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October 28, 2005

The Honorable Jim Nussle
Chairman
Committee on the Budget
309 Cannon House Office Building
Washington, DC 20515

Dear Chairman Nussle:

On October 26, 2005, the Committee on Ways and Means, pursuant to H. Con. Res. 95, the Concurrent Resolution on the Budget for Fiscal Year 2006, ordered favorably reported, as amended, its Entitlement Reconciliation Recommendations for Fiscal Year 2006 to the Committee on the Budget. Accordingly, I am now transmitting these recommendations to you.

Enclosed please find the legislative language and the explanatory report language.

Best regards,

Bill Thomas
Chairman

Enclosures

TITLE VIII—COMMITTEE ON WAYS AND MEANS

SEC. 8001. SHORT TITLE.

This title may be cited as the "Work, Marriage, and Family Promotion Reconciliation Act of 2005".

SEC. 8002. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 8001. Short title.
Sec. 8002. Table of contents.
Sec. 8003. References.
Sec. 8004. Findings.

Subtitle A—TANF

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Sec. 8103. Promotion of family formation and healthy marriage.
Sec. 8104. Supplemental grant for population increases in certain States.
Sec. 8105. Elimination of high performance bonus.
Sec. 8106. Contingency fund.
Sec. 8107. Use of funds.
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Sec. 8111. Maintenance of effort.
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Sec. 8115. Research, evaluations, and national studies.
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Sec. 8121. Sense of the Congress.
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Subtitle B—Child care

Sec. 8201. Entitlement funding.

Subtitle C—Child support

Sec. 8301. Federal matching funds for limited pass through of child support payments to families receiving TANF.
Sec. 8302. State option to pass through all child support payments to families that formerly received TANF.
Sec. 8303. Mandatory review and adjustment of child support orders for families receiving TANF.
Sec. 8304. Mandatory fee for successful child support collection for family that has never received TANF.
Sec. 8305. Report on undistributed child support payments.
Sec. 8306. Decrease in amount of child support arrearage triggering passport denial.
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Sec. 8309. Maintenance of technical assistance funding.
Sec. 8310. Maintenance of Federal Parent Locator Service funding.
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Sec. 8312. Tribal access to the Federal Parent Locator Service.
Sec. 8313. Reimbursement of Secretary's costs of information comparisons and disclosure for enforcement of obligations on Higher Education Act loans and grants.
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Sec. 8403. Elimination of limitation on number of States that may be granted waivers to conduct demonstration projects on same topic.
Sec. 8404. Elimination of limitation on number of waivers that may be granted to a single State for demonstration projects.
Sec. 8405. Streamlined process for consideration of amendments to and extensions of demonstration projects requiring waivers.
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Sec. 8501. Review of State agency blindness and disability determinations.

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Sec. 8601. Program coordination demonstration projects.

Subtitle G—Repeal of continued dumping and subsidy offset

Sec. 8701. Repeal of continued dumping and subsidy offset.

Subtitle H—Effective date

Sec. 8801. Effective date.

SEC. 8003. REFERENCES.

Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.

SEC. 8004. FINDINGS.

The Congress makes the following findings:

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

(A) There has been a dramatic increase in the employment of current and former welfare recipients. The percentage of working recipients reached an all-time high in fiscal year 1999 and

1 continued steady in fiscal years 2000 and 2001.
2 In fiscal year 2003, 31.3 percent of adult re-
3 cipients were counted as meeting the work par-
4 ticipation requirements. All States but one met
5 the overall participation rate standard in fiscal
6 year 2003, as did the District of Columbia and
7 Puerto Rico.
8 (B) Earnings for welfare recipients re-
9 maining on the rolls have also increased signifi-
10 cantly, as have earnings for female-headed
11 households. The increases have been particu-
12 larly large for the bottom 2 income quintiles,
13 that is, those women who are most likely to be
14 former or present welfare recipients.
15 (C) Welfare dependency has plummeted.
16 As of June 2004, 1,969,909 families and
17 4,727,291 individuals were receiving assistance.
18 Accordingly, the number of families in the wel-
19 fare caseload and the number of individuals re-
20 ceiving cash assistance declined 55 percent and
21 61 percent, respectively, since the enactment of
22 TANF.
23 (D) The child poverty rate continued to de-
24 cline between 1996 and 2003, falling 14 percent
25 from 20.5 to 17.6 percent. Child poverty rates

for African-American and Hispanic children have also fallen dramatically during the past 7 years.

(2) As a Nation, we have made substantial progress in reducing teen pregnancies and births, slowing increases in nonmarital childbearing, and improving child support collections and paternity establishment.

(A) The birth rate to teenagers declined 30 percent from its high in 1991 to 2002. The 2002 teenage birth rate of 43.0 per 1,000 women aged 15–19 is the lowest recorded birth rate for teenagers.

(B) During the period from 1991 through 2001, teenage birth rates fell in all States and the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. Declines also have spanned age, racial, and ethnic groups. There has been success in lowering the birth rate for both younger and older teens. The birth rate for those 15–17 years of age has declined 40 percent since 1991, and the rate for those 18 and 19 has declined 23 percent. The rate for African American teens—until recently the

highest—has declined the most—42 percent from 1991 through 2002.

(C) Since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, child support collections within the child support enforcement system have grown every year, increasing from $12,000,000,000 in fiscal year 1996 to over $21,000,000,000 in fiscal year 2003. The number of paternities established or acknowledged in fiscal year 2003 (over 1,500,000) includes a more than 100 percent increase through in-hospital acknowledgement programs—862,043 in 2003 compared to 324,652 in 1996. Child support collections were made in nearly 8,000,000 cases in fiscal year 2003, significantly more than the almost 4,000,000 cases having a collection in 1996.

(3) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 gave States great flexibility in the use of Federal funds to develop innovative programs to help families leave welfare and begin employment and to encourage the formation of 2-parent families.

1 (A) Total Federal and State TANF ex-
2 penditures in fiscal year 2003 were
3 $26,300,000,000, up from $25,400,000,000 in
4 fiscal year 2002 and $22,600,000,000 in fiscal
5 year 1999. This increased spending is attrib-
6 utable to significant new investments in sup-
7 portive services in the TANF program, such as
8 child care and activities to support work.
9 (B) Since the welfare reform effort began
10 there has been a dramatic increase in work par-
11 ticipation (including employment, community
12 service, and work experience) among welfare re-
13 cipients, as well as an unprecedented reduction
14 in the caseload because recipients have left wel-
15 fare for work.
16 (C) States are making policy choices and
17 investment decisions best suited to the needs of
18 their citizens.
19 (i) To expand aid to working families,
20 almost all States disregard a portion of a
21 family's earned income when determining
22 benefit levels.
23 (ii) Most States increased the limits
24 on countable assets above the former Aid
25 to Families with Dependent Children

(AFDC) program. Every State has increased the vehicle asset level above the prior AFDC limit for a family's primary automobile.

(iii) States are experimenting with programs to promote marriage and paternal involvement. Over half of the States have eliminated restrictions on 2-parent families. Many States use TANF, child support, or State funds to support community-based activities to help fathers become more involved in their children's lives or strengthen relationships between mothers and fathers.

(4) However, despite this success, there is still progress to be made. Policies that support and promote more work, strengthen families, and enhance State flexibility are necessary to continue to build on the success of welfare reform.

(A) Significant numbers of welfare recipients still are not engaged in employment-related activities. While all States have met the overall work participation rates required by law, in an average month, only 41 percent of all families with an adult participated in work activities

that were countable toward the State's participation rate. In fiscal year 2003, four jurisdictions failed to meet the more rigorous 2-parent work requirements, and 25 jurisdictions (States and territories) are not subject to the 2-parent requirements, most because they moved their 2-parent cases to separate State programs where they are not subject to a penalty for failing the 2-parent rates.

(B) In 2002, 34 percent of all births in the U.S. were to unmarried women. And, with fewer teens entering marriage, the proportion of births to unmarried teens has increased dramatically (80 percent in 2002 versus 30 percent in 1970). The negative consequences of out-of-wedlock birth on the mother, the child, the family, and society are well documented. These include increased likelihood of welfare dependency, increased risks of low birth weight, poor cognitive development, child abuse and neglect, and teen parenthood, and decreased likelihood of having an intact marriage during adulthood.

(C) There has been a dramatic rise in cohabitation as marriages have declined. It is estimated that 40 percent of children are expected

1 to live in a cohabiting-parent family at some
2 point during their childhood. Children in single-
3 parent households and cohabiting-parent house-
4 holds are at much higher risk of child abuse
5 than children in intact married families.
6 (D) Children who live apart from their bio-
7 logical fathers, on average, are more likely to be
8 poor, experience educational, health, emotional,
9 and psychological problems, be victims of child
10 abuse, engage in criminal behavior, and become
11 involved with the juvenile justice system than
12 their peers who live with their married, biologi-
13 cal mother and father. A child living with a sin-
14 gle mother is nearly 5 times as likely to be poor
15 as a child living in a married-couple family. In
16 2003, in married-couple families, the child pov-
17 erty rate was 8.6 percent, and in households
18 headed by a single mother the poverty rate was
19 41.7 percent.
20 (5) Therefore, it is the sense of the Congress
21 that increasing success in moving families from wel-
22 fare to work, as well as in promoting healthy mar-
23 riage and other means of improving child well-being,
24 are very important Government interests and the
25 policy contained in part A of title IV of the Social

Security Act (as amended by this title) is intended to serve those ends.

Subtitle A—TANF

SEC. 8101. PURPOSES.

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

(1) in the matter preceding paragraph (1), by striking "increase" and inserting "improve child well-being by increasing";

(2) in paragraph (1), by inserting "and services" after "assistance";

(3) in paragraph (2), by striking "parents on government benefits" and inserting "families on government benefits and reduce poverty"; and

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

SEC. 8102. FAMILY ASSISTANCE GRANTS.

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

(1) by striking "1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003" and inserting "2006 through 2010"; and

(2) by inserting "payable to the State for the fiscal year" before the period.

(b) STATE FAMILY ASSISTANCE GRANT.—Section 403(a)(1)(C) (42 U.S.C. 603(a)(1)(C)) is amended by striking "fiscal year 2003" and inserting "each of fiscal years 2006 through 2010".

(c) MATCHING GRANTS FOR THE TERRITORIES.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by striking "1997 through 2003" and inserting "2006 through 2010".

SEC. 8103. PROMOTION OF FAMILY FORMATION AND HEALTHY MARRIAGE.

(a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by adding at the end the following:

"(vii) Encourage equitable treatment of married, 2-parent families under the program referred to in clause (i).".

(b) HEALTHY MARRIAGE PROMOTION GRANTS; REPEAL OF BONUS FOR REDUCTION OF ILLEGITIMACY RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended to read as follows:

"(2) HEALTHY MARRIAGE PROMOTION GRANTS.—

"(A) AUTHORITY.—The Secretary shall award competitive grants to States, territories, and tribal organizations for not more than 50

1 percent of the cost of developing and imple-
2 menting innovative programs to promote and
3 support healthy, married, 2-parent families.
4 "(B) HEALTHY MARRIAGE PROMOTION AC-
5 TIVITIES.—Funds provided under subparagraph
6 (A) shall be used to support any of the fol-
7 lowing programs or activities:
8 "(i) Public advertising campaigns on
9 the value of marriage and the skills needed
10 to increase marital stability and health.
11 "(ii) Education in high schools on the
12 value of marriage, relationship skills, and
13 budgeting.
14 "(iii) Marriage education, marriage
15 skills, and relationship skills programs,
16 that may include parenting skills, financial
17 management, conflict resolution, and job
18 and career advancement, for non-married
19 pregnant women and non-married expect-
20 ant fathers.
21 "(iv) Pre-marital education and mar-
22 riage skills training for engaged couples
23 and for couples or individuals interested in
24 marriage.

1 "(v) Marriage enhancement and mar-
2 riage skills training programs for married
3 couples.
4 "(vi) Divorce reduction programs that
5 teach relationship skills.
6 "(vii) Marriage mentoring programs
7 which use married couples as role models
8 and mentors in at-risk communities.
9 "(viii) Programs to reduce the dis-
10 incentives to marriage in means-tested aid
11 programs, if offered in conjunction with
12 any activity described in this subpara-
13 graph.
14 "(C) VOLUNTARY PARTICIPATION.—
15 "(i) IN GENERAL.—Participation in a
16 program or activity described in any of
17 clauses (iii) through (viii) of subparagraph
18 (B) shall be voluntary.
19 "(ii) REQUIREMENTS FOR RECEIPT OF
20 FUNDS.—The Secretary may not award a
21 grant under this paragraph to an applicant
22 for the grant, unless—
23 "(I) the application for the grant
24 describes—

"(aa) how the programs or activities proposed in the application will address, as appropriate, issues of domestic violence; and

"(bb) what the applicant will do, to the extent relevant, to ensure that participation in the programs or activities is voluntary, and to inform potential participants that their participation is voluntary; and

"(II) the applicant agrees that, as a condition of receipt of the grant, the applicant will consult with experts in domestic violence or relevant community domestic violence coalitions in developing the programs and activities funded with the grant.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2006 through 2010 $100,000,000 for grants under this paragraph.".

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

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

SEC. 8104. SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.

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

(1) in subparagraph (E)—

(A) by striking "1998, 1999, 2000, and 2001" and inserting "2006 through 2009"; and

(B) by striking ", in a total amount not to exceed $800,000,000";

(2) in subparagraph (G), by striking "2001" and inserting "2009"; and

(3) by striking subparagraph (H) and inserting the following:

"(H) FURTHER PRESERVATION OF GRANT AMOUNTS.—A State that was a qualifying State under this paragraph for fiscal year 2004 or any prior fiscal year shall be entitled to receive from the Secretary for each of fiscal years 2006 through 2009 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.".

SEC. 8105. ELIMINATION OF HIGH PERFORMANCE BONUS.

Section 403(a) (42 U.S.C. 603(a)) is amended by striking paragraph (4).

SEC. 8106. CONTINGENCY FUND.

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

(1) by striking "1997, 1998, 1999, 2000, 2001, 2002, and 2003" and inserting "2006 through 2010"; and

(2) by striking all that follows "$2,000,000,000" and inserting a period.

(b) GRANTS.—Section 403(b)(3)(C)(ii) (42 U.S.C. 603(b)(3)(C)(ii)) is amended by striking "fiscal years 1997 through 2006" and inserting "fiscal years 2006 through 2010".

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

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

(1) in subparagraph (A)(ii)—

(A) by adding "and" at the end of subclause (I);

(B) by striking "; and" at the end of subclause (II) and inserting a period; and

(C) by striking subclause (III);

(2) in subparagraph (B)(i)(II), by striking all that follows "section 409(a)(7)(B)(iii))" and inserting a period;

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

"(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for the fiscal year; plus"; and

(4) by striking subparagraph (C).

(e) CONSIDERATION OF CERTAIN CHILD CARE EXPENDITURES IN DETERMINING STATE COMPLIANCE WITH CONTINGENCY FUND MAINTENANCE OF EFFORT REQUIREMENT.—Section 409(a)(10) (42 U.S.C. 609(a)(10)) is amended—

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

(2) by striking "excluding any amount expended by the State for child care under subsection

1 (g) or (i) of section 402 (as in effect during fiscal
2 year 1994) for fiscal year 1994,''.
3 (f) EFFECTIVE DATE.—The amendments made by
4 subsections (c), (d), and (e) shall take effect on October
5 1, 2007.

6 **SEC. 8107. USE OF FUNDS.**

7 (a) GENERAL RULES.—Section 404(a)(2) (42 U.S.C.
8 604(a)(2)) is amended by striking ''in any manner that''
9 and inserting ''for any purposes or activities for which''.
10 (b) TREATMENT OF INTERSTATE IMMIGRANTS.—
11 (1) STATE PLAN PROVISION.—Section
12 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended
13 by striking clause (i) and redesignating clauses (ii)
14 through (iv) as clauses (i) through (iii), respectively.
15 (2) USE OF FUNDS.—Section 404 (42 U.S.C.
16 604) is amended by striking subsection (c).
17 (c) INCREASE IN AMOUNT TRANSFERABLE TO CHILD
18 CARE.—Section 404(d)(1) (42 U.S.C. 604(d)(1)) is
19 amended by striking ''30'' and inserting ''50''.
20 (d) INCREASE IN AMOUNT TRANSFERABLE TO TITLE
21 XX PROGRAMS.—Section 404(d)(2)(B) (42 U.S.C.
22 604(d)(2)(B)) is amended to read as follows:
23 ''(B) APPLICABLE PERCENT.—For pur-
24 poses of subparagraph (A), the applicable per-

1 cent is 10 percent for fiscal year 2006 and each
2 succeeding fiscal year.''.
3 (e) CLARIFICATION OF AUTHORITY OF STATES TO
4 USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS
5 TO PROVIDE TANF BENEFITS AND SERVICES.—Section
6 404(e) (42 U.S.C. 604(e)) is amended to read as follows:
7 ''(e) AUTHORITY TO CARRYOVER OR RESERVE CER-
8 TAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FU-
9 TURE CONTINGENCIES.—
10 ''(1) CARRYOVER.—A State or tribe may use a
11 grant made to the State or tribe under this part for
12 any fiscal year to provide, without fiscal year limita-
13 tion, any benefit or service that may be provided
14 under the State or tribal program funded under this
15 part.
16 ''(2) CONTINGENCY RESERVE.—A State or tribe
17 may designate any portion of a grant made to the
18 State or tribe under this part as a contingency re-
19 serve for future needs, and may use any amount so
20 designated to provide, without fiscal year limitation,
21 any benefit or service that may be provided under
22 the State or tribal program funded under this part.
23 If a State or tribe so designates a portion of such
24 a grant, the State shall, on an annual basis, include

in its report under section 411(a) the amount so designated.''.

SEC. 8108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE PROGRAMS.

(a) REPEAL.—Effective as of October 1, 2006, section 406 (42 U.S.C. 606) is repealed.

(b) CONFORMING AMENDMENTS.—

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

(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.

(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking ''406,''.

SEC. 8109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.

(a) MODIFICATION OF STATE PLAN REQUIREMENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses (ii) and (iii) and inserting the following:

''(ii) Require a parent or caretaker receiving assistance under the program to engage in work or alternative self-suffi-

ciency activities (as defined by the State), consistent with section 407(e)(2).

"(iii) Require families receiving assistance under the program to engage in activities in accordance with family self-sufficiency plans developed pursuant to section 408(b).".

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

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

"(b) FAMILY SELF-SUFFICIENCY PLANS.—

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

"(A) assess, in the manner deemed appropriate by the State, the skills, prior work experience, and employability of each work-eligible individual (as defined in section 407(b)(2)(C)) receiving assistance under the State program funded under this part;

"(B) establish for each family that includes such an individual, in consultation as the State deems appropriate with the individual, a self-sufficiency plan that specifies appropriate activities described in the State plan submitted

1 pursuant to section 402, including direct work
2 activities as appropriate designed to assist the
3 family in achieving their maximum degree of
4 self-sufficiency, and that provides for the ongo-
5 ing participation of the individual in the activi-
6 ties;
7 "(C) require, at a minimum, each such in-
8 dividual to participate in activities in accord-
9 ance with the self-sufficiency plan;
10 "(D) monitor the participation of each
11 such individual in the activities specified in the
12 self-sufficiency plan, and regularly review the
13 progress of the family toward self-sufficiency;
14 "(E) upon such a review, revise the self-
15 sufficiency plan and activities as the State
16 deems appropriate.
17 "(2) TIMING.—The State shall comply with
18 paragraph (1) with respect to a family—
19 "(A) in the case of a family that, as of Oc-
20 tober 1, 2005, is not receiving assistance from
21 the State program funded under this part, not
22 later than 60 days after the family first receives
23 assistance on the basis of the most recent appli-
24 cation for the assistance; or

1 "(B) in the case of a family that, as of
2 such date, is receiving the assistance, not later
3 than 12 months after the date of enactment of
4 this subsection.
5 "(3) STATE DISCRETION.—A State shall have
6 sole discretion, consistent with section 407, to define
7 and design activities for families for purposes of this
8 subsection, to develop methods for monitoring and
9 reviewing progress pursuant to this subsection, and
10 to make modifications to the plan as the State
11 deems appropriate to assist the individual in increas-
12 ing their degree of self-sufficiency.
13 "(4) RULE OF INTERPRETATION.—Nothing in
14 this part shall preclude a State from—
15 "(A) requiring participation in work and
16 any other activities the State deems appropriate
17 for helping families achieve self-sufficiency and
18 improving child well-being; or
19 "(B) using job search or other appropriate
20 job readiness or work activities to assess the
21 employability of individuals and to determine
22 appropriate future engagement activities.".
23 (2) PENALTY FOR FAILURE TO ESTABLISH
24 FAMILY SELF-SUFFICIENCY PLAN.—Section
25 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

(A) in the paragraph heading, by inserting "OR ESTABLISH FAMILY SELF-SUFFICIENCY PLAN" after "RATES"; and

(B) in subparagraph (A), by inserting "or 408(b)" after "407(a)".

SEC. 8110. WORK PARTICIPATION REQUIREMENTS.

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

"SEC. 407. WORK PARTICIPATION REQUIREMENTS.

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

"(1) 50 percent for fiscal year 2006;

"(2) 55 percent for fiscal year 2007;

"(3) 60 percent for fiscal year 2008;

"(4) 65 percent for fiscal year 2009; and

"(5) 70 percent for fiscal year 2010 and each succeeding fiscal year.

"(b) CALCULATION OF PARTICIPATION RATES.—

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

1 "(2) MONTHLY PARTICIPATION RATES; INCOR-
2 PORATION OF 40-HOUR WORK WEEK STANDARD.—
3 "(A) IN GENERAL.—For purposes of para-
4 graph (1), the participation rate of a State for
5 a month is—
6 "(i) the total number of countable
7 hours (as defined in subsection (c)) with
8 respect to the counted families for the
9 State for the month; divided by
10 "(ii) 160 multiplied by the number of
11 counted families for the State for the
12 month.
13 "(B) COUNTED FAMILIES DEFINED.—
14 "(i) IN GENERAL.—In subparagraph
15 (A), the term 'counted family' means, with
16 respect to a State and a month, a family
17 that includes a work-eligible individual and
18 that receives assistance in the month under
19 the State program funded under this part,
20 subject to clause (ii).
21 "(ii) STATE OPTION TO EXCLUDE
22 CERTAIN FAMILIES.—At the option of a
23 State, the term 'counted family' shall not
24 include—

"(I) a family in the first month for which the family receives assistance from a State program funded under this part on the basis of the most recent application for such assistance;

"(II) on a case-by-case basis, a family in which the youngest child has not attained 12 months of age; or

"(III) a family that is subject to a sanction under this part or part D, but that has not been subject to such a sanction for more than 3 months (whether or not consecutive) in the preceding 12-month period.

"(iii) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN OR TRIBAL WORK PROGRAM.—At the option of a State, the term 'counted family' may include families in the State that are receiving assistance under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.

1 "(C) WORK-ELIGIBLE INDIVIDUAL DE-
2 FINED.—In this section, the term 'work-eligible
3 individual' means an individual—
4 "(i) who is married or a single head
5 of household; and
6 "(ii) whose needs are (or, but for
7 sanctions under this part or part D, would
8 be) included in determining the amount of
9 cash assistance to be provided to the fam-
10 ily under the State program funded under
11 this part.".
12 (b) RECALIBRATION OF CASELOAD REDUCTION
13 CREDIT.—
14 (1) IN GENERAL.—Section 407(b)(3)(A)(ii) (42
15 U.S.C. 607(b)(3)(A)(ii)) is amended to read as fol-
16 lows:
17 "(ii) the average monthly number of
18 families that received assistance under the
19 State program funded under this part dur-
20 ing the base year.".
21 (2) CONFORMING AMENDMENT.—Section
22 407(b)(3)(B) (42 U.S.C. 607(b)(3)(B)) is amended
23 by striking "and eligibility criteria" and all that fol-
24 lows through the close parenthesis and inserting

"and the eligibility criteria in effect during the then applicable base year".

(3) BASE YEAR DEFINED.—Section 407(b)(3) (42 U.S.C. 607(b)(3)) is amended by adding at the end the following:

"(C) BASE YEAR DEFINED.—In this paragraph, the term 'base year' means, with respect to a fiscal year—

"(i) if the fiscal year is fiscal year 2006, fiscal year 1996;

"(ii) if the fiscal year is fiscal year 2007, fiscal year 1998;

"(iii) if the fiscal year is fiscal year 2008, fiscal year 2001; or

"(iv) if the fiscal year is fiscal year 2009 or any succeeding fiscal year, the then 4th preceding fiscal year.".

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

"(4) SUPERACHIEVER CREDIT.—

"(A) IN GENERAL.—The participation rate, determined under paragraphs (1) and (2) of this subsection, of a superachiever State for

a fiscal year shall be increased by the lesser of—

"(i) the amount (if any) of the superachiever credit applicable to the State; or

"(ii) the number of percentage points (if any) by which the minimum participation rate required by subsection (a) for the fiscal year exceeds 50 percent.

"(B) SUPERACHIEVER STATE.—For purposes of subparagraph (A), a State is a superachiever State if the State caseload for fiscal year 2001 has declined by at least 60 percent from the State caseload for fiscal year 1995.

"(C) AMOUNT OF CREDIT.—The superachiever credit applicable to a State is the number of percentage points (if any) by which the decline referred to in subparagraph (B) exceeds 60 percent.

"(D) DEFINITIONS.—In this paragraph:

"(i) STATE CASELOAD FOR FISCAL YEAR 2001.—The term 'State caseload for fiscal year 2001' means the average monthly number of families that received assistance during fiscal year 2001 under the State program funded under this part.

"(ii) STATE CASELOAD FOR FISCAL YEAR 1995.—The term 'State caseload for fiscal year 1995' means the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.".

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

"(c) COUNTABLE HOURS.—

"(1) DEFINITION.—In subsection (b)(2), the term 'countable hours' means, with respect to a family for a month, the total number of hours in the month in which any member of the family who is a work-eligible individual is engaged in a direct work activity or other activities specified by the State (excluding an activity that does not address a purpose specified in section 401(a)), subject to the other provisions of this subsection.

"(2) LIMITATIONS.—Subject to such regulations as the Secretary may prescribe:

"(A) MINIMUM WEEKLY AVERAGE OF 24 HOURS OF DIRECT WORK ACTIVITIES REQUIRED.—If the work-eligible individuals in a

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

6 "(B) MAXIMUM WEEKLY AVERAGE OF 16
7 HOURS OF OTHER ACTIVITIES.—An average of
8 not more than 16 hours per week of activities
9 specified by the State (subject to the exclusion
10 described in paragraph (1)) may be considered
11 countable hours in a month with respect to a
12 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).

"(ii) QUALIFIED ACTIVITY DEFINED.—The term 'qualified activity' means an activity specified by the State (subject to the exclusion described in paragraph (1)) that meets such standards and criteria as the State may specify, including—

"(I) substance abuse counseling or treatment;

"(II) rehabilitation treatment and services;

"(III) work-related education or training directed at enabling the family member to work;

"(IV) job search or job readiness assistance; and

"(V) any other activity that addresses a purpose specified in section 401(a).

"(iii) LIMITATION.—

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

"(II) SPECIAL RULE APPLICABLE TO EDUCATION AND TRAINING.—A State may, on a case-by-case basis, apply clause (i) to a work-eligible individual so that participation by the individual in education or training, if needed to permit the individual to complete a certificate program or other work-related education or training directed at enabling the individual to fill a known job need in a local area, may be considered countable hours with respect to the family of the individual for not more than 4 months in any period of 24 consecutive months.

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

"(i) maintains satisfactory attendance at secondary school or the equivalent in the month; or

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

"(d) DIRECT WORK ACTIVITY.—In this section, the term 'direct work activity' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

"(4) on-the-job training;

"(5) supervised work experience; or

"(6) supervised community service.".

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

"(1) REDUCTION OR TERMINATION OF ASSISTANCE.—

"(A) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under a State program funded under this part fails to engage in activities required in accordance with this section, or other activities required by the State under the

1 program, and the family does not otherwise en-
2 gage in activities in accordance with the self-
3 sufficiency plan established for the family pur-
4 suant to section 408(b), the State shall—
5 "(i) if the failure is partial or persists
6 for not more than 1 month—
7 "(I) reduce the amount of assist-
8 ance otherwise payable to the family
9 pro rata (or more, at the option of the
10 State) with respect to any period dur-
11 ing a month in which the failure oc-
12 curs; or
13 "(II) terminate all assistance to
14 the family, subject to such good cause
15 exceptions as the State may establish;
16 or
17 "(ii) if the failure is total and persists
18 for at least 2 consecutive months, termi-
19 nate all cash payments to the family in-
20 cluding qualified State expenditures (as de-
21 fined in section 409(a)(7)(B)(i)) for at
22 least 1 month and thereafter until the
23 State determines that the individual has
24 resumed full participation in the activities,

subject to such good cause exceptions as the State may establish.

"(B) SPECIAL RULE.—

"(i) IN GENERAL.—In the event of a conflict between a requirement of clause (i)(II) or (ii) of subparagraph (A) and a requirement of a State constitution, or of a State statute that, before 1966, obligated local government to provide assistance to needy parents and children, the State constitutional or statutory requirement shall control.

"(ii) LIMITATION.—Clause (i) of this subparagraph shall not apply after the 1-year period that begins with the date of the enactment of this subparagraph.".

(f) CONFORMING AMENDMENTS.—

(1) Section 407(f) (42 U.S.C. 607(f)) is amended in each of paragraphs (1) and (2) by striking "work activity described in subsection (d)" and inserting "direct work activity".

(2) The heading of section 409(a)(14) (42 U.S.C. 609(a)(14)) is amended by inserting "OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY SELF-SUFFICIENCY PLAN" after "WORK".

1 **SEC. 8111. MAINTENANCE OF EFFORT.**

2 (a) IN GENERAL.—Section 409(a)(7) (42 U.S.C.
3 609(a)(7)) is amended—

4 (1) in subparagraph (A), by striking ''fiscal
5 year 1998, 1999, 2000, 2001, 2002, 2003, 2004,
6 2005, 2006, or 2007'' and inserting ''fiscal year
7 2006, 2007, 2008, 2009, 2010, or 2011''; and

8 (2) in subparagraph (B)(ii)—

9 (A) by inserting ''preceding'' before ''fiscal
10 year''; and

11 (B) by striking ''for fiscal years 1997
12 through 2006,''.

13 (b) STATE SPENDING ON PROMOTING HEALTHY
14 MARRIAGE.—

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

17 ''(l) MARRIAGE PROMOTION.—A State, territory, or
18 tribal organization to which a grant is made under section
19 403(a)(2) may use a grant made to the State, territory,
20 or tribe under any other provision of section 403 for mar-
21 riage promotion activities, and the amount of any such
22 grant so used shall be considered State funds for purposes
23 of section 403(a)(2).''.

24 (2) FEDERAL TANF FUNDS USED FOR MAR-
25 RIAGE PROMOTION DISREGARDED FOR PURPOSES OF
26 MAINTENANCE OF EFFORT REQUIREMENT.—Section

409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended by section 8103(c) of this Act, is amended by adding at the end the following:

"(VI) EXCLUSION OF FEDERAL TANF FUNDS USED FOR MARRIAGE PROMOTION ACTIVITIES.—Such term does not include the amount of any grant made to the State under section 403 that is expended for a marriage promotion activity.".

SEC. 8112. PERFORMANCE IMPROVEMENT.

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

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by redesignating clause (vi) and clause (vii) (as added by section 8103(a) of this Act) as clauses (vii) and (viii), respectively; and

(ii) by striking clause (v) and inserting the following:

"(v) The document shall—

"(I) describe how the State will pursue ending dependence of needy families on government benefits and

1 reducing poverty by promoting job
2 preparation and work;
3 "(II) describe how the State will
4 encourage the formation and mainte-
5 nance of healthy 2-parent married
6 families, encourage responsible father-
7 hood, and prevent and reduce the inci-
8 dence of out-of-wedlock pregnancies;
9 "(III) include specific, numerical,
10 and measurable performance objec-
11 tives for accomplishing subclauses (I)
12 and (II); and
13 "(IV) describe the methodology
14 that the State will use to measure
15 State performance in relation to each
16 such objective.
17 "(vi) Describe any strategies and pro-
18 grams the State may be undertaking to
19 address—
20 "(I) employment retention and
21 advancement for recipients of assist-
22 ance under the program, including
23 placement into high-demand jobs, and
24 whether the jobs are identified using
25 labor market information;

"(II) efforts to reduce teen pregnancy;

"(III) services for struggling and noncompliant families, and for clients with special problems; and

"(IV) program integration, including the extent to which employment and training services under the program are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through such Act."; and

(B) in subparagraph (B), by striking clause (iii) (as so redesignated by section 8107(b)(1) of this Act) and inserting the following:

"(iii) The document shall describe strategies and programs the State is undertaking to engage religious organizations in the provision of services funded under this part and efforts related to section 104

of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(iv) The document shall describe strategies to improve program management and performance."; and

(2) in paragraph (4), by inserting "and tribal" after "that local".

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

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and

(3) by adding at the end the following:

"(G) provides an assurance that the State in which the tribe is located has been consulted regarding the plan and its design.".

(c) PERFORMANCE MEASURES.—Section 413 (42 U.S.C. 613) is amended by adding at the end the following:

"(k) PERFORMANCE IMPROVEMENT.—The Secretary, in consultation with the States, shall develop uniform performance measures designed to assess the degree of effectiveness, and the degree of improvement, of State pro-

1 grams funded under this part in accomplishing the pur-
2 poses of this part.''.
3 (d) ANNUAL RANKING OF STATES.—Section
4 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking
5 ''long-term private sector jobs'' and inserting ''private sec-
6 tor jobs, the success of the recipients in retaining employ-
7 ment, the ability of the recipients to increase their wages''.
8 **SEC. 8113. DATA COLLECTION AND REPORTING.**
9 (a) CONTENTS OF REPORT.—Section 411(a)(1)(A)
10 (42 U.S.C. 611(a)(1)(A)) is amended—
11 (1) in the matter preceding clause (i), by insert-
12 ing ''and on families receiving assistance under
13 State programs funded with other qualified State ex-
14 penditures (as defined in section 409(a)(7)(B))'' be-
15 fore the colon;
16 (2) in clause (vii), by inserting ''and minor par-
17 ent'' after ''of each adult'';
18 (3) in clause (viii), by striking ''and educational
19 level'';
20 (4) in clause (ix), by striking '', and if the lat-
21 ter 2, the amount received'';
22 (5) in clause (x)—
23 (A) by striking ''each type of''; and

(B) by inserting before the period "and, if applicable, the reason for receipt of the assistance for a total of more than 60 months";

(6) in clause (xi), by striking the subclauses and inserting the following:

"(I) Subsidized private sector employment.

"(II) Unsubsidized employment.

"(III) Public sector employment, supervised work experience, or supervised community service.

"(IV) On-the-job training.

"(V) Job search and placement.

"(VI) Training.

"(VII) Education.

"(VIII) Other activities directed at the purposes of this part, as specified in the State plan submitted pursuant to section 402.";

(7) in clause (xii), by inserting "and progress toward universal engagement" after "participation rates";

(8) in clause (xiii), by striking "type and";

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

(10) by adding at the end the following:

"(xviii) The date the family first received assistance from the State program on the basis of the most recent application for such assistance.

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

"(xx) With respect to any child in the family, the marital status of the parents at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.".

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

(1) in clause (i)—

(A) by striking "a sample" and inserting "samples"; and

(B) by inserting before the period ", except that the Secretary may designate core data elements that must be reported on all families"; and

(2) in clause (ii), by striking "funded under this part" and inserting "described in subparagraph (A)".

(c) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42 U.S.C. 611(a)) is amended—

(1) by striking paragraph (5);

(2) by redesignating paragraph (6) as paragraph (5); and

(3) by inserting after paragraph (5) (as so redesignated) the following:

"(6) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter the number of families and total number of individuals that, during the month, became ineligible to receive assistance under the State program funded under this part (broken down by the number of families that become so ineligible due to earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons).".

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

1 (1) by inserting "and to collect the necessary
2 data" before "with respect to which reports";
3 (2) by striking "subsection" and inserting "sec-
4 tion"; and
5 (3) by striking "in defining the data elements"
6 and all that follows and inserting ", the National
7 Governors' Association, the American Public Human
8 Services Association, the National Conference of
9 State Legislatures, and others in defining the data
10 elements.".
11 (e) ADDITIONAL REPORTS BY STATES.—Section 411
12 (42 U.S.C. 611) is amended—
13 (1) by redesignating subsection (b) as sub-
14 section (e); and
15 (2) by inserting after subsection (a) the fol-
16 lowing:
17 "(b) ANNUAL REPORTS ON PROGRAM CHARACTERIS-
18 TICS.—Not later than 90 days after the end of fiscal year
19 2006 and each succeeding fiscal year, each eligible State
20 shall submit to the Secretary a report on the characteris-
21 tics of the State program funded under this part and other
22 State programs funded with qualified State expenditures
23 (as defined in section 409(a)(7)(B)(i)). The report shall
24 include, with respect to each such program, the program
25 name, a description of program activities, the program

1 purpose, the program eligibility criteria, the sources of
2 program funding, the number of program beneficiaries,
3 sanction policies, and any program work requirements.

4 "(c) MONTHLY REPORTS ON CASELOAD.—Not later
5 than 3 months after the end of a calendar month that
6 begins 1 year or more after the enactment of this sub-
7 section, each eligible State shall submit to the Secretary
8 a report on the number of families and total number of
9 individuals receiving assistance in the calendar month
10 under the State program funded under this part.

11 "(d) ANNUAL REPORT ON PERFORMANCE IMPROVE-
12 MENT.—Beginning with fiscal year 2007, not later than
13 January 1 of each fiscal year, each eligible State shall sub-
14 mit to the Secretary a report on achievement and improve-
15 ment during the preceding fiscal year under the numerical
16 performance goals and measures under the State program
17 funded under this part with respect to each of the matters
18 described in section 402(a)(1)(A)(v).".

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

22 (1) in the matter preceding paragraph (1), by
23 striking "and each fiscal year thereafter" and insert-
24 ing "and by July 1 of each fiscal year thereafter";

(2) in paragraph (2), by striking "families applying for assistance," and by striking the last comma; and

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

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

"(f) INCREASED ANALYSIS OF STATE SINGLE AUDIT REPORTS.—

"(1) IN GENERAL.—Within 3 months after a State submits to the Secretary a report pursuant to section 7502(a)(1)(A) of title 31, United States Code, the Secretary shall analyze the report for the purpose of identifying the extent and nature of problems related to the oversight by the State of nongovernmental entities with respect to contracts entered into by such entities with the State program funded under this part, and determining what additional actions may be appropriate to help prevent and correct the problems.

"(2) INCLUSION OF PROGRAM OVERSIGHT SECTION IN ANNUAL REPORT TO THE CONGRESS.—The

Secretary shall include in each report under subsection (e) a section on oversight of State programs funded under this part, including findings on the extent and nature of the problems referred to in paragraph (1), actions taken to resolve the problems, and to the extent the Secretary deems appropriate make recommendations on changes needed to resolve the problems.''.

SEC. 8114. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

(a) TRIBAL FAMILY ASSISTANCE GRANT.—Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by striking ''1997, 1998, 1999, 2000, 2001, 2002, and 2003'' and inserting ''2006 through 2010''.

