

114TH CONGRESS
2D SESSION

S. 3091

To reauthorize the program of block grants to States for temporary assistance for needy families through fiscal year 2021, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 23, 2016

Mr. KING (for himself, Ms. AYOTTE, Mr. BROWN, and Mrs. CAPITO) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To reauthorize the program of block grants to States for temporary assistance for needy families through fiscal year 2021, 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 “Enhancing and Modernizing Pathways to Opportunity
6 through Work, Education, and Responsibility Act of
7 2016” or the “EMPOWER Act of 2016”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. References.
- Sec. 3. Extension of Program.
- Sec. 4. Amending the Purposes of TANF Program.
- Sec. 5. Eliminating the Marriage Penalty.
- Sec. 6. Individualized employment plans.
- Sec. 7. Strengthening work participation requirements.
- Sec. 8. Streamlining work participation activities.
- Sec. 9. Improving the accountability of TANF financial resources.
- Sec. 10. Strengthening Transparency of TANF Program Effectiveness and Outcomes.
- Sec. 11. Exclusion of education accounts from income and asset tests.
- Sec. 12. Exclusion of income and resources of child receiving supplemental security income payments from family income and asset tests.
- Sec. 13. Effective date.

1 **SEC. 2. REFERENCES.**

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

7 **SEC. 3. EXTENSION OF PROGRAM.**

8 (a) FAMILY ASSISTANCE GRANTS.—Section
 9 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking
 10 “fiscal year 2012” in each of subparagraphs (A) and (C)
 11 and inserting “each of fiscal years 2017 through 2021”.

12 (b) TRIBAL GRANTS.—Section 412(a) (42 U.S.C.
 13 612(a)) is amended in each of paragraphs (1)(A) and
 14 (2)(A) by striking “fiscal year 2012” and inserting “each
 15 of fiscal years 2017 through 2021”.

16 (c) CHILD CARE ENTITLEMENT.—Section 418(a)(3)
 17 (42 U.S.C. 618(a)(3)) is amended by striking “fiscal year

1 2012” and inserting “each of fiscal years 2017 through
2 2021”.

3 **SEC. 4. AMENDING THE PURPOSES OF TANF PROGRAM.**

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

5 (1) by striking “and” at the end of paragraph
6 (3);

7 (2) by striking the period at the end of para-
8 graph (4) and inserting a semicolon; and

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

10 “(5) reduce child poverty, including the inci-
11 dence of children living in families with incomes of
12 less than 50 percent of the poverty line; and

13 “(6) encourage employment entry, retention,
14 and advancement.”.

15 **SEC. 5. ELIMINATING THE MARRIAGE PENALTY.**

16 (a) **ELIMINATION OF SEPARATE AND HIGHER PAR-**
17 **TICIPATION RATE REQUIREMENTS FOR 2-PARENT FAMI-**
18 **LIES.**—Section 407 (42 U.S.C. 607) is amended—

19 (1) in subsection (a)—

20 (A) by striking all through “A State” the
21 first place it appears and inserting the fol-
22 lowing:

23 “(a) **PARTICIPATION RATE REQUIREMENTS.**—A
24 State”; and

25 (B) by striking paragraph (2);

1 (2) in subsection (b)—

2 (A) in the subsection heading, by striking
3 “RATES” and inserting “RATE”;

4 (B) in paragraph (1)(A), by striking
5 “(a)(1)” and inserting “(a)”;

6 (C) by striking paragraph (2) and redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively;

9 (D) in paragraph (3) (as so redesignated),
10 by striking “paragraphs (1)(B) and (2)(B)”
11 and inserting “paragraph (1)(B)”; and

12 (E) in paragraph (4) (as so redesignated),
13 by striking “rates” and inserting “rate”; and

14 (3) in subsection (c)—

15 (A) in paragraph (1)—

16 (i) by striking all through “For purposes of subsection (b)(1)(B)(i)” and inserting the following:

19 “(1) GENERAL RULES.—For purposes of subsection (b)(1)(B)(i)”;

21 (ii) by striking subparagraph (B); and

22 (B) in paragraph (2)(D)—

23 (i) by striking “paragraphs (1)(B)(i) and (2)(B) of subsection (b)” and inserting “subsection (b)(1)(B)(i)”; and

1 (ii) by striking “in all families and in
2 2-parent families, respectively,”.

3 (b) CONFORMING AMENDMENT.—The paragraph
4 heading for section 409(a)(3) (42 U.S.C. 609(a)(3)) is
5 amended by striking “RATES” and inserting “RATE”.

