIONS.—

8 “(I) The amount payable to a
9 State under this paragraph for a
10 bonus year shall not exceed 5 percent
11 of the State family assistance grant.

12 “(II) The average annual total
13 amount of grants made under this
14 paragraph for each bonus year shall
15 be \$100,000,000.

16 “(III) The total amount of
17 grants made under this paragraph for
18 all bonus years shall equal
19 \$500,000,000.

20 “(D) BONUS YEAR DEFINED.—In this
21 paragraph, the term ‘bonus year’ means each of
22 fiscal years 2004 through 2008.

23 “(E) APPROPRIATION.—Out of any money
24 in the Treasury of the United States not other-
25 wise appropriated, there are appropriated for

1 fiscal years 2004 through 2008 \$500,000,000
2 for grants under this paragraph.

3 “(F) SENSE OF THE CONGRESS.—It is the
4 sense of the Congress that in developing the
5 bonus to reward employment achievement under
6 this paragraph, the Secretary and States should
7 consult with the Secretary of Labor so that
8 measures for employment achievement under
9 State programs funded under this part are con-
10 sistent with the core indicators of performance
11 which States report under subclauses (I)
12 through (III) of section 136(b)(2)(A)(i) of the
13 Workforce Investment Act of 1998.”.

14 **TITLE II—AMENDMENTS TO THE**
15 **CHILD CARE AND DEVELOP-**
16 **MENT BLOCK GRANT ACT OF**
17 **1990**

18 **SEC. 201. SHORT TITLE.**

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

21 **SEC. 202. GOALS.**

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

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

3 (2) in paragraph (4) by striking “and” at the
4 end,

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

7 (4) by inserting after paragraph (4) the fol-
8 lowing:

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

11 “(6) to promote school readiness by encour-
12 aging the exposure of young children in child care to
13 nurturing environments and developmentally-appro-
14 priate activities, including activities to foster early
15 cognitive and literacy development; and”.

16 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

17 Section 658B of the Child Care and Development
18 Block Grant Act of 1990 (42 U.S.C. 9858) is amended
19 by striking “\$1,000,000,000 for each of the fiscal years
20 1996 through 2002” and inserting “\$2,100,000,000 for
21 each of the fiscal years 2003 through 2007”.

22 **SEC. 204. APPLICATION AND PLAN.**

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

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

3 “(D) CONSUMER AND CHILD CARE PRO-
4 VIDER EDUCATION INFORMATION.—Certify that
5 the State will collect and disseminate, through
6 resource and referral services and other means
7 as determined by the State, to parents of eligi-
8 ble children, child care providers, and the gen-
9 eral public, information regarding—

10 “(i) the promotion of informed child
11 care choices, including information about
12 the quality and availability of child care
13 services;

14 “(ii) research and best practices on
15 children’s development, including early cog-
16 nitive development;

17 “(iii) the availability of assistance to
18 obtain child care services; and

19 “(iv) other programs for which fami-
20 lies that receive child care services for
21 which financial assistance is provided
22 under this subchapter may be eligible, in-
23 cluding the food stamp program, the WIC
24 program under section 17 of the Child Nu-
25 trition Act of 1966, the child and adult

1 care food program under section 17 of the
2 Richard B. Russell National School Lunch
3 Act, and the medicaid and CHIP programs
4 under titles XIX and XXI of the Social Se-
5 curity Act.”, and

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

8 “(I) COORDINATION WITH OTHER EARLY
9 CHILD CARE SERVICES AND EARLY CHILDHOOD
10 EDUCATION PROGRAMS.—Demonstrate how the
11 State is coordinating child care services pro-
12 vided under this subchapter with Head Start,
13 Early Reading First, Even Start, State pre-kin-
14 dergarten programs, and other early childhood
15 education programs to expand accessibility to
16 and continuity of care and early education.