(b) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C. 612(a)(2)(A)) is amended by striking ''1997, 1998, 1999, 2000, 2001, 2002, and 2003'' and inserting ''2006 through 2010''.

SEC. 8115. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

(a) SECRETARY'S FUND FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section 413 (42 U.S.C. 613), as amended by section 8112(c) of

1 this Act, is further amended by adding at the end the fol-
2 lowing:
3 "(l) FUNDING FOR RESEARCH, DEMONSTRATIONS,
4 AND TECHNICAL ASSISTANCE.—
5 "(1) APPROPRIATION.—Out of any money in
6 the Treasury of the United States not otherwise ap-
7 propriated, there are appropriated $102,000,000 for
8 each of fiscal years 2006 through 2010, which shall
9 be available to the Secretary for the purpose of con-
10 ducting and supporting research and demonstration
11 projects by public or private entities, and providing
12 technical assistance to States, Indian tribal organi-
13 zations, and such other entities as the Secretary
14 may specify that are receiving a grant under this
15 part, which shall be expended primarily on activities
16 described in section 403(a)(2)(B), and which shall
17 be in addition to any other funds made available
18 under this part. The Secretary may not provide an
19 entity with funds made available under this para-
20 graph unless the entity agrees that, as a condition
21 of receipt of the funds for a program or activity de-
22 scribed in any of clauses (iii) through (viii) of sec-
23 tion 403(a)(2)(B), the entity will comply with sub-
24 clauses (I) and (II) of section 403(a)(2)(C)(ii).

1 "(2) SET ASIDE FOR DEMONSTRATION
2 PROJECTS FOR COORDINATION OF PROVISION OF
3 CHILD WELFARE AND TANF SERVICES TO TRIBAL
4 FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—
5 "(A) IN GENERAL.—Of the amounts made
6 available under paragraph (1) for a fiscal year,
7 $2,000,000 shall be awarded on a competitive
8 basis to fund demonstration projects designed
9 to test the effectiveness of tribal governments
10 or tribal consortia in coordinating the provision
11 to tribal families at risk of child abuse or ne-
12 glect of child welfare services and services
13 under tribal programs funded under this part.
14 "(B) USE OF FUNDS.—A grant made to
15 such a project shall be used—
16 "(i) to improve case management for
17 families eligible for assistance from such a
18 tribal program;
19 "(ii) for supportive services and as-
20 sistance to tribal children in out-of-home
21 placements and the tribal families caring
22 for such children, including families who
23 adopt such children; and

"(iii) for prevention services and assistance to tribal families at risk of child abuse and neglect.

"(C) REPORTS.—The Secretary may require a recipient of funds awarded under this paragraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this paragraph.".

(b) FUNDING OF STUDIES AND DEMONSTRATIONS.—Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in the matter preceding subparagraph (A) by striking "1997 through 2002" and inserting "2006 through 2010".

(c) REPORT ON ENFORCEMENT OF CERTAIN AFFIDAVITS OF SUPPORT AND SPONSOR DEEMING.—Not later than March 31, 2006, the Secretary of Health and Human Services, in consultation with the Attorney General, shall submit to the Congress a report on the enforcement of affidavits of support and sponsor deeming as required by section 421, 422, and 432 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

(d) REPORT ON COORDINATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services and the Sec-

1 retary of Labor shall jointly submit a report to the Con-
2 gress describing common or conflicting data elements,
3 definitions, performance measures, and reporting require-
4 ments in the Workforce Investment Act of 1998 and part
5 A of title IV of the Social Security Act, and, to the degree
6 each Secretary deems appropriate, at the discretion of ei-
7 ther Secretary, any other program administered by the re-
8 spective Secretary, to allow greater coordination between
9 the welfare and workforce development systems.

10 **SEC. 8116. STUDY BY THE CENSUS BUREAU.**

11 (a) IN GENERAL.—Section 414(a) (42 U.S.C.
12 614(a)) is amended to read as follows:

13 "(a) IN GENERAL.—The Bureau of the Census shall
14 implement or enhance a longitudinal survey of program
15 participation, developed in consultation with the Secretary
16 and made available to interested parties, to allow for the
17 assessment of the outcomes of continued welfare reform
18 on the economic and child well-being of low-income fami-
19 lies with children, including those who received assistance
20 or services from a State program funded under this part,
21 and, to the extent possible, shall provide State representa-
22 tive samples. The content of the survey should include
23 such information as may be necessary to examine the
24 issues of out-of-wedlock childbearing, marriage, welfare
25 dependency and compliance with work requirements, the

1 beginning and ending of spells of assistance, work, earn-
2 ings and employment stability, and the well-being of chil-
3 dren.''.

4 (b) APPROPRIATION.—Section 414(b) (42 U.S.C.
5 614(b)) is amended—

6 (1) by striking ''1996,'' and all that follows
7 through ''2003'' and inserting ''2006 through
8 2010''; and

9 (2) by adding at the end the following: ''Funds
10 appropriated under this subsection shall remain
11 available through fiscal year 2010 to carry out sub-
12 section (a).''.

13 **SEC. 8117. DEFINITION OF ASSISTANCE.**

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

16 ''(6) ASSISTANCE.—

17 ''(A) IN GENERAL.—The term 'assistance'
18 means payment, by cash, voucher, or other
19 means, to or for an individual or family for the
20 purpose of meeting a subsistence need of the in-
21 dividual or family (including food, clothing,
22 shelter, and related items, but not including
23 costs of transportation or child care).

24 ''(B) EXCEPTION.—The term 'assistance'
25 does not include a payment described in sub-

1 paragraph (A) to or for an individual or family
2 on a short-term, nonrecurring basis (as defined
3 by the State in accordance with regulations pre-
4 scribed by the Secretary).".
5 (b) CONFORMING AMENDMENTS.—
6 (1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is
7 amended by striking "assistance" and inserting
8 "aid".
9 (2) Section 404(f) (42 U.S.C. 604(f)) is amend-
10 ed by striking "assistance" and inserting "benefits
11 or services".
12 (3) Section 408(a)(5)(B)(i) (42 U.S.C.
13 608(a)(5)(B)(i)) is amended in the heading by strik-
14 ing "ASSISTANCE" and inserting "AID".
15 (4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is
16 amended by striking "assistance" and inserting
17 "aid".
18 **SEC. 8118. TECHNICAL CORRECTIONS.**
19 (a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is
20 amended by inserting a comma after "appropriate".
21 (b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C.
22 611(a)(1)(A)(ii)(III)) is amended by striking the last close
23 parenthesis.
24 (c) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is
25 amended by striking "section" and inserting "sections".

(d)(1) Section 413 (42 U.S.C. 613) is amended by striking subsection (g) and redesignating subsections (h) through (j) and subsections (k) and (l) (as added by sections 8112(c) and 8115(a) of this Act, respectively) as subsections (g) through (k), respectively.

(2) Each of the following provisions is amended by striking "413(j)" and inserting "413(i)":

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

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

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

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

SEC. 8119. FATHERHOOD PROGRAM.

(a) SHORT TITLE.—This section may be cited as the "Promotion and Support of Responsible Fatherhood and Healthy Marriage Act of 2005".

(b) FATHERHOOD PROGRAM.—

(1) IN GENERAL.—Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) is amended by adding at the end the following:

"SEC. 117. FATHERHOOD PROGRAM.

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

'PART C—FATHERHOOD PROGRAM

'SEC. 441. FINDINGS AND PURPOSES.

'(a) FINDINGS.—The Congress finds that there is substantial evidence strongly indicating the urgent need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children, including data demonstrating the following:

'(1) In approximately 84 percent of cases where a parent is absent, that parent is the father.

'(2) If current trends continue, half of all children born today will live apart from one of their parents, usually their father, at some point before they turn 18.

'(3) Where families (whether intact or with a parent absent) are living in poverty, a significant factor is the father's lack of job skills.

'(4) Committed and responsible fathering during infancy and early childhood contributes to the development of emotional security, curiosity, and math and verbal skills.

'(5) An estimated 19,400,000 children (27 percent) live apart from their biological father.

1 '(6) Forty percent of children under age 18 not
2 living with their biological father had not seen their
3 father even once in the last 12 months, according to
4 national survey data.
5 '(b) PURPOSES.—The purposes of this part are:
6 '(1) To provide for projects and activities by
7 public entities and by nonprofit community entities,
8 including religious organizations, designed to test
9 promising approaches to accomplishing the following
10 objectives:
11 '(A) Promoting responsible, caring, and ef-
12 fective parenting through counseling, men-
13 toring, and parenting education, dissemination
14 of educational materials and information on
15 parenting skills, encouragement of positive fa-
16 ther involvement, including the positive involve-
17 ment of nonresident fathers, and other meth-
18 ods.
19 '(B) Enhancing the abilities and commit-
20 ment of unemployed or low-income fathers to
21 provide material support for their families and
22 to avoid or leave welfare programs by assisting
23 them to take full advantage of education, job
24 training, and job search programs, to improve
25 work habits and work skills, to secure career

1 advancement by activities such as outreach and
2 information dissemination, coordination, as ap-
3 propriate, with employment services and job
4 training programs, including the One-Stop de-
5 livery system established under title I of the
6 Workforce Investment Act of 1998, encourage-
7 ment and support of timely payment of current
8 child support and regular payment toward past
9 due child support obligations in appropriate
10 cases, and other methods.

11 '(C) Improving fathers' ability to effec-
12 tively manage family business affairs by means
13 such as education, counseling, and mentoring in
14 matters including household management,
15 budgeting, banking, and handling of financial
16 transactions, time management, and home
17 maintenance.

18 '(D) Encouraging and supporting healthy
19 marriages and married fatherhood through such
20 activities as premarital education, including the
21 use of premarital inventories, marriage prepara-
22 tion programs, skills-based marriage education
23 programs, marital therapy, couples counseling,
24 divorce education and reduction programs, di-
25 vorce mediation and counseling, relationship

1 skills enhancement programs, including those
2 designed to reduce child abuse and domestic vi-
3 olence, and dissemination of information about
4 the benefits of marriage for both parents and
5 children.

6 '(2) Through the projects and activities de-
7 scribed in paragraph (1), to improve outcomes for
8 children with respect to measures such as increased
9 family income and economic security, improved
10 school performance, better health, improved emo-
11 tional and behavioral stability and social adjustment,
12 and reduced risk of delinquency, crime, substance
13 abuse, child abuse and neglect, teen sexual activity,
14 and teen suicide.

15 '(3) To evaluate the effectiveness of various ap-
16 proaches and to disseminate findings concerning out-
17 comes and other information in order to encourage
18 and facilitate the replication of effective approaches
19 to accomplishing these objectives.

20 **'SEC. 442. DEFINITIONS.**

21 'In this part, the terms ''Indian tribe'' and ''tribal
22 organization'' have the meanings given them in sub-
23 sections (e) and (l), respectively, of section 4 of the Indian
24 Self-Determination and Education Assistance Act.

1 **'SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.**

2 '(a) IN GENERAL.—The Secretary may make grants
3 for fiscal years 2006 through 2010 to public and nonprofit
4 community entities, including religious organizations, and
5 to Indian tribes and tribal organizations, for demonstra-
6 tion service projects and activities designed to test the ef-
7 fectiveness of various approaches to accomplish the objec-
8 tives specified in section 441(b)(1).

9 '(b) ELIGIBILITY CRITERIA FOR FULL SERVICE
10 GRANTS.—In order to be eligible for a grant under this
11 section, except as specified in subsection (c), an entity
12 shall submit an application to the Secretary containing the
13 following:

14 '(1) PROJECT DESCRIPTION.—A statement
15 including—

16 '(A) a description of the project and how
17 it will be carried out, including the geographical
18 area to be covered and the number and charac-
19 teristics of clients to be served, and how it will
20 address each of the 4 objectives specified in sec-
21 tion 441(b)(1); and

22 '(B) a description of the methods to be
23 used by the entity or its contractor to assess
24 the extent to which the project was successful
25 in accomplishing its specific objectives and the
26 general objectives specified in section 441(b)(1).

1 '(2) EXPERIENCE AND QUALIFICATIONS.—A
2 demonstration of ability to carry out the project, by
3 means such as demonstration of experience in suc-
4 cessfully carrying out projects of similar design and
5 scope, and such other information as the Secretary
6 may find necessary to demonstrate the entity's ca-
7 pacity to carry out the project, including the entity's
8 ability to provide the non-Federal share of project
9 resources.

10 '(3) ADDRESSING CHILD ABUSE AND NEGLECT
11 AND DOMESTIC VIOLENCE.—A description of how
12 the entity will assess for the presence of, and inter-
13 vene to resolve, domestic violence and child abuse
14 and neglect, including how the entity will coordinate
15 with State and local child protective service and do-
16 mestic violence programs.

17 '(4) ADDRESSING CONCERNS RELATING TO
18 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
19 mitment to make available to each individual partici-
20 pating in the project education about alcohol, to-
21 bacco, and other drugs, and about the health risks
22 associated with abusing such substances, and infor-
23 mation about diseases and conditions transmitted
24 through substance abuse and sexual contact, includ-

1 ing HIV/AIDS, and to coordinate with providers of
2 services addressing such problems, as appropriate.
3 '(5) COORDINATION WITH SPECIFIED PRO-
4 GRAMS.—An undertaking to coordinate, as appro-
5 priate, with State and local entities responsible for
6 the programs under parts A, B, and D of this title,
7 including programs under title I of the Workforce
8 Investment Act of 1998 (including the One-Stop de-
9 livery system), and such other programs as the Sec-
10 retary may require.
11 '(6) RECORDS, REPORTS, AND AUDITS.—An
12 agreement to maintain such records, make such re-
13 ports, and cooperate with such reviews or audits as
14 the Secretary may find necessary for purposes of
15 oversight of project activities and expenditures.
16 '(7) SELF-INITIATED EVALUATION.—If the enti-
17 ty elects to contract for independent evaluation of
18 the project (part or all of the cost of which may be
19 paid for using grant funds), a commitment to sub-
20 mit to the Secretary a copy of the evaluation report
21 within 30 days after completion of the report and
22 not more than 1 year after completion of the project.
23 '(8) COOPERATION WITH SECRETARY'S OVER-
24 SIGHT AND EVALUATION.—An agreement to cooper-
25 ate with the Secretary's evaluation of projects as-

1 sisted under this section, by means including ran-
2 dom assignment of clients to service recipient and
3 control groups, if determined by the Secretary to be
4 appropriate, and affording the Secretary access to
5 the project and to project-related records and docu-
6 ments, staff, and clients.

7 '(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE
8 GRANTS.—In order to be eligible for a grant under this
9 section in an amount under $25,000 per fiscal year, an
10 entity shall submit an application to the Secretary con-
11 taining the following:

12 '(1) PROJECT DESCRIPTION.—A description of
13 the project and how it will be carried out, including
14 the number and characteristics of clients to be
15 served, the proposed duration of the project, and
16 how it will address at least 1 of the 4 objectives
17 specified in section 441(b)(1).

18 '(2) QUALIFICATIONS.—Such information as
19 the Secretary may require as to the capacity of the
20 entity to carry out the project, including any pre-
21 vious experience with similar activities.

22 '(3) COORDINATION WITH RELATED PRO-
23 GRAMS.—As required by the Secretary in appro-
24 priate cases, an undertaking to coordinate and co-
25 operate with State and local entities responsible for

1 specific programs relating to the objectives of the
2 project including, as appropriate, jobs programs and
3 programs serving children and families.
4 '(4) RECORDS, REPORTS, AND AUDITS.—An
5 agreement to maintain such records, make such re-
6 ports, and cooperate with such reviews or audits as
7 the Secretary may find necessary for purposes of
8 oversight of project activities and expenditures.
9 '(5) COOPERATION WITH SECRETARY'S OVER-
10 SIGHT AND EVALUATION.—An agreement to cooper-
11 ate with the Secretary's evaluation of projects as-
12 sisted under this section, by means including afford-
13 ing the Secretary access to the project and to
14 project-related records and documents, staff, and cli-
15 ents.
16 '(d) CONSIDERATIONS IN AWARDING GRANTS.—
17 '(1) DIVERSITY OF PROJECTS.—In awarding
18 grants under this section, the Secretary shall seek to
19 achieve a balance among entities of differing sizes,
20 entities in differing geographic areas, entities in
21 urban and in rural areas, and entities employing dif-
22 fering methods of achieving the purposes of this sec-
23 tion, including working with the State agency re-
24 sponsible for the administration of part D to help fa-
25 thers satisfy child support arrearage obligations.

1 '(2) PREFERENCE FOR PROJECTS SERVING
2 LOW-INCOME FATHERS.—In awarding grants under
3 this section, the Secretary may give preference to
4 applications for projects in which a majority of the
5 clients to be served are low-income fathers.
6 '(e) FEDERAL SHARE.—
7 '(1) IN GENERAL.—Grants for a project under
8 this section for a fiscal year shall be available for a
9 share of the cost of such project in such fiscal year
10 equal to—
11 '(A) up to 80 percent (or up to 90 percent,
12 if the entity demonstrates to the Secretary's
13 satisfaction circumstances limiting the entity's
14 ability to secure non-Federal resources) in the
15 case of a project under subsection (b); and
16 '(B) up to 100 percent, in the case of a
17 project under subsection (c).
18 '(2) NON-FEDERAL SHARE.—The non-Federal
19 share may be in cash or in kind. In determining the
20 amount of the non-Federal share, the Secretary may
21 attribute fair market value to goods, services, and
22 facilities contributed from non-Federal sources.

1 **'SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION**
2 **PROJECTS.**

3 '(a) IN GENERAL.—The Secretary may make grants
4 under this section for fiscal years 2006 through 2010 to
5 eligible entities (as specified in subsection (b)) for 2
6 multicity, multistate projects demonstrating approaches to
7 achieving the objectives specified in section 441(b)(1). One
8 of the projects shall test the use of married couples to
9 deliver program services.

10 '(b) ELIGIBLE ENTITIES.—An entity eligible for a
11 grant under this section must be a national nonprofit fa-
12 therhood promotion organization that meets the following
13 requirements:

14 '(1) EXPERIENCE WITH FATHERHOOD PRO-
15 GRAMS.—The organization must have substantial ex-
16 perience in designing and successfully conducting
17 programs that meet the purposes described in sec-
18 tion 441.

19 '(2) EXPERIENCE WITH MULTICITY,
20 MULTISTATE PROGRAMS AND GOVERNMENT COORDI-
21 NATION.—The organization must have experience in
22 simultaneously conducting such programs in more
23 than 1 major metropolitan area in more than 1
24 State and in coordinating such programs, where ap-
25 propriate, with State and local government agencies
26 and private, nonprofit agencies (including commu-

1 nity-based and religious organizations), including
2 State or local agencies responsible for child support
3 enforcement and workforce development.
4 '(c) APPLICATION REQUIREMENTS.—In order to be
5 eligible for a grant under this section, an entity must sub-
6 mit to the Secretary an application that includes the fol-
7 lowing:
8 '(1) QUALIFICATIONS.—
9 '(A) ELIGIBLE ENTITY.—A demonstration
10 that the entity meets the requirements of sub-
11 section (b).
12 '(B) OTHER.—Such other information as
13 the Secretary may find necessary to dem-
14 onstrate the entity's capacity to carry out the
15 project, including the entity's ability to provide
16 the non-Federal share of project resources.
17 '(2) PROJECT DESCRIPTION.—A description of
18 and commitments concerning the project design, in-
19 cluding the following:
20 '(A) IN GENERAL.—A detailed description
21 of the proposed project design and how it will
22 be carried out, which shall—
23 '(i) provide for the project to be con-
24 ducted in at least 3 major metropolitan
25 areas;

1 '(ii) state how it will address each of
2 the 4 objectives specified in section
3 441(b)(1);
4 '(iii) demonstrate that there is a suffi-
5 cient number of potential clients to allow
6 for the random selection of individuals to
7 participate in the project and for compari-
8 sons with appropriate control groups com-
9 posed of individuals who have not partici-
10 pated in such projects; and
11 '(iv) demonstrate that the project is
12 designed to direct a majority of project re-
13 sources to activities serving low-income fa-
14 thers (but the project need not make serv-
15 ices available on a means-tested basis).
16 '(B) OVERSIGHT, EVALUATION, AND AD-
17 JUSTMENT COMPONENT.—An agreement that
18 the entity—
19 '(i) in consultation with the evaluator
20 selected pursuant to section 445, and as
21 required by the Secretary, will modify the
22 project design, initially and (if necessary)
23 subsequently throughout the duration of
24 the project, in order to facilitate ongoing
25 and final oversight and evaluation of

1 project operation and outcomes (by means
2 including, to the maximum extent feasible,
3 random assignment of clients to service re-
4 cipient and control groups), and to provide
5 for mid-course adjustments in project de-
6 sign indicated by interim evaluations;
7 '(ii) will submit to the Secretary re-
8 vised descriptions of the project design as
9 modified in accordance with clause (i); and
10 '(iii) will cooperate fully with the Sec-
11 retary's ongoing oversight and ongoing and
12 final evaluation of the project, by means
13 including affording the Secretary access to
14 the project and to project-related records
15 and documents, staff, and clients.
16 '(3) ADDRESSING CHILD ABUSE AND NEGLECT
17 AND DOMESTIC VIOLENCE.—A description of how
18 the entity will assess for the presence of, and inter-
19 vene to resolve, domestic violence and child abuse
20 and neglect, including how the entity will coordinate
21 with State and local child protective service and do-
22 mestic violence programs.
23 '(4) ADDRESSING CONCERNS RELATING TO
24 SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A com-
25 mitment to make available to each individual partici-

1 pating in the project education about alcohol, to-
2 bacco, and other drugs, and about the health risks
3 associated with abusing such substances, and infor-
4 mation about diseases and conditions transmitted
5 through substance abuse and sexual contact, includ-
6 ing HIV/AIDS, and to coordinate with providers of
7 services addressing such problems, as appropriate.

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

16 '(6) RECORDS, REPORTS, AND AUDITS.—An
17 agreement to maintain such records, make such re-
18 ports, and cooperate with such reviews or audits (in
19 addition to those required under the preceding provi-
20 sions of paragraph (2)) as the Secretary may find
21 necessary for purposes of oversight of project activi-
22 ties and expenditures.

23 '(d) FEDERAL SHARE.—

24 '(1) IN GENERAL.—Grants for a project under
25 this section for a fiscal year shall be available for up

1 to 80 percent of the cost of such project in such fis-
2 cal year.
3 '(2) NON-FEDERAL SHARE.—The non-Federal
4 share may be in cash or in kind. In determining the
5 amount of the non-Federal share, the Secretary may
6 attribute fair market value to goods, services, and
7 facilities contributed from non-Federal sources.
8 **'SEC. 445. EVALUATION.**
9 '(a) IN GENERAL.—The Secretary, directly or by con-
10 tract or cooperative agreement, shall evaluate the effec-
11 tiveness of service projects funded under sections 443 and
12 444 from the standpoint of the purposes specified in sec-
13 tion 441(b)(1).
14 '(b) EVALUATION METHODOLOGY.—Evaluations
15 under this section shall—
16 '(1) include, to the maximum extent feasible,
17 random assignment of clients to service delivery and
18 control groups and other appropriate comparisons of
19 groups of individuals receiving and not receiving
20 services;
21 '(2) describe and measure the effectiveness of
22 the projects in achieving their specific project goals;
23 and
24 '(3) describe and assess, as appropriate, the im-
25 pact of such projects on marriage, parenting, domes-

1 tic violence, child abuse and neglect, money manage-
2 ment, employment and earnings, payment of child
3 support, and child well-being, health, and education.
4 '(c) EVALUATION REPORTS.—The Secretary shall
5 publish the following reports on the results of the evalua-
6 tion:
7 '(1) An implementation evaluation report cov-
8 ering the first 24 months of the activities under this
9 part to be completed by 36 months after initiation
10 of such activities.
11 '(2) A final report on the evaluation to be com-
12 pleted by September 30, 2013.
13 **'SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.**
14 'The Secretary is authorized, by grant, contract, or
15 cooperative agreement, to carry out projects and activities
16 of national significance relating to fatherhood promotion,
17 including—
18 '(1) COLLECTION AND DISSEMINATION OF IN-
19 FORMATION.—Assisting States, communities, and
20 private entities, including religious organizations, in
21 efforts to promote and support marriage and respon-
22 sible fatherhood by collecting, evaluating, developing,
23 and making available (through the Internet and by
24 other means) to all interested parties information re-

1 garding approaches to accomplishing the objectives
2 specified in section 441(b)(1).
3 '(2) MEDIA CAMPAIGN.—Developing, promoting,
4 and distributing to interested States, local govern-
5 ments, public agencies, and private nonprofit organi-
6 zations, including charitable and religious organiza-
7 tions, a media campaign that promotes and encour-
8 ages involved, committed, and responsible fatherhood
9 and married fatherhood.
10 '(3) TECHNICAL ASSISTANCE.—Providing tech-
11 nical assistance, including consultation and training,
12 to public and private entities, including community
13 organizations and faith-based organizations, in the
14 implementation of local fatherhood promotion pro-
15 grams.
16 '(4) RESEARCH.—Conducting research related
17 to the purposes of this part.
18 **'SEC. 447. NONDISCRIMINATION.**
19 'The projects and activities assisted under this part
20 shall be available on the same basis to all fathers and ex-
21 pectant fathers able to benefit from such projects and ac-
22 tivities, including married and unmarried fathers and cus-
23 todial and noncustodial fathers, with particular attention
24 to low-income fathers, and to mothers and expectant
25 mothers on the same basis as to fathers.

1 **'SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RES-**
2 **ERVATION FOR CERTAIN PURPOSE.**
3 '(a) AUTHORIZATION.—There are authorized to be
4 appropriated $20,000,000 for each of fiscal years 2006
5 through 2010 to carry out the provisions of this part.
6 '(b) RESERVATION.—Of the amount appropriated
7 under this section for each fiscal year, not more than 15
8 percent shall be available for the costs of the multicity,
9 multicounty, multistate demonstration projects under sec-
10 tion 444, evaluations under section 445, and projects of
11 national significance under section 446.'.
12 ''(b) INAPPLICABILITY OF EFFECTIVE DATE PROVI-
13 SIONS.—Section 116 shall not apply to the amendment
14 made by subsection (a) of this section.''.
15 (2) CLERICAL AMENDMENT.—Section 2 of such
16 Act is amended in the table of contents by inserting
17 after the item relating to section 116 the following
18 new item:

''Sec. 117. Fatherhood program.''.

19 **SEC. 8120. STATE OPTION TO MAKE TANF PROGRAMS MAN-**
20 **DATORY PARTNERS WITH ONE-STOP EMPLOY-**
21 **MENT TRAINING CENTERS.**
22 Section 408 of the Social Security Act (42 U.S.C.
23 608) is amended by adding at the end the following:
24 ''(h) STATE OPTION TO MAKE TANF PROGRAMS
25 MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT

1 TRAINING CENTERS.—For purposes of section 121(b) of
2 the Workforce Investment Act of 1998, a State program
3 funded under part A of title IV of the Social Security Act
4 shall be considered a program referred to in paragraph
5 (1)(B) of such section, unless, after the date of the enact-
6 ment of this subsection, the Governor of the State notifies
7 the Secretaries of Health and Human Services and Labor
8 in writing of the decision of the Governor not to make
9 the State program a mandatory partner.''.

10 **SEC. 8121. SENSE OF THE CONGRESS.**

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

13 **SEC. 8122. DRUG TESTING OF APPLICANTS FOR AND RE-**
14 **CIPIENTS OF ASSISTANCE.**

15 (a) REQUIREMENT.—Section 408(a) (42 U.S.C.
16 608(a)) is amended by adding at the end the following:
17 ''(12) DRUG TESTING REQUIREMENTS.—A
18 State to which a grant is made under section 403(a)
19 for a fiscal year shall—
20 ''(A) require an individual who has applied
21 for, or is a recipient of, assistance from the
22 State program funded under this part to under-
23 go a physical test designed to detect the use by
24 the individual of any controlled substance (as
25 defined in section 102(6) of the Controlled Sub-

1 stances Act) if the State has reason to believe
2 that the person has unlawfully used such a sub-
3 stance recently;
4 "(B) if a test administered pursuant to
5 this paragraph indicates that an individual has
6 so used such a substance recently, or if the
7 State otherwise determines (on the basis of
8 such indicators as the State may establish) that
9 an individual is likely to have so used such a
10 substance recently—
11 "(i) ensure that the self-sufficiency
12 plan developed under section 408(b) with
13 respect to the individual addresses the use
14 of the substance;
15 "(ii) suspend the provision of cash as-
16 sistance under the program to the family
17 of the individual until a subsequent such
18 test indicates that the individual has not
19 been using the substance; and
20 "(iii) require, as a condition of pro-
21 viding any benefit under the program to
22 the family of the individual, that the indi-
23 vidual comply with the self-sufficiency
24 plan, including the provisions of the plan
25 that address the use of the substance, and

1 undergo additional such tests every 30 or
2 60 days, as the State deems appropriate;
3 and
4 "(C) terminate for 3 years the participa-
5 tion in the program of the family of any indi-
6 vidual who tests positive for such use of such
7 a substance in such number of consecutive tests
8 administered pursuant to this paragraph (which
9 shall be not less than 3 and not more than 6)
10 as the State deems appropriate.".
11 (b) PENALTY FOR NONCOMPLIANCE.—Section
12 409(a) (42 U.S.C. 609(a)) is amended by adding at the
13 end the following:
14 "(15) PENALTY FOR FAILURE TO COMPLY WITH
15 DRUG TESTING REQUIREMENTS.—If the Secretary
16 determines that a State has not complied with sec-
17 tion 408(a)(12) during a fiscal year, the Secretary
18 shall reduce the grant payable to the State under
19 section 403(a)(1) for the immediately succeeding fis-
20 cal year by an amount equal to not less than 5 per-
21 cent and not more than 10 percent of the State fam-
22 ily assistance grant, as the Secretary deems appro-
23 priate based on the frequency and severity of the
24 noncompliance.".

Subtitle B—Child Care

SEC. 8201. ENTITLEMENT FUNDING.

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

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting a semicolon; and

(3) by adding at the end the following:

"(G) $2,717,000,000 for fiscal year 2006;

"(H) $2,767,000,000 for fiscal year 2007;

"(I) $2,817,000,000 for fiscal year 2008;

"(J) $2,867,000,000 for fiscal year 2009; and

"(K) $2,917,000,000 for fiscal year 2010.".

Subtitle C—Child Support

SEC. 8301. FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.

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

(1) in paragraph (1)(A), by inserting "subject to paragraph (7)" before the semicolon; and

(2) by adding at the end the following:

"(7) FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.—Notwithstanding paragraph (1), a State shall not be required to pay to the Federal Government the Federal share of an amount collected during a month on behalf of a family that is a recipient of assistance under the State program funded under part A, to the extent that—

"(A) the State distributes the amount to the family;

"(B) the total of the amounts so distributed to the family during the month—

"(i) exceeds the amount (if any) that, as of December 31, 2001, was required under State law to be distributed to a family under paragraph (1)(B); and

"(ii) does not exceed the greater of—

"(I) $100; or

"(II) $50 plus the amount described in clause (i); and

"(C) the amount is disregarded in determining the amount and type of assistance provided to the family under the State program funded under part A.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to amounts distributed on or after October 1, 2008.

SEC. 8302. STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.

(a) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)), as amended by section 8301(a) of this Act, is amended—

(1) in paragraph (2)(B), in the matter preceding clause (i), by inserting ", except as provided in paragraph (8)," after "shall"; and

(2) by adding at the end the following:

"(8) STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.—In lieu of applying paragraph (2) to any family described in paragraph (2), a State may distribute to the family any amount collected during a month on behalf of the family.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to amounts distributed on or after October 1, 2008.

SEC. 8303. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.

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

(1) by striking ''parent, or,'' and inserting ''parent or''; and

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

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2007.

SEC. 8304. MANDATORY FEE FOR SUCCESSFUL CHILD SUPPORT COLLECTION FOR FAMILY THAT HAS NEVER RECEIVED TANF.

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

(1) by inserting ''(i)'' after ''(B)'';

(2) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

(3) by adding ''and'' after the semicolon; and

(4) by adding after and below the end the following new clause:

''(ii) in the case of an individual who has never received assistance under a State program funded under part A and for whom the State has collected at least $500 of support, the

State shall impose an annual fee of $25 for each case in which services are furnished, which shall be retained by the State from support collected on behalf of the individual (but not from the 1st $500 so collected), paid by the individual applying for the services, recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and such fees shall be considered income to the program);''.

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

''(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2006.

SEC. 8305. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human

1 Services shall submit to the Committee on Ways and
2 Means of the House of Representatives and the Committee
3 on Finance of the Senate a report on the procedures that
4 the States use generally to locate custodial parents for
5 whom child support has been collected but not yet distrib-
6 uted. The report shall include an estimate of the total
7 amount of undistributed child support and the average
8 length of time it takes undistributed child support to be
9 distributed. To the extent the Secretary deems appro-
10 priate, the Secretary shall include in the report rec-
11 ommendations as to whether additional procedures should
12 be established at the State or Federal level to expedite
13 the payment of undistributed child support.

14 **SEC. 8306. DECREASE IN AMOUNT OF CHILD SUPPORT AR-**
15 **REARAGE TRIGGERING PASSPORT DENIAL.**

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

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

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on October 1, 2006.

SEC. 8307. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.

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

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

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking "(1) Except as provided in paragraph (2), as used in" and inserting "In"; and

(ii) by inserting "(whether or not a minor)" after "a child" each place it appears; and

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

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2007.

SEC. 8308. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE CHILD SUPPORT OBLIGATIONS.

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

(1) in paragraph (1)(A)(ii)(V), by striking all that follows "Armed Forces" and inserting a semicolon; and

(2) by adding at the end the following:

"(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:

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

"(i) for payment of alimony; or

"(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.

"(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2007.

SEC. 8309. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.

Section 452(j) (42 U.S.C. 652(j)) is amended by inserting "or the amount appropriated under this paragraph

for fiscal year 2002, whichever is greater,'' before ''which shall be available''.

SEC. 8310. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.

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

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

(2) in the 2nd sentence, by striking ''for each of fiscal years 1997 through 2001''.

SEC. 8311. INFORMATION COMPARISONS WITH INSURANCE DATA.

(a) DUTIES OF THE SECRETARY.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following:

''(m) COMPARISONS WITH INSURANCE INFORMATION.—

''(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, may—

''(A) compare information concerning individuals owing past-due support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments, and

"(B) furnish information resulting from such a comparison to the State agencies responsible for collecting child support from such individuals.

"(2) LIABILITY.—An insurer (including any agent of an insurer) shall not be liable under any Federal or State law to any person for any disclosure provided for under this subsection, or for any other action taken in good faith in accordance with this subsection.".

(b) STATE REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C. 653(k)(3)) is amended by inserting "or section 452(m)" after "this section".

SEC. 8312. TRIBAL ACCESS TO THE FEDERAL PARENT LOCATOR SERVICE.

Section 453(c)(1) (42 U.S.C. 653(c)(1)) is amended by inserting "or of any Indian tribe or tribal organization" after "any agent or attorney of any State".

SEC. 8313. REIMBURSEMENT OF SECRETARY'S COSTS OF INFORMATION COMPARISONS AND DISCLOSURE FOR ENFORCEMENT OF OBLIGATIONS ON HIGHER EDUCATION ACT LOANS AND GRANTS.

Section 453(j)(6)(F) (42 U.S.C. 653(j)(6)(F)) is amended by striking "additional".

SEC. 8314. TECHNICAL AMENDMENT RELATING TO COOPERATIVE AGREEMENTS BETWEEN STATES AND INDIAN TRIBES.

Section 454(33) (42 U.S.C. 654(33)) is amended by striking "that receives funding pursuant to section 428 and".

SEC. 8315. STATE OPTION TO USE STATEWIDE AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM FOR INTERSTATE CASES.

Section 466(a)(14)(A)(iii) (42 U.S.C. 666(a)(14)(A)(iii)) is amended by inserting "(but the assisting State may establish a corresponding case based on such other State's request for assistance)" before the semicolon.

SEC. 8316. MODIFICATION OF RULE REQUIRING ASSIGNMENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING TANF.

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

"(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

"(A) IN GENERAL.—Subject to subparagraph (B), a State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the

State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to—

"(i) support from any other person which accrues during the period that the family receives assistance under the program; and

"(ii) at the option of the State, support from any other person which has accrued before such period.

"(B) LIMITATION.—The total amount of support that may be required to be provided with respect to rights assigned to a State by a family member pursuant to subparagraph (A) shall not exceed the total amount of assistance provided by the State to the family.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2008.

SEC. 8317. STATE OPTION TO DISCONTINUE CERTAIN SUPPORT ASSIGNMENTS.

Section 457(b) (42 U.S.C. 657(b)) is amended by striking "shall" and inserting "may".

SEC. 8318. TECHNICAL CORRECTION.

The second paragraph (7) of section 453(j) (42 U.S.C. 653(j)) is amended by striking "(7)" and inserting "(9)".

SEC. 8319. REDUCTION IN RATE OF REIMBURSEMENT OF CHILD SUPPORT ADMINISTRATIVE EXPENSES.

Section 455(a)(2) (42 U.S.C. 655(a)(2)) is amended—

(1) in subparagraph (B), by striking ", and" and inserting a semicolon;

(2) in subparagraph (C), by striking "fiscal year 1990 and each fiscal year thereafter." and inserting "fiscal years 1990 through 2006;"; and

(3) by adding at the end the following:

"(D) 62 percent for fiscal year 2007;

"(E) 58 percent for fiscal year 2008;

"(F) 54 percent for fiscal year 2009; and

"(G) 50 percent for fiscal year 2010 and each fiscal year thereafter.".

SEC. 8320. INCENTIVE PAYMENTS.

(a) IN GENERAL.—Section 455(a)(1) (42 U.S.C. 655(a)(1)) is amended by inserting "from amounts paid to the State under section 458 or" before "to carry out an agreement".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2007.

Subtitle D—Child Welfare

SEC. 8401. EXTENSION OF AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.

Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking "2003" and inserting "2010".

SEC. 8402. ELIMINATION OF LIMITATION ON NUMBER OF WAIVERS.

Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking "not more than 10".

SEC. 8403. ELIMINATION OF LIMITATION ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT DEMONSTRATION PROJECTS ON SAME TOPIC.

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

"(h) NO LIMIT ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR DEMONSTRATION PROJECTS.—The Secretary shall not refuse to grant a waiver to a State under this section on the grounds that a purpose of the waiver or of the demonstration project for which the waiver is necessary would be the same as or similar to a purpose of another waiver

1 or project that is or may be conducted under this sec-
2 tion.''.

3 **SEC. 8404. ELIMINATION OF LIMITATION ON NUMBER OF**
4 **WAIVERS THAT MAY BE GRANTED TO A SIN-**
5 **GLE STATE FOR DEMONSTRATION PROJECTS.**

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

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

15 **SEC. 8405. STREAMLINED PROCESS FOR CONSIDERATION**
16 **OF AMENDMENTS TO AND EXTENSIONS OF**
17 **DEMONSTRATION PROJECTS REQUIRING**
18 **WAIVERS.**

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

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

SEC. 8406. AVAILABILITY OF REPORTS.

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

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

SEC. 8407. CLARIFICATION OF ELIGIBILITY FOR FOSTER CARE MAINTENANCE PAYMENTS AND ADOPTION ASSISTANCE.