6 (c) EQUITABLE ACCESS FOR 2-PARENT FAMILIES.—
7 Section 402(a) (42 U.S.C. 602(a)) is amended by adding
8 at the end the following:

9 “(8) CERTIFICATION OF EQUITABLE ACCESS TO
10 ASSISTANCE FOR 2-PARENT FAMILIES.—A certifi-
11 cation by the chief executive officer of the State
12 that, during the fiscal year—

13 “(A) 2-parent households will be eligible
14 for equitable access to assistance under the
15 State program funded under this part;

16 “(B) eligibility for assistance will not be
17 conditioned on deprivation of parental presence;
18 and

19 “(C) no other additional eligibility require-
20 ments will be imposed on 2-parent households.

21 The certification shall include a description of how
22 the State will ensure the equitable access described
23 in subparagraph (A).”.

1 (d) FAILURE TO MAINTAIN EQUITABLE ACCESS FOR
 2 2-PARENT FAMILIES.—Section 409(a) (42 U.S.C. 609(a))
 3 is amended by adding at the end the following:

4 “(17) FAILURE TO MAINTAIN EQUITABLE AC-
 5 CESS FOR 2-PARENT FAMILIES.—If the Secretary de-
 6 termines that a State has not complied with section
 7 402(a)(8) during a fiscal year, the Secretary shall
 8 reduce the grant payable to the State under section
 9 403(a)(1) for the immediately succeeding fiscal year
 10 by an amount equal to 2 percent of the State family
 11 assistance grant.”.

12 **SEC. 6. INDIVIDUALIZED EMPLOYMENT PLANS.**

13 Section 408(b) (42 U.S.C. 608(b)) is amended to
 14 read as follows:

15 “(b) INDIVIDUALIZED EMPLOYMENT PLANS.—

16 “(1) ASSESSMENT.—The State agency respon-
 17 sible for administering a State program funded
 18 under this part or any other State program funded
 19 with qualified State expenditures (as defined in sec-
 20 tion 409(a)(7)(B)(i)) shall conduct a comprehensive
 21 assessment of the skills, prior work experience, bar-
 22 riers to employment, and employability of each re-
 23 cipient of assistance under the program who is an
 24 adult or a minor child head of household (and, at

1 State option, any other adult who is a member of
2 the household of such recipient).

3 “(2) CONTENTS OF PLAN.—On the basis of the
4 assessment made under paragraph (1) with respect
5 to an individual, the State agency, in consultation
6 with the individual, shall develop an individualized
7 employment plan which—

8 “(A) specifies the immediate needs of the
9 individual;

10 “(B) describes the resources available to
11 the individual to meet the immediate needs;

12 “(C) describes the assistance and services
13 the State will provide to help the individual
14 meet immediate needs;

15 “(D) sets forth an employment goal for the
16 individual and a plan for moving the individual
17 into employment that provides an opportunity
18 for advancement and that, to the extent pos-
19 sible, reflects the preferences of the individual;

20 “(E) is designed to move the individual
21 into employment or the education or job train-
22 ing required for employment;

23 “(F) describes any significant barriers to
24 employment applicable to the individual, includ-
25 ing any work-limiting disability that affects the

1 individual's ability to comply with the require-
2 ments of section 407(c) (without regard to
3 paragraph (2)(E) thereof), and sets forth a
4 plan to address and accommodate such barriers;

5 “(G) sets forth the obligations of the indi-
6 vidual, including specific benchmarks for suc-
7 cess that will help the individual become and re-
8 main employed;

9 “(H) may direct the individual to undergo
10 appropriate substance abuse or other treatment;

11 “(I) describes the services necessary for
12 the individual to comply with the plan which
13 the State will provide to the individual; and

14 “(J) specifies a timeline for meeting the
15 benchmarks and goals outlined.

16 “(3) TIMING.—The State agency shall comply
17 with paragraphs (1) and (2)—

18 “(A) not later than October 1, 2017, in the
19 case of an individual who, as of October 1,
20 2016, was a recipient of assistance under a
21 State program described in paragraph (1); and

22 “(B) within 60 days after the individual is
23 determined to be eligible for assistance, in the
24 case of any individual not described in subpara-
25 graph (A).

1 “(4) PERIODIC REVIEW.—The State shall meet
2 with each individual with respect to whom an indi-
3 vidualized employment plan is required under this
4 subsection, not less frequently than every 6 months
5 as long as the individual is receiving assistance
6 under the State program described in paragraph (1),
7 to—

8 “(A) review the individualized employment
9 plan developed for the individual;

10 “(B) discuss with the individual the
11 progress made by the individual in meeting the
12 benchmarks and goals specified in the plan; and

13 “(C) update the plan, as necessary, to re-
14 flect any changes in circumstances of the indi-
15 vidual in the preceding 6 months.