17 “(J) PUBLIC-PRIVATE PARTNERSHIPS.—
18 Demonstrate how the State encourages partner-
19 ships with private and other public entities to
20 increase the supply and quality of child care
21 services.

22 “(K) CHILD CARE SERVICE QUALITY.—

23 “(i) CERTIFICATION.—For each fiscal
24 year after fiscal year 2003, certify that
25 during the then preceding fiscal year the

1 State was in compliance with section 658G
2 and describe how funds were used to com-
3 ply with such section during such pre-
4 ceding fiscal year.

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

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

18 “(II) a description of quantifi-
19 able, objective measures for evaluating
20 the quality of child care services sepa-
21 rately with respect to the activities
22 listed in each of such paragraphs that
23 the State will use to evaluate its
24 progress in improving the quality of
25 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 4 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. DEFINITIONS.**

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

10 **TITLE III—BROADENED WAIVER**
11 **AUTHORITY**

12 **SEC. 301. STATE PROGRAM DEMONSTRATION PROJECTS.**

13 (a) PURPOSE.—The purpose of this section is to en-
14 able States to conduct demonstration projects involving in-
15 dividual programs, or integrating multiple public assist-
16 ance, workforce development, and other programs, for the
17 purpose of supporting working individuals and families,
18 helping families escape welfare dependency, promoting
19 child well-being, or helping build stronger families, using
20 innovative approaches to strengthen service systems and
21 provide more coordinated and effective service delivery.

22 (b) DEFINITIONS.—In this section:

23 (1) ADMINISTERING SECRETARY.—The term
24 “administering Secretary” means, with respect to a

1 program administered by a qualified agency, the
2 head of the agency.

3 (2) QUALIFIED AGENCY.—The term “qualified
4 agency” means—

5 (A) the Department of Labor; or

6 (B) the Department of Education.

7 (c) APPLICATION REQUIREMENTS.—A State desiring
8 to conduct a demonstration project under this section in-
9 volving 1 or more programs administered by 1 or more
10 qualified agencies shall submit to the administering Sec-
11 retary of each such program an application that contains
12 the following:

13 (1) PROGRAMS INCLUDED.—A statement identi-
14 fying each program to be included in the project,
15 and describing how the purposes of each such pro-
16 gram will be achieved by the project.

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

20 (3) DESCRIPTION AND JUSTIFICATION.—A de-
21 tailed description of the proposed project,
22 including—

23 (A) a description of how the project is ex-
24 pected to improve or enhance achievement of
25 the purposes of the program or programs in-

1 involved, from the standpoint of quality, of cost-
2 effectiveness, or of both; and

3 (B) a description of the performance objec-
4 tives for the project, including any proposed
5 modifications to the performance measures and
6 reporting requirements used in the program or
7 programs involved.

8 (4) WAIVERS REQUESTED.—A description of
9 the waivers requested of statutory and regulatory re-
10 quirements under the program or programs involved,
11 and a justification of the need for each waiver.

12 (5) COST NEUTRALITY.—Such information and
13 assurances as necessary to establish to the satisfac-
14 tion of each concerned administering Secretary that
15 the proposed project is reasonably expected to meet
16 the requirements of subsection (d)(3).

17 (6) EVALUATION AND REPORTS.—An assurance
18 that the State will conduct ongoing and final evalua-
19 tions of the project, and make interim and final re-
20 ports to each concerned administering Secretary, at
21 such times and in such manner as each such Sec-
22 retary may require.

23 (7) OTHER INFORMATION AND ASSURANCES.—
24 Such other information and assurances as each con-
25 cerned administering Secretary may require.