(a) FOSTER CARE MAINTENANCE PAYMENTS.—Section 472(a) (42 U.S.C. 672(a)) is amended to read as follows:

"(a) IN GENERAL.—

"(1) ELIGIBILITY.—Each State with a plan approved under this part shall make foster care maintenance payments on behalf of each child who has been removed from the home of a relative specified in section 406(a) (as in effect on July 16, 1996) into foster care if—

"(A) the removal and foster care placement met, and the placement continues to meet, the requirements of paragraph (2); and

1 "(B) the child, while in the home, would
2 have met the AFDC eligibility requirement of
3 paragraph (3).
4 "(2) REMOVAL AND FOSTER CARE PLACEMENT
5 REQUIREMENTS.—The removal and foster care
6 placement of a child meet the requirements of this
7 paragraph if—
8 "(A) the removal and foster care place-
9 ment are in accordance with—
10 "(i) a voluntary placement agreement
11 entered into by a parent or legal guardian
12 of the child who is the relative referred to
13 in paragraph (1); or
14 "(ii) a judicial determination to the
15 effect that continuation in the home from
16 which removed would be contrary to the
17 welfare of the child and that reasonable ef-
18 forts of the type described in section
19 471(a)(15) for a child have been made;
20 "(B) the child's placement and care are
21 the responsibility of—
22 "(i) the State agency administering
23 the State plan approved under section 471;
24 or

"(ii) any other public agency with which the State agency administering or supervising the administration of the State plan has made an agreement which is in effect; and

"(C) the child has been placed in a foster family home or child-care institution.

"(3) AFDC ELIGIBILITY REQUIREMENT.—

"(A) IN GENERAL.—A child in the home referred to in paragraph (1) would have met the AFDC eligibility requirement of this paragraph if the child—

"(i) would have received aid under the State plan approved under section 402 (as in effect on July 16, 1996) in the home, in or for the month in which the agreement was entered into or court proceedings leading to the determination referred to in paragraph (2)(A)(ii) of this subsection were initiated; or

"(ii)(I) would have received the aid in the home, in or for the month referred to in clause (i), if application had been made therefor; or

1 "(II) had been living in the home
2 within 6 months before the month in which
3 the agreement was entered into or the pro-
4 ceedings were initiated, and would have re-
5 ceived the aid in or for such month, if, in
6 such month, the child had been living in
7 the home with the relative referred to in
8 paragraph (1) and application for the aid
9 had been made.
10 "(B) RESOURCES DETERMINATION.—For
11 purposes of subparagraph (A), in determining
12 whether a child would have received aid under
13 a State plan approved under section 402 (as in
14 effect on July 16, 1996), a child whose re-
15 sources (determined pursuant to section
16 402(a)(7)(B), as so in effect) have a combined
17 value of not more than $10,000 shall be consid-
18 ered a child whose resources have a combined
19 value of not more than $1,000 (or such lower
20 amount as the State may determine for pur-
21 poses of section 402(a)(7)(B)).
22 "(4) ELIGIBILITY OF CERTAIN ALIEN CHIL-
23 DREN.—Subject to title IV of the Personal Responsi-
24 bility and Work Opportunity Reconciliation Act of
25 1996, if the child is an alien disqualified under sec-

1 tion 245A(h) or 210(f) of the Immigration and Na-
2 tionality Act from receiving aid under the State plan
3 approved under section 402 in or for the month in
4 which the agreement described in paragraph
5 (2)(A)(i) was entered into or court proceedings lead-
6 ing to the determination described in paragraph
7 (2)(A)(ii) were initiated, the child shall be consid-
8 ered to satisfy the requirements of paragraph (3),
9 with respect to the month, if the child would have
10 satisfied the requirements but for the disqualifica-
11 tion.''.
12 (b) ADOPTION ASSISTANCE.—Section 473(a)(2) (42
13 U.S.C. 673(a)(2)) is amended to read as follows:
14 ''(2)(A) For purposes of paragraph (1)(B)(ii), a child
15 meets the requirements of this paragraph if the child—
16 ''(i)(I)(aa) was removed from the home of a rel-
17 ative specified in section 406(a) (as in effect on July
18 16, 1996) and placed in foster care in accordance
19 with a voluntary placement agreement with respect
20 to which Federal payments are provided under sec-
21 tion 474 (or section 403, as such section was in ef-
22 fect on July 16, 1996), or in accordance with a judi-
23 cial determination to the effect that continuation in
24 the home would be contrary to the welfare of the
25 child; and

1 "(bb) met the requirements of section 472(a)(3)
2 with respect to the home referred to in item (aa) of
3 this subclause;
4 "(II) meets all of the requirements of title XVI
5 with respect to eligibility for supplemental security
6 income benefits; or
7 "(III) is a child whose costs in a foster family
8 home or child-care institution are covered by the fos-
9 ter care maintenance payments being made with re-
10 spect to the minor parent of the child as provided
11 in section 475(4)(B); and
12 "(ii) has been determined by the State, pursu-
13 ant to subsection (c) of this section, to be a child
14 with special needs.
15 "(B) Section 472(a)(4) shall apply for purposes of
16 subparagraph (A) of this paragraph, in any case in which
17 the child is an alien described in such section.
18 "(C) A child shall be treated as meeting the require-
19 ments of this paragraph for the purpose of paragraph
20 (1)(B)(ii) if the child—
21 "(i) meets the requirements of subparagraph
22 (A)(ii);
23 "(ii) was determined eligible for adoption assist-
24 ance payments under this part with respect to a
25 prior adoption;

"(iii) is available for adoption because—

"(I) the prior adoption has been dissolved, and the parental rights of the adoptive parents have been terminated; or

"(II) the child's adoptive parents have died; and

"(iv) fails to meet the requirements of subparagraph (A) but would meet such requirements if—

"(I) the child were treated as if the child were in the same financial and other circumstances the child was in the last time the child was determined eligible for adoption assistance payments under this part; and

"(II) the prior adoption were treated as never having occurred.".

SEC. 8408. CLARIFICATION REGARDING FEDERAL MATCHING OF CERTAIN ADMINISTRATIVE COSTS UNDER THE FOSTER CARE MAINTENANCE PAYMENTS PROGRAM.

(a) ADMINISTRATIVE COSTS RELATING TO UNLICENSED CARE.—Section 472 (42 U.S.C. 672) is amended by inserting after subsection (h) the following:

"(i) ADMINISTRATIVE COSTS ASSOCIATED WITH OTHERWISE ELIGIBLE CHILDREN NOT IN LICENSED FOSTER CARE SETTINGS.—Expenditures by a State that

1 would be considered administrative expenditures for pur-
2 poses of section 474(a)(3) if made with respect to a child
3 who was residing in a foster family home or child-care in-
4 stitution shall be so considered with respect to a child not
5 residing in such a home or institution—

6 "(1) in the case of a child who has been re-
7 moved in accordance with subsection (a) of this sec-
8 tion from the home of a relative specified in section
9 406(a) (as in effect on July 16, 1996), only for
10 expenditures—

11 "(A) with respect to a period of not more
12 than the lesser of 12 months or the average
13 length of time it takes for the State to license
14 or approve a home as a foster home, in which
15 the child is in the home of a relative and an ap-
16 plication is pending for licensing or approval of
17 the home as a foster family home; or

18 "(B) with respect to a period of not more
19 than 1 calendar month when a child moves
20 from a facility not eligible for payments under
21 this part into a foster family home or child care
22 institution licensed or approved by the State;
23 and

24 "(2) in the case of any other child who is poten-
25 tially eligible for benefits under a State plan ap-

1 proved under this part and at imminent risk of re-
2 moval from the home, only if—
3 "(A) reasonable efforts are being made in
4 accordance with section 471(a)(15) to prevent
5 the need for, or if necessary to pursue, removal
6 of the child from the home; and
7 "(B) the State agency has made, not less
8 often than every 6 months, a determination (or
9 redetermination) as to whether the child re-
10 mains at imminent risk of removal from the
11 home.".
12 (b) CONFORMING AMENDMENT.—Section 474(a)(3)
13 of such Act (42 U.S.C. 674(a)(3)) is amended by inserting
14 "subject to section 472(i)" before "an amount equal to".
15 **SEC. 8409. TECHNICAL CORRECTION.**
16 Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is
17 amended by striking "422(b)(9)" and inserting
18 "422(b)(10)".
19 **SEC. 8410. TECHNICAL CORRECTION.**
20 Section 470 (42 U.S.C. 670) is amended by striking
21 "June 1, 1995" and inserting "July 16, 1996".

Subtitle E—Supplemental Security Income

SEC. 8501. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.

Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following:

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

"(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

"(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2006;

"(ii) at least 40 percent of all such determinations that are made in fiscal year 2007; and

"(iii) at least 50 percent of all such determinations that are made in fiscal year 2008 or thereafter.

"(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select

for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.''.

SEC. 8502. PAYMENT OF CERTAIN LUMP SUM BENEFITS IN INSTALLMENTS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1631(a)(10)(A)(i) (42 U.S.C. 1383(a)(10)(A)(i)) is amended by striking ''12'' and inserting ''3''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 3 months after the date of the enactment of this Act.

Subtitle F—State and Local Flexibility

SEC. 8601. PROGRAM COORDINATION DEMONSTRATION PROJECTS.

(a) PURPOSE.—The purpose of this section is to establish a program of demonstration projects in a State or portion of a State to coordinate multiple public assistance, workforce development, and other programs, for the purpose of supporting working individuals and families, helping families escape welfare dependency, promoting child well-being, or helping build stronger families, using innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.

1 (b) DEFINITIONS.—In this section:
2 (1) ADMINISTERING SECRETARY.—The term
3 ''administering Secretary'' means, with respect to a
4 qualified program, the head of the Federal agency
5 responsible for administering the program.
6 (2) QUALIFIED PROGRAM.—The term ''qualified
7 program'' means—
8 (A) a program under part A of title IV of
9 the Social Security Act; or
10 (B) the program under title XX of such
11 Act.
12 (c) APPLICATION REQUIREMENTS.—The head of a
13 State entity or of a sub-State entity administering 2 or
14 more qualified programs proposed to be included in a dem-
15 onstration project under this section shall (or, if the
16 project is proposed to include qualified programs adminis-
17 tered by 2 or more such entities, the heads of the admin-
18 istering entities (each of whom shall be considered an ap-
19 plicant for purposes of this section) shall jointly) submit
20 to the administering Secretary of each such program an
21 application that contains the following:
22 (1) PROGRAMS INCLUDED.—A statement identi-
23 fying each qualified program to be included in the
24 project, and describing how the purposes of each
25 such program will be achieved by the project.

1 (2) POPULATION SERVED.—A statement identi-
2 fying the population to be served by the project and
3 specifying the eligibility criteria to be used.
4 (3) DESCRIPTION AND JUSTIFICATION.—A de-
5 tailed description of the project, including—
6 (A) a description of how the project is ex-
7 pected to improve or enhance achievement of
8 the purposes of the programs to be included in
9 the project, from the standpoint of quality, of
10 cost-effectiveness, or of both; and
11 (B) a description of the performance objec-
12 tives for the project, including any proposed
13 modifications to the performance measures and
14 reporting requirements used in the programs.
15 (4) WAIVERS REQUESTED.—A description of
16 the statutory and regulatory requirements with re-
17 spect to which a waiver is requested in order to
18 carry out the project, and a justification of the need
19 for each such waiver.
20 (5) COST NEUTRALITY.—Such information and
21 assurances as necessary to establish to the satisfac-
22 tion of the administering Secretary, in consultation
23 with the Director of the Office of Management and
24 Budget, that the proposed project is reasonably ex-

1 pected to meet the applicable cost neutrality require-
2 ments of subsection (d)(4).
3 (6) EVALUATION AND REPORTS.—An assurance
4 that the applicant will conduct ongoing and final
5 evaluations of the project, and make interim and
6 final reports to the administering Secretary, at such
7 times and in such manner as the administering Sec-
8 retary may require.
9 (7) OTHER INFORMATION AND ASSURANCES.—
10 Such other information and assurances as the ad-
11 ministering Secretary may require.
12 (d) APPROVAL OF APPLICATIONS.—
13 (1) IN GENERAL.—The administering Secretary
14 with respect to a qualified program that is identified
15 in an application submitted pursuant to subsection
16 (c) may approve the application and, except as pro-
17 vided in paragraph (2), waive any requirement appli-
18 cable to the program, to the extent consistent with
19 this section and necessary and appropriate for the
20 conduct of the demonstration project proposed in the
21 application, if the administering Secretary deter-
22 mines that the project—
23 (A) has a reasonable likelihood of achieving
24 the objectives of the programs to be included in
25 the project;

1 (B) may reasonably be expected to meet
2 the applicable cost neutrality requirements of
3 paragraph (4), as determined by the Director of
4 the Office of Management and Budget; and
5 (C) includes the coordination of 2 or more
6 qualified programs.
7 (2) PROVISIONS EXCLUDED FROM WAIVER AU-
8 THORITY.—A waiver shall not be granted under
9 paragraph (1) with respect to any provision of law
10 relating to—
11 (A) civil rights or prohibition of discrimi-
12 nation;
13 (B) purposes or goals of any program;
14 (C) maintenance of effort requirements;
15 (D) health or safety;
16 (E) labor standards under the Fair Labor
17 Standards Act of 1938; or
18 (F) environmental protection;
19 (3) AGREEMENT OF EACH ADMINISTERING SEC-
20 RETARY REQUIRED.—
21 (A) IN GENERAL.—An applicant may not
22 conduct a demonstration project under this sec-
23 tion unless each administering Secretary with
24 respect to any program proposed to be included

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

(B) AGREEMENT WITH RESPECT TO FUNDING AND IMPLEMENTATION.—Before approving an application to conduct a demonstration project under this section, an administering Secretary shall have in place an agreement with the applicant with respect to the payment of funds and responsibilities required of the administering Secretary with respect to the project.

(4) COST-NEUTRALITY REQUIREMENT.—

(A) GENERAL RULE.—Notwithstanding any other provision of law (except subparagraph (B)), the total of the amounts that may be paid by the Federal Government for a fiscal year with respect to the programs in the State in which an entity conducting a demonstration project under this section is located that are affected by the project shall not exceed the estimated total amount that the Federal Government would have paid for the fiscal year with respect to the programs if the project had not been conducted, as determined by the Director of the Office of Management and Budget.

1 (B) SPECIAL RULE.—If an applicant sub-
2 mits to the Director of the Office of Manage-
3 ment and Budget a request to apply the rules
4 of this subparagraph to the programs in the
5 State in which the applicant is located that are
6 affected by a demonstration project proposed in
7 an application submitted by the applicant pur-
8 suant to this section, during such period of not
9 more than 5 consecutive fiscal years in which
10 the project is in effect, and the Director deter-
11 mines, on the basis of supporting information
12 provided by the applicant, to grant the request,
13 then, notwithstanding any other provision of
14 law, the total of the amounts that may be paid
15 by the Federal Government for the period with
16 respect to the programs shall not exceed the es-
17 timated total amount that the Federal Govern-
18 ment would have paid for the period with re-
19 spect to the programs if the project had not
20 been conducted.
21 (5) 90-DAY APPROVAL DEADLINE.—
22 (A) IN GENERAL.—If an administering
23 Secretary receives an application to conduct a
24 demonstration project under this section and

1 does not disapprove the application within 90
2 days after the receipt, then—
3 (i) the administering Secretary is
4 deemed to have approved the application
5 for such period as is requested in the ap-
6 plication, except to the extent inconsistent
7 with subsection (e); and
8 (ii) any waiver requested in the appli-
9 cation which applies to a qualified program
10 that is identified in the application and is
11 administered by the administering Sec-
12 retary is deemed to be granted, except to
13 the extent inconsistent with paragraph (2)
14 or (4) of this subsection.
15 (B) DEADLINE EXTENDED IF ADDITIONAL
16 INFORMATION IS SOUGHT.—The 90-day period
17 referred to in subparagraph (A) shall not in-
18 clude any period that begins with the date the
19 Secretary requests the applicant to provide ad-
20 ditional information with respect to the applica-
21 tion and ends with the date the additional in-
22 formation is provided.
23 (e) DURATION OF PROJECTS.—A demonstration
24 project under this section may be approved for a term of
25 not more than 5 years.

1 (f) REPORTS TO CONGRESS.—

2 (1) REPORT ON DISPOSITION OF APPLICA-
3 TIONS.—Within 90 days after an administering Sec-
4 retary receives an application submitted pursuant to
5 this section, the administering Secretary shall sub-
6 mit to each Committee of the Congress which has
7 jurisdiction over a qualified program identified in
8 the application notice of the receipt, a description of
9 the decision of the administering Secretary with re-
10 spect to the application, and the reasons for approv-
11 ing or disapproving the application.

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

16 (A) the projects approved for each appli-
17 cant;

18 (B) the number of waivers granted under
19 this section, and the specific statutory provi-
20 sions waived;

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

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

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

(F) to the extent the administering Secretary deems appropriate, recommendations for modification of programs based on outcomes of the projects.

Subtitle G—Repeal of Continued Dumping and Subsidy Offset

SEC. 8701. REPEAL OF CONTINUED DUMPING AND SUBSIDY OFFSET.

(a) REPEAL.—Section 754 of the Tariff Act of 1930 (19 U.S.C. 1675c), and the item relating to section 754 in the table of contents for title VII of that Act, are repealed.

(b) EXISTING ACCOUNTS.—All amounts remaining, upon the enactment of this title, in any special account established under section 754(e)(1) of the Tariff Act of 1930 (as in effect on the day before the date of the enactment of this title) shall be deposited in the general fund of the Treasury.

Subtitle H—Effective Date

SEC. 8801. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title shall be effective as of October 1, 2005.

(b) EXCEPTION.—In the case of a State plan under title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this title, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.

109th Congress)

1st Session) HOUSE OF REPRESENTATIVES (Report (109-??)

"ENTITLEMENT RECONCILIATION RECOMMENDATIONS FOR FISCAL YEAR 2006"

October 28, 2005—Ordered to be printed

Mr. THOMAS, from the Committee on Ways and Means, submitted the following

REPORT

Together with

[To accompany]

[Including cost estimate of the Congressional Budget Office]

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Purpose and Summary

The "Entitlement Reconciliation Recommendations for Fiscal Year 2006" approved by the Committee on Ways and Means on October 26, 2005 would reform a number of programs within the Committee's jurisdiction, and result in a net savings of $8 billion in Fiscal Year (FY) 2006-2010. This provides the Committee's entitlement reconciliation recommendations, pursuant to H. Con. Res. 95, the Concurrent Resolution on the Budget for FY 2006, as reported to the Committee on the Budget.

The Committee's recommendations include provisions to reauthorize and make improvements to the Temporary Assistance for Needy Families (TANF) block grant program created under P.L. 104-193, the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" (PRWORA, the 1996 welfare reform law), among other purposes. Since October 1, 2002, the authorization of TANF and related programs has been extended on a temporary basis 11 times, with the most recent extension through December 31, 2005. TANF is the primary Federal program of cash assistance for needy families.

The primary changes reflected include: (1) maintaining current record Federal funding for TANF; (2) increasing Federal funding for Child Care and Development Block Grant (CCDBG) programs; (3) improving individual and State work requirements while adding flexibility for States to satisfy these requirements; (4) encouraging healthy marriage and two-parent married families by directing $300 million per year in Federal and State funds to encourage strong families and healthy marriages, among other provisions; (5) repealing the "Byrd Amendment" enacted in the Continued Dumping and Subsidy Offset Act (CDSOA) of 2000 (P.L. 106-387); (6) gradually reducing child support administrative matching rates in conformity with other programs; (7) ending Federal matching of Federal child support incentive payments; (8) treating more Supplemental Security Income (SSI) lump sums under current law installment payment rules; and (9) clarifying eligibility for foster care and adoption payments and foster care administrative costs, consistent with current law.

Subcommittee Action

On March 15, 2005, the Subcommittee on Human Resources ordered favorably reported, with amendment, to the full Committee H.R. 240, the "Personal Responsibility, Work, and Family Promotion Act of 2005," by a 7 to 4 vote with a quorum present. H.R. 240 as approved by the Subcommittee includes many of the welfare reform reauthorization policies included in Committee's entitlement reconciliation recommendations as approved on October 26, 2005.

The Subcommittee on Human Resources held a hearing on H.R. 240 on February 10, 2005. Testimony was presented by the Administration, program administrators,

researchers, and advocates about programs and policies under the Subcommittee's jurisdiction including TANF, child care, child support, foster care and adoption, and SSI.

On February 12, 2004, the Committee requested the Congressional Budget Office (CBO) to provide an economic analysis of the Continued Dumping and Subsidy Offset Act of 2000 CDSOA to aid the Committee in its deliberations in the issue, including a discussion of any significant ways in which it benefits, harms, or distorts economic activity in the United States. On March 2, 2004, CBO provided that analysis to the Committee, finding that "the distributions mandated by CDSOA are detrimental to the overall economic welfare of the United States . . ."

In January 2005, Trade Subcommittee Chairman Clay Shaw and Oversight Subcommittee Chairman Jim Ramstad reconfirmed an earlier request to the Government Accountability Office (GAO) to carry out a comprehensive review of the CDSOA and its impact on recipient industries. The GAO provided its report on September 26, 2005, finding that CDSOA is not a trade remedy law, which generally provides relief to all producers in an industry; limits CBP's ability to process payments and perform desired quality controls, thereby imposing implementation risks; and most CDSOA payments went to a select few companies. The GAO further criticized CDSOA, recommending that "[i]n considering whether to keep, modify, or repeal CDSOA, Congress should consider whether the law is achieving its purposes of strengthening U.S. trade remedy laws, restoring conditions of fair trade, and assisting U.S. producers."

On July 25, 2005, the Subcommittee on Trade requested written comments for the record from all parties interested in technical corrections to U.S. trade laws and miscellaneous duty suspension proposals, including on H.R. 1121 to repeal CDSOA. Over 150 comments were received on H.R. 1121 by the deadline of September 2, 2005.

Legislative History

The Committee on Ways and Means marked up Entitlement Reconciliation Recommendations for Fiscal Year 2006 on Wednesday, October 26, 2005, and ordered the Recommendations favorably reported, as amended, by a recorded vote of 22-17, with a quorum present.

Analysis of Legislation, Justification, and Comparison with Present Law

(Sections 8001, 8002, and 8003 provide the
Short Title, Table of Contents, and References)

Section 8004. Findings

Present Law

P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, made a series of findings related to marriage, responsible parenthood, trends in welfare receipt and the relationship between welfare receipt and nonmarital parenthood, and trends in and negative consequences of nonmarital and teen births.

Explanation of Provision

The Committee recommendations make a series of findings related to: (1) the success of the 1996 law in moving families from welfare to work and reducing child poverty; (2) progress made by the nation in reducing teen pregnancy and births, slowing increases in nonmarital births, and improving child support collections and paternity establishment; (3) the flexibility provided by the 1996 law for States to develop innovative programs; (4) further progress to be made in promoting work, strengthening families, and enhancing State flexibility to build on the success of welfare reform; and (5) establishing the sense of Congress that increasing success in moving families from welfare to work and promoting healthy marriage and other means of improving child well-being are important government interests and the policies in Federal TANF law (as amended by this title) are intended to serve those ends.

Reason for Change

The findings highlight noteworthy achievements of the landmark 1996 welfare reform law to be strengthened through various provisions of the Committee recommendations. The findings focus on the recommendations' provisions related to promoting work, reducing poverty, discouraging out-of-wedlock childbearing with a particular focus on teen pregnancy often associated with long welfare dependence, and promoting State flexibility in operating programs designed to promote healthy marriage among other means of improving child well-being.

SUBTITLE A. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Section 8101. Purposes

Present Law

The purpose of TANF is to increase State flexibility in operating a program designed to: (1) assist needy families so that children may live in their homes or those of relatives; (2) end dependence of needy parents on government benefits; (3) reduce out-of-wedlock pregnancies; and (4) encourage the formation and maintenance of two-parent families.

Explanation of Provision

The purpose of TANF is to *improve child well-being by increasing* State flexibility in operating a program designed to: (1) provide assistance *and services* to needy families so that children may live in their homes or those of relatives, (2) end dependence of needy *families* on government benefits *and reduce poverty*; (3) reduce out-of-wedlock pregnancies; and (4) encourage the formation and maintenance of *healthy, two-parent married families and encourage responsible fatherhood.*

Reason for Change

The Committee recommendations provide an overarching TANF program purpose of improving child well-being, supported by current law purposes of providing assistance to children, ending dependence on welfare benefits, reducing births outside marriage, and encouraging the formation and maintenance of healthy married families. The Committee recommendations also highlight that a key purpose of the TANF program is ending dependence on government benefits and reducing poverty through job preparation, work, and marriage. The Committee notes that the concepts of child well-being and reducing poverty through increased work and improved family stability are closely intertwined. In these respects the 1996 welfare reform law has achieved remarkable results, contributing to the lifting of over 1.4 million children from poverty since the law's enactment. Directing TANF programs and other efforts to be oriented toward further improving child well-being is designed in part to continue and amplify this record of success in removing children from poverty, among other purposes.

The recommendations modify the fourth program purpose to clarify the goal of encouraging the formation and maintenance of healthy, two-parent married families. Current research clearly reflects that children do best across a range of measures when raised by two married parents, especially by their own biological parents: Children raised by single parents are five times more likely to live in poverty, five times more likely to depend on welfare, two to three times more likely to show behavioral problems, and two times as likely to commit crimes or go to jail. Children raised by single parents also are more likely to suffer from abuse and neglect, commit suicide, take drugs, and drop out of school. The purposes of TANF should reflect such research, especially in keeping with the overall program interest in promoting child well-being.

Finally, the recommendations reinforce that a key TANF program purpose includes encouraging responsible fatherhood, which is essential to the healthy upbringing of children. (Section 8119 of the recommendations also provides for a new "responsible fatherhood" program authorizing grants of up to $20 million per year for this purpose.)

Section 8102. Family Assistance Grants

Present Law

Provides capped grants (entitlements to States) through December 31, 2005. Nationally, annual family assistance grants total $16.567 billion for the States, District of Columbia, and the territories. Each jurisdiction's share of the national total grant equals its share of the national total FY 2002 grant. Also provides matching grants to the territories.

Explanation of Provision

Extends basic block grant at current funding levels through FY 2010. Extends matching grants for the territories through FY 2010.

Reason for Change

The Committee recommendations reauthorize the TANF block grant at its current level, providing States, D.C., and territories with a continuation of the record Federal funds made available in each fiscal year since 1996 despite unprecedented caseload declines during that period. Since 1994/95 (when national caseloads and Federal funds peaked, and which funding levels serve as the basis for the TANF block grant amount), welfare caseloads have fallen by 60 percent. A number of States individually and collectively continue to have significant unspent TANF balances, totaling $3.8 billion as of September 2004, according to the U.S. Department of Health and Human Services (HHS). States may use such unspent balances for additional needs in the years ahead, and other provisions in the Committee recommendations (see Section 8107, on use of funds) provide States significant new flexibility in the use of such unspent or "carryover" funds, including providing additional child care and other work supports as appropriate.

Section 8103. Promotion of Family Formation and Healthy Marriage

Present Law

No provision for special grants. Up to five States may receive an out-of-wedlock bonus (totaling up to $100 million per year) for reducing out-of-wedlock birth ratios without increasing abortion rates.

Federal TANF funds may be used on activities that seek to reduce out-of-wedlock births and promote the formation and maintenance of two-parent families (TANF goals 3 and 4) without regard to families' financial need. However, all State expenditures counted toward required maintenance of effort spending (including those directed at TANF goals 3 and 4) must be for TANF-eligible families, subject to a test of financial need.

Explanation of Provision

Eliminates the out-of-wedlock birth bonus. Appropriates $100 million annually for FYs 2006 through 2010 for 50 percent competitive matching grants to States, territories and tribal organizations for programs to promote healthy, married two-parent families. Grants may be used for advertising campaigns; education in high schools; marriage education, marriage skills and relationship skills programs, conflict resolution, and job and career advancement for non-married pregnant women and expectant fathers; pre-marital education and marriage skills training for engaged couples and individuals and couples interested in marriage; marriage enhancement and marriage skills training programs for married couples; divorce reduction programs; marriage mentoring programs; and programs to reduce marriage disincentives in means-tested programs, if offered in conjunction with any other listed activity.

Requires that participation in marriage promotion activities (other than media campaigns and high school education) be voluntary. Applications for marriage promotion grants must describe what the grantee will do to ensure that participation is voluntary and how potential participants will be informed that participation is voluntary. Marriage promotion grantees must also agree to consult with experts in domestic violence or relevant community domestic violence coalitions, and describe in their application for the grant how they propose to address, as appropriate, domestic violence issues.

Provides that State expenditures to reduce out-of-wedlock births and promote marriage and responsible fatherhood (TANF goals 3 and 4) may be counted toward required maintenance of effort State spending without regard to families' financial need (conforming with the rule for use of Federal TANF funds for these activities).

Adds a requirement that each State outline in its TANF State plan how it will encourage equitable treatment of married, two-parent families. The recommendations further provide (Section 8111) that Federal TANF funds used for marriage promotion shall be treated as State matching funds for marriage promotion grants; however, Federal TANF funds used for marriage promotion may not be counted toward the State's maintenance of effort spending requirement. In addition, the recommendations specify that some research and demonstration funds (Section 8115, $100 million yearly for FY 2006 through FY 2010) shall be spent primarily on activities allowed under marriage promotion grants.

Reason for Change

In keeping with the TANF program purpose of encouraging the formation and maintenance of healthy, two-parent married families, the Committee recommendations refocus current out-of-wedlock birth rate reduction "bonus" funds on programs and activities designed to encourage the formation of healthy marriages and to strengthen and maintain existing marriages, for several reasons. The awarding of current bonus funds, while in name designed to encourage the operation of State programs and efforts to reduce out-of-wedlock childbearing, has not been associated with specific State efforts in this area. Further, under current law there is no requirement that States awarded such funds use the money for efforts to reduce out-of-wedlock births or otherwise strengthen families. Thus there has been interest in converting this current stream of funding to support more specific efforts to strengthen families. Given the limited number of States using Federal or State TANF program funds for activities and programs designed to promote healthy marriage and strong families in keeping with the overall TANF program purposes, the Committee recommendations seek to encourage more innovation in this area by making available additional funds to States interested in operating such programs.

The Committee recommendations include the clarification that any State funds used to strengthen marriage and two-parent families may be counted toward the TANF program's State maintenance of effort requirements, mirroring the broad flexibility available in spending Federal TANF funds since 1996.

Section 8104. Supplemental Grant for Population Increases in Certain States

Present Law

Supplemental grants for 17 States with low historic Federal grants per poor person and/or high population growth for FYs 1998-2001 (extended at FY 2001 funding level for FY 2002 by P.L. 107-147 and thereafter by temporary extension bills). Grants grew each year, from $79 million in FY 1998 to $319 million in FY 2001.

Explanation of Provision

Extends supplemental grants through FY 2009, at the current level of $319 million per year.

Reason for Change

The Committee recommendations provide for the continuation of the current TANF supplemental grants program, with funds remaining at the current level and for each currently-eligible State for each of the next 4 fiscal years (FYs 2006-2009). As under the 1996 welfare reform law, which authorized the TANF block grant through FY 2002 yet provided for supplemental grants through only FY 2001, the authority for supplemental grants under the Committee recommendations would expire 1 year prior to that of the TANF block grant.

Section 8105. Elimination of High Performance Bonus

Present Law

High performance bonus paid on the basis of achieving TANF goals. Formula developed by HHS in consultation with the States. For FY 2002 and each year thereafter, performance formula includes employment and family formation outcomes, child care affordability, and coverage in certain government programs.

Explanation of Provision

Repeals the High Performance Bonus.

Reason for Change

The Committee recommendations end the payment of bonuses for "high performance" for several reasons. First, mirroring the welfare reform reauthorization legislation approved by the House in the 107th and 108th Congresses, half of the current bonus funds are redirected to activities and services to promote marriage and stronger families, in keeping with the overall goals of the TANF program and these reauthorization provisions. The remaining funds are eliminated, assisting in achieving the Committee's entitlement reconciliation goal of $1 billion in mandatory savings through FY 2010. The Committee notes that the overall recommendations provide States full funding of the TANF block grant, and increasing funding for child care needs, which is especially generous in light of the 60 percent decline in TANF recipients since passage of the 1996 welfare reform law. In addition, experience since the 1996 welfare reform law has shown that many States have received bonus funds without operating policies and programs designed to achieve those outcomes; in short, the merits of holding out financial bonuses to encourage specific types of State behavior is debatable at best, based on experience since the 1996 law.

Section 8106. Contingency Fund

Present Law

Capped matching grants ($2 billion) provided in case of recession for FY1997-FY 2001 (extended through FY 2002 by P.L. 107-147 and thereafter by temporary extension recommendations). To qualify for contingency dollars, States must spend under the TANF program a sum of their own dollars equal to their pre-TANF spending.

Explanation of Provision

The Committee recommendations extend the current TANF contingency fund, providing up to $2 billion for FYs 2006 through 2010. Beginning in FY 2008: permits

States to count *child care spending and all spending in separate State programs* toward State spending required to access contingency fund; eliminates the pro-rata reduction in the Federal match rate for States that qualify for funds for only part of the year; and adjusts food stamp "needy State" trigger for policy changes made after passage of 1996 welfare law.

Reason for Change

In order to assist States demonstrating increased needs during difficult economic times, the Committee recommendations extend and improve the current Federal TANF contingency fund program created under the 1996 welfare reform law. This fund would be extended through FY 2010.

Before permitting access to money from this fund, current law expects States to satisfy a 100 percent maintenance of effort requirement comparing recent with pre-TANF welfare-related spending. However, neither former nor recent child care spending is included in performing this calculation. Thus a provision is included in the Committee recommendations to add State spending on child care (which has risen since the 1996 welfare reform law), increasing the likelihood that States would satisfy the 100 percent maintenance of effort requirement and thus access Federal contingency funds.

The Committee recommendations also include several technical and conforming amendments simplifying the annual reconciliation process for ensuring that States receive the correct amount of contingency funds, and ensuring that Federal policy changes affecting food stamp eligibility made since the 1996 welfare reform law do not inadvertently affect States' ability to qualify for Federal contingency funds.

Section 8107. Use of Funds

Present Law

States may use funds in any manner reasonably calculated to accomplish the TANF purposes. Additionally, States may use TANF funds in any manner that they were authorized to use funds from its predecessor programs ("grandfathered" activities).

For purposes of TANF, States may treat a new resident of the State under the rules of the applicant's or recipient's former State. The State plan must indicate whether the State intends to treat families moving into the State differently from others. The U.S. Supreme Court struck differential treatment of new State residents.

States may transfer up to 30 percent of TANF funds to the CCDBG and the Title XX Social Services Block Grant (SSBG). Specifies that a maximum of ten percent of total transfers may go to SSBG in FY 2005, 4.25 percent thereafter. Also allows States to use TANF funds, within the overall 30 percent transfer limit, as *matching funds* for the

Job Access transportation program for TANF recipients, ex-recipients, and persons at risk of becoming income-eligible for TANF.

Grants may be reserved (remain unspent) without fiscal year limit for the purpose of providing "assistance" (chiefly ongoing cash aid). For other benefits and services "nonassistance" amounts must be obligated in the year of award and spent in the following year.

Explanation of Provision

The Committee recommendations modify the rule for use of TANF funds for "grandfathered" activities, permitting States to use TANF funds *for any purposes or activities* permitted under pre-TANF rules. They also strike provisions about treatment of families migrating into the State, increase the overall ceiling on transfers to 50 percent, and set the limit on SSBG transfers at ten percent (the original limit in the1996 welfare reform law) for FY 2006 and each fiscal year thereafter.

The Committee recommendations allow States to use carry-over funds for any benefit or service without fiscal year limitation and permit a State or tribe to designate some unspent TANF funds as a contingency reserve.

Reason for Change

Several provisions to increase States' flexibility in designing and operating TANF programs are included in the Committee recommendations. The increase in TANF funds that may be transferred to the child care and SSBGs would allow States to use TANF funds to support more working families outside of the welfare system, as these programs are not limited to TANF-eligible families. Transfer authority has become increasingly important as States shift more resources to support working families using TANF funds made available due to the dramatic caseload declines in recent years.

Currently, regulations implementing the TANF program limit States to spending carryover funds only on cash assistance. These recommendations clarify that carryover funds may be spent on any of the States' TANF programs, including child care and other services as well as cash assistance. Thus States in future years will have additional flexibility in spending the $3.75 billion in unspent TANF funds, as of September 2004, on activities such as child care to support work.

The provision to allow States to designate unspent TANF funds as contingency reserves is intended to improve the reliability of the TANF block grant in future years. In the past, unspent TANF balances have led to confusion over how much TANF funds were unneeded versus specifically set-aside for future needs. The Committee expects the Secretary of HHS to provide additional guidance to States for purposes of their reporting contingency reserves in a uniform manner.

Section 8108. Repeal of Federal Loan for State Welfare Programs

Present Law

Provides a $1.7 billion revolving and interest-bearing Federal loan fund for State welfare programs.

Explanation of Provision

The Committee recommendations repeal the loan fund, effective October 1, 2006, and make conforming amendments to reflect the repeal in related program provisions.

Reason for Change

The loan authority is eliminated given a lack of interest in the program from the States.

Section 8109. Universal Engagement and Family Self-Sufficiency Plan Requirements

Present Law

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

States must make an initial assessment of the skills, prior work experience, and employability of each recipient 18 or older or those who have not completed high school within 30 days.

States may, but are not required to, use the assessment, in consultation with the recipient, to develop an Individual Responsibility Plan (IRP). The plan sets forth an employment goal for the recipient and a plan for moving the individual immediately into private sector employment; the obligations of the recipient, which may include requirements to attend school, maintain certain grades and attendance, keep school age children in school, immunize children, and attend parenting and money management classes; increase responsibility and amount of work over time; describe the services the State will provide the individual so that the individual will be able to keep and retain employment in the private sector; and may require the individual to undergo appropriate substance abuse treatment.

TANF work participation standards are enforced by a penalty on States: loss of five percent of the State's basic grant for first year of violation (penalty may be reduced for the degree of violation). The penalty increases by a maximum two percentage points each year, and is capped at 21 percent of the block grant. Penalty may be reduced for the

degree of violation. A State must replace the amount of Federal penalty funds lost with its own funds.

Explanation of Provision

Repeals the 24-month work trigger; requires States, in a manner they deem appropriate, to assess the skills, prior work experience, and employability of each work-eligible person. Work eligible persons are defined in section 8110 of the recommendations as heads of households whose needs are included in the TANF grant (or would be included but for a sanction). The State may use job search or work activities to assess the employability of individuals.

Requires States to develop a family self-sufficiency plan for each family with a work-eligible person; plans must be established within 60 days of opening a case (within 12 months for families enrolled on October 1, 2005). The plan is to specify appropriate activities, including "direct work" activities (see section 8110) and provide for the ongoing participation in the activities. The State has sole discretion, consistent with TANF work participation standards, to define and design activities and develop methods for monitoring activities. The State must require recipients to participate in activities in accordance with the plan, monitor participation of each individual in activities specified in the plan, and review and revise the plan and activities as the State deems appropriate.

Penalizes a State for failure to meet TANF work participation standards or establish family self-sufficiency plans. States that fail to meet standard and/or establish self-sufficiency plans are penalized a maximum of five percent of the State's basic block grant for the first year of violation (increasing each subsequent year). Penalty may be reduced for the degree of violation.