16 “(5) INDIVIDUAL OPTION TO REQUEST MODI-
17 FICATIONS.—In addition to the review required
18 under paragraph (4), at any time an individual with
19 respect to whom an individualized employment plan
20 is created under this subsection may request, and
21 the State shall consider, a modification of any of the
22 contents of such plan.”.

1 **SEC. 7. STRENGTHENING WORK PARTICIPATION REQUIRE-**
 2 **MENTS.**

3 (a) **LIMITATION ON CREDIT TOWARD WORK PAR-**
 4 **TICIPATION REQUIREMENT FOR CASELOAD SIZE AND EX-**
 5 **CESS STATE SPENDING.**—Section 407(b)(2)(A) (42
 6 U.S.C. 607(b)(2)(A)), as amended by section 5, is amend-
 7 ed—

8 (1) by redesignating clauses (i) and (ii) as sub-
 9 clauses (I) and (II), respectively, and by moving
 10 such subclauses 2 ems to the right;

11 (2) by striking “clause (i)” in subclause (II), as
 12 so redesignated, and inserting “subclause (I)”; and

13 (3) by striking “for a fiscal year by the number
 14 of percentage points” and inserting “for a fiscal
 15 year by the lesser of—

16 “(i) 25 percentage points; or

17 “(ii) the number of percentage
 18 points”.

19 (b) **COUNTING OF WORK PERFORMED BY INDIVID-**
 20 **UALS RECEIVING ATYPICAL BENEFIT PAYMENTS.**—Sec-
 21 tion 407(i)(1)(A) (42 U.S.C. 607(i)(1)(A)) is amended by
 22 adding at the end the following:

23 “(iii) **RECIPIENTS RECEIVING WORK**
 24 **SUPPLEMENT PAYMENTS.**—Not later than
 25 September 30, 2018, the Secretary shall
 26 promulgate regulations to ensure that the

1 participation rate of a State under this
2 section is determined without regard to
3 work engaged in by an individual who has
4 been included in the State program funded
5 under this part under State policies that
6 include the individual solely to increase the
7 participation rate. Such regulations shall
8 include individuals receiving assistance
9 under this part that has a legitimate work-
10 supporting purpose in the calculation of
11 the participation rate of the State and
12 shall—

13 “(I) set forth the criteria for de-
14 termining whether an individual has
15 been included solely for such reason;

16 “(II) set a minimum monthly
17 dollar amount (not less than an
18 amount equivalent to \$30 per family
19 in fiscal year 2018) equal to or above
20 which a work supplement payment
21 will be treated as having a legitimate
22 work-supporting purpose; and

23 “(III) permit a State to appeal
24 an unfavorable determination if the
25 State can demonstrate that its work

1 supplement payments have a legiti-
2 mate work supporting purpose.

3 The regulations required under this clause
4 shall not be effective before fiscal year
5 2019.”.

6 (c) STATE OPTION TO INCLUDE SUBSIDIZED EM-
7 PLOYMENT.—Section 407(b) (42 U.S.C. 607(b)), as
8 amended by section 5, is further amended by adding at
9 the end the following:

10 “(5) STATE OPTION TO INCLUDE SUBSIDIZED
11 EMPLOYMENT.—If an individual who is not a recipi-
12 ent of assistance under the State program funded
13 under this part (or any other State program funded
14 with qualified State expenditures (as defined in sec-
15 tion 409(a)(7)(B)(i))) participates in work activities
16 as part of a State’s subsidized employment program
17 funded under section 403(b), the State may count
18 the individual as a family that includes an adult or
19 a minor child head of household who is engaged in
20 work for the month for purposes of paragraph
21 (1)(B).”.

22 (d) REDESIGN OF PENALTY FOR FAILURE TO SAT-
23 ISFY MINIMUM PARTICIPATION RATES.—Section
24 409(a)(3) (42 U.S.C. 609(a)(3)), as amended by this Act,
25 is amended—

1 (1) in subparagraph (A), by striking “the Sec-
2 retary shall reduce” and all that follows and insert-
3 ing “then the applicable percentage which would oth-
4 erwise apply with respect to the State for purposes
5 of paragraph (7) for the fiscal year that succeeds
6 the year in which the State receives notice of non-
7 compliance with section 407(a) shall be increased by
8 the penalty number of percentage points determined
9 under subparagraph (B) with respect to the State
10 for that succeeding fiscal year.”; and

11 (2) by striking subparagraph (B) and inserting
12 the following:

13 “(B) PENALTY NUMBER OF PERCENTAGE
14 POINTS.—For the purposes of subparagraph
15 (A), the penalty number of percentage points
16 determined under this subparagraph with re-
17 spect to a State and a fiscal year is—

18 “(i) if the penalty was not imposed on
19 the State under subparagraph (A) for the
20 preceding fiscal year, 5 percentage points;
21 or

22 “(ii) the lesser of—

23 “(I) the penalty number of per-
24 centage points determined under this
25 subparagraph with respect to the

1 State for the preceding fiscal year,
2 plus 5 percentage points; or

3 “(II) the number of percentage
4 points which, when added to the appli-
5 cable percentage referred to in sub-
6 paragraph (A), would result in the ap-
7 plicable percentage being 100 per-
8 cent.”.