1 (d) APPROVAL OF STATE APPLICATIONS.—

2 (1) IN GENERAL.—The administering Secretary
3 with respect to a program that is identified in an ap-
4 plication submitted pursuant to subsection (c) and
5 that is proposed to be included in a demonstration
6 project to be conducted under this section may ap-
7 prove the project and waive any requirement applica-
8 ble to the program, to the extent consistent with this
9 section and necessary and appropriate for the con-
10 duct of the project, if the Secretary determines that
11 the project proposed in the application—

12 (A) has a reasonable likelihood of achieving
13 the objectives of the program or programs in-
14 volved; and

15 (B) may reasonably be expected to meet
16 the cost neutrality requirements of paragraph
17 (3).

18 (2) AGREEMENT OF EACH ADMINISTERING SEC-
19 RETARY REQUIRED FOR PROPOSALS INVOLVING
20 MORE THAN 1 QUALIFIED AGENCY.—

21 (A) IN GENERAL.—A State may not con-
22 duct a demonstration project under this section
23 unless each administering Secretary with re-
24 spect to any program proposed to be included

1 in the project has approved the application to
2 conduct the project.

3 (B) AGREEMENT WITH RESPECT TO FUND-
4 ING AND IMPLEMENTATION.—Before approving
5 a State proposal under this section, each ad-
6 ministering Secretary shall have in place an
7 agreement with respect to the payment of funds
8 and responsibilities required of the Secretary
9 with respect to the project.

10 (C) 90-DAY APPROVAL DEADLINE.—An ap-
11 plication to conduct a demonstration project
12 under this section is considered approved for
13 purposes of this section unless, within 90 days
14 after an administering Secretary with respect to
15 a program proposed to be included in the
16 project has received the application, the admin-
17 istering Secretary, in writing, notifies the State
18 that submitted the application that the applica-
19 tion is disapproved (and the reasons for dis-
20 approval) or that specified additional informa-
21 tion is needed.

22 (3) COST-NEUTRALITY REQUIREMENTS.—

23 (A) LIMIT ON TOTAL COSTS.—An applica-
24 tion to conduct a demonstration project under
25 this section shall not be approved unless it can

1 reasonably be expected that, for each fiscal year
2 in which the project is in effect, the total costs
3 of the project will not exceed the estimated
4 combined total Federal cost for the fiscal year
5 of the program or programs included in the
6 project if the program or programs had not
7 been included in the project.

8 (B) LIMIT ON FEDERAL PAYMENTS.—The
9 total amount of payments that may be made to
10 a State for a fiscal year with respect to a dem-
11 onstration project conducted under this section
12 that includes 1 or more programs in the juris-
13 diction of an administering Secretary shall not
14 exceed the estimated amount of the payments
15 that the Secretary would have made to the
16 State with respect to the program or programs
17 if not included in the project.

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, and may be renewed for 1 or more
21 additional terms of not more than 5 years.

22 (f) REPORTS TO CONGRESS.—Each administering
23 Secretary shall provide annually to the Congress a report
24 concerning demonstration projects approved under this
25 section, including—

1 (1) the projects approved for each participating
2 State;

3 (2) the number of waivers granted under this
4 section, and the specific statutory provisions waived;
5 and

6 (3) recommendations for modification of pro-
7 grams based on outcomes of the projects.

8 **TITLE VII—EFFECTIVE DATE**

9 **SEC. 701. EFFECTIVE DATE.**

10 (a) IN GENERAL.—Except as otherwise provided, the
11 amendments made by this Act shall take effect on October
12 1, 2002.

13 (b) EXTENSION OF EFFECTIVE DATE FOR STATE
14 LAW AMENDMENT.—In the case of a State plan under
15 this part which the Secretary determines requires State
16 legislation in order for the plan to meet the additional re-
17 quirements imposed by the amendments made by this Act,
18 the effective date of the amendments shall be 3 months
19 after the first day of the first calendar quarter beginning
20 after the close of the first regular session of the State leg-
21 islature that begins after the date of the enactment of this
22 Act. For purposes of the preceding sentence, in the case
23 of a State that has a 2-year legislative session, each year

- 1 of the session shall be considered to be a separate regular
- 2 session of the State legislature.

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