Reason for Change

Universal engagement is a centerpiece of the welfare reform provisions included in the Committee's recommendations. The most recent data from HHS indicates that nine States, Guam, Puerto Rico and the Virgin Islands do not require recipients to engage in any activities during their first 24 to 30 months of receiving benefits. The Committee believes this is unfair to beneficiaries given time limits on benefits, which in such cases provide that up to half of a parent's available Federal TANF benefits could have been received before they take a first step to prepare for self-sufficiency. Early and constant activity is the best path out of poverty, which is provided for under the self-sufficiency plan and related provisions of the recommendations.

The Committee recognizes that early detection of impediments such as substance abuse and addiction can help improve the prospects of employment and self-sufficiency, and better preserve families and protect children from abuse and neglect. The Committee also believes that States should retain the flexibility to use work and work-related screening and assessment activities to determine the employability of individuals. Therefore, the Committee recommendations clarify that the use of job search and other

job readiness or work activities to assess the employability of individuals and possible future work activities satisfy family self-sufficiency plan requirements.

Section 8110. Work Participation Requirements

Present Law

States must have a specified percentage of their adult recipients engaged in creditable work activities. Since FY 2002 the participation standard has been 50 percent for all families (and since FY 1999 it has been 90 percent for the two-parent component of the caseload). Standards are reduced by a *caseload reduction credit*: for each percent decline in the caseload from the FY 1995 level (not attributable to policy changes), the work participation standard is reduced by one percentage point. The monthly participation rate, expressed as a percentage, equals (a) the number of all recipient families in which an individual is engaged in work activities for the month, divided by (b) the number of recipient families with an adult recipient or minor head of household. The annual participation rate, which is compared against the participation standard, is the average of the monthly participation rates.

States may exempt the parent of a child under age 1 from work and exclude them from the calculation of work participation rates. States may exclude families with certain sanctioned individuals from the calculation of the participation rates. Excluded are families sanctioned for up to 3 months in a 12-month period.

Federal law lists 12 activities that count toward meeting the participation standards. Nine activities have priority status: unsubsidized jobs, subsidized private jobs, subsidized public jobs, work experience, on-the-job training; job search (6 weeks usual maximum), community service, vocational educational training (12 month limit), and providing child care for certain TANF recipients. Three other creditable activities: job skills training directly related to employment; and (for high-school dropouts only) education directly related to work and completion of secondary school. Participation in education (including vocational educational training) may account for no more than 30 percent of persons credited with work.

Generally, to count toward the all-family rate, participation of 30 hours (20 hours in priority work activities) is required. For two-parent families the standard is 35 hours (30 in priority work activity), but increases to 55 hours (50 in priority activities) if the family receives federally-subsidized child care.

Teen parents are deemed to participants by maintaining satisfactory attendance in secondary school (or the equivalent in the month) or by participating in education directly related to employment for an average of 20 hours weekly.

If an adult recipient refuses to engage in required work, the State shall reduce aid to the family pro rata (or more, at State option) with respect to the period of work refusal,

or shall discontinue aid, subject to good cause and other exceptions that the State may establish. Exception: a State may not penalize a single parent caring for a child under age 6 for refusal to work if the parent has a demonstrated inability to obtain needed child care that is appropriate, suitable, and affordable.

Explanation of Provision

States must have a specified percentage of families containing adult recipients engaged in direct work or alternative self-sufficiency activities chosen by the State. In FY 2006 the standard is 50 percent, and it rises by five percentage points yearly to reach 70 percent in FY 2010. The Committee recommendations eliminate the separate standard for two-parent families.

The Committee recommendations measure caseload reduction from a moving base year (rather than from FY 1995) and shorten the measuring interval. Also changes the eligibility criteria base year from FY 1995 to the new moving base. For FY 2006, the credit is based on the percent decline in the caseload from FY1996 (not due to changes in eligibility criteria from FY 1996); for FY 2007, the base year is FY 1998; for FY 2008, FY 2001. For FY 2009 and every year thereafter, the measuring interval is 3 fiscal years.

The Committee recommendations establish a "superachiever" caseload reduction credit for a State with a reduction of at least 60 percent (for any reason) from FY 1995 to FY 2001.

The monthly participation rate, expressed as a percentage, is (a) the total number of countable hours, divided by (b) 160 times the number of counted families for the month. Counted families are those that include a "work eligible" recipient: Work eligible persons are defined as heads of households whose needs are included in the TANF grant or would be included but for a sanction. The annual participation rate is the average of the monthly participation rates. States may, on a case-by-case basis, exclude from the calculation of work participation rates families in which the youngest child is under age 1. States may exclude families subject to a sanction under TANF or for failure to meet child support requirements for up to 3 months in a 12-month period. States may exclude from the calculation of work participation rates families in their first month on the rolls (based on the most recent application for benefits).

The recommendations list six "direct" work activities: Unsubsidized jobs, subsidized private jobs, and subsidized public jobs, on-the-job training, supervised work experience, and supervised community service. States may define any other activity as countable so long as it leads to self-sufficiency and is consistent with the purposes of TANF. Generally, States must engage all families with adult recipients in a direct work activity or alternative self-sufficiency activity for 160 hours per month for full-credit, though partial (pro-rata) credit is provided for families that fall short of the full-credit standard. To be counted toward meeting the standards, participation must include at least 24 hours per week in direct work activities listed in the law (see above). The 160 hour per month standard implements a 40 hour per week requirement. In the average month,

160 hours per month is equivalent to 37 hours per week. This is because the average month contains 4.33 weeks, not 4 weeks, and 160 divided by 4.33 equals 37. The 160 hour per month standard is seen as allowing 13 hours per month for sick leave and holidays.

The current 30 percent cap on the share of TANF recipients who may be counted as working by virtue of participation in education (including vocational educational training) is eliminated. Thus, subject to the other provisions of this title and in contrast to current law, an unlimited number of parents on TANF may be counted as working towards the calculation of State work participation rate requirements through participation in education full or part time.

For 3 months within a consecutive 24 month period, persons may be deemed to meet the 24-hour weekly direct work requirement by engaging in short-term activities chosen by the State to promote self-sufficiency (examples listed in the recommendations are substance abuse counseling or treatment; rehabilitation treatment and services; work-related education or training directly enabling the family member for work; and job search or job readiness assistance). A fourth month is allowed for an individual to complete a training program.

Teen parents are deemed to be participating for 40 hours per week by virtue of satisfactory school attendance (or the equivalent in the month) or by participating in education directly related to employment for an average of 20 hours weekly.
If a person in a family receiving TANF assistance fails to engage in required activities and the family does not otherwise engage in activities in accordance with its self-sufficiency plan, the State shall impose a penalty as follows:(a) If the failure is partial or does not last longer than 1 month, the State shall reduce assistance to the family pro rata (or more, at State option) with respect to any period of failure during the month, or shall end all assistance to the family, subject to good cause exceptions that the State may establish; and (b) if the failure is total and persists for at least 2 consecutive months, the State shall end all cash payments to the family, including State-funded maintenance of effort payments, for at least 1 month and thereafter until the person resumes full participation in required activities, subject to good cause exceptions that the State may establish. If a State constitution or a State statute enacted before 1966 obligated local governments to provide assistance to needy parents and children, the State has 1 year (beginning with the date of enactment) to meet the requirement of these recommendations.

Reason for Change

As has been noted above, the Committee believes that too many recipients remain on welfare without engaging in activities to prepare them for work. The recommendations provide increases in the work requirements expected of States with important areas of increased flexibility in activities that may be counted towards satisfying those requirements. Overall, States are required, when fully phased in, to have an average of 70 percent of adult recipients in 40 hours of activities, including 24 hours

of direct work and 16 hours of other activities, for 48 weeks each year. As under current law, States would receive credit towards those rising work participation standards for the degree to which States continue to succeed in reducing welfare dependence in future years.

The Committee supports the efforts of parents on welfare to participate in education and training to improve their employability and wages. Numerous studies, including the National Evaluation of Welfare-to-Work Strategies, have found that work or work combined with short-term training is the most effective approach for helping parents achieve independence from welfare and support their families. The Committee recommendations eliminate the current 30 percent cap on the share of the welfare caseload that may be counted as participating in working through education. This will ensure that, if States choose to employ the flexibility provided under the Committee recommendations to promote strategies that combine part-time work and education as the best path off of welfare, they will be able to fully count all individuals so participating in education, not just a minority as under current law.

There are many ways that vocational education and training may be combined under H.R. 240 in ways that will greatly improve an individual's long-term prospects for self-sufficiency. Below are specific examples of allowable combinations of work and training.

Example #1: A participant is taking classes to become a certified nurse assistant. She goes to class 4 hours each morning from Monday through Thursday. Each afternoon, she works 4 hours in a practicum assignment, practicing the skills she is learning in class. On Friday, she has a part-time job for eight hours. The practicum hours and the part-time job would count towards the direct work requirement (total 24 hours). The 16 hours of class would count towards the overall participation requirement for a total of 40 hours of participation. Because the participant is meeting her direct work requirement, there would be no limit on how long she could continue this arrangement (other than the overall 5-year lifetime limit on receipt of Federal benefits). She could continue for whatever time it took to complete her certificate.

Example #2: A new participant is currently enrolled in a vocational education program that will take 12 to 18 months to complete. Her self-sufficiency plans calls for her to complete the current semester (about 4 months). Thereafter, she plans to work 3 days a week and continue her vocational training on the other 2 days. The educational activity can substitute for the direct work requirement for up to 4 months. Thereafter, the part-time work will count towards the direct work requirement and the vocational education will count towards the additional hours, for a total of 40. Subject to the overall 5-year limit on receipt of Federal benefits, she can continue in this arrangement until she completes her vocational education program.

Example #3: A recipient with low basic educational skills who is having difficulty obtaining employment participates in a comprehensive work experience and skills building program. The recipient participates in a full-time, 40 hours per week

program that includes actual work activities (perhaps in an industrial or even an office setting) familiarizing the client with a job setting and job-specific skills, and integrates that experience with basic educational skills training, all at the same site. The work activities and training might be blended to enhance the client's experience, but about 5 hours of each day would involve work activities.

Under the Committee recommendations, States are provided partial credit toward their work participation rate requirement for individuals who perform as few as 24 hours per week of direct work, and receive full credit for families who perform 40 or more hours per week of work and other activities designed to promote self-sufficiency. The recommendations eliminate the separate and higher State work participation rate requirement that currently applies to two-parent families, making them subject to the same rate and hours of work rules as single-parent families receiving assistance, enhancing the chances that these or other families might be able to participate in "extra" hours that could balance families whose maximum hours of work and other activities might fall short of the 40 hours per week standard.

The Secretary of HHS is expected to issue regulations that specify how the 24-hour direct work requirement may be applied in certain low-benefit States. The Committee is aware that certain States may face special challenges in meeting the 24-hour direct work requirement in cases in which unsubsidized or subsidized private sector employment is limited and the State may only enroll individuals in a certain number of hours of work experience or community service activities due to minimum wage constraints. The Committee notes that modifying regulations, which currently limit the value of government benefits to only cash welfare and food stamps, to include additional benefits families receive also would facilitate participation in additional work experience or community service.

Under the Committee recommendations, States have the flexibility to make accommodations in the work requirements for individuals with special circumstances, for example, caring for a disabled child. The maximum work requirement a State must meet, assuming the State receives no credit for past or future caseload declines, would be 70 percent in FY 2010. Even at this high work rate, the State can exempt up to 30 percent of its caseload from the work requirement. Further, many States have created separate State programs to avoid penalties for failure to meet the higher work requirements for 2-parent families. Under the Committee recommendations, these separate 2-parent work requirements are eliminated, allowing States to use these State funds for assistance to parents caring for disabled relatives, subject to separate State work requirements.

The recommendations update the current credit for net caseload reduction. As under current law, this credit reduces the State work participation rate requirement by the percentage decline, if any, in the State's welfare caseload relative to a prior year. Under the recommendations, States would continue to be given credit for caseload declines, but the baseline fiscal year for determining the percentage decline and thus the credit would be recalibrated as follows: in FY 2006, States would be credited for declines between FYs 1996 and 2005; in FY 2007, between FYs 1998 and 2006; in FY 2008, between FYs

2001 and 2007; in FY 2009, between FYs 2005 and 2008; and in FY 2010, between FYs 2006 and 2009. Thus if the State's welfare caseload declined by 30 percent between FYs 2006 and 2009, its real work participation rate requirement for the remaining caseload in FY 2010 would be 40 percent, given the updated credit for net caseload reduction.

In addition to the credit for net caseload reduction, 17 States that achieved caseload declines of more than 60 percent between FYs 1995 and 2001 will receive an additional superachiever credit. Given their large past caseload declines, these States will receive a percentage reduction in future work requirements based on the percentage decline above 60 percent (Alabama is eligible for a maximum 0.1 percent credit against future rates, Colorado 12 percent, Florida 14 percent, Georgia four percent, Idaho 20 percent, Illinois 14 percent, Louisiana nine percent, Maryland six percent, Michigan five percent, Mississippi ten percent, North Carolina five percent, Ohio three percent, Oklahoma nine percent, South Carolina two percent, West Virginia two percent, Wisconsin 16 percent, and Wyoming 20 percent). The credit takes into consideration the difficulty these States might have in further reducing caseloads, which would otherwise reduce the rising work rate requirements. The superachiever credit in any year may not reduce the target work participation rate to less than 50 percent in any future year. For a number of superachiever States, this will maintain the effective work rate requirement at the current 50 percent level for several or all of the next 5 fiscal years. All States, including those receiving superachiever credits, may receive additional credits under the recalibrated net caseload reduction credit provision described above.

To illustrate how the superachiever credit works, consider the State of Wisconsin. Wisconsin experienced a 76 percent caseload decline in the FY 1995-2001 period, qualifying for a superachiever credit of 16 percent (76 percent decline minus 60 percent threshold equals 16 percent credit). As State work rates rise under the recommendations from 50 percent in FY 2006 to 55 percent in FY 2007, 60 percent in FY 2008, and 65 percent in FY 2009, this credit would maintain Wisconsin's work rate requirement at the current 50 percent level. In FY 2010 when the rate rises to 70 percent, Wisconsin's effective work rate requirement would be 54 percent (70 percent work rate minus 16 percent credit equals 54 percent effective work rate).

In order to stress the importance of work, the recommendations specify certain conditions under which States must provide for a "full check sanction" if a parent refuses to participate in work and other activities as required by the State and as expressed in the self-sufficiency plan to which the parent has agreed, but adds that this condition does not apply for up to 1 year after enactment of these recommendations in a State with a Constitutional requirement to provide benefits, permitting all States to take steps to come into compliance.

Section 8111. Maintenance of Effort

Present Law

Establishes a maintenance of effort requirement that States spend at least 75 percent of what was spent from State funding in FY 1994 on programs replaced by TANF. Nationally, this sum is $10.4 billion (maintenance of effort rises to 80 percent if State fails a work participation standard).

Explanation of Provision

Continues existing maintenance of effort requirement through FY 2010. Provides that Federal TANF funds used for marriage promotion shall be treated as State matching funds for marriage promotion grants, but may not be counted as State funds toward maintenance of effort requirements.

Reason for Change

The Committee recommendations extend the current maintenance of effort requirements for an additional 5 years. The recommendations also include a conforming change related to State spending on activities to prevent out-of-wedlock childbearing and promote healthy marriages, designed to promote State flexibility in spending funds to promote these purposes.

This extends and expands a key feature of the flexibility afforded States under the 1996 welfare reform law. Under the maintenance of effort provisions, States have collectively been able to conserve about $3 billion annually that formerly was spent on the TANF predecessor programs. States may use such funds on other State activities, which may include child care, child protection, or any other vital State concern.

Section 8112. Performance Improvement

Present Law

Each State must outline, in a 27-month plan, how it intends to: conduct a program providing cash assistance to needy families with children and providing parents with work and support services; require caretaker recipients to engage in work (at State definition) after 24 months of aid or sooner, if then judged work-ready; ensure that caretakers engage in work in accordance with the law; take steps deemed necessary by the State to restrict use and disclosure of information about recipients; establish goals and take action to prevent/reduce the incidence of out-of-wedlock pregnancies; and conduct a program providing education and training on the problem of statutory rape. In addition, the plan must indicate whether the State intends to treat families moving into the State differently from others; note whether the State intends to aid noncitizens; set forth objective criteria for benefit delivery and for fair and equitable treatment; and provide that, unless the governor opts out by notice to HHS, the State will require a parent who has received TANF for 2 months and is not work-exempt to participate in community service employment. In the plan the State must certify that it will operate a child support enforcement program and a foster care and adoption assistance program and provide

equitable access to Indians ineligible for aid under a tribal plan. It must certify that it has established standards against program fraud and abuse. It must specify which State agency or agencies will administer and supervise TANF. In addition, the State may opt to certify that it has established and is enforcing procedures to screen and identify recipients with a history of domestic violence, to refer them to services, and to waive program rules for some of them.

States are authorized to administer and provide TANF services through contracts with charitable, religious, or private organizations and to pay recipients by means of certificates, vouchers, or other disbursement forms redeemable with these organizations. The recommendations stipulate that any religious organization with a contract to provide welfare services shall retain independence from government and require States to provide an alternative provider for a beneficiary who objects to the religious character of the designated organization. States are required to consult with local governments and private sector organizations in the development of, and have 45 days to comment on, the TANF State plan.

The Secretary of HHS is directed to rank States in order of success in moving recipients into long-term private jobs and reducing the proportion of out-of-wedlock births and in both cases to review programs of the three States with highest and lowest ratings.

Explanation of Provision

The Committee recommendations require the State plan to describe how the State will pursue ending dependence of needy families on government benefits and reducing poverty by promoting job preparation and work and how the State will encourage the formation and maintenance of healthy two-parent married families, encourage responsible fatherhood, and prevent and reduce the incidence of out-of-wedlock pregnancies. The plan must also describe strategies to improve program management and performance and engage religious organizations in the provision of TANF-funded services.

States are required to describe in their plans any strategies the State is undertaking to deal with (a) employment retention and advancement for recipients; (b) efforts to reduce teen pregnancy; (c) services for struggling and noncompliant families and for clients with special problems; and (d) program integration, including the extent to which employment and training services are provided through the One-Stop Career Center System created under the Workforce Investment Act of 1998.

The Committee recommendations strike the provision requiring goals to reduce out-of-wedlock pregnancies and replaces it with a requirement that States establish specific numerical performance goals, measures, measurement methodology, and plans to improve outcomes regarding TANF's goals of ending dependence and reducing poverty by promoting work and job preparation, and encouraging the formation of healthy, 2-

parent married families, encouraging responsible fatherhood, and reducing out-of-wedlock pregnancies.

The Committee recommendations strike the provision requiring community service after 2 months of benefits unless a State opts out. They add a requirement that the plan describe strategies to engage faith-based organizations in provisions of services funded by TANF. They also delete "long-term" qualifier from private job measure and adds employment retention and ability to increase wages to factors used for rankings.

Tribes must be consulted and be allowed to comment on the TANF State plan and that tribes consult with the States in developing their tribal family assistance plans. In addition, the Secretary is required, in consultation with the States, to develop uniform performance measures to judge the effectiveness and improvement of State programs in accomplishing TANF purposes.

Reason for Change

The Committee recommendations remove certain State plan requirements in current law that do not conform to proposed changes in the TANF program. The recommendations also add certain State plan requirements that reflect the recommendations' increased focus on engaging more recipients in work and other self-sufficiency activities, and the proposal's focus on promoting healthy marriages and preventing out-of-wedlock births. Finally, the new plan requirements reflect growing interest among program administrators in helping recipients move from employment to better jobs leading finally to long-term self-sufficiency by requiring States to report on what strategies they are employing to address this issue.

The recommendations also strike the State plan requirement of community service after 2 months of benefits. This change does not preclude States from requiring community service of individuals during their early months on TANF, as States would continue to have the flexibility to do so in operating their programs under the Committee recommendations. The underlying work requirements, as amended by this title, will continue to provide guidance to States on the flexibility and expectations for serving and assisting individuals during their first months on welfare, including in community service as appropriate.

The uniform performance improvement measures are intended to help States quickly identify program weaknesses so they may correct them in a timely manner and to facilitate States' sharing of best practices.

The Committee recommendations require eligible States to submit documents to the Secretary of HHS describing their strategies for engaging faith-based organizations in the provision of services funded under the provisions in Section 104 of the 1996 welfare reform law. The principles set out in Section 104 allow for the funding of faith-based organizations on the same basis as other nongovernmental organizations; permit them to maintain their religious character by choosing board members, symbols, and staff in

accord with their faith; and protect beneficiaries from discrimination while safeguarding their rights of conscience by ensuring that alternative providers that are unobjectionable to them on religious grounds are made available.

Section 8113. Data Collection and Reporting

Present Law

States are required to collect monthly, and report quarterly, disaggregated case record information (but may use sample case record information for this purpose) about recipient families. Required family information includes:

1. County of residence;
2. Whether a member received disability benefits;
3. Ages of members;
4. Size of family and the relation of each member to the family head;
5. Employment status and earnings of the employed adult;
6. Marital status of adults;
7. Race and educational level of each adult;
8. Race and educational level of each child;
9. Whether the family received subsidized housing, Medicaid, food stamps; or subsidized child care (and if the latter two, the amount);
10. Number of months that the family received each type of aid under the program;
11. Number of hours per week, if any, that adults participated in specified activities (education, subsidized private jobs, unsubsidized jobs, public sector jobs, work experience, or community service, job search, job skills training or on-the job training, vocational education);
12. Information needed to calculate participation rates;
13. Type and amount of assistance received under the program; including the amount of and reason for any reduction of assistance;
14. Unearned income;
15. Citizenship of family members;
16. Number of families and persons receiving aid under TANF (including the number of two-parent and one-parent families);
17. Total dollar value of assistance given;
18. Total number of families and persons aided by welfare-to-work grants (and the number whose participation ended during a month);
19. Number of noncustodial parents who participated in work activities; and
20. For each teenager, whether he/she is the parent of a child in the family.

States are required to collect information monthly, and report quarterly, on families receiving assistance. Regulations require States to annually submit a program report (by December 31 of each year) providing information on the State TANF program and all programs funded by TANF or State maintenance of effort funds. For each

maintenance of effort program, reports are to include the name, purpose, and eligibility criteria. The Secretary of HHS shall prescribe regulations to define data elements for required State reports and shall consult with the Secretary of the U.S. Department of Labor (DOL) in defining data elements regarding programs operated with welfare-to-work funds.

The Secretary of HHS is required to make annual reports to Congress that include State progress in meeting TANF objectives (increasing employment and earnings of needy families and child support collections, and decreasing out-of-wedlock pregnancies and child poverty), demographic and financial characteristics of applicants, recipients, and ex-recipients; characteristics of each TANF program; and trends in employment and earnings of needy families with children.

The Secretary of HHS is required to submit to four Committees of Congress annual reports on specified matters about three groups: children whose families lost TANF eligibility because of a time limit, children born after enactment of TANF to teen parents, and persons who became teen parents after enactment.

Explanation of Provision

The Committee recommendations permit the Secretary to designate core elements that must be reported for all families. They revise the data elements required to be reported by the States. Reporting of race and educational level of each *minor parent* is required. The requirement that States report the educational level of each child is deleted. The requirement to report the amount of food stamps and subsidized child care received by the family is removed. The requirement that States report on different types of assistance, conforming the reporting requirement to the narrowed definition of assistance in section 8117 is removed.

The reported activity list is expanded by adding: *training* and *other activities directed at TANF purposes.* Adds *and* (job) *placement* to job search. Omits job skills training and vocational education. Specifies that work experience and community service are "*supervised.*" Adds information needed to calculate *progress toward universal engagement*.

New information on recipient families in the quarterly report is required: the date the family first received aid on the basis of its most recent application; whether a self-sufficiency plan is established for the family; and the marital status of the parents of any child in the family at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.

Reason for Change

Since the 1996 welfare reform law was enacted, data reported to the Secretary of HHS has been critical in evaluating the impacts of various State and local programs. The recommendations conform data reporting elements to the proposal's increased emphasis

on work among current recipients. Based on the information provided to the Congress in the Annual Report submitted by the Secretary of HHS, there appear to be several areas on which additional information is needed to improve Congressional oversight of the program. For example, Congress does not have complete information on what State programs are funded with TANF dollars, and whether and what benefits are provided to families beyond the 60 month time limit. Another area in which additional information is needed relates to the changing nature of TANF programs in the direction of providing improved supports. While it is unreasonable to expect States to provide information on individuals receiving work supports, additional information on the types of supports provided to those receiving cash benefits and aggregate data on those receiving work supports in lieu of cash benefits would provide a better picture of State welfare programs. In particular, additional information on programs funded with State maintenance of effort dollars will advance the understanding of the changing nature of State TANF programs.

The recommendations' requirement that States provide information on all activities performed by adults receiving assistance and their fulfillment of self-sufficiency plan requirements would provide a clearer picture of the work and other activities in which recipients are engaged. Current data reflects that as of FY 2002, a full 58 percent of work eligible adults were participating in no hours of work or other activities, making this an area in which the Congress is interested in receiving additional data in accordance with the strengthened work requirements (particularly the requirement that 70 percent of adult recipients be engaged in work or work activities by FY 2010) provided under the Committee recommendations. Finally, the provision requiring increased analysis of State Single Audit reports responds to findings from a recent GAO report on the Single Audit process and HHS' oversight of the audits.

Section 8114. Direct Funding and Administration by Indian Tribes

Present Law

Earmarks some TANF funds in the amount equal to Federal pre-TANF payments received by a State and attributable to Indians for administration by tribes at their option. Sums used for tribal family assistance programs are deducted from State TANF grants. Also appropriates $7.6 million annually for work and training activities (now known as Native Employment Works [NEW]) to tribes that operated a pre-TANF work and training program.

Explanation of Provision

Continues Indian tribal assistance grants and NEW work/training grants through FY 2010.

Reason for Change

Makes conforming amendment.

Section 8115. Research, Evaluations, and National Studies

Present Law

The law requires the Secretary of HHS to conduct research on effects, costs, and benefits of State programs. The Secretary may help States develop innovative approaches to employing TANF recipients and shall evaluate them. For 6 years, appropriates $15 million annually, half for TANF research and novel approaches cited above and half for State-initiated TANF studies and completing pre-TANF waiver projects.

Explanation of Provision

The Committee recommendations appropriate $102 million each year for FYs 2006 through 2010 for research and demonstration projects and for technical assistance to States, tribal organizations, and other entities chosen by the Secretary. Two million dollars annually is set aside for demonstration projects for coordination of child welfare and TANF services to tribal families at risk of child abuse or neglect. The remaining $100 million per fiscal year shall be spent primarily on activities allowed under marriage promotion grants (see above). Entities conducting marriage promotion activities funded by these research and demonstration grants must ensure the participation is voluntary and that domestic violence issues be addressed (same requirements as apply to the healthy marriage promotion grants provided under section 8103).

Not later than March 31, 2006, the Secretary of HHS, in consultation with the Attorney General, will submit a report on the enforcement of affidavits of support and sponsor deeming required by P.L. 104-193. Not later than 6 months after enactment, the Secretaries of HHS and DOL will submit a joint report describing common or conflicting data elements, definitions, performance measures, and reporting requirements in the Workforce Investment Act and TANF law.

Reason for Change

Research, demonstrations, and technical assistance are a critical feature of the TANF program. Given the flexible nature of the block grant program, States have broad latitude to develop innovative programs that may be replicated by other States. The new $100 million fund authorized by the Committee recommendations would help answer important questions about what types of interventions may prevent divorce, increase and strengthen healthy marriages, and prevent and reduce the incidence of out-of-wedlock births. As scarce resources have been devoted to these important purposes of the TANF program, this new fund would play a critical role in developing and promoting best practices across the country. In addition, this new fund will provide much needed funding for technical assistance to tribal organizations as they work to create and develop TANF programs to meet the unique needs of their members.

The new demonstration authority for Indian tribes is intended to support tribes that receive funds under the Title IV-B Child Welfare Services or Promoting Safe and Stable Families programs but do not have access to the Title IV-E Adoption Assistance and Foster Care program. Parents seeking temporary assistance through the TANF program and those caring for children who have been subject to abuse and neglect or are at-risk of such maltreatment often face similar and complex service needs. The demonstration authority will help tribes improve coordination between these two programs; strengthen families by providing assistance and services necessary to prevent family disruption; and, when necessary, support out-of-home placements to safely care for children.

The Committee seeks information from HHS and the U.S. Department of Justice to verify that affidavit of support and sponsor deeming provisions are being implemented as the 1996 law intended. The Committee is concerned that the appropriate procedures and guidance to State and local governments have not been put in place in order to ensure these provisions are implemented.

Section 8116. Study by the Census Bureau

Present Law

The Census Bureau is directed to expand the Survey of Income and Program Participation (SIPP) to obtain data with which to evaluate TANF's impact on a random national sample of recipients. Appropriations are authorized at $10 million annually for FYs 2006 through 2010.

Explanation of Provision

Appropriations are authorized at $10 million annually for FY 2006 through FY 2010 to the Census Bureau. The Bureau is directed to implement or enhance a longitudinal survey of program participation to permit assessment of outcomes of continued reform on the economic and child well-being of low-income families with children, including those who received TANF-funded aid or services. Survey content should include information needed to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency, beginning and ending of spells of assistance, work, earnings, and employment stability. To the extent possible, the survey is to provide State representative samples. Funds are to remain available through FY 2010 for this survey.

Reason for Change

The SIPP has been used widely by public and private researchers to assess impacts of the TANF program. This provision reauthorizes and refocuses future data collection efforts on areas of particular interest to the Committee, including out-of-

wedlock childbearing, length of stay on welfare, earnings and employment stability, and child well-being.

Section 8117. Definition of Assistance

Present Law

Receipt of assistance by a parent or other caretaker relative triggers work and time limit rules. Law does not define the term. By regulation, assistance is defined as ongoing aid to meet basic needs, plus support services such as child care and transportation subsidies, for unemployed recipients. It excludes non-recurrent short term benefits. Federally-funded "assistance" to a family with an adult is limited to 60 months; States *may* impose shorter time limits.

Explanation of Provision

The recommendations define "assistance" as payment, by cash, voucher, or other means, to or for an individual or family to meet a subsistence need, *but not including costs of transportation or child care*. They exclude non-recurrent short-term benefits.

Reason for Change

This provision codifies regulations important in determining how long individuals may receive cash benefits and when work requirements and penalties should be imposed. Clarifying that child care and transportation subsidies should never be considered assistance would provide States additional flexibility in supporting individuals who have left welfare and prevent welfare dependence for others. Combined with other features of this title, including the enhanced flexibility provided States in spending so-called carryover funds, this provision will afford States additional tools to support families with child care and other work supports as needed, including through use of the $3.75 billion in unspent TANF funds as of September 2004.

Section 8118. Technical Corrections

Present Law

Not applicable.

Explanation of Provision

Makes a number of technical corrections.

Reason for Change

Technical corrections.

Section 8119. Fatherhood Program

Section 8119 of the Committee recommendations amends Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) to add a new Fatherhood program to the Social Security Act as a new Part C of Title IV, as follows:

PART C – FATHERHOOD PROGRAM

Section 441 of Part C - Findings

Present Law

No provision.

Explanation of Provision

There is evidence indicating the need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children.

Reason for Change

The Committee is very interested in finding ways to reverse the negative impacts of single-parent families on both adults and children. One solution is to increase, in appropriate situations, the incidence of marriage. Whether or not marriage occurs, a second approach is to promote the involvement of single fathers in the lives of their children. Even when fathers do not live with their children, they still have a responsibility to participate in the child's rearing and to work with the mother to provide a solid foundation for the child's development. Economic support is another important part of the father's role in the family. Since many poor fathers have a weak and sporadic connection to the workforce, fatherhood projects would work to increase the number of employed fathers and improve the work skills of employed fathers to help them increase their income and be better able to provide economic support, including child support, to the family. The purposes selected by the Committee would help define projects that would contribute to addressing the problems associated with single-parent families.

Section 441 of Part C - Purposes

Present Law

No provision.

Explanation of Provision

The first of the three purposes is to provide for projects and activities by public entities and nonprofit community entities, including religious organizations, to test promising approaches to accomplishing the following four objectives:

(1) Promoting responsible, caring and effective parenting and encouraging positive father involvement, including the positive involvement of non-resident fathers;
(2) Enhancing the abilities and commitment of unemployed or low-income fathers to provide support for their families and to avoid or leave welfare;
(3) Improving fathers' ability to effectively manage family business affairs; and
(4) Encouraging and supporting healthy marriages and married fatherhood.

The second purpose is through the projects and activities described above, to improve outcomes for children such as increased family income and economic security, improved school performance, better health, improved emotional and behavioral stability and social adjustment, and reduced risk of delinquency, crime, substance abuse, child abuse and neglect, teen sexual activity, and teen suicide.

The third purpose is to evaluate approaches and disseminate findings to encourage replication of effective approaches to achieving the desired outcomes for both parents and children.

Reason for Change

The Committee recognizes the tremendous hurdles before single mothers, and their struggles to work and support their families, reflected most recently in the rise in the share of single mothers working following passage of the 1996 reforms. However, because so many of those high hurdles remain in place, it is an unfortunate fact that children reared in female-headed families are more likely to live in poverty, fail in school, be arrested, have children outside marriage, and go on welfare themselves. To help address these problems, the Committee recommendations implement a fatherhood grant program to provide funding for projects to work directly with fathers, especially those in poverty. The fatherhood projects would emphasize healthy marriage, parenting, and employment and may be able to reduce both the number of children being reared in single-parent families and, where marriage is not a possibility, to strengthen the relationship between single fathers and their children. Most Federal and State social programs, including welfare, are aimed primarily at helping single mothers. The fatherhood grant program acknowledges that Congress is interested in helping fathers improve their financial independence, manage their financial affairs, and strengthen their ability to support their family.

Section 442 of Part C - Definitions

Present Law

No provision.

Explanation of Provision

Declares the terms "Indian tribe" and "tribal organization" to have the meanings given them in subsections (e) and (l), respectively, of Section 4 of the Indian Self-Determination and Education Assistance Act.

Reason for Change

Clarifies the definition of "Indian tribe" and "tribal organization" as they relate to the fatherhood grant program.

Section 443 of Part C - Competitive Grants for Service Projects

Present Law

No provision.

Explanation of Provision

Authorizes the Secretary of HHS to make grants for FY 2006 through FY 2010 to public and nonprofit community entities, including religious organizations, and to Indian tribes and tribal organizations, for demonstration service projects and activities designed to test the effectiveness of various approaches to accomplishing the four specified objectives.

Requires that in order to qualify for a full-service project grant an entity (applicant) must submit an application to the Secretary of HHS that contains the following elements:

> *Project description.* A description of the project and how it will be carried out, including the geographical area to be covered and the number and characteristics of clients to be served, and how it will address each of the four specified objectives; and of how the entity or its contractor will self-evaluate the project.
>
> *Experience and qualifications.* A demonstration of the applicant's ability to carry out the project, and such other qualifications as the Secretary may require.

Addressing child abuse and neglect and domestic violence. A description of how the applicant will assess for the presence of, and intervene to resolve, child abuse and neglect and domestic violence, including how the applicant will coordinate with State and local child protective service and domestic violence programs.

Addressing concerns relating to substance abuse and sexual activity. A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.

Coordination with specified programs. An undertaking to coordinate, as appropriate, with State and local entities responsible for the TANF, Child Welfare Service, and Child Support Enforcement (CSE) programs under Title IV of the Social Security Act, programs under Title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.

Records, reports, and audits. An agreement to maintain records, make reports, and cooperate with reviews or audits as required by the Secretary.

Self-initiated evaluation. If the applicant elects to contract for independent evaluation of the project (part or all of the cost of which may be paid for using grant funds), a commitment to submit to the Secretary a copy of the evaluation report by 30 days after completion of the report and not more than 1 year after completion of the project.

Cooperation with Secretary's oversight and evaluation. An agreement to cooperate with the Secretary's evaluation of the project, by means including random assignment of clients to service recipient and control groups, if determined appropriate; and also agreement to give the Secretary access to project staff and clients, and project documents and records.

Requires that in order to qualify for a *limited purpose grant* of less than $25,000 per fiscal year, an entity (applicant) must submit an application to the Secretary that contains the following elements:

Project description. A description of the project and how it will be carried out, including the number and characteristics of clients to be served, the proposed duration of the project, and how it will address at least one of the four specified objectives.

Qualifications. Such information as the Secretary may require as to the capacity of the entity to carry out the project, including any previous experience with similar activities.

Coordination with related programs. As required by the Secretary in appropriate cases, an undertaking to coordinate and cooperate with State and local entities responsible for specific programs relating to the objectives of the project, including, as appropriate, jobs programs and programs serving children and families.

Records, reports, and audits. An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

Cooperation with Secretary's oversight and evaluation. An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including affording the Secretary access to the project and to project-related records and documents, staff and clients.

In awarding grants, the Secretary must seek to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban and in rural areas, and entities employing differing methods of achieving the program purposes, including working with CSE agencies to help fathers satisfy child support arrearages. The Secretary may give preference to projects in which a majority of the clients to be served are low-income fathers.

Federal grant funds may be used for up to 80 percent of the annual costs of full-service projects (or up to 90 percent, if the entity demonstrates circumstances limiting the entity's ability to secure non-Federal resources), and for up to 100 percent of annual costs for limited-purpose projects. The non-Federal share may be in cash or in kind.

Reason for Change

Funding both full service and limited purpose fatherhood grant projects would enable the Secretary of HHS to collect valuable information about the effectiveness of using different approaches to meet the goals of the fatherhood grant program. During Committee hearings on fatherhood issues in recent Congresses, Members have expressed interest in a variety of fatherhood programs – from those addressing the needs of inner city populations to those run by a rural faith-based group working to address specific problems in a small community. Of particular interest are programs that help young low-income fathers meet their child support obligations, both current and past due. One approach, which has been used on a limited basis in Maryland, Iowa, and Montana, is to consider compromising arrearages owed to the State when the non-custodial parent has kept current on a child support payment plan for a specific period of time or has enrolled and completed a responsible fatherhood project under which he went to work and completed certain activities.

Section 444 of Part C - Multicity, Multistate Demonstration Projects

Present Law

No provision.

Explanation of Provision

Generally allows the Secretary of HHS to make multicity, multistate demonstration project grants for FY 2006 through FY 2010 to eligible entities (described below) for two multicity, multistate projects demonstrating approaches to achieving the four specified objectives. One of the projects is required to test the use of married couples to deliver program services.

Provides that an entity eligible for a multicity, multistate grant must be a national nonprofit fatherhood promotion organization with substantial experience in designing and successfully conducting programs meeting the three purposes described earlier, and with experience in simultaneously conducting such programs in more than one major metropolitan area in more than one State, and in coordinating, when appropriate, with State and local government agencies (including agencies responsible for child support enforcement and workforce development) and private, and nonprofit agencies (including community-based and religious organizations).

Requires that in order to qualify for a multicity, multistate demonstration project grant and an entity (applicant) must submit an application to the Secretary that contains the following elements:

Qualifications. An entity must meet the eligible entity requirements described above. Further, the application must include any other information the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

Project description. A description of and commitments concerning the project design, including the following elements: A detailed description of the project, which (a) provides for projects to be conducted in at least three major metropolitan areas; (b) States how it will address each of the four specified objectives; (c) demonstrates that there are sufficient potential clients to permit random assignment to service recipient and control groups; and (d) demonstrates that the project will direct a majority of resources to serving low-income fathers (but need not employ means-testing).