9 (e) RESCISSION OF PENALTIES FOR FAILURE TO
10 SATISFY MINIMUM PARTICIPATION RATES.—Any pen-
11 alties imposed with respect to a State’s failure to satisfy
12 the minimum participation rates described in section
13 409(a)(3) of the Social Security Act (42 U.S.C. 609(a)(3))
14 for any of fiscal years 2007 through 2016 that remain
15 in effect as of the date of enactment of this Act are re-
16 scinded, and no such penalty shall be imposed after the
17 date of enactment of this Act for any such fiscal year.

18 **SEC. 8. STREAMLINING WORK PARTICIPATION ACTIVITIES.**

19 (a) IMPROVING COUNTING OF HOURS OF WORK PAR-
20 TICIPATION.—

21 (1) ELIMINATION OF DISTINCTION BETWEEN
22 CORE AND NON-CORE WORK ACTIVITIES.—Section
23 407(c)(1)(A) (42 U.S.C. 607(c)(1)(A)) is amended
24 by striking “, not fewer than 20 hours per week of
25 which are attributable to an activity described in

1 paragraph (1), (2), (3), (4), (5), (6), (7), (8), or
2 (12) of subsection (d)”.

3 (2) ALLOWING STATES TO RECEIVE PARTIAL
4 CREDIT FOR PARTIAL ENGAGEMENT.—Section
5 407(c)(1) (42 U.S.C. 607(c)(1)), as amended by sec-
6 tion 5, is amended—

7 (A) by striking “GENERAL RULES—For
8 purposes of” and inserting “GENERAL
9 RULES.—

10 “(A) IN GENERAL.—For purposes of”; and

11 (B) by adding at the end the following:

12 “(B) PARTIAL CREDIT FOR FAMILIES PAR-
13 TICIPATING FOR LESS THAN THE MINIMUM
14 HOURS REQUIRED.—If a family receiving assist-
15 ance under this part, or any other State pro-
16 gram funded with qualified State expenditures
17 (as defined in section 409(a)(7)(B)(i)), includes
18 an adult or minor child head of household re-
19 ceiving assistance who has participated in work
20 activities for an average of 15 hours (or 10
21 hours, in the case of a single parent specified
22 in paragraph (2)(B)) per week during a month,
23 the family shall count as .5 of a family for pur-
24 poses of calculating the number described in
25 subsection (b)(1)(B)(i) for the month.”.

1 (3) STATE OPTION TO REQUEST ALTERNATIVE
2 WORK PARTICIPATION RATE CALCULATION.—Section
3 407(a) (42 U.S.C. 607(a)), as amended by section 5,
4 is amended—

5 (A) by striking “REQUIREMENTS.—A
6 State” and inserting “REQUIREMENTS.—

7 “(1) IN GENERAL.—A State”; and

8 (B) by adding at the end the following:

9 “(2) STATE OPTION TO REQUEST ALTERNATIVE
10 WORK PARTICIPATION RATE CALCULATION.—

11 “(A) APPLICATION.—A State may apply to
12 the Secretary to apply subparagraph (C) with
13 respect to the State.

14 “(B) APPROVAL OF APPLICATION.—The
15 Secretary may approve the application if the
16 State demonstrates to the Secretary (in accord-
17 ance with such guidelines as the Secretary shall
18 establish) that the State has systems and mech-
19 anisms in place to accurately record individual
20 hours of participation in work activities that ac-
21 curately reflect the number of hours of partici-
22 pation of the individuals required to participate
23 in activities.

24 “(C) ALTERNATIVE WORK PARTICIPATION
25 RATE CALCULATION.—A State whose applica-

1 tion under this paragraph is approved by the
 2 Secretary shall be considered to be in compli-
 3 ance with this subsection for a month in a fiscal
 4 year if the total number of hours during which
 5 the recipients of assistance under the State pro-
 6 gram funded under this part, or any other
 7 State program funded with qualified State ex-
 8 penditures (as defined in section
 9 409(a)(7)(B)(i)), who are required to be partici-
 10 pating in work activities during the month have
 11 participated in the activities, is not less than
 12 the percentage equal to the minimum participa-
 13 tion rate in effect under paragraph (1) for the
 14 fiscal year, multiplied by the sum of—

15 “(i) 30 times the number of the re-
 16 cipients who are so required to participate
 17 for an average of at least 30 hours per
 18 week in the month (as determined by the
 19 State); and

20 “(ii) 20 times the number of the re-
 21 cipients who are so required to participate
 22 for an average of at least 20 hours per
 23 week in the month (as so determined).”.

24 (b) MODIFICATION TO DEFINITION AND APPLICA-
 25 BILITY OF VOCATIONAL EDUCATION.—Section 407(d) (42

1 U.S.C. 607(d)) is amended by striking paragraph (8) and
2 inserting the following:

3 “(8) post-secondary, vocational, or career and
4 technical education (not to exceed 36 months with
5 respect to any individual);”.

6 (c) MODIFICATION TO COUNTING JOB SEARCH AS
7 WORK.—Section 407(c)(2)(A) (42 U.S.C. 607(c)(2)(A)) is
8 amended to read as follows:

9 “(A) COUNTING OF JOB SEARCH AS
10 WORK.—Participation of an individual in an ac-
11 tivity described in subsection (d)(6) of a State
12 program funded under this part or any other
13 State program funded with qualified State ex-
14 penditures (as defined in section
15 409(a)(7)(B)(i)) may count as all hours of par-
16 ticipation in a work activity for a total of 3
17 months. Upon exhaustion of the 3 months, par-
18 ticipation by the individual in such an activity
19 shall count towards not more than half of the
20 hours of participation in work activities by the
21 individual.”.

22 (d) PROVIDING CHILD CARE ASSISTANCE TO COM-
23 MUNITY SERVICE PARTICIPANT REPLACED BY JOB READ-
24 INESS ASSISTANCE AS SEPARATE WORK ACTIVITY.—

1 (1) IN GENERAL.—Section 407(d) (42 U.S.C.
2 607(d)) is amended by striking paragraph (12) and
3 inserting the following:

4 “(12) job readiness assistance.”.

5 (2) CONFORMING AMENDMENT.—Section
6 407(d)(6) (42 U.S.C. 607(d)(6)) is amended by
7 striking “and job readiness assistance”.

8 (e) ELIMINATION OF AGE CAP ON PARTICIPATION IN
9 SECONDARY SCHOOL ATTENDANCE.—Section
10 407(c)(2)(C) (42 U.S.C. 607(c)(2)(C)) is amended—

11 (1) in the subparagraph heading, by striking
12 “SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED
13 TEEN” and inserting “INDIVIDUAL”; and

14 (2) by striking “who is married or a head of
15 household and has not attained 20 years of age”.

16 (f) ELIMINATION OF LIMITATION ON NUMBER OF
17 PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK
18 BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVI-
19 TIES.—Section 407(c)(2) (42 U.S.C. 607(c)(2)) is amend-
20 ed by striking subparagraph (D).

21 (g) MODIFICATION TO COUNTING JOB READINESS
22 ACTIVITIES AS WORK.—Section 407(c)(2) (42 U.S.C.
23 607(c)(2)), as amended by subsection (f), is amended by
24 adding at the end the following:

1 “(D) COUNTING OF JOB READINESS AC-
2 TIVITIES AS WORK.—An individual shall be con-
3 sidered to be engaged in work by reason of par-
4 ticipation in an activity described in subsection
5 (d)(12) of a State program funded under this
6 part or any other State program funded with
7 qualified State expenditures (as defined in sec-
8 tion 409(a)(7)(B)(i)) for not more than 6
9 months, unless the individual’s individualized
10 employment plan under section 408(b) specifies
11 that continued participation in such an activity
12 is necessary to help prepare the individual for,
13 or support the individual in, employment.”.

14 (h) INDIVIDUALS WITH WORK-LIMITING DISABIL-
15 ITIES.—Section 407(c)(2) (42 U.S.C. 607(c)(2)), as
16 amended by subsections (f) and (g), is amended by adding
17 at the end the following:

18 “(E) INDIVIDUALS WITH WORK-LIMITING
19 DISABILITIES.—An individual whose individual-
20 ized employment plan under section 408(b) de-
21 tails a work-limiting disability of the individual
22 and includes specific benchmarks, goals, and
23 services to accommodate such disability in mov-
24 ing the individual toward employment shall be
25 considered to be engaged in work for a month

1 (b) EXPENDITURES FOR CERTAIN FAMILIES WITH
2 INCOME GREATER THAN 200 PERCENT OF THE POVERTY
3 LINE DISREGARDED IN APPLYING STATE SPENDING RE-
4 QUIREMENT.—Section 409(a)(7)(B)(i) (42 U.S.C.
5 609(a)(7)(B)(i)) is amended by adding at the end the fol-
6 lowing:

7 “(VI) EXCLUSION OF EXPENDI-
8 TURES FOR CERTAIN FAMILIES WITH
9 INCOME GREATER THAN 200 PERCENT
10 OF THE POVERTY LINE.—Such term
11 does not include any amount expended
12 to provide any assistance, benefit, or
13 service to a family whose monthly in-
14 come for the month in which the fam-
15 ily applied for the assistance, benefit,
16 or service exceeded 200 percent of the
17 poverty line (as defined in the Office
18 of Management and Budget, and re-
19 vised annually in accordance with sec-
20 tion 673(2) of the Omnibus Budget
21 Reconciliation Act of 1981 (42 U.S.C.
22 9902(2))) in effect with respect to the
23 month involved.”.

24 (c) MINIMUM SPENDING REQUIREMENT ON TANF
25 CORE ACTIVITIES.—Section 404 (42 U.S.C. 604), as

1 amended by subsection (a), is amended by adding at the
2 end the following:

3 “(m) MINIMUM SPENDING REQUIREMENT ON TANF
4 CORE ACTIVITIES.—

5 “(1) IN GENERAL.—For each fiscal year, a
6 State to which a grant is made under this part shall
7 expend not less than the applicable percentage of the
8 total of the amounts paid to the State under this
9 part and the State’s qualified State expenditures (as
10 defined in section 409(a)(7)(B)(i)) on core program
11 activities.

12 “(2) APPLICABLE PERCENTAGE.—

13 “(A) IN GENERAL.—For purposes of para-
14 graph (1), the applicable percentage with re-
15 spect to a State is the greater of—

16 “(i) the percentage of the total de-
17 scribed in paragraph (1) which was ex-
18 pended on core program activities by the
19 State in fiscal year 2016; or

20 “(ii) the annual minimum percentage.

21 “(B) ANNUAL MINIMUM PERCENTAGE.—
22 For purposes of subparagraph (A), the annual
23 minimum percentage is—

24 “(i) for fiscal year 2017, 25 percent;

25 “(ii) for fiscal year 2018, 35 percent;

1 “(iii) for fiscal year 2019, 45 percent;

2 “(iv) for fiscal year 2020, 55 percent;

3 and

4 “(v) for fiscal years thereafter, 60
5 percent.

6 “(3) AMOUNTS ATTRIBUTABLE TO PENALTY
7 FOR FAILURE TO SATISFY MINIMUM WORK PARTICI-
8 PATION RATES.—If a State is required to increase
9 its qualified State expenditures for a fiscal year to
10 avoid the reduction under section 409(a)(7) by rea-
11 son of section 409(a)(3)(A), the amount of any such
12 increase which is attributable to the penalty under
13 section 409(a)(3)(A) shall be expended on core pro-
14 gram activities.

15 “(4) CORE PROGRAM ACTIVITIES.—For pur-
16 poses of this subsection, the term ‘core program ac-
17 tivities’ means any of the following with respect to
18 eligible families:

19 “(A) Cash assistance to such families.

20 “(B) Work, education, and training activi-
21 ties, including transportation.

22 “(C) Child care assistance (including
23 amounts transferred to the State’s Child Care
24 and Development Block Grant fund pursuant to
25 subsection (d)(1)(B)).”.

1 (d) PENALTY FOR FAILURE TO COMPLY WITH RE-
2 QUIREMENT OF MINIMUM SPENDING ON CORE PROGRAM
3 ACTIVITIES.—Section 409(a) (42 U.S.C. 609(a)), as
4 amended by section 5, is amended by adding at the end
5 the following:

6 “(18) PENALTY FOR FAILURE TO COMPLY WITH
7 REQUIREMENT OF MINIMUM SPENDING ON CORE
8 PROGRAM ACTIVITIES.—

9 “(A) IN GENERAL.—If, for any year begin-
10 ning after the date that is 2 years after the
11 date of enactment of this paragraph, the Sec-
12 retary determines that a State has not complied
13 with the minimum spending requirements appli-
14 cable to such State under section 404(m), the
15 Secretary shall reduce the grant payable to the
16 State under section 403(a)(1) for the imme-
17 diately succeeding fiscal year by an amount
18 equal to 5 percent of the State family assist-
19 ance grant.

20 “(B) REDUCTION OF APPLICABLE PEN-
21 ALTY.—The Secretary may reduce the amount
22 of the penalty required under subparagraph (A)
23 based on the degree of noncompliance of the
24 State with the requirements of section
25 404(m).”.