The project description must include an agreement that the entity will cooperate with the Secretary's and evaluator's oversight and evaluation of the project, by

means including providing access to the project and to project-related records and documents, staff and clients; and will, in consultation with the evaluator and as required by the Secretary, modify the project design, initially and subsequently (including by providing for random assignment), as necessary to facilitate oversight and evaluation and to make appropriate mid-course adjustment in the project design indicated by interim evaluations; and will submit revised descriptions of modified project designs to the Secretary.

Addressing child abuse and neglect and domestic violence. A description of how the applicant will assess for the presence of, and intervene to resolve, child abuse and neglect and domestic violence, including how the applicant will coordinate with State and local child protective service and domestic violence programs.

Addressing concerns relating to substance abuse and sexual activity. A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.

Coordination with specified programs. An undertaking to coordinate, as appropriate, with State and local entities responsible for the TANF, Child Welfare Service, and CSE programs under Title IV of the Social Security Act, programs under Title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs required by the Secretary.

Records, reports, and audits. An agreement to maintain records, make reports, and cooperate with reviews or audits required by the Secretary.

Federal grant funds for multicity, multistate demonstration projects may be used for up to 80 percent of annual costs of the demonstration projects. The non-Federal share may be in cash or in kind.

Reason for Change

It is important that some experienced fatherhood organizations develop grant projects in major cities. The Committee is aware of a number of these organizations that have sponsored fatherhood programs in inner-city areas, have experience working with State and local agencies, and have the capacity to design projects that would improve outcomes for fathers. The Committee expects the selected projects to provide project information with the Secretary of HHS that can be shared with other programs.

Section 445 of Part C - Evaluation

Present Law

No provision.

Explanation of Provision

The Secretary of HHS is authorized, directly or by contract or cooperative agreement, to evaluate the effectiveness of the selected competitive grants for service projects and the selected multicity, multistate demonstration projects from the standpoint of the specified program purposes.

Evaluations under this section must use assessment methods including, to the maximum extent feasible, random assignment of clients to service delivery and control groups; to describe and measure the effectiveness of the projects in achieving their goals; and describe and assess, their impact on marriage, parenting, domestic violence, child abuse and neglect, money management, employment and earnings, payment of child support, and child well-being, health and education.

The Secretary is required to publish an implementation evaluation report covering the first 24 months of the activities under these recommendations to be completed by 36 months after initiation of such activities; and a final report on the evaluation to be completed by September 30, 2013.

Reason for Change

Carefully evaluating the fatherhood projects and their outcomes would help the Secretary of HHS determine the best approaches to meet program objectives. The Committee is interested in maximizing information for Congress and others to review in considering whether a project has been effective.

Section 446 of Part C - Projects of National Significance

Present Law

No provision.

Explanation of Provision

The Secretary of HHS is authorized, by grant, contract or cooperative agreement, to carry out projects and activities of national significance relating to fatherhood promotion, including the following elements.

Collection and dissemination of information. Assisting States, communities, and private entities, including religious organizations, in efforts to promote and

support marriage and responsible fatherhood by collecting, evaluating, developing, and making available (through the Internet and by other means) to all interested parties information regarding approaches to accomplishing the four specified objectives.

Media campaign. Developing, promoting, and distributing to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that promotes and encourages involved, committed and responsible fatherhood and married fatherhood.

Technical assistance. Providing technical assistance, including consultation and training, to public and private entities, including community organizations and faith-based organizations, in the implementation of local fatherhood promotion programs.

Research. Conducting research on projects of national significance related to fatherhood promotion.

Reason for Change

To assist State and local projects that are working to help young and especially poor fathers become better husbands, parents, and providers, fatherhood projects of national significance will produce, collect, and distribute information about accomplishing the goals of the fatherhood program. Other allowable activities such as a media campaign, technical assistance, and research would help encourage involved, committed, and responsible fatherhood and married fatherhood.

Section 447 of Part C - Nondiscrimination

Present Law

No provision.

Explanation of Provision

The projects and activities assisted must be made available on the same basis to all fathers and expectant fathers able to benefit from such projects and activities, including married and unmarried fathers and custodial and noncustodial fathers, with particular attention to low-income fathers, and to mothers and expectant mothers on the same basis as to fathers.

Reason for Change

This provision clarifies the intent of the Committee regarding nondiscrimination.

Section 448 of Part C - Authorization of Appropriations; Reservation for Certain Purposes

Present Law

No provision.

Explanation of Provision

Appropriations of $20 million for each of FY 2006 through FY 2010 are authorized. Not more than 15 percent of the annual appropriation shall be available for the costs of the multi-city, multi-State demonstration projects under Section 444, evaluations under Section 445, and projects of national significance under Section 446.

Reason for Change

This level of funding is appropriate for initiating the program so it can provide valuable information about effective approaches that help young men become better fathers and play a more significant role in their family's lives.

Section 8120. State Option to Make TANF Programs Mandatory Partners with One-Stop Employment Training Centers

Present Law

The Workforce Investment Act (WIA) makes TANF an optional partner with one-stop employment training centers.

Explanation of Provision

Makes State TANF programs mandatory partners with one-stop employment training centers established under the Workforce Investment Act, unless the governor of a State decides otherwise and so notifies the Secretaries of HHS and DOL.

Reason for Change

This provision is intended to enhance program integration and ensure that all available employment services and training opportunities are available for low-income individuals by making TANF a mandatory partner with the Workforce Investment Act One-Stop Delivery System, unless a State decides otherwise.

Section 8121. Sense of the Congress

Present Law

No provision.

Explanation of Provision

Provides that it is the sense of Congress that a State welfare-to-work program should include mentoring.

Reason for Change

The sense of the Congress is intended to emphasize the interest of Congress that States include mentoring activities in their welfare-to-work programs.

Section 8122. Drug Testing of Applicants for and Recipients of Assistance

Present Law

States may test welfare recipients for the use of controlled substances and sanction recipients who test positive for controlled substances.

Explanation of Provision

The Committee recommendations require States to test applicants and recipients of TANF for use of drugs if the State has a reason to believe he or she has unlawfully used a controlled substance. If the applicant or recipient tests positive for drug use, or if the State otherwise determines that he or she has unlawfully used drugs, the State must ensure that the family self-sufficiency plan addresses the use of the substance; suspend cash assistance to the family until a subsequent test shows no drug use; and require the applicant or recipient to undergo periodic drug tests (every 30 or 60 days) as a condition of receiving cash assistance.

States are required to terminate participation in the program for a family for 3 years if the recipient fails the drug test at least three consecutive times (States may set a more lax requirement, allowing failure of the drug test for up to six consecutive times).

The Secretary of HHS is required to penalize a State that does not comply with this requirement. The penalty is a minimum of five percent of the State's block grant, and a maximum of ten percent of the State's block grant, with the Secretary determining the exact penalty amount.

Reason for Change

Welfare reform is intended to identify and remove barriers in the path to self-sufficiency for low-income individuals and their families. Individuals who use and are addicted to drugs encounter numerous difficulties in moving to healthy, self-reliant lives as workers and parents. This provision is designed to help identify drug users to ensure that States assist these individuals, including by adjusting their self-sufficiency plan to include activities to assist the individual in overcoming drug use.

SUBTITLE B. CHILD CARE

Section 8201. Entitlement Funding

Present Law

Entitles States to a basic block grant based on FY 1992-1995 expenditures in welfare-related child care. Mandatory funds above this amount are provided to States on a matching basis. Also appropriates entitlement (mandatory) funding at the FY 2002 rate of $2.717 billion annually through December 31, 2005.

Explanation of Provision

The Committee recommendations appropriate funds for mandatory child care as follows:

$2.717 billion for FY 2006;
$2.767 billion for FY 2007;
$2.817 billion for FY2008;
$2.867 billion for FY 2009; and
$2.917 billion for FY 2010.

Reason for Change

In addition to continuing the current record high Federal funding levels in FY 2006 for the mandatory portion of the CCDBG, the Committee recommendations provide for increased funding in FYs 2007 through 2010. The Committee recommendations provide for increases of $50 million in FY 2007, $100 million in FY 2008, $150 million in FY 2009, and $200 million in FY 2010.

Thus the total amount of mandatory child care provided under the Committee recommendations is $14 billion over the next 5 fiscal years. That is in addition to child care available from other sources, including the $17 billion Federal TANF block grant and State maintenance of effort funds in excess of $10 billion annually, the $1.7 billion annual Federal Title XX SSBG, over $2 billion annually in discretionary child care funds (under the jurisdiction of the Education and the Workforce Committee), and other State resources. In addition, the Committee recommendations (Section 8107, Use of Funds)

provide additional State flexibility to spend TANF funds for child care by increasing the amount of funds that may be transferred from TANF to the CCDBG, and otherwise provide additional flexibility in spending current and carryover TANF funds for child care needs.

SUBTITLE C. CHILD SUPPORT

Section 8301. Federal Matching Funds for Limited Pass Through of Child Support Payments to Families Receiving TANF

Present Law

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

Explanation of Provision

For TANF families, requires the Federal government to waive its share of an *increase* in the child support passed through to the family (up to the greater of $100 per month or $50 over the State's stipulated child support pass through as of December 31, 2001). To obtain the Federal matching funds, the State has to disregard the amount passed through to the family in determining the family's TANF benefit amount. This provision would apply to amounts distributed on or after October 1, 2008.

Reason for Change

The Committee recommendations provide that current and former welfare families receive more of the child support collected from non-custodial parents. By providing a Federal match for certain child support passed through to current TANF families, States would be given an incentive to enact such a policy. These additional funds for current TANF families would help the family by encouraging a stronger connection between the family and the absent parent, providing additional regular income for the family, and allowing the paying parent to see that at least part of their child support payments are actually going to the family, rather than being retained by the government.

Section 8302. State Option to Pass Through All Child Support Payments to Families that Formerly Received TANF

Present Law

Current child support payments must be paid to the family if the family is no longer on TANF. With respect to former TANF families: Since October 1, 1997, child support arrearages that accrue *after* the family leaves TANF also are required to be paid to the family before any monies may be retained by the State. With respect to former TANF families: Since October 1, 2000, child support arrearages that accrued *before* the family began receiving TANF also are required to be distributed to the family first. However, if child support arrearages are collected through the *Federal income tax refund offset program*, the family *does not* have first claim on the arrearage payments. Such arrearage payments are retained by the State and the Federal government.

Explanation of Provision

The Committee recommendations simplify child support distribution rules to give States the option of providing families that have left TANF the full amount of the child support collected on their behalf (i.e., both current child support and child support arrearages). The Federal government would share with the States the costs of paying child support arrearages to the family first. This provision would apply to amounts distributed on or after October 1, 2008.

Reason for Change

Providing additional funds to single-parent families leaving welfare would increase the parents' incentive to leave welfare, improve the chances that they will be able to sustain themselves and their children without falling back on welfare, and contribute to strengthening the bond between children and non-custodial parents.

Section 8303. Mandatory Review and Adjustment of Child Support Orders for Families Receiving TANF

Present Law

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

Explanation of Provision

States are required to review and, if appropriate, adjust child support orders in TANF cases every 3 years. This provision would take effect on October 1, 2007.

Reason for Change

Factors such as inflation, unemployment, promotion, job change, marriage, or disability can cause child support orders to become outdated and need adjustment. Although requiring regular review of child support orders would involve the investment of time and money by States, according to the Congressional Budget Office, both States and the Federal government would save money if child support orders were updated every 3 years. In addition to reducing costs, a regular review and modification of child support orders would promote fairness for both custodial and non-custodial parents. For custodial parents, positive changes in the financial condition of the non-custodial parent can result in higher child support payments for families. For non-custodial parents experiencing economic difficulties, proper adjustment of a child support order would help prevent them from accumulating unnecessary debt while allowing for continued, though perhaps lower, regular financial contribution to the monthly income needs of the child.

Section 8304. Mandatory Fee for Successful Child Support Collection for Family That Has Never Received TANF

Present Law

Federal law requires that non-welfare families may apply for CSE services, and States must charge an application fee that cannot exceed $25. Such fees may be recovered from the custodial parent, the noncustodial parent, or the State (with State funds). In addition, States have the option of recovering costs in excess of the application fee. Such recovery may be from either the custodial parent or the noncustodial parent.

Explanation of Provision

Families that have never been on TANF are required to pay a $25 annual user fee when child support enforcement efforts on their behalf are successful (i.e., at least $500 annually is collected on their behalf). Such fees may be recovered from the custodial parent, the noncustodial parent, or the State (with State funds). This provision would take effect on October 1, 2006.

Reason for Change

The implementation of user fees in certain non-welfare cases contributes to offsetting the costs of the program and is a reasonable expectation, especially with the limitation that fees apply only in those cases in which at least $500 is collected. This means the $25 fee equals a maximum of five percent of any amount collected, and less in the case of collections exceeding $500. In addition, this action represents continued progress toward a focus on families and a strengthened child support enforcement program instead of simply recoupment of welfare benefit costs.

Section 8305. Report on Undistributed Child Support Payments

Present Law

No provision.

Explanation of Provision

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

Reason for Change

The Committee is interested in learning more about the problem of collected child support payments that are being held by the State rather than being distributed to families because of problems such as an incorrect address. The Secretary of HHS is directed to examine this problem and its causes, estimate the amount of money that is undistributed and the length of time for which it is undistributed, and make recommendations on State or Federal policy changes that would effectively address this problem.

Section 8306. Decrease in Amount of Child Support Arrearage Triggering Passport Denial

Present Law

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

Explanation of Provision

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

Reason for Change

The passport denial program has proved to be an effective method for collecting past-due child support payments. Since the program's inception in June 1998, individuals with child support arrearages have paid over $21 million in lump sum child support payments to avoid losing their passports. By lowering the amount that triggers passport revocation, even more child support would be collected to help more families.

Section 8307. Use of Tax Refund Intercept Program to Collect Past-Due Child Support on Behalf of Children who are Not Minors

Present Law

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

Explanation of Provision

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

Reason for Change

Originally proposed as part of H.R. 4071 in the 106th Congress, this provision promotes equal treatment of all child support debts, increases collections, and strengthens the important message that child support debts cannot be avoided by withholding payment until the child is no longer a minor.

Section 8308. Garnishment of Compensation Paid to Veterans for Service-Connected Disabilities in Order to Enforce Child Support Obligations

Present Law

The disability compensation benefits of veterans are treated differently than most forms of government payment for purposes of paying child support. Whereas most government payments are subject to being automatically withheld to pay child support, veterans' disability compensation is not subject to intercept. The only exception occurs when veterans have elected to forego some of their retirement pay in order to collect

additional disability payments. The advantage of veterans replacing retirement pay with disability pay is that the disability pay is not subject to taxation. With this exception, the only way to obtain child support payments from veterans' disability compensation is to request that the Secretary of the Veterans Administration intercept the disability compensation and make the child support payments.

Explanation of Provision

Allows veterans' disability compensation benefits to be intercepted (withheld) and paid on a routine basis to the custodial parent if the veteran is 60 days or more in arrears on child support payments. This provision cannot be used to collect alimony and no more than 50 percent of any particular disability payment can be withheld. This provision would take effect on October 1, 2007.

Reason for Change

The Ways and Means Committee has been supportive of allowing veterans' disability payments to be subject to withholding to enforce child support obligations. Nonetheless, by allowing withholding only after the veteran has been 60 days in arrears on child support obligations, veterans' disability payments would continue to be treated differently than most other government payments; the Committee believes the fact that veterans are receiving the payments because they were injured in the line of duty justifies this continued differential treatment.

Section 8309. Maintenance of Technical Assistance Funding

Present Law

Federal law appropriates an amount equal to 1 percent of the Federal share of child support collected on behalf of TANF families during the preceding year for the Secretary to provide information dissemination and technical assistance to the States, training of State and Federal staff, staffing studies, related activities needed to improve CSE programs (including technical assistance concerning State automated CSE systems), and research demonstration and special projects of regional or national significance relating to the operation of CSE programs. Such funds are available until they are expended.

Explanation of Provision

Changes the amount available for technical assistance funding to an amount equal to one percent of the Federal share of child support collected or the amount appropriated for FY 2002, whichever is greater.

Reason for Change

Funding authorized under this provision is an important element of the Federal government's oversight of the development of State automated child support program systems. This provision would help maintain an adequate funding stream for much needed technical assistance as HHS works to bring all States into compliance with the automated system requirements of the 1996 welfare reform law.

Section 8310. Maintenance of Federal Parent Locator Service Funding

Present Law

Federal law appropriates an amount equal to two percent of the Federal share of child support collected on behalf of TANF families during the preceding year for the Secretary to use for operation of the Federal Parent Locator Service to the extent that the costs of the Federal Parent Locator Service are not recovered by user fees. Funds that were appropriated for FYs 1997-2001 remain available until expended.

Explanation of Provision

Changes the amount available for the Federal Parent Locator Service (FPLS) to an amount equal to two percent of the Federal share of child support collected or the amount appropriated for FY 2002, whichever is greater. Makes all funds appropriated for this purpose available until expended.

Reason for Change

The FPLS processes millions of requests for information to help find absent parents in order to secure and enforce child support obligations. This provision would help maintain an adequate funding stream for this important service.

Section 8311. Information Comparisons with Insurance Data

Present Law

No provision.

Explanation of Provision

The Secretary of HHS is authorized, via the Federal Parent Locator Service, to compare information of noncustodial parents who owe past-due child support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments; and to furnish any information resulting from a match to the appropriate State CSE agency in order to secure settlements, awards, etc. for payment of past-due child support. Stipulates that no insurer would be liable under Federal or State law for disclosures made in good faith of this provision.

A State or Federal agency that receives such information from the Secretary of HHS must reimburse the Secretary for the costs incurred by the Secretary in providing the information, at rates which the Secretary determines to be reasonable.

Reason for Change

Although States must have laws requiring the use of procedures that authorize intercepting or seizing periodic or lump-sum payments from settlements to satisfy current support obligations, States often cannot access the databases that contain insurance and settlement information. To assist States, the Committee recommendations allow the Secretary of HHS to administer a program to match the list of those individuals owing past-due child support against insurance databases to identify individuals who have pending insurance claims and settlements. The Secretary of HHS would notify States if delinquent obligors have pending insurance claims and settlements so that States could take enforcement actions to freeze and seize these payments. Participation by insurance companies would be voluntary.

Section 8312. Tribal Access to the Federal Parent Locator Service

Present Law

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

Explanation of Provision

The Committee recommendations include Indian tribes and tribal organizations that operate a CSE program as "authorized persons."

Reason for Change

To help tribal child support enforcement programs locate non-custodial parents to establish paternity and collect child support, the Committee recommendations give tribal child support enforcement programs access to the Federal Parent Locator Service. This action will increase child support collections to families, especially tribal families.

Section 8313. Reimbursement of Secretary's Costs of Information Comparisons and Disclosure for Enforcement of Obligations on Higher Education Act Loans and Grants

Present Law

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

Explanation of Provision

The reimbursement of costs provision is amended by eliminating the word "additional," thereby requiring the Secretary of Education to reimburse the Secretary of HHS for any costs incurred by the Secretary of HHS in providing requested information on new hires.

Reason for Change

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

Section 8314. Technical Amendment Relating to Cooperative Agreements Between States and Indian Tribes

Present Law

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

payments to Indian tribes and tribal organizations that have approved child support enforcement plans.

Explanation of Provision

The Committee recommendations delete the reference to child welfare programs.

Reason for Change

The reference to be deleted incorrectly refers to the child welfare program rather than the child support enforcement program.

Section 8315. State Option to Use Statewide Automated Data Processing and Information Retrieval System for Interstate Cases

Present Law

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

Explanation of Provision

The Committee recommendations allow an assisting State to establish a child support interstate case based on another State's request for assistance; and thereby an assisting State would be able to use the CSE statewide automated data processing and information retrieval system for interstate cases.

Reason for Change

The Committee recommendations allow States that cannot now use their automated systems to provide high-volume automated administrative enforcement services in interstate cases to choose to open a case in order to assist other States in collecting child support.

Section 8316. Modification of Rule Requiring Assignment of Support Rights as a Condition of Receiving TANF

Present Law

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

Explanation of Provision

The Committee recommendations stipulate that the assignment covers child support that accrues during the period that the family receives TANF, and also gives States the option of including in the assignment child support that accrued to the family before the family began receiving TANF. This provision would take effect on October 1, 2008.

Reason for Change

To help families as they transition from welfare to work, the Committee recommendations allow States to permit families to keep more of the child support collected on their behalf.

Section 8317. State Option to Discontinue Certain Support Assignments

Present Law

Any assignment of rights to child support that was in effect on September 30, 1997 *must* remain in effect. This means that any child support collected as a result of the assignment is owed to the State and the Federal government.

Explanation of Provision

Any assignment of rights to child support that was in effect on September 30, 1997 *may* remain in effect. This means that States would have the option to discontinue pre-assistance assignments in effect on September 30, 1997. If a State chooses to discontinue the child support assignment, the State would have to give up its legal claim to collections based on such arrearages and the State would have to distribute the collections to the family.

In addition, States would have the option to discontinue pre-assistance assignments in effect after September 30, 1997 and before the implementation date of this provision. If a State chooses to discontinue the child support assignment, the State would have to give up its legal claim to collections based on such arrearages and the State would have to distribute the collections to the family.

Reason for Change

Allowing States the option to discontinue certain assignments of pre-assistance child support can contribute to increased child support payments to families and simplified administration of child support programs by the States.

Section 8318. Technical Correction

Present Law

Section 453(j) of the Social Security Act includes two paragraphs labeled with the number (7).

Explanation of Provision

This provision corrects the numbering order of the paragraphs in Section 453(j) of the Social Security Act.

Reason for Change

Technical correction.

Section 8319. Reduction in Rate of Reimbursement of Child Support Administrative Expenses

Present Law

Without limit, the Federal government reimburses States for 66 percent of the cost of operating their child support programs.

Explanation of Provision

Federal participation in the child support program will continue, but with a gradual reduction in the Federal matching rate. The reimbursement rate would be 62 percent for FY 2007, 58 percent for FY 2008, 54 percent for FY 2009, and 50 percent for FY 2010 and each succeeding fiscal year.

Reason for Change

The GAO reports that the current Federal matching rate for administrative expenses in the Medicaid, Food Stamps, Foster Care, and Adoption Assistance programs is 50 percent. This provision will make, by FY 2010, the Federal matching rate for child

support program administrative costs the same as the current participation rate in other major Federal-State programs.

As a result of the current 66 percent Federal matching rate as well as other current program features -- including the provision of Federal incentive payments, which would be retained under this title (but which would no longer be subject to Federal matching payments; see below) -- the GAO also reports that in FY 2004 Federal funds actually paid for a full 88 percent of net child support program administrative costs. Regardless of the tremendous success of this program in recovering child support, this degree of Federal funding is difficult to justify, especially in a program operated by the States and from which States receive numerous benefits. Those benefits include reductions in the need for payment of TANF benefits. The Committee notes the TANF caseload has fallen by more than 60 percent since 1996, which has permitted States to operate TANF programs using approximately $10 billion annually in State funds and thus collectively save approximately $3 billion per year in State funds relative to pre-1996 levels of State spending. At the same time, the Federal TANF block grant commitment has remained constant at $17 billion per year, and States currently have $3.75 billion in unspent Federal TANF funds.

By gradually reducing the Federal matching rate to 50 percent by FY 2010, a level equaling the rate already provided under other major programs, while retaining the payment of approximately $500 million per fiscal year in Federal incentive payments used for administrative purposes, the Committee expects that the Federal government will continue to support more than half of all child support administrative costs into the future. At the same time, the current 88 percent Federal share of net program costs as reported by the GAO will be reduced to a more reasonable and in the long run justifiable level.

Section 8320. Incentive Payments

Present Law

Current law requires the Secretary of HHS to reimburse each State for child support expenditures at specified Federal matching rates. In addition, section 458 of the Social Security Act provides States with incentive payments based on program performance. States are required to spend incentive payments on child support enforcement activities. Incentive payments spent ("reinvested") within the child support program are eligible for a Federal match. Incentive payments are estimated to be: $446 million in FY 2005, $458 million in FY 2006, $471 million in FY 2007, $483 million in FY 2008, $494 million in FY 2009, and $505 million in FY 2010.

Explanation of Provision

The Committee recommendations end the Federal matching of State expenditure of Federal CSE incentive payments. (This means that CSE incentive payments that are

received by States and reinvested in the CSE program are not eligible for Federal reimbursement.) This provision would take effect on October 1, 2007 – that is, starting in FY 2008.

Reason for Change

The Committee recommendations continue the provision of child support incentive payments based on State performance in achieving certain indicators of an effective child support program. While continuing the Federal payment of such incentives, the Committee recommendations end the current policy of providing States additional Federal matching funds for spending Federal incentive funds on child support program purposes, for several reasons. There is nothing to indicate that the Committee intended to allow States to receive such matching payments in the legislation creating the current incentive bonus structure (P.L. 105-200). In addition, current policy violates the longstanding budgetary principle of not matching State spending of one Federal dollar with the payment of another Federal dollar. As described above, the Committee also notes a recent study by the GAO, which indicates that current Federal administrative funding under the child support enforcement program is among the most generous of major Federal entitlement programs. Federal funds account for 88 percent of net costs in the child support program, far exceeding the Federal share of such costs under many other major social programs, including foster care and adoption and health care programs, including Medicaid.

SUBTITLE D. CHILD WELFARE

Section 8401. Extension of Authority to Approve Demonstration Projects

Present Law

Section 1130 (a)(1) and (2) of the Social Security Act permits the Secretary of HHS to conduct demonstration projects that are likely to promote the objectives of the child welfare programs authorized under Title IV-B and Title IV-E. This authority extends through FY 2005.

Explanation of Provision

The Committee recommendations extend the authority of the Secretary of HHS to permit child welfare demonstration projects through FY 2010.

Reason for Change

Waivers of Federal Foster Care, Adoption Assistance, and child welfare services programs allow States to seek improvements and efficiencies in child protection programs. For example, managed care approaches to service provision approved under

Title IV-E waivers have allowed States to provide increased support services to a broader range of families than could be accomplished under the restrictive guidelines that govern existing Federal funding streams.

Much has been learned from the existing demonstration projects, particularly as a result of the requirement that projects be rigorously evaluated. Continuation of this activity would yield additional important information on ways to improve the provision of services to children and families in need.

Section 8402. Elimination of Limitation on Number of Waivers

Present Law

Section 1130(a)(2) of the Social Security Act limits to 10 the number of demonstration projects the Secretary of HHS may grant in a single fiscal year.

Explanation of Provision

The Committee recommendations remove the restriction on the number of demonstration projects the Secretary of HHS may approve in each fiscal year.

Reason for Change

The authority of the Secretary of HHS to approve child welfare waivers has been increased over time and many States currently operate demonstration projects. Existing waivers have shown that enhanced flexibility can free States and localities to expand and improve services and supports to families without jeopardizing program integrity. Any and all States should have the opportunity to seek out approaches designed to improve child protection services that match local needs. Lifting the cap on the number of waivers that may be approved would ensure that every State has this option.

Section 8403. Elimination of Limitation on Number of States That May Be Granted Waivers to Conduct Demonstration Projects on Same Topic

Present Law

No current provision. In the past, HHS has expressed a "preference" for projects that "would test policy alternatives that are unique; that differ in their approach to serving families and children; [and] that differ in significant ways from other proposals."

Explanation of Provision

The Committee recommendations add language to assert that the Secretary of HHS may not refuse to grant a particular waiver of child welfare program rules on the

grounds that the purpose of the waiver or demonstration project is similar to another waiver or demonstration project.

Reason for Change

In the past, the Secretary of HHS has narrowly interpreted the agency's waiver authority. States were denied waiver applications on the grounds that the approach had already been tested, despite the fact that there were no such restrictions imposed in statute. The Committee finds that lessons learned from existing or previous demonstration projects ought to inform future applications on similar topics. Thus, if one State's waiver would benefit children in other States, that waiver should be allowed to apply in those other States.

Section 8404. Elimination of Limitation on Number of Waivers That May Be Granted to a Single State for Demonstration Projects

Present Law

No current provision. In the past, HHS has expressed a "preference" for projects "that are submitted by States that have not previously been approved for a child welfare demonstration project."

Explanation of Provision

The Committee recommendations add language to assert that the Secretary of HHS may not impose a limit on the number of waivers or demonstration projects that a single State is granted.

Reason for Change

In the past, the Secretary of HHS has narrowly interpreted waiver authority. The Committee recommendations make clear that States have the authority to operate more than one waiver at a time. As many waivers are narrowly focused on a particular service need, eligibility category, or local area, it is important that the number of waivers or demonstration projects granted a single State not be arbitrarily limited.

Section 8405. Streamlined Process for Consideration of Amendments to and Extensions of Demonstration Projects Requiring Waivers

Present Law

No provision.

Explanation of Provision

The Committee recommendations add language to require the Secretary of HHS to develop a "streamlined process" of considering amendments or extensions that States propose to their demonstration projects.

Reason for Change

The process for making adjustments or extensions to child welfare demonstration projects in the past has been lengthy and overly bureaucratic. While the Committee finds that the current Administration has made dramatic improvements to the waiver approval process, particularly as it affects waivers of health care provisions, the recommendations would ensure there is an expedited process for child welfare waiver extensions and amendments in the future. The recommendations would not in any way diminish the authority of the Secretary of HHS to raise and require States to address any issues that may affect children's health and safety.

Section 8406. Availability of Reports

Present Law

Section 1130(f)(1) and (2) of the Social Security Act provides that States conducting demonstration projects under a waiver granted by the Secretary of HHS must obtain an evaluation of the project's effectiveness and must provide interim and final evaluation reports to the Secretary of HHS when and in the manner that the Secretary requests.

Explanation of Provision

The Committee recommendations require the Secretary of HHS to make available (to States or other interested parties) any of the demonstration project evaluation reports that it receives from a State and any demonstration project evaluation or report made by the Secretary of HHS, with a focus on information that promotes best practices and program improvements.

Reason for Change

The child welfare waiver authority requires rigorous evaluation and studies of each project. This information can provide important guidance to other States as they consider waiver applications or other improvements to child protection programs. The recommendations require the Secretary to ensure that the findings from these demonstration reviews are made available to other States and interested parties.

Section 8407. Clarification of Eligibility for Foster Care Maintenance Payments and Adoption Assistance

Present Law

Section 472(a) of the Social Security Act provides that a State with a foster care program approved under Title IV-E must make foster care maintenance payments on behalf of eligible children who are removed from their home and placed into foster care. These eligibility criteria include a requirement that the child must have met -- in the home from which he/she was removed -- the income and other eligibility tests necessary to receive aid under the now-defunct AFDC program (as it existed on July 16, 1996). Section 474 provides that States are entitled to receive Federal matching funds at the Federal Medical Annual Percentage (FMAP) rate (ranging from 50 percent to 83 percent based on State's per capita income) for every foster care maintenance payment it makes on behalf of an eligible child.

Section 473(a)(2) of the Social Security Act provides that under one pathway to eligibility for adoption assistance, a special needs adoptee must have been eligible for aid under the AFDC program (as it existed on July 16, 1996) both in the month that the child was removed from the home and placed into foster care and in the month in which the adoption proceedings were initiated.

Explanation of Provision

The Committee recommendations adjust Section 472(a) to clarify that for purposes of determining AFDC eligibility, the home from which the child is removed is always the home that a judge found to be "contrary to the child's welfare" or the home from which the child's parent or legal guardian entered into a voluntary agreement to place the child in foster care.

The clarification is in response to a 2003 decision by the 9th Circuit Court of Appeals, *Rosales v. Thompson*, (321 F.3d. 835) which read the statute to permit eligibility for certain children to be based on their financial and other circumstances in the homes of relatives who were not their parents or legal guardians and which were not the homes that were found unsafe for them. This reading of the statute is contrary to longstanding practice and to the way the eligibility test is understood by the HHS. Under the *Rosales* court's reading of the law, nearly every child in the 9th Circuit (which includes California, Washington, Oregon, Arizona, Montana, Idaho, Nevada, Alaska, and Hawaii) could become eligible for federally matched foster care maintenance payments.

The clarification also adjusts Section 473(a)(2) of the Social Security Act regarding eligibility for adoption assistance to remove a requirement that the child meet the AFDC eligibility criteria (as they existed on July 16, 1996) at the time the adoption proceedings were initiated. This provision is not expected to change the number of special needs adoptees who are found eligible for Federal adoption assistance because, under the AFDC eligibility rules in effect on July 16, 1996, nearly every child who is entering final adoption proceedings would be considered AFDC eligible.

Reason for Change

The Committee recommendations clarify the intent of Congress and restate longstanding eligibility requirements for Federal foster care and adoption assistance. The reading of the statute in both court cases is contrary to longstanding practice and to the way the eligibility test is understood by HHS. This clarification also responds to the President's FY 2006 budget proposal, which includes a provision to "clarify the process for determining Title IV-E eligibility.... [and] amend the statute to come into accord with the Department's long-standing policy" in this respect.

Section 8408. Clarification Regarding Federal Matching of Certain Administrative Costs under the Foster Care Maintenance Payments Program

Present Law

Section 474(a)(3) of the Social Security Act authorizes open-ended Federal matching of eligible State costs associated with the Federal foster care program. These are training costs (matched at 75 percent); data collection costs (matched at 50 percent) and all other administrative costs, including child placement and case management services (matched at 50 percent).

Section 472 provides that a condition of eligibility for Federal foster care maintenance payments is placement of a child in a licensed foster family home or a child care institution (not including "detention facilities" or public institutions that accommodate more than 25 children).

Section 471(a)(15)(B)(i) provides that a State must make reasonable efforts to preserve a family prior to the placement of a child in foster care or to prevent or eliminate the need for removing the child from the child's home. As part of meeting this duty, States may make certain administrative claims on behalf of children who have not been removed from their homes but are at imminent risk of removal. These children are called "candidates" for Title IV-E foster care.

Explanation of Provision

The Committee recommendations specify that claims for Federal matching funds based on training, data collection, case management, and other administrative costs on behalf of otherwise eligible children who are placed in settings ineligible for Title IV-E funding would be available in only two circumstances:

(1) In the case of a child who is placed in the home of a relative who is not a licensed foster care provider, for 12 months or as long as it takes a State to normally license a foster family home (whichever is shorter) and;

(2) In the case of a child who is moved from an ineligible facility (e.g. juvenile detention center) to a licensed foster family home or an eligible child care institution, for no longer than 30 calendar days.

The Committee recommendations specify that in the case of a child who is at imminent risk of removal to foster care the State may only make administrative claims if:

(1) Reasonable efforts are being made to prevent the removal of the child from the home or (if necessary) to pursue the removal; and

(2) Not less than every 6 months the State determines that the child continues to be at imminent risk of removal.

Reason for Change

The Committee recommendations clarify the circumstances under which States may claim Federal administrative funds for certain children in or at risk of being placed in foster care. This change is needed to ensure that States cannot continue to place a child in an unlicensed setting for an indefinite period of time while the State claims the child is a "candidate" for Federal foster care payments and thus the State is able to submit claims for reimbursement of its administrative costs from Federal resources. During this time, such children remain in the unlicensed setting, which longstanding Federal policy rightly discourages and seeks to minimize. The proposal does not reduce Federal foster care benefits to families because the funds in question in this case do not support payments to families. Instead, the proposal addresses under what circumstance and how much Federal administrative funding States may claim to operate their foster care programs.

Section 8409. Technical Correction

Present Law

Section 1130(b)(1) of the Social Security Act states that the Secretary of HHS may not waive compliance with certain provisions under Title IV-B and IV-E, including those provisions under "Section 422(b)(9)."

Explanation of Provision

The Committee recommendations change this reference to Section 422(b)(10). This technical correction is necessary because the cited language was renumbered in 1997 (P.L. 105-33) without the necessary conforming amendment to Section 1130 of the Social Security Act.

Reason for Change

Technical correction.

Section 8410. Technical Correction

Present Law

Section 470 of the Social Security Act states such sum as may be necessary shall be available "For the purpose of enabling each State to provide, in appropriate cases, foster care and transitional independent living programs for children who otherwise would have been eligible for assistance under the State's plan approved under part A (as such plan was in effect on June 1, 1995)."

Explanation of Provision

The Committee recommendations change the date of this reference to July 16, 1996. This technical correction is necessary to ensure this provision is parallel to other references in Title IV-E of the Social Security Act to the date of enactment of the Personal Responsibility and Work Opportunity Act (P.L. 104-193) which replaced AFDC with TANF.

Reason for Change

This is a technical and conforming date change.

SUBTITLE E. SUPPLEMENTAL SECURITY INCOME

Section 8501. Review of State Agency Blindness and Disability Determinations

Present Law

No provision regarding SSI.

To improve the accuracy and integrity of the program by reducing improper payments, the Social Security Disability Insurance (SSDI) program currently requires reviews of State agency favorable decisions before benefits are paid.

Explanation of Provision

The Commissioner of Social Security is required to review determinations made by State agencies that adult applicants became blind or disabled as of a specified onset date. The Commissioner is also required to review at least 20 percent of determinations made in FY 2006, 40 percent of those made in FY 2007 and at least 50 percent of those made in FY 2008 or thereafter.

Reason for Change

Under current law, the Commissioner of Social Security is required to review certain eligibility determinations made for Social Security disability insurance program claims that are made by State agencies. This practice ensures consistent and uniform application of Social Security Administration policies. By expanding this review provision to a similar share of SSI adult disability cases, the practice would be extended to help ensure that only beneficiaries disabled under the law receive SSI benefits. Also, the extension of this current SSDI program practice to the SSI program will make the determination of eligibility for these disability programs more consistent.

Section 8502. Payment of Certain Lump Sum Benefits in Installments under the Supplemental Security Income Program

Present Law

If a beneficiary is due a past due payment of benefits and the amount of this payment, less any reimbursement to a State for interim assistance and any attorney's fees, is greater than the product of 12 times the maximum monthly benefit payable to an individual, or if applicable, an individual and spouse, then this payment must be made in not more than 3 installments made at 6 month intervals.

This provision does not apply in cases in which a beneficiary is determined to have an impairment likely to result in death within 12 months, or in cases in which a person is not currently eligible for benefits and is not likely to become eligible for benefits in the next 12 months.

Special exceptions regarding the amount of installments may be made for individuals who have outstanding debt or current or expected expenses attributable to food, clothing, shelter or medical expenses not covered by other government programs. Installments that would occur after the unexpected death of a recipient may be paid to a surviving spouse or in the case of a child to his or her parent.

Explanation of Provision

The Committee recommendations revise the rules for payment of past due monthly benefits to provide that if such a payment, less any reimbursement to a State for interim assistance and any attorney's fees, is greater than the product of 3 times the maximum monthly benefit payable to an individual, or if applicable, an individual and spouse, then this payment must be made in not more than 3 installments made at 6 month intervals.

The Committee recommendations maintain all other provisions of current law, including exceptions related to individuals with especially serious conditions, certain expenses, and surviving spouses or parents.

Reason for Change

The Committee recommendations provide for improved program consistency in the distribution of lump sum SSI benefit payments. Instead of maintaining current law provisions at levels at which, if unspent, lump sums of up to approximately $7,200 could eventually threaten an individual's continued eligibility for SSI benefits, the Committee recommendations provide a lower threshold triggering the provision of more lump sum payments in installments. This lower threshold of approximately $1,800 more nearly approximates the SSI program's current resources limit of $2,000. This change will alter the timing of when recipients receive the benefits, but will not affect the total amount of benefits paid. This timing change may promote more sound spending choices on the part of program beneficiaries, and results in modest program savings.

SUBTITLE F. STATE AND LOCAL FLEXIBILITY

Section 8601. Program Coordination Demonstration Projects

Present Law

No provision.

Explanation of Provision

Purpose: To establish a "program of demonstration projects" in States (or portions of States) that would coordinate multiple public assistance, workforce development, and other programs so as to support working individuals and families, help families escape welfare dependency, promote child well-being, or help build stronger families. Projects would use innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.

New authority: Establishes broad new authority that would, subject to limits discussed below, allow the heads of Federal agencies to waive statutory and regulatory requirements of specified covered programs (see below) at the request of State or sub-State entities.

Requests/applications for demonstration project waivers under the new authority would contain, among other items: (1) a description and justification of the project for which the waivers are being requested (including how it is expected to improve achievement of the included programs' purposes from the standpoint of quality and cost-effectiveness and the performance objectives of the project), (2) information and

assurances necessary to establish that the project will meet cost-neutrality requirements (see below), and (3) assurance that the applicant agencies will conduct ongoing and final project evaluations and make interim and final project reports.

Covered ("qualified") programs: Programs/ activities for which waivers could be granted using the new authority are: TANF (including mandatory child care) under Title IV-A of the Social Security Act and the SSBG (Title XX of the Social Security Act).

Federal approval of waiver requests: In general, the head of a Federal agency with responsibility for a program/activity for which a waiver is requested may approve a waiver/demonstration application and may waive any requirement (subject to some limits, see below) applicable to the program to the extent necessary and appropriate for the conduct of the proposed demonstration. To approve a project and waive requirements, a Federal agency head must determine that the project: (1) has a reasonable likelihood of achieving the objectives of the programs included in the project, (2) may reasonably be expected to meet cost-neutrality requirements (see below), and (3) includes 2 or more covered programs.

Approval is required of each Federal agency head with responsibility for a program covered by the waiver/demonstration request.

If a demonstration/waiver request is not disapproved within 90 days of receipt, it would be deemed approved. However, the deadline could be extended if the Federal agency asks for additional information. Projects may not be approved for a period longer than 5 years.

General limitations on waivers: Federal agencies may not use the new authority to waive provisions of law relating to:

1. Civil rights or prohibition of discrimination;
2. The purposes or goals of any program;
3. Maintenance of effort requirements (e.g., provisions that require States or other entities to maintain a certain level of spending);
4. Health or safety;
5. Labor standards under the Fair Labor Standards Act of 1938; or
6. Environmental protection.

Reports: Each Federal agency would be required to submit reports of applications for waivers/demonstrations under the new authority to the congressional Committees with jurisdiction (including the agency's decision and the reasons for approving or denying the application).

Each Federal agency would be required to provide annual reports to Congress on demonstrations approved under the new authority (including how well each project is improving program achievement from the standpoint of quality and cost-effectiveness and recommendations for program modifications based on project outcomes).

Cost-neutrality requirement: For any fiscal year, total Federal payments for affected programs in a State in which a demonstration project under the new authority is being conducted may not exceed the estimated amount that would have been paid if the project had not been conducted. (This allows "savings" in one program to be offset by new "costs" in another program.) The determination would be made by the Federal Office of Management and Budget (OMB).

Upon request by an applicant entity, the OMB would be permitted (at its discretion) to adjust the annual cost-neutrality requirement so that cost-neutrality is measured over a period longer than 1 year, but no more than 5 years.

Reason for Change

Waivers under the AFDC program led to important information about how cash welfare programs could be operated in more efficient and effective ways that benefited low-income families. The Committee recommendations seek to offer added opportunities for States to integrate other programs that serve similar populations, but frequently have conflicting or incongruous requirements. Sufficient protections are included in the recommendations to ensure that fundamental program purposes are not compromised by demonstration projects, and that various civil rights, health and safety, and labor protections may not be waived. These demonstrations could yield important information for other States and the Nation on how programs serving low-income families may be improved in the future.

SUBTITLE G. REPEAL OF CONTINUED DUMPING AND SUBSIDY OFFSET

Section 8701. Repeal of Continued Dumping and Subsidy Offset

Present Law

The CDSOA, set forth at section 754 of the Tariff Act of 1930, 19 U.S.C. 1675c, requires the annual distribution of collected antidumping and countervailing duties to affected domestic producers for qualifying expenditures enumerated in the statute. The CDSOA requires the Bureau of Customs and Border Protection to create a special account for each antidumping and countervailing duty order currently in effect and to deposit collected duties into the respective account for future disbursement; funds in the account are available for distribution to any firm that was a petitioner or interested party publicly in support of the petition in the underlying antidumping or countervailing duty proceeding and that remains in operation. Distributions are to be made no later than 60 days after the first day of a fiscal year from duties assessed during the preceding fiscal year. Approximately $1 billion has been distributed under the CDSOA from FY2001 to FY2004. The World Trade Organization (WTO) has ruled that the statute violates U.S. obligations under the WTO Agreement on Antidumping and the Agreement on Subsidies

and Countervailing Measures; panel and Appellate Body reports in the case were adopted by the WTO Dispute Settlement Body January 27, 2003.

Explanation of Provision

This provision repeals the statute and the reference to it in the table of contents for Title VII of the Tariff Act. All amounts remaining in any special account established under the statute, as in effect on the day before the date of enactment, will be deposited into the general fund of the Treasury.

Reason for Change

The GAO analyzed the operation of CDSOA and found that nearly half of the $1 billion in CDSOA payments made to date have gone to only five companies, three of which are related. Moreover, two-thirds of all payments have gone to only three industries: bearings, candles, and steel. The GAO report shows that CDSOA does not achieve its stated goal of strengthening trade relief to injured U.S. producers because it is not available to all companies; many domestic producers impacted by dumped or subsidized imports are ineligible to receive funds because they did not formally and publicly support the petition that resulted in the duties. The GAO study also shows that CDSOA provides incentives for companies to inflate claims. Because funds are disbursed on a pro-rata basis to companies eligible under each separate order, the biggest companies with the most qualifying expenditures receive the most money. Claims for qualifying expenditures in FY 2004 were just under $2 trillion dollars. It is obvious that claims are inflated, but there is no penalty for excessive claims. Moreover, the statute does not require verification. Accordingly, the GAO study provides objective analysis regarding the ineffective operation of CDSOA and the extreme misuse of taxpayer dollars.

In addition, eleven countries successfully challenged CDSOA in a WTO dispute settlement proceeding. In late November 2004, the European Union, Japan, Korea, India, Brazil, Mexico, Canada, and Chile received formal WTO authorization to retaliate up to $134 million. On May 1, 2005, the EU imposed $28 million and Canada imposed $14 million. Mexico imposed $20.9 million in retaliation on August 18, 2005, and Japan applied $52 million in retaliation on September 1, 2005. Thus far, increased tariffs have been applied to a variety of U.S. exports, including: wine, dairy, textiles and apparel, paper products, frozen corn, sports footwear, hand drills, crane lorries, eyeglass frames, plastic furniture, photocopying machines, prefabricated buildings, mobile homes, ball point pens, chewing gum, live swine, oysters, certain cigarettes, certain fish, ball bearings, flat rolled steel, navigational instruments, machinery accessories, printing machines, forklift trucks, and industrial belts. Congressional action is required to bring the United States into compliance with the WTO determination, thereby ending the retaliation.

SUBTITLE H. EFFECTIVE DATE

Section 8801. Effective Date

Present Law

TANF State plan requirements and block grants took effect July 1, 1997, or earlier at State option.

Explanation of Provision

Unless otherwise specified, provisions shall be effective as of October 1, 2005. If the Secretary determines that State legislation is required to meet State plan requirements under Title IV of the Social Security Act, more time is allowed (3 months after the first day of the first calendar quarter following the close of the first regular session of the legislature that began after October 1, 2005).

Reason for Change

The Committee recommendations provide for the effective date of changes while allowing States ample time to make any necessary changes to State laws.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the vote of the Committee on Ways and Means in its consideration of the Entitlement Reconciliation Recommendations for Fiscal Year 2006.

MOTION TO REPORT RECOMMENDATIONS

The Chairman's Amendment in the Nature of a Substitute, as amended, was ordered favorably reported by a roll call vote of 22 yeas to 17 nays (with a quorum being present). The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Thomas.....	√			Mr. Rangel.....		√	
Mr. Shaw.....				Mr. Stark.....		√	
Mrs. Johnson.....	√			Mr. Levin.....		√	
Mr. Herger.....	√			Mr. Cardin.....		√	
Mr. McCrery.....	√			Mr. McDermott.....		√	
Mr. Camp.....	√			Mr. Lewis (GA).....		√	
Mr. Ramstad.....	√			Mr. Neal.....		√	
Mr. Nussle.....	√			Mr. McNulty.....		√	
Mr. Johnson.....	√			Mr. Jefferson.....		√	
Mr. English.....	√			Mr. Tanner.....		√	
Mr. Hayworth.....	√			Mr. Becerra.....		√	
Mr. Weller.....	√			Mr. Doggett.....		√	
Mr. Hulshof.....	√			Mr. Pomeroy.....		√	
Mr. Lewis (KY).....	√			Ms. Tubbs Jones....		√	
Mr. Foley.....				Mr. Thompson.....		√	
Mr. Brady.....	√			Mr. Larson.....		√	
Mr. Reynolds.....	√			Mr. Emanuel.....		√	
Mr. Ryan.....	√						
Mr. Cantor.....	√						
Mr. Linder.....	√						
Mr. Beauprez.....	√						
Ms. Hart.....	√						
Mr. Chocola.....	√						
Mr. Nunes.....	√						

VOTES ON AMENDMENTS

A roll call vote was conducted on the following amendments to the Chairman's Amendment in the Nature of a Substitute.

An amendment by Ms. Tubbs Jones, which would strike subtitle G, the "Repeal of Continued Dumping and Subsidy Offset," was defeated by a roll call vote of 18 yeas to 21 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Thomas.....		√		Mr. Rangel.....	√		
Mr. Shaw.....				Mr. Stark.....	√		
Mrs. Johnson.....		√		Mr. Levin.....	√		
Mr. Herger.....		√		Mr. Cardin.....	√		
Mr. McCrery.....		√		Mr. McDermott.....	√		
Mr. Camp.....		√		Mr. Lewis (GA).....	√		
Mr. Ramstad.....		√		Mr. Neal.....	√		
Mr. Nussle.....		√		Mr. McNulty.....	√		
Mr. Johnson.....		√		Mr. Jefferson.....	√		
Mr. English.....		√		Mr. Tanner.....	√		
Mr. Hayworth.....		√		Mr. Becerra.....	√		
Mr. Weller.....		√		Mr. Doggett.....	√		
Mr. Hulshof.....		√		Mr. Pomeroy.....	√		
Mr. Lewis (KY).....		√		Ms. Tubbs Jones….	√		
Mr. Foley.....				Mr. Thompson.....	√		
Mr. Brady.....		√		Mr. Larson.....	√		
Mr. Reynolds…….		√		Mr. Emanuel……....	√		
Mr. Ryan.....		√					
Mr. Cantor……..		√					
Mr. Linder.....….....		√					
Mr. Beauprez…...….		√					
Ms. Hart.....……..	√						
Mr. Chocola….....		√					
Mr. Nunes……..		√					

An amendment by Messrs. Levin and Pomeroy, which would strike child support savings provisions, was defeated by a roll call vote of 17 yeas to 22 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Thomas.....		√		Mr. Rangel.....	√		
Mr. Shaw.....				Mr. Stark.....	√		
Mrs. Johnson.....		√		Mr. Levin.....	√		
Mr. Herger.....		√		Mr. Cardin.....	√		
Mr. McCrery.....		√		Mr. McDermott.....	√		
Mr. Camp.....		√		Mr. Lewis (GA).....	√		
Mr. Ramstad.....		√		Mr. Neal.....	√		
Mr. Nussle.....		√		Mr. McNulty.....	√		
Mr. Johnson.....		√		Mr. Jefferson.....	√		
Mr. English.....		√		Mr. Tanner.....	√		
Mr. Hayworth.....		√		Mr. Becerra.....	√		
Mr. Weller.....		√		Mr. Doggett.....	√		
Mr. Hulshof.....		√		Mr. Pomeroy.....	√		
Mr. Lewis (KY).....		√		Ms. Tubbs Jones….	√		
Mr. Foley.....				Mr. Thompson.....	√		
Mr. Brady.....		√		Mr. Larson.....	√		
Mr. Reynolds…….		√		Mr. Emanuel……...	√		
Mr. Ryan.....		√					
Mr. Cantor……..		√					
Mr. Linder.....….....		√					
Mr. Beauprez…..…….		√					
Ms. Hart...……...		√					
Mr. Chocola….....		√					
Mr. Nunes……..		√					

An amendment by Mr. McDermott, which would establish a federal policy of reducing child poverty and establish a commission to provide recommendations, was defeated by a roll call vote of 17 yeas to 22 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Thomas.....		√		Mr. Rangel.....	√		
Mr. Shaw.....				Mr. Stark.....	√		
Mrs. Johnson.....		√		Mr. Levin.....	√		
Mr. Herger.....		√		Mr. Cardin.....	√		
Mr. McCrery.....		√		Mr. McDermott.....	√		
Mr. Camp.....		√		Mr. Lewis (GA).....	√		
Mr. Ramstad.....		√		Mr. Neal.....	√		
Mr. Nussle.....		√		Mr. McNulty.....	√		
Mr. Johnson.....		√		Mr. Jefferson.....	√		
Mr. English.....		√		Mr. Tanner.....	√		
Mr. Hayworth.....		√		Mr. Becerra.....	√		
Mr. Weller.....		√		Mr. Doggett.....	√		
Mr. Hulshof.....		√		Mr. Pomeroy.....	√		
Mr. Lewis (KY).....		√		Ms. Tubbs Jones….	√		
Mr. Foley.....				Mr. Thompson.....	√		
Mr. Brady.....		√		Mr. Larson.....	√		
Mr. Reynolds…….		√		Mr. Emanuel……....	√		
Mr. Ryan.....		√					
Mr. Cantor……..		√					
Mr. Linder.....….....		√					
Mr. Beauprez…...….		√					
Ms. Hart...……...		√					
Mr. Chocola….....		√					
Mr. Nunes……..		√					

VOTES ON PROCEDURAL MOTIONS

A motion by Mr. Nussle to table the appeal of the ruling of the Chair to sustain the point of order that the Stark/Cardin amendment was not germane was agreed to by a roll call vote of 22 yeas to 17 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Thomas.....	√			Mr. Rangel.....		√	
Mr. Shaw.....				Mr. Stark.....		√	
Mrs. Johnson.....	√			Mr. Levin.....		√	
Mr. Herger.....	√			Mr. Cardin.....		√	
Mr. McCrery.....	√			Mr. McDermott.....		√	
Mr. Camp.....	√			Mr. Lewis (GA).....		√	
Mr. Ramstad.....	√			Mr. Neal.....		√	
Mr. Nussle.....	√			Mr. McNulty.....		√	
Mr. Johnson.....	√			Mr. Jefferson.....		√	
Mr. English.....	√			Mr. Tanner.....		√	
Mr. Hayworth.....	√			Mr. Becerra.....		√	
Mr. Weller.....	√			Mr. Doggett.....		√	
Mr. Hulshof.....	√			Mr. Pomeroy.....		√	
Mr. Lewis (KY).....	√			Ms. Tubbs Jones….		√	
Mr. Foley.....				Mr. Thompson.....		√	
Mr. Brady.....	√			Mr. Larson.....		√	
Mr. Reynolds…….	√			Mr. Emanuel……....		√	
Mr. Ryan.....	√						
Mr. Cantor……..	√						
Mr. Linder.....…….....	√						
Mr. Beauprez…...….	√						
Ms. Hart...……...	√						
Mr. Chocola….....	√						
Mr. Nunes……..	√						

A motion by Mr. McCrery to table the appeal of the ruling of the Chair to sustain the point of order that the Stark/Emanuel amendment was not germane was agreed to by a roll call vote of 21 yeas to 17 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Thomas.....	√			Mr. Rangel.....		√	
Mr. Shaw.....	√			Mr. Stark.....		√	
Mrs. Johnson.....	√			Mr. Levin.....		√	
Mr. Herger.....	√			Mr. Cardin.....		√	
Mr. McCrery.....	√			Mr. McDermott.....		√	
Mr. Camp.....	√			Mr. Lewis (GA).....		√	
Mr. Ramstad.....	√			Mr. Neal.....		√	
Mr. Nussle.....	√			Mr. McNulty.....		√	
Mr. Johnson.....	√			Mr. Jefferson.....		√	
Mr. English.....	√			Mr. Tanner.....		√	
Mr. Hayworth.....	√			Mr. Becerra.....		√	
Mr. Weller.....	√			Mr. Doggett.....		√	
Mr. Hulshof.....	√			Mr. Pomeroy.....		√	
Mr. Lewis (KY).....	√			Ms. Tubbs Jones….		√	
Mr. Foley.....				Mr. Thompson.....		√	
Mr. Brady.....	√			Mr. Larson.....		√	
Mr. Reynolds…….				Mr. Emanuel……...		√	
Mr. Ryan.....	√						
Mr. Cantor……..	√						
Mr. Linder.....…….....	√						
Mr. Beauprez…...…….	√						
Ms. Hart...……...	√						
Mr. Chocola….....	√						
Mr. Nunes……..	√						

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 28, 2005

Reconciliation Recommendations of the House Committee on Ways and Means

As approved by the House Committee on Ways and Means on October 26, 2005

SUMMARY

The legislation would:

- Reauthorize the Temporary Assistance for Needy Families (TANF) program; it would increase funding for some grants and establish several new grants, but also would eliminate funding for other related grants;

- Increase funding for child care programs;

- Make several changes to the child support enforcement program, including reducing the federal share of funding, assessing fees on some families receiving services, and allowing the distribution to families of more collections from child support payments;

- Clarify eligibility for foster care and adoption assistance and place limits on federal matching funds for certain administrative costs for foster care;

- Require the Social Security Administration (SSA) to change its system of reviewing awards to certain disabled adults in the Supplemental Security Income (SSI) program and pay more retroactive SSI benefits in installments; and

- End distributions of antidumping and countervailing duties under the Continued Dumping and Subsidy Offset Act (CDSOA).

The legislation would extend the TANF and child care programs through 2010. Those

programs are scheduled to expire on December 31, 2005. Continuing the programs at their current funding levels would provide budget authority of $79.4 billion for TANF and $12.6 billion for child care over the 2006-2010 period. However, CBO already assumes that level of funding in its baseline for those programs, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (Deficit Control Act). Therefore, the extension of those programs would have no cost relative to CBO's baseline.

CBO estimates that other provisions of the legislation would reduce direct spending by $100 million in 2006, by $8.0 billion over the 2006-2010 period, and by $21.2 billion over the 2006-2015 period, relative to CBO's baseline projections.

Implementing this legislation also would affect spending subject to appropriation action. The legislation would authorize appropriations of $20 million annually over the 2006-2010 period for a new grant program to promote fatherhood. It would also authorize appropriations for new administrative requirements in the SSI program. CBO estimates that appropriation of the authorized levels would result in outlays of $13 million in 2006, $170 million over the 2006-2010 period, and $310 million over the 2006-2015 period.

The legislation would impose an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) by decreasing the federal government's funding for states to administer the child support program. As a result of the reduction in federal assistance, CBO estimates that state spending for administering the child support program would increase significantly, and that increase would exceed the thresholds established in UMRA ($62 million in 2005, adjusted annually for inflation).

State, local, and tribal governments would benefit from the continuation of TANF grants, the creation of new grant programs, and broader flexibility and options in some areas. Other provisions of the legislation would significantly affect the way states administer the TANF program, but because of the flexibility in that program, the new requirements would not be intergovernmental mandates as defined in UMRA.

The legislation contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the legislation is shown in Table 1. For this estimate, CBO assumes that it will be enacted in December 2005. The costs of this legislation fall

within budget functions 370 (commerce and housing credit), 550 (health), and 600 (income security).

TABLE 1. ESTIMATED COSTS OF RECONCILIATION RECOMMENDATIONS OF THE HOUSE COMMITTEE ON

	By Fiscal Year, in Millions of Dollars											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2010	2006-2015
CHANGES IN DIRECT SPENDING												
Subtitle A: TANF												
Estimated Budget Authority	135	234	253	262	-41	-34	-29	-29	-27	-20	843	704
Estimated Outlays	237	234	134	274	47	-21	-29	-29	-27	-20	926	800
Subtitle B: Child Care												
Budget Authority	0	50	100	150	200	200	200	200	200	200	500	1,500
Estimated Outlays	0	36	83	133	183	197	200	200	200	200	434	1,430
Subtitle C: Child Support												
Estimated Budget Authority	4	-436	-1,148	-1,501	-1,818	-1,904	-1,988	-2,081	-2,181	-2,284	-4,899	-15,337
Estimated Outlays	4	-436	-1,148	-1,501	-1,818	-1,904	-1,988	-2,081	-2,181	-2,284	-4,899	-15,337
Subtitle D: Child Welfare												
Estimated Budget Authority	-88	-120	-124	-127	-131	-135	-139	-143	-147	-152	-590	-1,306
Estimated Outlays	-80	-116	-123	-127	-131	-133	-138	-143	-147	-152	-577	-1,290
Subtitle E: Supplemental Security Income												
Estimated Budget Authority	-261	-135	-77	-112	-147	-189	-216	-265	-306	-348	-732	-2,056
Estimated Outlays	-261	-135	-77	-112	-147	-189	-216	-265	-306	-348	-732	-2,056
Subtitle G: Repeal of Continued Dumping and Subsidy Offset												
Estimated Budget Authority	-1,300	-1,300	-300	-300	-300	-300	-300	-300	-300	-300	-3,500	-5,000
Estimated Outlays	0	-1,300	-1,300	-300	-300	-300	-300	-300	-300	-300	-3,200	-4,700
Total Changes in Direct Spending												
Estimated Budget Authority	-1,510	-1,707	-1,296	-1,628	-2,237	-2,362	-2,472	-2,618	-2,761	-2,904	-8,378	-21,495
Estimated Outlays	-100	-1,717	-2,431	-1,634	-2,167	-2,351	-2,472	-2,618	-2,761	-2,904	-8,048	-21,153
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	34	37	40	41	42	23	23	25	25	27	194	317
Estimated Outlays	13	28	41	44	44	38	27	24	25	26	170	310

Memorandum: Changes in Direct Spending from Program Extensions That Are Already Assumed in CBO's Baseline

TANF												
Estimated Budget Authority	11,899	16,875	16,875	16,875	16,875	0	0	0	0	0	79,399	79,399
Estimated Outlays	9,323	15,969	17,253	16,886	16,875	3,038	55	0	0	0	76,306	79,399
Child Care												
Estimated Budget Authority	1,726	2,717	2,717	2,717	2,717	0	0	0	0	0	12,594	12,594
Estimated Outlays	1,163	2,365	2,680	2,718	2,717	761	163	27	0	0	11,643	12,594

NOTE: TANF = Temporary Assistance for Needy Families.

BASIS OF ESTIMATE

Most of the legislation's budgetary effects would stem from reducing spending for the child support enforcement program and stopping distribution of certain duties collected by the federal government. The legislation contains a number of other provisions that reduce or increase spending, resulting in a net decrease in direct spending of $100 million in 2006, $8.0 billion over the 2006-2010 period, and $21.2 billion over the 2006-2015 period.

Subtitle A: TANF

The legislation would reauthorize basic TANF grants through 2010 at the current funding level of $16.6 billion. By law, that amount is assumed to continue in CBO's current baseline; thus, enacting the legislation would not change basic TANF grants relative to that baseline. Subtitle A would alter the funding of some grants related to TANF and make several other changes to program rules and reporting requirements. CBO estimates that enacting subtitle A would increase direct spending by $237 million in 2006, by $926 million over the 2006-2010 period, and by $800 million over the 2006-2015 period, relative to CBO's baseline projections (see Table 2).

State Family Assistance Grants. Section 8102 would extend the state family assistance grant program through 2010 at the current funding level of $16.6 billion. The extension would provide nearly $80 billion in additional direct spending over the 2006-2010 period. CBO already assumes funding at that level in its baseline in accordance with rules for constructing baseline projections, as set forth in section 257 of the Deficit Control Act. Therefore, CBO estimates this provision would have no effect on direct spending over the 2006-2015 period, relative to the baseline projections. The TANF program and related grants were originally authorized through fiscal year 2002. They have been extended several times in subsequent legislation, most recently through December 31, 2005, by Public Law 109-68, which was enacted on September 21, 2005.

Healthy Marriage Promotion Grants. Section 8103 would eliminate a grant program that rewards states for reducing out-of-wedlock birth rates, but would create a new grant program to promote healthy marriages. CBO projects $1 billion in funding ($100 million annually over the 2006-2015 period) under current law for the existing grant program, in

accordance with the Deficit Control Act. We estimate that eliminating this program would reduce outlays by $381 million over the 2007-2010 period, relative to CBO's baseline projections. The reduction in outlays would begin in 2007 because the grants are awarded in the last days of a fiscal year. CBO expects the reduced funding would cause states to decrease TANF benefits for families that also receive food stamps. As a result, the Food Stamp payment to those families would rise, and the cost of Food Stamp benefits would grow by an estimated $4 million over the 2007-2010 period.

TABLE 2. DIRECT SPENDING EFFECTS OF SUBTITLE A: TANF

	By Fiscal Year, in Millions of Dollars											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2010	2006-2015
Eliminate Grants for Reducing Out-of-Wedlock Births [a]												
Estimated Budget Authority	-100	-99	-99	-99	-99	-99	-99	-99	-99	-99	-496	-991
Estimated Outlays	0	-56	-118	-104	-99	-99	-99	-99	-99	-99	-377	-872
Establish Healthy Marriage Promotion Grant												
Budget Authority	100	100	100	100	100	100	100	100	100	100	500	1,000
Estimated Outlays	1	28	74	124	122	111	100	100	100	100	349	860
Continue Supplemental Grants through 2009 [a]												
Estimated Budget Authority	222	315	315	315	-1	0	0	0	0	0	1,166	1,166
Estimated Outlays	182	292	320	315	56	1	0	0	0	0	1,165	1,166
Eliminate High-Performance Bonus [a]												
Estimated Budget Authority	-200	-199	-197	-197	-198	-198	-198	-198	-198	-198	-991	-1,981
Estimated Outlays	0	-114	-235	-208	-198	-198	-198	-198	-198	-198	-755	-1,745
Modify Contingency Fund [a]												
Estimated Budget Authority	0	0	17	26	40	46	51	51	53	60	83	344
Estimated Outlays	0	0	17	26	40	46	51	51	53	60	83	344
Increase Transfer Authority to SSBG												
Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	44	14	-47	-11	0	0	0	0	0	0	0	0
Establish Secretary's Fund for Research, Demonstration, and National Studies												
Budget Authority	102	102	102	102	102	102	102	102	102	102	510	1,020
Estimated Outlays	10	61	110	117	111	103	102	102	102	102	409	920
Extend Funding of Studies and Demonstrations												
Budget Authority	11	15	15	15	15	15	15	15	15	15	71	146
Estimated Outlays	*	9	13	15	15	15	15	15	15	15	52	127
Total Changes in Subtitle A												
Estimated Budget Authority	135	234	253	262	-41	-34	-29	-29	-27	-20	843	704

Estimated Outlays	237	234	134	274	47	-21	-29	-29	-27	-20	926	800

NOTES: TANF = Temporary Assistance for Needy Families, SSBG = Social Services Block Grant

* = Costs or savings of less than $500,000.

a. Estimate includes effects on spending in the Food Stamp program.

Section 8103 would establish a new competitive grant to states and Indian tribes for developing and implementing programs to promote and support marriage. The legislation would appropriate $100 million annually for grants that could be used for a variety of activities, including public advertising campaigns, education and training programs on topics related to marriage, marriage-mentoring programs, and programs to reduce disincentives to marriage in means-tested programs. The grants could be used to cover up to 50 percent of the cost of the new programs. Estimated outlays would total $1 million in 2006 and $349 million over the 2006-2015 period.

Supplemental Grants. Section 8104 would provide $319 million annually for supplemental grants for population increases over the 2006-2009 period. (It provides only $223 million in 2006; Public Law 109-68 already provided $96 million for the first quarter of 2006). These grants are awarded to states that have lower-than-average TANF grants per poor person or rapidly increasing populations. Current law specifies that supplemental grants should not be assumed to continue in baseline projections after December 31, 2005, overriding the continuation rules specified in section 257 of the Deficit Control Act.

CBO estimates that states would spend $1.2 billion from this new funding over the 2006-2010 period. We expect that some of the additional funding would be used to increase benefits to families that also receive food stamps. As a result, the Food Stamp payment to those families would fall and the cost of Food Stamp benefits would decline by an estimated $15 million over the 2006-2010 period.

Bonuses for High-Performing States. Section 8105 would eliminate funding for bonuses to high-performing states. Those bonuses reward states for moving TANF recipients into jobs, providing support for low-income working families, and increasing the percentage of children who reside in married-couple families. This change would reduce funding by $1 billion ($200 million a year) over the 2006-2010 period relative to CBO's baseline projections. Because the bonuses are usually granted in the last days of a fiscal year, TANF spending would fall by only $764 million over the five-year period. CBO expects the reduced TANF funding would cause states to decrease benefits to families that also receive food stamps. As a result, the Food Stamp payment to those families would rise and the cost of Food Stamp benefits would grow, by an estimated $9 million over the five-year period.

Contingency Fund. Section 8106 would extend and amend the Contingency Fund for State Welfare Programs. Under current law, the contingency fund provides additional federal funds to states with high and increasing unemployment rates or significant growth in Food Stamp participation. To be eligible, states are required to maintain their TANF spending at 100 percent of their 1994 levels and to match federal payments. CBO estimates that states will draw federal funds totaling between $30 million and $40 million annually under current law.

Starting in fiscal year 2008, the legislation would count more state spending toward the requirement that states match federal payments and increase the federal match for states that qualify for funds for only part of the year. It would make small changes to rules governing eligibility for this funding. Based on CBO's projections of unemployment rates, Food Stamp participation, and state TANF spending, CBO estimates that states would qualify for $83 million more from the contingency fund over the 2008-2010 period.

Social Services Block Grant (SSBG). Section 8107 would allow states to continue to transfer up to 10 percent of TANF funds to the SSBG program. Reflecting provisions in current law, that percentage was assumed to fall to 4.25 percent after December 31, 2005, in CBO's baseline projections.

Maintaining the transfer authority at the higher level would make it easier for states to spend their TANF grants and would accelerate spending relative to baseline. Based on recent state transfers, CBO expects that states would transfer an additional $215 million in 2006 and $340 million annually thereafter under this provision, but because some of this money would have been spent within the TANF program anyway, only $44 million of additional spending would occur in 2006 and $14 million in 2007. Because states would have found alternate ways to spend the funds in later years, the increase in spending in 2006 and 2007 would be offset by decreased spending in subsequent years. Thus, this provision would have no net impact on TANF spending over the 2006-2010 period.

Work Participation Requirements. Section 8110 would require states to have an increasing percentage of TANF recipients participate in work activities while receiving cash assistance. It would maintain current penalties for the failure to meet those requirements. Those penalties can total up to 5 percent of the TANF block grant amount for the first failure to meet work requirements and increase with each subsequent failure. CBO estimates that any penalties for failing to meet the new requirements would total less than $500,000 annually.

Research, Evaluation, and National Studies. Section 8115 would make funds available to the Secretary of Health and Human Services to conduct and support research and demonstration projects and provide technical assistance, primarily on the promotion of marriage. The program would be funded at $102 million annually. Implementing the provision would boost spending by $10 million in 2006 and $409 million over the 2006-2010 period.

Section 8115 also would continue annual grants of $15 million for research. (Public Law 109-68 already provided $4 million for the first quarter of 2006; this legislation would provide an additional $11 million for 2006.) Based on recent spending patterns, CBO estimates that this provision would increase outlays by $52 million over the 2006-2010 period.

Subtitle B: Child Care

The child care entitlement to states provides funding to states for child care subsidies to low-income families and for other activities. Subtitle B would extend the grant program through 2010 and raise funding by $50 million in 2007, $100 million in 2008, $150 million in 2009, and $200 million in 2010, providing total funding of $13.1 billion over the 2006-2010 period. CBO already assumes funding of $12.6 billion in its baseline in accordance with the Deficit Control Act. CBO estimates that, as a result of the funding increase, outlays would rise by $434 million over the 2007-2010 period and by $1.4 billion over the 2007-2015 period, relative to its baseline projections.

Subtitle C: Child Support

The legislation would change many aspects of the operation and financing of the child support program. It would significantly reduce the federal share of child support administrative spending and require states to assess fees on certain recipients of child support services. It would allow states to share more child support collections with current and former recipients of TANF, thereby reducing the amount the federal and state governments would recoup from previous TANF benefit payments. Finally, it would require states to periodically update child support orders and expand the use of certain enforcement tools. Overall, CBO estimates that enacting subtitle C would increase direct spending by $4 million in 2006, but reduce direct spending by $4.9 billion over the 2006-2010 period and by $15.3 billion over the 2006-2015 period (see Table 3).

Distribute More Collections to Current TANF Recipients. When a family applies for

TANF, it assigns to the state any rights the family has to child support collections. While the family receives assistance, the state uses any collections it receives to reimburse itself and the federal government for TANF payments. (The federal government's share of child support collections is 55 percent, on average.) Those reimbursements to the federal government are recorded as offsetting receipts (a credit against direct spending). States may choose to give some of the child support collected to families, but states must finance those payments out of their share of collections.

TABLE 3. DIRECT SPENDING EFFECTS OF SUBTITLE C: CHILD SUPPORT

	By Fiscal Year, in Millions of Dollars (Budget Authority and Outlays)											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2010	2006-2015
Distribute More Collections to Current TANF Families												
Child Support Collections	0	0	0	18	24	25	25	26	27	27	42	172
Food Stamps	0	0	0	-8	-11	-11	-11	-11	-12	-12	-19	-76
Subtotal	0	0	0	10	13	14	14	15	15	15	23	96
Distribute More Collections to Former TANF Families												
Child Support Collections	0	0	0	107	146	149	153	156	159	163	253	1,033
Food Stamps	0	0	0	-10	-14	-14	-14	-15	-15	-15	-24	-97
Subtotal	0	0	0	97	132	135	139	141	144	148	229	936
Require Triennial Update of Child Support Orders												
Administrative Costs	0	0	15	15	12	12	13	13	13	13	42	106
Child Support Collections	0	0	-5	-14	-20	-20	-19	-19	-19	-20	-39	-136
Food Stamps	0	0	-1	-2	-2	-2	-2	-2	-3	-3	-5	-17
Medicaid	0	0	-2	-6	-10	-10	-8	-7	-7	-8	-18	-58
Subtotal	0	0	7	-7	-20	-20	-16	-15	-16	-18	-20	-105
Assess $25 Annual Fee												
Administrative Costs	0	-40	-43	-44	-45	-46	-46	-47	-47	-47	-172	-405
Reduce threshold for passport denial to $2,500												
Child Support Collections	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
Funding for Technical Assistance												
Children's Research	2	2	1	0	-1	-2	-3	-4	-5	-6	4	-16
Match Databases of Insurance Claims												
Child Support Collections	0	0	-2	-4	-4	-4	-4	-4	-4	-4	-10	-30
Administrative Costs	2	2	0	0	0	0	0	0	0	0	4	4
Subtotal	2	2	-2	-4	-4	-4	-4	-4	-4	-4	-6	-26
Limit Assignment to On-Assistance Period												

Child Support Collections	0	0	0	4	5	5	6	6	6	6	9	38
Reduce Match Rate and Eliminate Incentive Match												
Administrative Costs	0	-432	-1,197	-1,619	-1,963	-2,050	-2,141	-2,238	-2,339	-2,444	-5,211	-16,423
Child Support Collections	0	31	84	112	130	131	134	136	138	141	357	1,037
Subtotal	0	-401	-1,113	-1,507	-1,833	-1,919	-2,007	-2,102	-2,201	-2,303	-4,854	-15,386

(Continued)

TABLE 3. CONTINUED

	By Fiscal Year, in Millions of Dollars (Budget Authority and Outlays)											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2010	2006-2015
Effect of Matching Rate Change on Other Policies												
Administrative Costs	0	2	3	5	8	8	7	8	8	8	18	57
Child Support Collections	0	0	0	-63	-85	-87	-89	-91	-93	-95	-148	-603
Food Stamps	0	0	0	9	13	13	12	13	13	13	22	86
Subtotal	0	2	3	-49	-64	-66	-70	-70	-72	-74	-108	-460
Total Changes in Subtitle C	4	-436	-1,148	-1,501	-1,818	-1,904	-1,988	-2,081	-2,181	-2,284	-4,899	-15,337

NOTE: TANF = Temporary Assistance for Needy Families.

Section 8301 would allow states to increase the amount of child support collections that they pay to a family receiving assistance without turning over to the federal government its share of those payments, beginning in fiscal year 2009. The amount states could pay to families under the provision would be limited to $100 per month or $50 more than the state would have paid under the state law in effect in 2001, whichever is greater. The state could not count the child support as income in determining the families' benefits under the TANF program.

Based on information from state child-support officials, CBO estimates that federal share of collections would fall by $42 million over the 2009-2010 period. Because additional child support income in many cases would reduce the Food Stamp benefits a family receives, CBO estimates savings in the Food Stamp program totaling $19 million over that period.

Distribute More Past-Due Support to Former TANF Recipients. Section 8302 would allow states to share more child support collections with families who used to receive welfare benefits. When a family ceases to receive public assistance, states continue to

enforce the family's child support order. All amounts of child support collected on time are sent directly to the family. However, both the government and the family have a claim on collections of past-due child support: the government claims the support owed for the period when the family was on assistance, up to the amount of the assistance paid, and the family claims the remainder. A complicated set of distribution rules determines which claim is paid first when a collection is made.

Section 8302 would give states the option to pay all collections to families who have left public assistance. CBO estimates that states with 20 percent of collections would implement the policy by 2010. Based on information from state child-support officials and policy experts, and on HHS data, CBO estimates that families would receive an additional $450 million over the 2009-2010 period and $1.9 billion over the 2009-2015 period as a result of these changes. CBO estimates that those increased distributions to families would reduce the federal share of collections by $253 million over the 2009-2010 period.

Some of the new collections would be paid to families that also receive food stamps. As a result, the Food Stamp payment to those families would fall and the cost of Food Stamp benefits would decline by an estimated $24 million over the 2009-2010 period.

Mandatory Three-Year Update of Child Support Orders. Section 8303 would require states to adjust child support orders of families on TANF every three years. States could use one of three methods to adjust orders: full review and adjustment, cost-of-living adjustment (COLA), or automated adjustment. Under current law, nearly half of the states perform periodic adjustments. Most perform a full review, and the remainder apply a COLA. No state currently makes automated adjustments. The provision would take effect on October 1, 2007, and CBO estimates that it would reduce direct spending by $20 million over the 2008-2010 period. Although it would require additional spending for administrative costs, this provision would produce more income from child support collections and reduce spending for the Food Stamp and Medicaid programs.

CBO estimates that there are 700,000 TANF recipients with child support orders in states that do not periodically adjust orders and that one-third of those orders would be adjusted each year. We assume that half of the states not already adjusting orders would choose to perform full reviews and half would apply a COLA.