1 (e) EXCLUSION OF THIRD PARTY CONTRIBUTIONS IN
2 DETERMINING STATE SPENDING.—Section
3 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended
4 by subsection (b), is amended by adding at the end the
5 following:

6 “(VII) EXCLUSION OF THIRD
7 PARTY CONTRIBUTIONS.—Such term
8 shall not include—

9 “(aa) for fiscal year 2017,
10 the amount (if any) by which—

11 “(AA) the value of all
12 expenditures for benefits or
13 services including cash dona-
14 tions and in-kind contribu-
15 tions provided by a source
16 other than the State or a
17 local government during the
18 fiscal year; exceeds

19 “(BB) the value of all
20 such expenditures for bene-
21 fits or services including
22 cash donations and in-kind
23 contributions claimed by the
24 State as qualified State ex-

1 penditures for fiscal year
2 2016;

3 “(bb) for fiscal year 2018,
4 the amount (if any) by which—

5 “(AA) the value re-
6 ferred to in item (aa)(AA);
7 exceeds

8 “(BB) 50 percent of
9 the value referred to in item
10 (aa)(BB); and

11 “(cc) for any fiscal year
12 after 2018, the value referred to
13 in item (aa)(AA).”.

14 **SEC. 10. STRENGTHENING TRANSPARENCY OF TANF PRO-**
15 **GRAM EFFECTIVENESS AND OUTCOMES.**

16 (a) IN GENERAL.—Subsection (c) of section 411 (42
17 U.S.C. 611) is amended to read as follows:

18 “(c) STRENGTHENING TRANSPARENCY ON TANF
19 EFFECTIVENESS AND OUTCOMES.—

20 “(1) IN GENERAL.—Each State, in consultation
21 with the Secretary, shall establish robust indicators
22 and targets for performance in relation to such indi-
23 cators, to track the effectiveness of the State pro-
24 gram funded under this part and any other State
25 program funded with qualified State expenditures

1 (as defined in section 409(a)(7)(B)(i)). Such per-
2 formance targets shall apply to fiscal years 2019
3 and beyond.

4 “(2) INDICATORS.—Each State shall consult
5 with the Secretary to determine a robust set of indi-
6 cators related to the State’s success in meeting the
7 purposes of the program under this part. Such indi-
8 cators shall include, at a minimum, the following:

9 “(A) The percentage of former adult re-
10 cipients of assistance under the State program
11 funded under this part or any other State pro-
12 gram funded with qualified State expenditures
13 (as defined in section 409(a)(7)(B)(i)) who
14 ceased receiving assistance during the fiscal
15 year and who, while such recipients, were work-
16 eligible individuals, and are employed during—

17 “(i) the 2nd quarter after exiting
18 from the program; and

19 “(ii) the 4th quarter after exiting the
20 program.

21 “(B) The median earnings of such former
22 recipients of assistance during—

23 “(i) the 2nd quarter after exiting
24 from the program; and

1 “(ii) the 4th quarter after exiting
2 from the program.

3 “(C) The percentage of former adult re-
4 cipients described in subparagraph (A)(i) who
5 are also described in subparagraph (A)(ii).

6 “(D) The average number of families with
7 children in the State on a monthly basis who
8 received cash assistance funded under this part
9 or by qualified State expenditures (as defined in
10 section 409(a)(7)(B)(i)) during the fiscal year,
11 expressed both—

12 “(i) as a percentage of all of the fami-
13 lies in the State whose income is less than
14 the poverty line (as defined by the Office
15 of Management and Budget and revised
16 annually in accordance with section 673(2)
17 of the Omnibus Budget Reconciliation Act
18 of 1981 (42 U.S.C. 9902(2))) for months
19 during the same fiscal year; and

20 “(ii) as a percentage of all of the fam-
21 ilies in the State whose income is less than
22 50 percent of such poverty line for months
23 during the same fiscal year.

1 “(E) The percentage of children in the
2 State living in families whose income is less
3 than 50 percent of the Federal poverty line.

4 “(F) The percentage of children in the
5 State living in families that experienced food in-
6 security (as defined by the Secretary of Agri-
7 culture) at any time during the fiscal year.

8 “(3) ADDITIONAL INDICATORS.—Nothing in
9 this subsection shall be construed as limiting a
10 State, in consultation with the Secretary, from es-
11 tablishing additional indicators and performance tar-
12 gets in relationship to such indicators for purposes
13 of measuring the effectiveness of the State program
14 funded under this part and any other State program
15 funded with qualified State expenditures (as defined
16 in section 409(a)(7)(B)(i)). The State shall consult
17 and reach agreement with the Secretary on any such
18 additional indicators that the State plans to track
19 and report in accordance with paragraph (4)(B).