When a state performs a full review of a child support order, it obtains current financial information from the custodial and noncustodial parents and determines whether any adjustment in the amount of ordered child support is indicated. The state also may revise an order to require the noncustodial parent to provide health insurance. Children who

receive TANF benefits are generally eligible for Medicaid, so any new health insurance requirements would reduce spending for that program. When a state makes a cost-of-living adjustment, it applies a percentage increase reflecting the rise in the cost of living to every order, regardless of how the financial circumstances of the individuals may have changed. When there are COLA adjustments, no additional health insurance coverage is required.

CBO expects any increased collections for a family would continue for up to three years. While a family remains on TANF, the state would keep all the increased collections to reimburse itself and the federal government for welfare payments. The states would pay any increased collections stemming from reviews of child support orders to families once they leave assistance. That additional child support income for former recipients would result in savings in the Food Stamp program. Overall, CBO expects the federal share of administrative costs for child support to rise by $42 million and federal collections to increase by $39 million over the 2008-2010 period. Food Stamps and Medicaid savings would total $5 million and $18 million, respectively, over that period.

Annual Fee. Section 8304 would require states to impose an annual fee of $25 on each family that never received TANF benefits and for which the child support program collects at least $500 in a year. Based on child support administrative data, CBO estimates that implementing the fee would raise $265 million over the 2007-2010 period. The money would be split between the federal and state governments based on their shares of administrative costs.

Denial of Passports. Under current law, the State Department denies a request for a passport for a noncustodial parent if he or she owes more than $5,000 in past-due child support. Beginning in fiscal year 2007, section 8306 would lower that threshold and deny a passport to a noncustodial parent owing $2,500 or more. Generally, when a noncustodial parent seeks to restore eligibility for a passport, he or she will arrange to pay the past-due amount down to the threshold level.

Based on information from the State Department, CBO estimates the policy would result in new payments of child support of about $11 million annually. We assume the same share of those payments would be on behalf of current and former welfare families as in the overall program—10 percent—and that percentage would be retained by the federal and state governments as reimbursement for welfare benefits. The federal share of such collections would be about $1 million a year.

Maintenance of Technical Assistance and Federal Parent-Locator Service Funding. Current law allows the Secretary of Health and Human Services to use 3 percent of the

federal share of child support collections to fund technical assistance efforts and to operate the federal parent-locator service. Sections 8309 and 8310 would set a minimum funding level for those purposes equal to the 2002 level of $37 million. Because CBO projects that such payments will fall below $37 million in each year from 2006 to 2008 under the current formula, this provision would increase payments by $5 million over that period.

Several provisions of subtitle C would affect the amount of child support collections the federal government retains. Provisions reducing funding for the administration of the child support program and allowing states to share more of collections with families would lower the federal share of collections. New enforcement mechanisms would boost the federal share. The net effect of all the provisions of subtitle C would be to lower the federal share of collections by an increasing amount each year. Because funding for technical assistance is set at a percentage of collections, CBO estimates that implementing subtitle C of the bill would lower funding for technical assistance by $1 million in 2010 and $21 million over the 2010-2015 period.

Comparison with Insurance Data. Section 8311 would authorize the Secretary to compare information on noncustodial parents who owe past-due child support with information maintained by insurers concerning insurance payments and to furnish any information resulting from the match to state agencies to pursue payments to pay overdue child support. States representing about one-third of child support collections currently participate in an existing system operated by the Child Support Lien Network that performs a similar function. CBO expects that, eventually, even without federal intervention, about half of the states would participate. Under the proposal, CBO expects all states would participate by 2009. Based on data for the existing program, CBO expects that collections would increase by $15 million annually when fully phased in and that half of those collections would be on behalf of current or former TANF families. The federal share of collections would be $10 million over the 2008-2010 period. CBO estimates that implementing the program would raise administrative costs by about $3 million in each of the years 2006 and 2007. The federal share of those costs would total $4 million over the two years.

Modification of Rule Requiring Assignment of Support Rights. Under current law, families assign to the state the right to any child support payments due before and during the period the families receive assistance. Section 8316 would give states the option to eliminate the requirement that families assign support due in the period before they receive assistance. CBO estimates that families would receive about $10 million more annually under the provision, in addition to amounts distributed to families under sections 8301 and 8302. CBO estimates that those increased distributions to families would reduce

the federal share of collections by $9 million over the 2009-2010 period.

Reduction in Rate of Reimbursement. Sections 8319 and 8320 would lower the federal share of administrative spending for child support. In fiscal year 2004, expenditures in the child support program totaled $5.3 billion; the federal government paid $3.5 billion and states paid $1.8 billion. Under current law, CBO expects total spending to grow to $6.6 billion by 2010.

Section 8319 would gradually lower the federal match on child support spending from 66 percent under current law to 62 percent in 2007, 58 percent in 2008, 54 percent in 2009, and 50 percent in 2010. Section 8320 would further reduce the federal contribution toward child support spending. Each year, the Secretary of Health and Human Services awards incentive funds to high-performing states. Such payments totaled $450 million in 2004 and are expected to grow to $505 million by 2010. States are required to spend their incentive payments on child support activities. In 2008, the legislation would eliminate the federal match on child support spending that states finance with incentive payments.

If states did not adjust their own spending for the child support program in response to the policies, total funding for the program would fall by 40 percent in 2010, the year that the policies are fully phased in. CBO expects that states would instead lessen the effect of the policies on total program spending by increasing state spending. That increased state spending would avoid half of the reduction in total spending that would occur if states were to make no change. CBO estimates that the federal share of administrative costs for child support would fall by $5.2 billion over the 2007-2010 period.

Child support funding is used to establish and enforce child support orders and collect money owed to families. CBO estimates that lower spending on the child support program would lead to lower collections. The estimate assumes that the percentage decline in collections would equal half the percentage decline in total administrative spending. On that basis, CBO estimates that the federal share of collections would drop by $357 million over the 2007-2010 period because of reduced spending in the child support program.

It is also possible that states would not meet required performance standards as a result of the reduced investment in the child support program. States are subject to penalties for failure to meet various performance standards, including standards for paternity establishment and data reliability. Penalties equal 1 percent of the TANF block grant amount for the first failure to meet the standards and can increase up to 5 percent of the grant with subsequent failures. CBO cannot estimate the likely amount of such penalties under this legislation.

Effect of Match Rate Change on Other Policies. Enacting these policies would also affect the costs and savings of other provisions of subtitle C. Specifically, they would change the budget effects of the proposals to require periodic review and adjustment, assess a $25 fee for certain child support cases, and distribute more collections to current and former TANF families. The provisions would lower the net cost of those provisions by $108 million over the 2007-2010 period and by $460 million over the 2007-2015 period.

Subtitle D: Child Welfare

Subtitle D would reduce limitations on child welfare waivers, clarify eligibility for foster care and adoption assistance, and place limits on federal matching funds for certain administrative costs for foster care. CBO estimates that enacting this subtitle would reduce expenditures for child welfare by $80 million in fiscal year 2006, by $577 million over the 2006-2010 period, and by $1.3 billion from 2006 through 2015 (see Table 4).

TABLE 4. DIRECT SPENDING EFFECTS OF SUBTITLE D: CHILD WELFARE

	By Fiscal Year, in Millions of Dollars											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2010	2006-2015
Clarify Eligibility for Foster Care and Adoption Assistance												
Estimated Budget Authority	-62	-84	-86	-88	-90	-92	-95	-97	-99	-102	-410	-895
Estimated Outlays	-54	-80	-85	-88	-90	-90	-94	-97	-99	-102	-397	-879
Limit Federal Matching Funds for Certain Administrative Costs for Foster Care												
Estimated Budget Authority	-26	-36	-38	-39	-41	-43	-44	-46	-48	-50	-180	-411
Estimated Outlays	-26	-36	-38	-39	-41	-43	-44	-46	-48	-50	-180	-411
Total Changes in Subtitle D												
Estimated Budget Authority	-88	-120	-124	-127	-131	-135	-139	-143	-147	-152	-590	-1,306
Estimated Outlays	-80	-116	-123	-127	-131	-133	-138	-143	-147	-152	-577	-1,290

Child Welfare Waivers. Subtitle D would extend through 2010 the authority that states have to operate demonstration projects involving child welfare programs. In addition, the subtitle would eliminate certain limitations on the number of waivers that may be granted on the same topic, and on the number of waivers that may be granted within a single state. Those demonstration projects are required to be cost-neutral to the federal government. However, it is possible that demonstrations would lead to increased costs to the federal government because of measurement or methodological errors in the cost-neutrality calculation. CBO cannot estimate the likely amount of such costs.

Clarification of Eligibility. Subtitle D would reduce claims for federal foster care and adoption assistance payments in the states located within the 9th Circuit by clarifying the "home of removal" requirement. Under a ruling by the 9th Circuit Court of Appeals, states within that circuit (Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington) have broader latitude in determining eligibility when a child has lived with a relative outside the home from which he or she was removed by the court. Based on estimates from HHS of the number of children who are likely to be affected, CBO estimates that enacting this provision would reduce payments to about 4,000 children each month, on average, reducing federal spending on child welfare by $54 million in 2006, by $397 million over the 2006-2010 period, and by $879 million over the 2006-2015 period.

Limitation of Matching Funds for Administrative Costs. Subtitle D would reduce states' claims for administrative expenses in cases when a child is placed in an ineligible home. Under current practice, some states claim administrative expenses for placements that are not licensed and eligible for the federal match. This provision would limit those claims to the average time it takes for the state to license or approve a home as a foster home, but no longer than 12 months. Based on information from HHS, CBO estimates that this provision would reduce federal spending on foster care administration by $26 million in fiscal year 2006, $180 million from 2006 through 2010, and $411 million from 2006 through 2015.

Subtitle E: Supplemental Security Income

Subtitle E would make two changes to the Supplemental Security Income program. It would require that a portion of adult disability determinations receive an extra layer of review before benefits are awarded. It would also require the Social Security Administration to pay more SSI awards in installments rather than as a single lump sum. Together, these proposals would reduce direct spending by $261 million in 2006, by $732 million over the 2006-2010 period, and by $2.1 billion over the 2006-2015 period (see

Table 5).

Pre-effectuation Reviews. Section 8501 would require SSA to conduct reviews of initial decisions to award SSI benefits to certain disabled adults. The legislation would direct the agency to review at least 20 percent of all favorable adult-disability determinations made by state-level Disability Determination Service (DDS) offices in 2006. That fraction would rise to 40 percent in 2007 and to 50 percent thereafter.

CBO anticipates that state DDS offices will approve between 370,000 and 400,000 adult disability applications for SSI benefits annually between 2006 and 2015. Based on recent data for similar reviews in the Social Security Disability Insurance program, CBO projects that by 2015, more than 20,000 DDS awards would be overturned as a result of this provision, resulting in lower outlays for SSI and Medicaid. (In most states, SSI eligibility automatically confers entitlement to Medicaid benefits.) CBO estimates that this change would trim SSI benefits by $2 million and federal Medicaid outlays by $4 million in 2006. Over the 2006-2010 period, CBO estimates the provision would reduce SSI outlays by $99 million and Medicaid spending by $208 million.

Retroactive Benefits. Section 8502 would require installment payment of more past-due benefits in the SSI program. Past-due benefits occur chiefly because of the time necessary to consider disability applications. Those processing times typically take three-to-five months at the DDS level—much longer on appeal—so that a successful claimant is usually entitled to a large retroactive check.

TABLE 5. DIRECT SPENDING EFFECTS OF SUBTITLE E: SUPPLEMENTAL SECURITY INCOME

	By Fiscal Year, in Millions of Dollars (Budget Authority and Outlays)											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2010	2006-2015
Require Pre-effectuation Reviews												
SSI	-2	-8	-19	-30	-40	-54	-54	-68	-77	-85	-99	-437
Medicaid	-4	-17	-38	-62	-87	-115	-142	-172	-204	-238	-208	-1,079
Subtotal	-6	-25	-57	-92	-127	-169	-196	-240	-281	-323	-307	-1,516
Pay More Retroactive Benefits in Installments												
SSI	-255	-110	-20	-20	-20	-20	-20	-25	-25	-25	-425	-540
Total Changes in Subtitle E	-261	-135	-77	-112	-147	-189	-216	-265	-306	-348	-732	-2,056

NOTE: SSI = Supplemental Security Income.

Under current law, SSA divides such retroactive benefits into up to three installments (paid at six-month intervals) when they total more than 12 times the maximum monthly SSI benefit. That maximum will be $603 per month in 2006, so the current rule affects cases in which the initial amount exceeds $7,236. The legislation would tighten that rule to require installments whenever the retroactive benefit exceeds three times the monthly maximum, or $1,809 in 2006. As under current law, people with terminal illnesses or overdue debts for food, clothing, shelter, or medical care would be exempt from the installment requirement, and so would amounts owed to states under SSI's "interim assistance reimbursement" program.

The provision would take effect three months after enactment. It would not affect total amounts paid to disabled claimants, but would stretch them out over a longer period. Based on the volume of SSI awards and their processing times, CBO estimates that the provision would reduce benefit outlays by $255 million in 2006 and $110 million in 2007. After that, savings would decline to $20 million to $25 million annually. Over the 2006-2010 period, total savings would be $425 million.

Both provisions would increase SSA's administrative costs, which are subject to annual appropriation. The proposal to perform more pre-effectuation reviews of disabled-adult awards would increase the number of reviews by about 50,000 in 2006 and by about 135,000 each year when fully effective. Based on SSA's costs for performing similar reviews in the Disability Insurance program, CBO estimates the provision would cost the agency about $8 million in 2006 and $63 million over the 2006-2010 period. Paying more retroactive benefits in installments would cost SSA an estimated $6 million in 2006 and $30 million over the 2006-2010 period. (These costs are included in "changes in spending subject to appropriation" in Table 1.)

Subtitle G: Repeal of Continued Dumping and Subsidy Offset

Antidumping and countervailing duty laws provide for the assessment of duties on imports that cause an injury to competing domestic industries. Antidumping duties are imposed on imports that are thought to be priced too low, and countervailing duties are imposed on imports that are thought to be subsidized by foreign governments. The Continued Dumping and Subsidy Offset Act of 2000 (CDOSA) requires that antidumping and countervailing duties collected by the federal government be distributed to the domestic producers affected by imported goods. The collection of duties is recorded in the federal budget as revenues, and the distribution of the duties is recorded as federal spending.

Based on historical experience with antidumping and countervailing duties, CBO estimates that under current law, CDSOA distributions will total about $300 million a year. In addition to those amounts, we estimate distributions of about $2 billion between 2007 and 2008 from duties on Canadian softwood lumber. This amount is CBO's estimate of the expected value of distributions under the Canadian softwood lumber case. Total collections of duties under the lumber case to date are estimated at about $4 billion. Final determination of the amount of these duties is currently in litigation, and the timing of any distribution is unknown. Thus, our estimate reflects equal chances that the full $4 billion will be distributed and that no duties from the softwood lumber case will be distributed to U.S. companies under CDSOA.

The reconciliation legislation would repeal the CDSOA, stopping the distribution of duties to the affected domestic industries. CBO estimates that repealing the CDSOA would reduce direct spending by $3.2 billion over the 2007-2010 period and by $4.7 billion over the 2006-2015 period. Enacting the legislation would not affect direct spending in fiscal year 2006 because distribution of duties for this year will likely occur before the legislation is enacted (based on an assumed enactment of late December). Antidumping and countervailing duties would still be collected; therefore, enacting the legislation would not affect federal revenues.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

Mandates

Generally, conditions of federal assistance are not defined as intergovernmental mandates in UMRA. However, UMRA makes special provisions for identifying intergovernmental mandates in large entitlement grant programs (those that provide more than $500 million annually to state, local, or tribal governments), including TANF, Medicaid, and child support enforcement. Specifically, if a legislative proposal would increase the stringency of conditions of assistance, or cap or decrease the amount of federal funding for the program, such a change would be considered an intergovernmental mandate if state, local, or tribal governments lack the authority to offset added costs by adjusting their financial or programmatic responsibilities. The TANF and Medicaid programs allow states significant flexibility to alter their programs and accommodate new requirements. However, the child support enforcement program is narrower in scope, and its primary goal is to collect and redistribute child support payments. This narrower focus does not afford states as much flexibility as other large entitlement programs, so significant reductions in funding for the child support program could be intergovernmental mandates

as defined in UMRA.

Therefore, CBO concludes that this legislation would impose an intergovernmental mandate as defined in UMRA by decreasing the federal government's responsibility to provide funding to states to administer the child support program. The legislation would reduce the federal matching rate for administrative costs from 66 percent to 50 percent over a four-year period, and it would eliminate federal matching funds for administrative expenses associated with incentive payments to states. As a result of this reduction in federal assistance, states would have to significantly increase their spending in order to administer the program. CBO estimates that additional state spending would exceed the threshold established in UMRA ($62 million in 2005, adjusted annually for inflation).

Other Impacts

The legislation would have a number of other impacts on state, local, and tribal governments—some of which would benefit those governments through additional assistance or broader flexibility in programs, and others would result in reductions in federal aid and additional requirements.
The legislation would provide significant assistance to state and local governments. It would provide over $80 billion to states over the 2006-2010 period for family assistance and supplemental grants. The legislation also would provide over $12 billion to states for the 2006-2010 period for child care programs, an increase over current law of about $500 million. The legislation also would extend a number of demonstration programs, expand waivers in some grant programs, and authorize funding for fatherhood programs.

Some new requirements in the legislation would result in additional revenues or savings for states. The legislation would require mandatory reviews of child support cases every three years—a requirement that CBO estimates would result in net savings to states of about $24 million over the 2006-2010 period. States also would lose the option to charge lower fees for some participants in the child support program. However, the higher fees are estimated to result in an additional $90 million in reimbursements for administrative expenses over the 2006-2010 period.

Finally, the legislation also would tighten some requirements in public assistance programs and establish new responsibilities for states. It would increase minimum work participation rates in the TANF program, likely prompting states and tribes to redirect some of their resources toward administrative support, child care, and worker supervision. The legislation also would require states to implement an ongoing drug testing program for applicants in the family assistance program. This and other requirements for data

collection, reporting, and performance evaluation also would require states to reallocate some of their resources.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The legislation contains no private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On March 25, 2005, CBO transmitted a cost estimate for S. 667, the Personal Responsibility and Individual Development for Everyone Act (PRIDE), as reported by the Senate Committee on Finance on March 17, 2005. CBO estimated that S. 667 would increase direct spending by $10.8 billion and revenues by $600 million over the 2005-2010 period. The differences in the estimates reflect differences between the two pieces of legislation.

Both would reauthorize the TANF and child care programs and make changes to the child support enforcement, SSI, and foster care programs. However, this legislation includes many policies not in the Senate bill, such as reducing funding for child support administration and ending distribution of antidumping and countervailing duties under CDSOA. The Senate bill included policies not in this legislation, such as changes to the eligibility rules relating to the earned income tax credit and an extension of the requirements that states provide transitional medical assistance. The Senate bill also provided $5.5 billion more in additional mandatory child care funding over the 2006-2010 period.

ESTIMATE PREPARED BY:

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Committee Oversight Findings and Recommendations

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee, based on public hearing testimony and information from the Administration and the GAO, concluded that it is appropriate and timely to consider the bill as reported.

The Subcommittee on Human Resources held a hearing on February 10, 2005 on welfare reform reauthorization proposals and related programs. Various witnesses testified about the TANF program, including recommendations for further reforms to promote additional work by parents and self-sufficiency for families. In addition, the Subcommittee heard testimony about the need for States to help every family they serve achieve the greatest degree of self-sufficiency and find effective ways to improve child well-being through programs aimed at promoting healthy marriages and encouraging responsible fatherhood. The Subcommittee received testimony about other programs under the Committee's Human Resources jurisdiction, including child support enforcement, foster care and adoption, and Supplemental Security Income, from a wide variety of witnesses.

The Subcommittee on Human Resources held a hearing on June 9, 2005 on foster care financing issues.

The Subcommittee on Human Resources held a hearing on July 14, 2005 on welfare and work data. Using data from the National Directory of New Hires, HHS has produced material that suggests there are thousands more current and former welfare recipients working than States have been reporting. This new information has important implications for the next stage of welfare reform, and suggests that it is appropriate for Federal policy to expect and support more work among parents on welfare.

The GAO has confirmed that States use an array of Federal and State funds to provide a wide range of benefits and services that can support the work efforts of low-income families, although the types of supports and coverage of the eligible population vary among the States and sometimes within States. These findings bolster the justification for reauthorizing the TANF block grant program.

For at least 10 years, GAO has found that States could improve take steps to improve their recovery of the Federal government's share of child support program costs. To defray some of these costs the GAO has recommended that States be mandated to charge a minimum service fee on successful child support collections for non-TANF families.

In a June 30, 2005 report to Chairman Wally Herger of the Subcommittee on Human Resources, GAO provided background about administrative expenditures and Federal matching rates for selected programs including child support enforcement, foster care, adoption assistance, child care, Medicaid, and food stamps. In a subsequent letter to

Chairman Herger on September 9, 2005, GAO further explained that, in terms of child support program costs, "the Federal government's share represented 88 percent of the net costs for the child support enforcement program for fiscal year 2004," among other data.

Statement of General Performance Goals and Objectives

In compliance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that the Entitlement Reconciliation Recommendations for Fiscal Year 2006 reauthorize and make improvements to the TANF program and other programs within the Committee's jurisdiction. Through reporting requirements in the legislation, Congress and the Administration will be able to assess State achievement of specified TANF program goals of: (1) providing assistance and services to needy families; (2) ending dependence of needy families on government benefits and reducing poverty by promoting job preparation, work and marriage; (3) reducing out-of-wedlock pregnancies; and (4) encouraging the formation and maintenance of healthy, married families, among other purposes.

Constitutional Authority Statement

With respect to clause 3(d)(1) of the rule XIII of the Rules of the House of Representatives (relating to Constitutional Authority), the Committee states that the Committee's action in reporting this bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises. . . "), and from the 16th Amendment to the Constitution.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * * * *

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES

* * * * * * *

PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SEC. 401. PURPOSE.

(a) IN GENERAL.—The purpose of this part is to [increase] *improve child well-being by increasing* the flexibility of States in operating a program designed to—

(1) provide assistance *and services* to needy families so that children may be cared for in their own homes or in the homes of relatives;

(2) end the dependence of needy [parents on government benefits] *families on government benefits and reduce poverty* by promoting job preparation, work, and marriage;

* * * * * * *

(4) encourage the formation and maintenance of [two-parent families] *healthy, 2-parent married families, and encourage responsible fatherhood.*

* * * * * * *

SEC. 402. ELIGIBLE STATES; STATE PLAN.

(a) IN GENERAL.—As used in this part, the term "eligible State" means, with respect to a fiscal year, a State that, during the 27-month period ending with the close of the 1st quarter of the fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

(A) GENERAL PROVISIONS.—A written document that outlines how the State intends to do the following:

(i) * * *

[(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under

the program for 24 months (whether or not consecutive), whichever is earlier, consistent with section 407(e)(2).

[(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.]

(ii) Require a parent or caretaker receiving assistance under the program to engage in work or alternative self-sufficiency activities (as defined by the State), consistent with section 407(e)(2).

(iii) Require families receiving assistance under the program to engage in activities in accordance with family self-sufficiency plans developed pursuant to section 408(b).

* * * * * * *

[(v) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State (as defined in section 403(a)(2)(C)(iii)) for calendar years 1996 through 2005.]

(v) The document shall—

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

(II) describe how the State will encourage the formation and maintenance of healthy 2-parent married families, encourage responsible fatherhood, and prevent and reduce the incidence of out-of-wedlock pregnancies;

(III) include specific, numerical, and measurable performance objectives for accomplishing subclauses (I) and (II); and

(IV) describe the methodology that the State will use to measure State performance in relation to each such objective.

(vi) Describe any strategies and programs the State may be undertaking to address—

(I) employment retention and advancement for recipients of assistance under the program, including placement into high-demand jobs, and whether the jobs are identified using labor market information;

(II) efforts to reduce teen pregnancy;

(III) services for struggling and noncompliant families, and for clients with special problems; and

(IV) program integration, including the extent to which employment and training services under the program are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to

additional core, intensive, or training services funded through such Act.

[(vi)] *(vii)* Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

(viii) Encourage equitable treatment of married, 2-parent families under the program referred to in clause (i).

(B) SPECIAL PROVISIONS.—

[(i) The document shall indicate whether the State intends to treat families moving into the State from another State differently than other families under the program, and if so, how the State intends to treat such families under the program.]

[(ii)] *(i)* The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

[(iii)] *(ii)* The document shall set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process.

[(iv) Not later than 1 year after the date of enactment of this section, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.]

(iii) The document shall describe strategies and programs the State is undertaking to engage religious organizations in the provision of services funded under this part and efforts related to section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

(iv) The document shall describe strategies to improve program management and performance.

* * * * * * *

(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the

fiscal year, which shall include assurances that local *and tribal* governments and private sector organizations—

(A) * * *

* * * * * * *

SEC. 403. GRANTS TO STATES.

(a) GRANTS.—

(1) FAMILY ASSISTANCE GRANT.—

(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for each of fiscal years [1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003] *2006 through 2010*, a grant in an amount equal to the State family assistance grant *payable to the State for the fiscal year*.

* * * * * * *

(C) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for [fiscal year 2003] *each of fiscal years 2006 through 2010* $16,566,542,000 for grants under this paragraph.

[(2) BONUS TO REWARD DECREASE IN ILLEGITIMACY RATIO.—

[(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary a grant for each bonus year.

[(B) AMOUNT OF GRANT.—

[(i) IN GENERAL.—If, for a bonus year, none of the eligible States is Guam, the Virgin Islands, or American Samoa, then the amount of the grant shall be—

[(I) $20,000,000 if there are 5 eligible States; or

[(II) $25,000,000 if there are fewer than 5 eligible States.

[(ii) AMOUNT IF CERTAIN TERRITORIES ARE ELIGIBLE.—If, for a bonus year, Guam, the Virgin Islands, or American Samoa is an eligible State, then the amount of the grant shall be—

[(I) in the case of such a territory, 25 percent of the mandatory ceiling amount (as defined in section 1108(c)(4)) with respect to the territory; and

[(II) in the case of a State that is not such a territory—

[(aa) if there are 5 eligible States other than such territories, $20,000,000, minus ⅕ of the total amount of the grants payable under this paragraph to such territories for the bonus year; or

[(bb) if there are fewer than 5 such eligible States, $25,000,000, or such lesser amount as may be necessary to ensure that the total amount of grants payable under this paragraph for the bonus year does not exceed $100,000,000.

[(C) DEFINITIONS.—As used in this paragraph:

[(i) ELIGIBLE STATE.—

[(I) IN GENERAL.—The term "eligible State" means a State that the Secretary determines meets the following requirements:

[(aa) The State demonstrates that the illegitimacy ratio of the State for the most recent 2-year period for which such information is available decreased as compared to the illegitimacy ratio of the State for the previous 2-year period, and the magnitude of the decrease for the State for the period is not exceeded by the magnitude of the corresponding decrease for 5 or more other States for the period. In the case of a State that is not a territory specified in subparagraph (B), the comparative magnitude of the decrease for the State shall be determined without regard to the magnitude of the corresponding decrease for any such territory.

[(bb) The rate of induced pregnancy terminations in the State for the calendar year for which the most recent data are available is less than the rate of induced pregnancy terminations in the State for calendar year 1995.

[(II) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—In making the determination required by subclause (I), the Secretary shall disregard—

[(aa) any difference between the illegitimacy ratio of a State for a fiscal year and the illegitimacy ratio of a State for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate the illegitimacy ratio; and

[(bb) any difference between the rate of induced pregnancy terminations in a State for a calendar year and such rate for calendar year 1995 which is attributable to a change in State methods of reporting data used to calculate such rate.

[(ii) BONUS YEAR.—The term "bonus year" means calendar years 1999, 2000, 2001, 2002, and 2003.

[(iii) ILLEGITIMACY RATIO.—The term "illegitimacy ratio" means, with respect to a State and a period—

[(I) the number of out-of-wedlock births to mothers residing in the State that occurred during the period; divided by

[(II) the number of births to mothers residing in the State that occurred during the period.

[(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003, such sums as are necessary for grants under this paragraph.]

(2) HEALTHY MARRIAGE PROMOTION GRANTS.—

(A) AUTHORITY.—The Secretary shall award competitive grants to States, territories, and tribal organizations for not more than 50 percent of the cost of developing and implementing innovative programs to promote and support healthy, married, 2-parent families.

(B) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—Funds provided under subparagraph (A) shall be used to support any of the following programs or activities:

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

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

(iii) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women and non-married expectant fathers.

(iv) Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.

(v) Marriage enhancement and marriage skills training programs for married couples.

(vi) Divorce reduction programs that teach relationship skills.

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

(viii) Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.

(C) VOLUNTARY PARTICIPATION.—

(i) IN GENERAL.—Participation in a program or activity described in any of clauses (iii) through (viii) of subparagraph (B) shall be voluntary.

(ii) REQUIREMENTS FOR RECEIPT OF FUNDS.—The Secretary may not award a grant under this paragraph to an applicant for the grant unless—

(I) the application for the grant describes—

(aa) how the programs or activities proposed in the application will address, as appropriate, issues of domestic violence; and

(bb) what the applicant will do, to the extent relevant, to ensure that participation in the programs or activities is voluntary, and to inform potential participants that their participation is voluntary; and

(II) the applicant agrees that, as a condition of receipt of the grant, the applicant will consult with experts in domestic violence or relevant community domestic violence coalitions in developing the programs and activities funded with the grant.

(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2006 through 2010 $100,000,000 for grants under this paragraph.

(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

(A) * * *

* * * * * * *

(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years [1998, 1999, 2000, and 2001] *2006 through 2009* such sums as are necessary for grants under this paragraph[, in a total amount not to exceed $800,000,000].

* * * * * * *

(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year [2001] *2009*.

[(H) REAUTHORIZATION.—Notwithstanding any other provision of this paragraph—

[(i) any State that was a qualifying State under this paragraph for fiscal year 2001 or any prior fiscal year shall be entitled to receive from the Secretary for each of fiscal years 2002 and 2003 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year in which the State was a qualifying State;

[(ii) subparagraph (G) shall be applied as if "December 31, 2005" were substituted for "fiscal year 2001"; and

[(iii) out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2002 and 2003 such sums as are necessary for grants under this subparagraph.

[(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

[(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

[(B) AMOUNT OF GRANT.—

[(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

[(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

[(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Secretary, in consultation with the National Governors' Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).

[(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

[(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

[(ii) prescribe a performance threshold in such a manner so as to ensure that—

[(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $200,000,000; and

[(II) the total amount of grants to be made under this paragraph for all bonus years equals $1,000,000,000.

[(E) DEFINITIONS.—As used in this paragraph:

[(i) BONUS YEAR.—The term "bonus year" means fiscal years 1999, 2000, 2001, 2002, and 2003.

[(ii) HIGH PERFORMING STATE.—The term "high performing State" means, with respect to a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

[(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 $1,000,000,000 for grants under this paragraph.]

(H) FURTHER PRESERVATION OF GRANT AMOUNTS.—A State that was a qualifying State under this paragraph for fiscal year 2004 or any prior fiscal year shall be entitled to receive from the Secretary for each of fiscal years 2006 through 2009 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

(5) WELFARE-TO-WORK GRANTS.—

(A) FORMULA GRANTS.—

(i) * * *

(ii) WELFARE-TO-WORK STATE.—A State shall be considered a welfare-to-work State for a fiscal year for purposes of this paragraph if the Secretary of Labor determines that the State meets the following requirements:

(I) * * *

* * * * * * *

(III) The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section [413(j)] *413(i)*, and to cooperate with the conduct of any such evaluation.

* * * * * * *

(F) FUNDING FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—0.6 percent of the amount specified in subparagraph (H) for fiscal year 1998 and $9,000,000 of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to carry out section [413(j)] *413(i)*.

(G) FUNDING FOR EVALUATION OF ABSTINENCE EDUCATION PROGRAMS.—

(i) * * *

(ii) AUTHORITY TO USE FUNDS FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—Any such amount not required for such evaluations shall be available for use by the Secretary to carry out section [413(j)] *413(i)*.

(b) CONTINGENCY FUND.—

(1) * * *

(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years [1997, 1998, 1999, 2000, 2001, 2002, and 2003] *2006 through 2010* such sums as are necessary for payment to the Fund in a total amount not to exceed $2,000,000,000[, reduced by the sum of the dollar amounts specified in paragraph (6)(C)(ii).].

(3) GRANTS.—

(A) * * *

* * * * * * *

(C) LIMITATIONS.—

(i) * * *

(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during [fiscal years 1997 through 2006] *fiscal years 2006 through 2010* shall not exceed the total amount appropriated pursuant to paragraph (2).

* * * * * * *

(5) NEEDY STATE.—For purposes of paragraph (4), a State is a needy State for a month if—

(A) * * *

(B) as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the food stamp program in the State in the then most recently concluded 3-month period for which data are available exceeds by not less than 10 percent the lesser of—

(i) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1994 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 *and the Food Stamp Act of 1977 as in effect during the corresponding 3-month period in the fiscal year preceding such most recently concluded 3-month period* had been in effect throughout fiscal year 1994; or

(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1995 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 *and the Food Stamp Act of 1977 as in effect during the corresponding 3-month period in the fiscal year preceding such most recently concluded 3-month period* had been in effect throughout fiscal year 1995.

(6) ANNUAL RECONCILIATION.—

(A) IN GENERAL.—Notwithstanding paragraph (3), if the Secretary makes a payment to a State under this subsection in a fiscal year, then the State shall remit to the Secretary, within 1 year after the end of the first subsequent period of 3 consecutive months for which the State is not a needy State, an amount equal to the amount (if any) by which—

(i) * * *

(ii) the product of—

(I) the Federal medical assistance percentage for the State (as defined in section 1905(b), as such section was in effect on September 30, 1995); *and*

(II) the State's reimbursable expenditures for the fiscal year**[**; and**]**.

[(III) 1/12 times the number of months during the fiscal year for which the Secretary made a payment to the State under such paragraph (3).**]**

(B) DEFINITIONS.—As used in subparagraph (A):

(i) REIMBURSABLE EXPENDITURES.—The term "reimbursable expenditures" means, with respect to a State and a fiscal year, the amount (if any) by which—

(I) * * *

(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii))**[**, excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994.**]**.

(ii) COUNTABLE STATE EXPENDITURES.—The term "countable expenditures" means, with respect to a State and a fiscal year—

[(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i) (other than the expenditures described in subclause (I)(bb) of such section)) under the State program funded under this part for the fiscal year; plus]

(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for the fiscal year; plus

* * * * * * *

[(C) ADJUSTMENT OF STATE REMITTANCES.—

[(i) IN GENERAL.—The amount otherwise required by subparagraph (A) to be remitted by a State for a fiscal year shall be increased by the lesser of—

[(I) the total adjustment for the fiscal year, multiplied by the adjustment percentage for the State for the fiscal year; or

[(II) the unadjusted net payment to the State for the fiscal year.

[(ii) TOTAL ADJUSTMENT.—As used in clause (i), the term "total adjustment" means—

[(I) in the case of fiscal year 1998, $2,000,000;

[(II) in the case of fiscal year 1999, $9,000,000;

[(III) in the case of fiscal year 2000, $16,000,000; and

[(IV) in the case of fiscal year 2001, $13,000,000.

[(iii) ADJUSTMENT PERCENTAGE.—As used in clause (i), the term "adjustment percentage" means, with respect to a State and a fiscal year—

[(I) the unadjusted net payment to the State for the fiscal year; divided by

[(II) the sum of the unadjusted net payments to all States for the fiscal year.

[(iv) UNADJUSTED NET PAYMENT.—As used in this subparagraph, the term, "unadjusted net payment" means with respect to a State and a fiscal year—

[(I) the total amount paid to the State under paragraph (3) in the fiscal year; minus

[(II) the amount that, in the absence of this subparagraph, would be required by subparagraph (A) or by section 409(a)(10) to be remitted by the State in respect of the payment.]

* * * * * * *

SEC. 404. USE OF GRANTS.

(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with [assistance] *aid* in meeting home heating and cooling costs; or

(2) [in any manner that] *for any purposes or activities for which* the State was authorized to use amounts received under

part A or F, as such parts were in effect on September 30, 1995, or (at the option of the State) August 21, 1996.

* * * * * * *

[(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.]

(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

(1) IN GENERAL.—Subject to paragraph (2), a State may use not more than [30] *50* percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

(A) * * *

* * * * * * *

(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—

(A) * * *

[(B) APPLICABLE PERCENT.—For purposes of subparagraph (A), the applicable percent is 4.25 percent in the case of fiscal year 2001 and each succeeding fiscal year.]

(B) APPLICABLE PERCENT.—For purposes of subparagraph (A), the applicable percent is 10 percent for fiscal year 2006 and each succeeding fiscal year.

* * * * * * *

[(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State or tribe may reserve amounts paid to the State or tribe under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State or tribal program funded under this part.]

(e) AUTHORITY TO CARRYOVER OR RESERVE CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—

(1) CARRYOVER.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.

(2) CONTINGENCY RESERVE.—A State or tribe may designate any portion of a grant made to the State or tribe under this part as a contingency reserve for future needs, and may use any amount so designated to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part. If a State or tribe so designates a portion of such a grant, the State shall, on an annual basis, include in its report under section 411(a) the amount so designated.

(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouch-

ers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive [assistance] *benefits or services* under the State program funded under this part.

* * * * * * *

(l) MARRIAGE PROMOTION.—A State, territory, or tribal organization to which a grant is made under section 403(a)(2) may use a grant made to the State, territory, or tribe under any other provision of section 403 for marriage promotion activities, and the amount of any such grant so used shall be considered State funds for purposes of section 403(a)(2).

* * * * * * *

[SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.

[(a) LOAN AUTHORITY.—

[(1) IN GENERAL.—The Secretary shall make loans to any loan-eligible State, for a period to maturity of not more than 3 years.

[(2) LOAN-ELIGIBLE STATE.—As used in paragraph (1), the term "loan-eligible State" means a State against which a penalty has not been imposed under section 409(a)(1).

[(b) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under this section at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

[(c) USE OF LOAN.—A State shall use a loan made to the State under this section only for any purpose for which grant amounts received by the State under section 403(a) may be used, including—

[(1) welfare anti-fraud activities; and

[(2) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 412.

[(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO A STATE.—The cumulative dollar amount of all loans made to a State under this section during fiscal years 1997 through 2003 shall not exceed 10 percent of the State family assistance grant.

[(e) LIMITATION ON TOTAL AMOUNT OF OUTSTANDING LOANS.—The total dollar amount of loans outstanding under this section may not exceed $1,700,000,000.

[(f) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as may be necessary for the cost of loans under this section.

[SEC. 407. MANDATORY WORK REQUIREMENTS.

[(a) PARTICIPATION RATE REQUIREMENTS.—

[(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

If the fiscal year is:	[The minimum participation rate is:
1997	25
1998	30
1999	35
2000	40
2001	45
2002 or thereafter	50.

[(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

If the fiscal year is:	[The minimum participation rate is:
1997	75
1998	75
1999 or thereafter	90.

[(b) CALCULATION OF PARTICIPATION RATES.—

[(1) ALL FAMILIES.—

[(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

[(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

[(i) the number of families receiving assistance under the State program funded under this part that include an adult or a minor child head of household who is engaged in work for the month; divided by

[(ii) the amount by which—

[(I) the number of families receiving such assistance during the month that include an adult or a minor child head of household receiving such assistance; exceeds

[(II) the number of families receiving such assistance that are subject in such month to a penalty described in subsection (e)(1) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive).