20 “(4) TIMELINE FOR ESTABLISHING PERFORM-
21 ANCE TARGETS FOR EACH INDICATOR.—

22 “(A) BASELINE YEAR.—For purposes of
23 establishing performance targets under this
24 subsection, the State shall use fiscal year 2018

1 as the baseline year from which to compare per-
2 formance.

3 “(B) FISCAL YEARS 2019 AND BEYOND.—
4 The State shall reach agreement with the Sec-
5 retary in fiscal year 2017 on the performance
6 targets for each of the indicators described in
7 paragraphs (2) and (3), for each of fiscal years
8 2019, 2020, and 2021. In establishing such tar-
9 gets, the State and the Secretary shall—

10 “(i) take into account a comparison
11 with the targets established for other
12 States;

13 “(ii) ensure that the targets reflect
14 differences among States in actual eco-
15 nomic conditions, including—

16 “(I) unemployment rates and job
17 losses or gains in particular indus-
18 tries; and

19 “(II) characteristics of recipients
20 of assistance, including prior work
21 history, educational or skills attain-
22 ment, and other factors that may
23 present barriers to employment; and

24 “(iii) ensure that the targets promote
25 continuous improvement by the State.

1 “(5) REPORT ON STATE PERFORMANCE.—

2 “(A) IN GENERAL.—Not later than Octo-
3 ber 1, 2018, the Secretary shall develop a tem-
4 plate which each State shall use to report annu-
5 ally on outcomes achieved under the State pro-
6 gram funded under this part.

7 “(B) CONTENTS.—Each such report shall
8 include—

9 “(i) the number of individuals who
10 exited the program during the year and
11 their reasons for doing so;

12 “(ii) the characteristics of the individ-
13 uals who exited the program during the
14 year, including information about the
15 length of time the individual received as-
16 sistance under the program, the edu-
17 cational level of the individual, and the
18 work earnings of the individual in the 4
19 fiscal quarters preceding the individual’s
20 exit; and

21 “(iii) information specifying the levels
22 of performance achieved on each of the in-
23 dicators described in paragraphs (2) and
24 (3).

1 “(C) PUBLICATION.—Not later than Sep-
2 tember 30 of fiscal year 2019 and each suc-
3 ceeding fiscal year, the Secretary shall make
4 available electronically to the public each report
5 submitted under this subparagraph during the
6 fiscal year.”.

7 **SEC. 11. EXCLUSION OF EDUCATION ACCOUNTS FROM IN-**
8 **COME AND ASSET TESTS.**

9 Section 408(a) is amended by adding at the end the
10 following:

11 “(13) EXCLUSION OF EDUCATION ACCOUNTS
12 FROM INCOME AND ASSET TESTS.—In determining
13 eligibility for assistance under this part or any other
14 State program funded with qualified State expendi-
15 tures (as defined in section 409(a)(7)(B)(i)), a State
16 to which a grant is made under section 403 shall ex-
17 clude from financial resources the value of any funds
18 in a qualified tuition program described in section
19 529 of the Internal Revenue Code of 1986 or in a
20 Coverdell education savings account under section
21 530 of such Code.”.

1 **SEC. 12. EXCLUSION OF INCOME AND RESOURCES OF**
 2 **CHILD RECEIVING SUPPLEMENTAL SECUR-**
 3 **RITY INCOME PAYMENTS FROM FAMILY IN-**
 4 **COME AND ASSET TESTS.**

5 Section 408(a), as amended by section 5 and section
 6 11, is amended by adding at the end the following:

7 “(14) **EXCLUSION OF INCOME AND RESOURCES**
 8 **OF CHILD RECEIVING SUPPLEMENTAL SECURITY IN-**
 9 **COME PAYMENTS FROM FAMILY INCOME AND ASSET**
 10 **TESTS.—**In determining eligibility for assistance
 11 under this part or any other State program funded
 12 with qualified State expenditures (as defined in sec-
 13 tion 409(a)(7)(B)(i)), a State to which a grant is
 14 made under section 403 shall exclude from income
 15 and assets any income or resources of a dependent
 16 child who is a recipient of supplemental security in-
 17 come benefits under title XVI.”.

18 **SEC. 13. EFFECTIVE DATE.**

19 (a) **IN GENERAL.—**Except as provided in subsection
 20 (b), this Act and the amendments made by this Act shall
 21 take effect on October 1, 2016.

22 (b) **STATE OPTION TO ACCELERATE THE EFFECTIVE**
 23 **DATE OF THE AMENDMENTS RELATED TO WORK RE-**
 24 **QUIREMENTS.—**A State may elect to have the amend-
 25 ments made by section 8 take effect with the State on

- 1 such earlier date as the State may elect that occurs on
- 2 or after the date of enactment of this Act.

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