[(2) 2-PARENT FAMILIES.—

[(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

[(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month shall be calculated by use of the formula set forth in paragraph (1)(B), except that in the formula the term "number of 2-parent families" shall be substituted for the

term "number of families" each place such latter term appears.

[(C) FAMILY WITH A DISABLED PARENT NOT TREATED AS A 2-PARENT FAMILY.—A family that includes a disabled parent shall not be considered a 2-parent family for purposes of subsections (a) and (b) of this section.]

SEC. 407. WORK PARTICIPATION REQUIREMENTS.

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

(1) 50 percent for fiscal year 2006;

(2) 55 percent for fiscal year 2007;

(3) 60 percent for fiscal year 2008;

(4) 65 percent for fiscal year 2009; and

(5) 70 percent for fiscal year 2010 and each succeeding fiscal year.

(b) CALCULATION OF PARTICIPATION RATES.—

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

(2) MONTHLY PARTICIPATION RATES; INCORPORATION OF 40-HOUR WORK WEEK STANDARD.—

(A) IN GENERAL.—For purposes of paragraph (1), the participation rate of a State for a month is—

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

(ii) 160 multiplied by the number of counted families for the State for the month.

(B) COUNTED FAMILIES DEFINED.—

(i) IN GENERAL.—In subparagraph (A), the term "counted family" means, with respect to a State and a month, a family that includes a work-eligible individual and that receives assistance in the month under the State program funded under this part, subject to clause (ii).

(ii) STATE OPTION TO EXCLUDE CERTAIN FAMILIES.—At the option of a State, the term "counted family" shall not include—

(I) a family in the first month for which the family receives assistance from a State program funded under this part on the basis of the most recent application for such assistance;

(II) on a case-by-case basis, a family in which the youngest child has not attained 12 months of age; or

(III) a family that is subject to a sanction under this part or part D, but that has not been subject to such a sanction for more than 3 months (whether or not consecutive) in the preceding 12-month period.

(iii) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSIST-

ANCE PLAN OR TRIBAL WORK PROGRAM.—At the option of a State, the term "counted family" may include families in the State that are receiving assistance under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.

(C) WORK-ELIGIBLE INDIVIDUAL DEFINED.—In this section, the term "work-eligible individual" means an individual—

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

(ii) whose needs are (or, but for sanctions under this part or part D, would be) included in determining the amount of cash assistance to be provided to the family under the State program funded under this part.

(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW AND NOT RESULTING FROM CHANGES IN STATE ELIGIBILITY CRITERIA.—

(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

(i) * * *

[(ii) the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.]

(ii) the average monthly number of families that received assistance under the State program funded under this part during the base year.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations required by subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part [and eligibility criteria under the State program operated under the State plan approved under part A (as such plan and such part were in effect on September 30, 1995)] *and the eligibility criteria in effect during the then applicable base year.* Such regulations shall place the burden on the Secretary to prove that such families were diverted as a direct result of differences in such eligibility criteria.

(C) BASE YEAR DEFINED.—In this paragraph, the term "base year" means, with respect to a fiscal year—

(i) if the fiscal year is fiscal year 2006, fiscal year 1996;

(ii) if the fiscal year is fiscal year 2007, fiscal year 1998;

(iii) if the fiscal year is fiscal year 2008, fiscal year 2001; or

(iv) if the fiscal year is fiscal year 2009 or any succeeding fiscal year, the then 4th preceding fiscal year.

[(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN OR TRIBAL WORK PROGRAM.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families in the State that are receiving assistance under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.

[(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is a single custodial parent caring for a child who has not attained 12 months of age to engage in work, and may disregard such an individual in determining the participation rates under subsection (a) for not more than 12 months.

[(c) ENGAGED IN WORK.—

[(1) GENERAL RULES.—

[(A) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i), a recipient is engaged in work for a month in a fiscal year if the recipient is participating in work activities for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d), subject to this subsection:

If the month is in fiscal year:	**[The minimum average number of hours per week is:**
1997	20
1998	20
1999	25
2000 or thereafter	30.

[(B) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B), an individual is engaged in work for a month in a fiscal year if—

[(i) the individual and the other parent in the family are participating in work activities for a total of at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d), subject to this subsection; and

[(ii) if the family of the individual receives federally-funded child care assistance and an adult in the family is not disabled or caring for a severely disabled child, the individual and the other parent in the family are participating in work activities for a total of at least 55 hours per week during the month, not fewer than 50 hours per week of which are attributable to

an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d).

[(2) LIMITATIONS AND SPECIAL RULES.—

[(A) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—

[(i) LIMITATION.—Notwithstanding paragraph (1) of this subsection, an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part, after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States or the State is a needy State (within the meaning of section 403(b)(6)), 12 weeks), or if the participation is for a week that immediately follows 4 consecutive weeks of such participation.

[(ii) LIMITED AUTHORITY TO COUNT LESS THAN FULL WEEK OF PARTICIPATION.—For purposes of clause (i) of this subparagraph, on not more than 1 occasion per individual, the State shall consider participation of the individual in an activity described in subsection (d)(6) for 3 or 4 days during a week as a week of participation in the activity by the individual.

[(B) SINGLE PARENT OR RELATIVE WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT OR RELATIVE IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is the only parent or caretaker relative in the family of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

[(C) SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED TEEN WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under sub-section (b)(1)(B)(i), a recipient who is married or a head of household and has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

[(i) maintains satisfactory attendance at secondary school or the equivalent during the month; or

[(ii) participates in education directly related to employment for an average of at least 20 hours per week during the month.

[(D) LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B) of subsection (b), not more than 30 percent of the number of individuals in all families and in 2-parent families, respectively, in a State who are treated as

engaged in work for a month may consist of individuals who are determined to be engaged in work for the month by reason of participation in vocational educational training, or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph.

[(d) WORK ACTIVITIES DEFINED.—As used in this section, the term "work activities" means—

[(1) unsubsidized employment;

[(2) subsidized private sector employment;

[(3) subsidized public sector employment;

[(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

[(5) on-the-job training;

[(6) job search and job readiness assistance;

[(7) community service programs;

[(8) vocational educational training (not to exceed 12 months with respect to any individual);

[(9) job skills training directly related to employment;

[(10) education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency;

[(11) satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate; and

[(12) the provision of child care services to an individual who is participating in a community service program.]

(4) SUPERACHIEVER CREDIT.—

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

(i) the amount (if any) of the superachiever credit applicable to the State; or

(ii) the number of percentage points (if any) by which the minimum participation rate required by subsection (a) for the fiscal year exceeds 50 percent.

(B) SUPERACHIEVER STATE.—For purposes of subparagraph (A), a State is a superachiever State if the State caseload for fiscal year 2001 has declined by at least 60 percent from the State caseload for fiscal year 1995.

(C) AMOUNT OF CREDIT.—The superachiever credit applicable to a State is the number of percentage points (if any) by which the decline referred to in subparagraph (B) exceeds 60 percent.

(D) DEFINITIONS.—In this paragraph:

(i) STATE CASELOAD FOR FISCAL YEAR 2001.—The term "State caseload for fiscal year 2001" means the average monthly number of families that received assistance during fiscal year 2001 under the State program funded under this part.

(ii) STATE CASELOAD FOR FISCAL YEAR 1995.—The term "State caseload for fiscal year 1995" means the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.

(c) COUNTABLE HOURS.—

(1) DEFINITION.—In subsection (b)(2), the term "countable hours" means, with respect to a family for a month, the total number of hours in the month in which any member of the family who is a work-eligible individual is engaged in a direct work activity or other activities specified by the State (excluding an activity that does not address a purpose specified in section 401(a)), subject to the other provisions of this subsection.

(2) LIMITATIONS.—Subject to such regulations as the Secretary may prescribe:

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

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

(3) SPECIAL RULES.—For purposes of paragraph (1):

(A) PARTICIPATION IN QUALIFIED ACTIVITIES.—

(i) IN GENERAL.—If, with the approval of the State, the work-eligible individuals in a family are engaged in 1 or more qualified activities for an average total of at least 24 hours per week in a month, then all such engagement in the month shall be considered engagement in a direct work activity, subject to clause (iii).

(ii) QUALIFIED ACTIVITY DEFINED.—The term "qualified activity" means an activity specified by the State (subject to the exclusion described in paragraph (1)) that meets such standards and criteria as the State may specify, including—

(I) substance abuse counseling or treatment;

(II) rehabilitation treatment and services;

(III) work-related education or training directed at enabling the family member to work;

(IV) job search or job readiness assistance; and

(V) any other activity that addresses a purpose specified in section 401(a).

(iii) LIMITATION.—

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

(II) SPECIAL RULE APPLICABLE TO EDUCATION AND TRAINING.—A State may, on a case-by-case

basis, apply clause (i) to a work-eligible individual so that participation by the individual in education or training, if needed to permit the individual to complete a certificate program or other work-related education or training directed at enabling the individual to fill a known job need in a local area, may be considered countable hours with respect to the family of the individual for not more than 4 months in any period of 24 consecutive months.

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

(i) maintains satisfactory attendance at secondary school or the equivalent in the month; or

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

(d) DIRECT WORK ACTIVITY.—In this section, the term "direct work activity" means—

(1) unsubsidized employment;

(2) subsidized private sector employment;

(3) subsidized public sector employment;

(4) on-the-job training;

(5) supervised work experience; or

(6) supervised community service.

(e) PENALTIES AGAINST INDIVIDUALS.—

[(1) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

[(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the individual so refuses; or

[(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.]

(1) REDUCTION OR TERMINATION OF ASSISTANCE.—

(A) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under a State program funded under this part fails to engage in activities required in accordance with this section, or other activities required by the State under the program, and the family does not otherwise engage in activities in accordance with the self-sufficiency plan established for the family pursuant to section 408(b), the State shall—

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

(I) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the failure occurs; or

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

(ii) if the failure is total and persists for at least 2 consecutive months, terminate all cash payments to the family including qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for at least 1 month and thereafter until the State determines that the individual has resumed full participation in the activities, subject to such good cause exceptions as the State may establish.

(B) SPECIAL RULE.—

(i) IN GENERAL.—In the event of a conflict between a requirement of clause (i)(II) or (ii) of subparagraph (A) and a requirement of a State constitution, or of a State statute that, before 1966, obligated local government to provide assistance to needy parents and children, the State constitutional or statutory requirement shall control.

(ii) LIMITATION.—Clause (i) of this subparagraph shall not apply after the 1-year period that begins with the date of the enactment of this subparagraph.

* * * * * * *

(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under a State program funded under this part attributable to funds provided by the Federal Government may fill a vacant employment position in order to engage in a [work activity described in subsection (d)] *direct work activity*.

(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a [work activity described in subsection (d)] *direct work activity* which is funded, in whole or in part, by funds provided by the Federal Government shall be employed or assigned—

(A) * * *

* * * * * * *

SEC. 408. PROHIBITIONS; REQUIREMENTS.

(a) IN GENERAL.—

(1) * * *

* * * * * * *

[(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

[(A) IN GENERAL.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the

family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrue (or have accrued) before the date the family ceases to receive assistance under the program, which assignment, on and after such date, shall not apply with respect to any support (other than support collected pursuant to section 464) which accrued before the family received such assistance and which the State has not collected by—

[(i)(I) September 30, 2000, if the assignment is executed on or after October 1, 1997, and before October 1, 2000; or

[(II) the date the family ceases to receive assistance under the program, if the assignment is executed on or after October 1, 2000; or

[(ii) if the State elects to distribute collections under section 457(a)(6), the date the family ceases to receive assistance under the program, if the assignment is executed on or after October 1, 1998.]

(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

(A) IN GENERAL.—Subject to subparagraph (B), a State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to—

(i) support from any other person which accrues during the period that the family receives assistance under the program; and

(ii) at the option of the State, support from any other person which has accrued before such period.

(B) LIMITATION.—The total amount of support that may be required to be provided with respect to rights assigned to a State by a family member pursuant to subparagraph (A) shall not exceed the total amount of assistance provided by the State to the family.

* * * * * * *

(5) NO ASSISTANCE FOR TEENAGE PARENTS NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

(A) * * *

(B) EXCEPTION.—

(i) PROVISION OF, OR [ASSISTANCE] *AID* IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appro-

priate, and thereafter shall require that the individual and the minor child referred to in subparagraph (A)(ii)(II) reside in such living arrangement as a condition of the continued receipt of assistance under the State program funded under this part attributable to funds provided by the Federal Government (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

* * * * * * *

(12) DRUG TESTING REQUIREMENTS.—A State to which a grant is made under section 403(a) for a fiscal year shall—

(A) require an individual who has applied for, or is a recipient of, assistance from the State program funded under this part to undergo a physical test designed to detect the use by the individual of any controlled substance (as defined in section 102(6) of the Controlled Substances Act) if the State has reason to believe that the person has unlawfully used such a substance recently;

(B) if a test administered pursuant to this paragraph indicates that an individual has so used such a substance recently, or if the State otherwise determines (on the basis of such indicators as the State may establish) that an individual is likely to have so used such a substance recently—

(i) ensure that the self-sufficiency plan developed under section 408(b) with respect to the individual addresses the use of the substance;

(ii) suspend the provision of cash assistance under the program to the family of the individual until a subsequent such test indicates that the individual has not been using the substance; and

(iii) require, as a condition of providing any benefit under the program to the family of the individual, that the individual comply with the self-sufficiency plan, including the provisions of the plan that address the use of the substance, and undergo additional such tests every 30 or 60 days, as the State deems appropriate; and

(C) terminate for 3 years the participation in the program of the family of any individual who tests positive for such use of such a substance in such number of consecutive tests administered pursuant to this paragraph (which shall be not less than 3 and not more than 6) as the State deems appropriate.

[(b) INDIVIDUAL RESPONSIBILITY PLANS.—

[(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the skills, prior work experience, and employability of each recipient of assistance under the program who—

[(A) has attained 18 years of age; or

[(B) has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

[(2) CONTENTS OF PLANS.—

[(A) IN GENERAL.—On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, may develop an individual responsibility plan for the individual, which—

[(i) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

[(ii) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

[(iii) to the greatest extent possible is designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

[(iv) describes the services the State will provide the individual so that the individual will be able to obtain and keep employment in the private sector, and describe the job counseling and other services that will be provided by the State; and

[(v) may require the individual to undergo appropriate substance abuse treatment.

[(B) TIMING.—The State agency may comply with paragraph (1) with respect to an individual—

[(i) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under part A (as in effect immediately before such effective date); or

[(ii) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such assistance, in the case of any other individual.

[(3) PENALTY FOR NONCOMPLIANCE BY INDIVIDUAL.—In addition to any other penalties required under the State program funded under this part, the State may reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State program to a family that includes an individual who fails without good cause to comply with an individual responsibility plan signed by the individual.

[(4) STATE DISCRETION.—The exercise of the authority of this subsection shall be within the sole discretion of the State.]

(b) FAMILY SELF-SUFFICIENCY PLANS.—

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

(A) assess, in the manner deemed appropriate by the State, the skills, prior work experience, and employability of each work-eligible individual (as defined in section 407(b)(2)(C)) receiving assistance under the State program funded under this part;

(B) establish for each family that includes such an individual, in consultation as the State deems appropriate with the individual, a self-sufficiency plan that specifies appropriate activities described in the State plan submitted pursuant to section 402, including direct work activities as appropriate designed to assist the family in achieving their maximum degree of self-sufficiency, and that provides for the ongoing participation of the individual in the activities;

(C) require, at a minimum, each such individual to participate in activities in accordance with the self-sufficiency plan;

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

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

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

(A) in the case of a family that, as of October 1, 2005, is not receiving assistance from the State program funded under this part, not later than 60 days after the family first receives assistance on the basis of the most recent application for the assistance; or

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

(3) STATE DISCRETION.—A State shall have sole discretion, consistent with section 407, to define and design activities for families for purposes of this subsection, to develop methods for monitoring and reviewing progress pursuant to this subsection, and to make modifications to the plan as the State deems appropriate to assist the individual in increasing their degree of self-sufficiency.

(4) RULE OF INTERPRETATION.—Nothing in this part shall preclude a State from—

(A) requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being; or

(B) using job search or other appropriate job readiness or work activities to assess the employability of individuals and to determine appropriate future engagement activities.

* * * * * * *

(h) STATE OPTION TO MAKE TANF PROGRAMS MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.—For purposes of section 121(b) of the Workforce Investment Act of 1998, a State program funded under part A of title IV of the Social Security Act shall be considered a program referred to in paragraph (1)(B) of such section, unless, after the date of the enactment of this

subsection, the Governor of the State notifies the Secretaries of Health and Human Services and Labor in writing of the decision of the Governor not to make the State program a mandatory partner.

SEC. 409. PENALTIES.

(a) IN GENERAL.—Subject to this section:

(1) * * *

* * * * * * *

(3) FAILURE TO SATISFY MINIMUM PARTICIPATION RATES *OR ESTABLISH FAMILY SELF-SUFFICIENCY PLAN.*—

(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has failed to comply with section 407(a) *or 408(b)* for the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to the applicable percentage of the State family assistance grant.

* * * * * * *

[(6) FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 406 within the period of maturity applicable to the loan, plus any interest owed on the loan, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter (without regard to this section) by the outstanding loan amount, plus the interest owed on the outstanding amount. The Secretary shall not forgive any outstanding loan amount or interest owed on the outstanding amount.]

(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for [fiscal year 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, or 2007] *fiscal year 2006, 2007, 2008, 2009, 2010, or 2011* by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year are less than the applicable percentage of historic State expenditures with respect to such preceding fiscal year.

(B) DEFINITIONS.—As used in this paragraph:

(i) QUALIFIED STATE EXPENDITURES.—

(I) * * *

* * * * * * *

(V) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—The term "qualified State expenditures" includes the total expenditures by the State during the fiscal year under all State programs for a pur-

pose described in paragraph (3) or (4) of section 401(a).

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

(ii) APPLICABLE PERCENTAGE.—The term "applicable percentage" means [for fiscal years 1997 through 2006,] 80 percent (or, if the State meets the requirements of section 407(a) for the *preceding* fiscal year, 75 percent).

* * * * * * *

(10) FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the qualified State expenditures (as defined in paragraph (7)(B)(i) [(other than the expenditures described in subclause (I)(bb) of that paragraph)) under the State program funded under this part]*)* for the fiscal year are less than 100 percent of historic State expenditures (as defined in paragraph (7)(B)(iii) of this subsection), [excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994,] the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by the total of the amounts so paid to the State that the State has not remitted under section 403(b)(6).

* * * * * * *

(14) PENALTY FOR FAILURE TO REDUCE ASSISTANCE FOR RECIPIENTS REFUSING WITHOUT GOOD CAUSE TO WORK *OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY SELF-SUFFICIENCY PLAN.*—

(A) * * *

* * * * * * *

(15) PENALTY FOR FAILURE TO COMPLY WITH DRUG TESTING REQUIREMENTS.—If the Secretary determines that a State has not complied with section 408(a)(12) during a fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not less than 5 percent and not more than 10 percent of the State family assistance grant, as the Secretary deems appropriate based on the frequency and severity of the noncompliance.

(c) CORRECTIVE COMPLIANCE PLAN.—

(1) * * *

(2) EFFECT OF CORRECTING OR DISCONTINUING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State

corrects or discontinues, as appropriate, the violation pursuant to the plan.

* * * * * * *

SEC. 411. DATA COLLECTION AND REPORTING.

(a) QUARTERLY REPORTS BY STATES.—

(1) GENERAL REPORTING REQUIREMENT.—

(A) CONTENTS OF REPORT.—Each eligible State shall collect on a monthly basis, and report to the Secretary on a quarterly basis, the following disaggregated case record information on the families receiving assistance under the State program funded under this part (except for information relating to activities carried out under section 403(a)(5)) *and on families receiving assistance under State programs funded with other qualified State expenditures (as defined in section 409(a)(7)(B))*:

(i) * * *

(ii) Whether a child receiving such assistance or an adult in the family is receiving—

(I) * * *

* * * * * * *

(III) aid under a State plan approved under title XIV (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972)[)];

* * * * * * *

(vii) The race and educational level of each adult *and minor parent* in the family.

(viii) The race [and educational level] of each child in the family.

(ix) Whether the family received subsidized housing, medical assistance under the State plan approved under title XIX, food stamps, or subsidized child care[, and if the latter 2, the amount received].

(x) The number of months that the family has received [each type of] assistance under the program *and, if applicable, the reason for receipt of the assistance for a total of more than 60 months.*

(xi) If the adults participated in, and the number of hours per week of participation in, the following activities:

[(I) Education.

[(II) Subsidized private sector employment.

[(III) Unsubsidized employment.

[(IV) Public sector employment, work experience, or community service.

[(V) Job search.

[(VI) Job skills training or on-the-job training.

[(VII) Vocational education.]

(I) Subsidized private sector employment.

(II) Unsubsidized employment.

(III) Public sector employment, supervised work experience, or supervised community service.

(IV) On-the-job training.

(V) Job search and placement.

(VI) Training.

(VII) Education.

(VIII) Other activities directed at the purposes of this part, as specified in the State plan submitted pursuant to section 402.

(xii) Information necessary to calculate participation rates *and progress toward universal engagement* under section 407.

(xiii) The [type and] amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions).

* * * * * * *

(xvi) From a sample of closed cases, whether the family left the program, and if so, whether the family left due to—

(I) employment;

[(II) marriage;]

[(III)] *(II)* the prohibition set forth in section 408(a)(7);

[(IV)] *(III)* sanction; or

[(V)] *(IV)* State policy.

* * * * * * *

(xviii) The date the family first received assistance from the State program on the basis of the most recent application for such assistance.

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

(xx) With respect to any child in the family, the marital status of the parents at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.

(B) USE OF SAMPLES.—

(i) AUTHORITY.—A State may comply with subparagraph (A) by submitting disaggregated case record information on [a sample] *samples* of families selected through the use of scientifically acceptable sampling methods approved by the Secretary, *except that the Secretary may designate core data elements that must be reported on all families.*

(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of the performance of State programs [funded under this part] *described in subparagraph (A).* The Secretary may develop and implement procedures

for verifying the quality of data submitted by the States.

* * * * * * *

[(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.]

[(6)] *(5)* REPORT ON FAMILIES RECEIVING ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter—

(A) * * *

* * * * * * *

(6) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter the number of families and total number of individuals that, during the month, became ineligible to receive assistance under the State program funded under this part (broken down by the number of families that become so ineligible due to earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons).

(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define the data elements *and to collect the necessary data* with respect to which reports are required by this [subsection] *section*, and shall consult with the Secretary of Labor [in defining the data elements with respect to programs operated with funds provided under section 403(a)(5).], *the National Governors' Association, the American Public Human Services Association, the National Conference of State Legislatures, and others in defining the data elements.*

(b) ANNUAL REPORTS ON PROGRAM CHARACTERISTICS.—Not later than 90 days after the end of fiscal year 2006 and each succeeding fiscal year, each eligible State shall submit to the Secretary a report on the characteristics of the State program funded under this part and other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)). The report shall include, with respect to each such program, the program name, a description of program activities, the program purpose, the program eligibility criteria, the sources of program funding, the number of program beneficiaries, sanction policies, and any program work requirements.

(c) MONTHLY REPORTS ON CASELOAD.—Not later than 3 months after the end of a calendar month that begins 1 year or more after the enactment of this subsection, each eligible State shall submit to the Secretary a report on the number of families and total number of individuals receiving assistance in the calendar month under the State program funded under this part.

(d) ANNUAL REPORT ON PERFORMANCE IMPROVEMENT.—Beginning with fiscal year 2007, not later than January 1 of each fiscal year, each eligible State shall submit to the Secretary a report on achievement and improvement during the preceding fiscal year

under the numerical performance goals and measures under the State program funded under this part with respect to each of the matters described in section 402(a)(1)(A)(v).

[(b)] *(e)* ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY.—Not later than 6 months after the end of fiscal year 1997, [and each fiscal year thereafter] *and by July 1 of each fiscal year thereafter*, the Secretary shall transmit to the Congress a report describing—

(1) * * *

(2) the demographic and financial characteristics of [families applying for assistance,] families receiving assistance[,] and families that become ineligible to receive assistance;

(3) the characteristics of each State program funded under this part *and other programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))*; and

* * * * * * *

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

(1) IN GENERAL.—Within 3 months after a State submits to the Secretary a report pursuant to section 7502(a)(1)(A) of title 31, United States Code, the Secretary shall analyze the report for the purpose of identifying the extent and nature of problems related to the oversight by the State of nongovernmental entities with respect to contracts entered into by such entities with the State program funded under this part, and determining what additional actions may be appropriate to help prevent and correct the problems.

(2) INCLUSION OF PROGRAM OVERSIGHT SECTION IN ANNUAL REPORT TO THE CONGRESS.—The Secretary shall include in each report under subsection (e) a section on oversight of State programs funded under this part, including findings on the extent and nature of the problems referred to in paragraph (1), actions taken to resolve the problems, and to the extent the Secretary deems appropriate make recommendations on changes needed to resolve the problems.

SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

(a) GRANTS FOR INDIAN TRIBES.—

(1) TRIBAL FAMILY ASSISTANCE GRANT.—

(A) IN GENERAL.—For each of fiscal years [1997, 1998, 1999, 2000, 2001, 2002, and 2003] *2006 through 2010*, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under subparagraph (B), which shall be reduced for a fiscal year, on a pro rata basis for each quarter, in the case of a tribal family assistance plan approved during a fiscal year for which the plan is to be in effect, and shall reduce the grant payable under section 403(a)(1) to any State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

* * * * * * *

(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

(A) IN GENERAL.—For each of fiscal years [1997, 1998, 1999, 2000, 2001, 2002, and 2003] *2006 through 2010*, the Secretary shall pay to each eligible Indian tribe that proposes to operate a program described in subparagraph (C) a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

* * * * * * *

(3) WELFARE-TO-WORK GRANTS.—

(A) * * *

(B) WELFARE-TO-WORK TRIBE.—An Indian tribe shall be considered a welfare-to-work tribe for a fiscal year for purposes of this paragraph if the Indian tribe meets the following requirements:

(i) * * *

* * * * * * *

(iv) The Indian tribe has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section [413(j)] *413(i)*, and to cooperate with the conduct of any such evaluation.

(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

(A) * * *

* * * * * * *

(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; [and]

(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code[.]*; and*

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

* * * * * * *

[(f) ELIGIBILITY FOR FEDERAL LOANS.—Section 406 shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such section applies to a State, except that section 406(c) shall be applied by substituting "section 412(a)" for "section 403(a)".]

[(g)] *(f)* PENALTIES.—

(1) * * *

* * * * * * *

[(h)] *(g)* DATA COLLECTION AND REPORTING.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.

[(i)] *(h)* SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

(1) * * *

* * * * * * *

SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

(a) * * *

* * * * * * *

(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into [long-term private sector jobs] *private sector jobs, the success of the recipients in retaining employment, the ability of the recipients to increase their wages*, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance. In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, [assistance] *aid* in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

* * * * * * *

[(g) REPORT ON CIRCUMSTANCES OF CERTAIN CHILDREN AND FAMILIES.—

[(1) IN GENERAL.—Beginning 3 years after the date of the enactment of this section, the Secretary of Health and Human Services shall prepare and submit to the Committees on Ways and Means and on Education and the Workforce of the House of Representatives and to the Committees on Finance and on Labor and Resources of the Senate annual reports that examine in detail the matters described in paragraph (2) with respect to each of the following groups for the period after such enactment:

[(A) Individuals who were children in families that have become ineligible for assistance under a State pro-

gram funded under this part by reason of having reached a time limit on the provision of such assistance.

[(B) Children born after such date of enactment to parents who, at the time of such birth, had not attained 20 years of age.

[(C) Individuals who, after such date of enactment, became parents before attaining 20 years of age.

[(2) MATTERS DESCRIBED.—The matters described in this paragraph are the following:

[(A) The percentage of each group that has dropped out of secondary school (or the equivalent), and the percentage of each group at each level of educational attainment.

[(B) The percentage of each group that is employed.

[(C) The percentage of each group that has been convicted of a crime or has been adjudicated as a delinquent.

[(D) The rate at which the members of each group are born, or have children, out-of-wedlock, and the percentage of each group that is married.

[(E) The percentage of each group that continues to participate in State programs funded under this part.

[(F) The percentage of each group that has health insurance provided by a private entity (broken down by whether the insurance is provided through an employer or otherwise), the percentage that has health insurance provided by an agency of government, and the percentage that does not have health insurance.

[(G) The average income of the families of the members of each group.

[(H) Such other matters as the Secretary deems appropriate.]

[(h)] *(g)* FUNDING OF STUDIES AND DEMONSTRATIONS.—

(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $15,000,000 for each of fiscal years [1997 through 2002] *2006 through 2010* for the purpose of paying—

(A) * * *

* * * * * * *

[(i)] *(h)* CHILD POVERTY RATES.—

(1) * * *

* * * * * * *

[(j)] *(i)* EVALUATION OF WELFARE-TO-WORK PROGRAMS.—

(1) * * *

(2) REPORTS TO THE CONGRESS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the Secretary, in consultation with the Secretary of Labor and the Secretary of Housing and Urban Development, shall submit to the Congress reports on the projects funded under [section] *sections* 403(a)(5) and 412(a)(3) and on the evaluations of the projects.

* * * * * * *

(j) PERFORMANCE IMPROVEMENT.—The Secretary, in consultation with the States, shall develop uniform performance measures designed to assess the degree of effectiveness, and the degree of improvement, of State programs funded under this part in accomplishing the purposes of this part.

(k) FUNDING FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—

(1) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $102,000,000 for each of fiscal years 2006 through 2010, which shall be available to the Secretary for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under this part, which shall be expended primarily on activities described in section 403(a)(2)(B), and which shall be in addition to any other funds made available under this part.

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

(A) IN GENERAL.—Of the amounts made available under paragraph (1) for a fiscal year, $2,000,000 shall be awarded on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.

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

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

(ii) for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and

(iii) for prevention services and assistance to tribal families at risk of child abuse and neglect.

(C) REPORTS.—The Secretary may require a recipient of funds awarded under this paragraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this paragraph.

(l) FUNDING FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—

(1) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $102,000,000 for each of fiscal years 2006 through 2010, which shall be available to the Secretary for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribal organizations, and such

other entities as the Secretary may specify that are receiving a grant under this part, which shall be expended primarily on activities described in section 403(a)(2)(B), and which shall be in addition to any other funds made available under this part. The Secretary may not provide an entity with funds made available under this paragraph unless the entity agrees that, as a condition of receipt of the funds for a program or activity described in any of clauses (iii) through (viii) of section 403(a)(2)(B), the entity will comply with subclauses (I) and (II) of section 403(a)(2)(C)(ii).

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

(A) IN GENERAL.—Of the amounts made available under paragraph (1) for a fiscal year, $2,000,000 shall be awarded on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.

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

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

(ii) for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and

(iii) for prevention services and assistance to tribal families at risk of child abuse and neglect.

(C) REPORTS.—The Secretary may require a recipient of funds awarded under this paragraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this paragraph.

SEC. 414. STUDY BY THE CENSUS BUREAU.

[(a) IN GENERAL.—The Bureau of the Census shall continue to collect data on the 1992 and 1993 panels of the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells, and shall obtain information about the status of children participating in such panels.]

(a) IN GENERAL.—The Bureau of the Census shall implement or enhance a longitudinal survey of program participation, developed in consultation with the Secretary and made available to interested

parties, to allow for the assessment of the outcomes of continued welfare reform on the economic and child well-being of low-income families with children, including those who received assistance or services from a State program funded under this part, and, to the extent possible, shall provide State representative samples. The content of the survey should include such information as may be necessary to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency and compliance with work requirements, the beginning and ending of spells of assistance, work, earnings and employment stability, and the well-being of children.

(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $10,000,000 for each of fiscal years [1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003] *2006 through 2010* for payment to the Bureau of the Census to carry out subsection (a). *Funds appropriated under this subsection shall remain available through fiscal year 2010 to carry out subsection (a).*

* * * * * * *

SEC. 418. FUNDING FOR CHILD CARE.

(a) GENERAL CHILD CARE ENTITLEMENT.—

(1) * * *

* * * * * * *

(3) APPROPRIATION.—For grants under this section, there are appropriated—

(A) * * *

* * * * * * *

(E) $2,567,000,000 for fiscal year 2001; [and]

(F) $2,717,000,000 for each of fiscal years 2002 and 2003[.]*;*

(G) $2,717,000,000 for fiscal year 2006;

(H) $2,767,000,000 for fiscal year 2007;

(I) $2,817,000,000 for fiscal year 2008;

(J) $2,867,000,000 for fiscal year 2009; and

(K) $2,917,000,000 for fiscal year 2010.

* * * * * * *

SEC. 419. DEFINITIONS.

As used in this part:

(1) * * *

* * * * * * *

(6) ASSISTANCE.—

(A) IN GENERAL.—The term "assistance" means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).

(B) EXCEPTION.—The term "assistance" does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis

(as defined by the State in accordance with regulations prescribed by the Secretary).

* * * * * * *

PART C—FATHERHOOD PROGRAM

SEC. 441. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that there is substantial evidence strongly indicating the urgent need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children, including data demonstrating the following:

(1) In approximately 84 percent of cases where a parent is absent, that parent is the father.

(2) If current trends continue, half of all children born today will live apart from one of their parents, usually their father, at some point before they turn 18.

(3) Where families (whether intact or with a parent absent) are living in poverty, a significant factor is the father's lack of job skills.

(4) Committed and responsible fathering during infancy and early childhood contributes to the development of emotional security, curiosity, and math and verbal skills.

(5) An estimated 19,400,000 children (27 percent) live apart from their biological father.

(6) Forty percent of children under age 18 not living with their biological father had not seen their father even once in the last 12 months, according to national survey data.

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

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

(A) Promoting responsible, caring, and effective parenting through counseling, mentoring, and parenting education, dissemination of educational materials and information on parenting skills, encouragement of positive father involvement, including the positive involvement of nonresident fathers, and other methods.

(B) Enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take full advantage of education, job training, and job search programs, to improve work habits and work skills, to secure career advancement by activities such as outreach and information dissemination, coordination, as appropriate, with employment services and job training programs, including the One-Stop delivery system established under title I of the Workforce Investment Act of 1998, encouragement and support of timely payment of current child support and regular payment toward past due child support obligations in appropriate cases, and other methods.

(C) Improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in matters including household management, budgeting, banking, and handling of financial transactions, time management, and home maintenance.

(D) Encouraging and supporting healthy marriages and married fatherhood through such activities as premarital education, including the use of premarital inventories, marriage preparation programs, skills-based marriage education programs, marital therapy, couples counseling, divorce education and reduction programs, divorce mediation and counseling, relationship skills enhancement programs, including those designed to reduce child abuse and domestic violence, and dissemination of information about the benefits of marriage for both parents and children.

(2) Through the projects and activities described in paragraph (1), to improve outcomes for children with respect to measures such as increased family income and economic security, improved school performance, better health, improved emotional and behavioral stability and social adjustment, and reduced risk of delinquency, crime, substance abuse, child abuse and neglect, teen sexual activity, and teen suicide.

(3) To evaluate the effectiveness of various approaches and to disseminate findings concerning outcomes and other information in order to encourage and facilitate the replication of effective approaches to accomplishing these objectives.

SEC. 442. DEFINITIONS.

In this part, the terms "Indian tribe" and "tribal organization" have the meanings given them in subsections (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act.

SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.

(a) IN GENERAL.—The Secretary may make grants for fiscal years 2006 through 2010 to public and nonprofit community entities, including religious organizations, and to Indian tribes and tribal organizations, for demonstration service projects and activities designed to test the effectiveness of various approaches to accomplish the objectives specified in section 441(b)(1).

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

(1) PROJECT DESCRIPTION.—A statement including—

(A) a description of the project and how it will be carried out, including the geographical area to be covered and the number and characteristics of clients to be served, and how it will address each of the 4 objectives specified in section 441(b)(1); and

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

(2) EXPERIENCE AND QUALIFICATIONS.—A demonstration of ability to carry out the project, by means such as demonstration of experience in successfully carrying out projects of similar design and scope, and such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.

(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs under parts A, B, and D of this title, including programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.

(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

(7) SELF-INITIATED EVALUATION.—If the entity elects to contract for independent evaluation of the project (part or all of the cost of which may be paid for using grant funds), a commitment to submit to the Secretary a copy of the evaluation report within 30 days after completion of the report and not more than 1 year after completion of the project.

(8) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including random assignment of clients to service recipient and control groups, if determined by the Secretary to be appropriate, and affording the Secretary access to the project and to project-related records and documents, staff, and clients.

(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE GRANTS.—In order to be eligible for a grant under this section in an amount under $25,000 per fiscal year, an entity shall submit an application to the Secretary containing the following:

(1) PROJECT DESCRIPTION.—A description of the project and how it will be carried out, including the number and characteristics of clients to be served, the proposed duration of the project, and how it will address at least 1 of the 4 objectives specified in section 441(b)(1).

(2) QUALIFICATIONS.—Such information as the Secretary may require as to the capacity of the entity to carry out the project, including any previous experience with similar activities.

(3) COORDINATION WITH RELATED PROGRAMS.—As required by the Secretary in appropriate cases, an undertaking to coordinate and cooperate with State and local entities responsible for specific programs relating to the objectives of the project including, as appropriate, jobs programs and programs serving children and families.

(4) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

(5) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.

(d) CONSIDERATIONS IN AWARDING GRANTS.—

(1) DIVERSITY OF PROJECTS.—In awarding grants under this section, the Secretary shall seek to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban and in rural areas, and entities employing differing methods of achieving the purposes of this section, including working with the State agency responsible for the administration of part D to help fathers satisfy child support arrearage obligations.

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

(e) FEDERAL SHARE.—

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

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

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

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

SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION PROJECTS.

(a) IN GENERAL.—The Secretary may make grants under this section for fiscal years 2006 through 2010 to eligible entities (as specified in subsection (b)) for 2 multicity, multistate projects demonstrating approaches to achieving the objectives specified in section 441(b)(1). One of the projects shall test the use of married couples to deliver program services.

(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section must be a national nonprofit fatherhood promotion organization that meets the following requirements:

(1) EXPERIENCE WITH FATHERHOOD PROGRAMS.—The organization must have substantial experience in designing and successfully conducting programs that meet the purposes described in section 441.

(2) EXPERIENCE WITH MULTICITY, MULTISTATE PROGRAMS AND GOVERNMENT COORDINATION.—The organization must have experience in simultaneously conducting such programs in more than 1 major metropolitan area in more than 1 State and in coordinating such programs, where appropriate, with State and local government agencies and private, nonprofit agencies (including community-based and religious organizations), including State or local agencies responsible for child support enforcement and workforce development.

(c) APPLICATION REQUIREMENTS.—In order to be eligible for a grant under this section, an entity must submit to the Secretary an application that includes the following:

(1) QUALIFICATIONS.—

(A) ELIGIBLE ENTITY.—A demonstration that the entity meets the requirements of subsection (b).

(B) OTHER.—Such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

(2) PROJECT DESCRIPTION.—A description of and commitments concerning the project design, including the following:

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

(i) provide for the project to be conducted in at least 3 major metropolitan areas;

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

(iii) demonstrate that there is a sufficient number of potential clients to allow for the random selection of individuals to participate in the project and for comparisons with appropriate control groups composed of individuals who have not participated in such projects; and

(iv) demonstrate that the project is designed to direct a majority of project resources to activities serving low-income fathers (but the project need not make services available on a means-tested basis).

(B) OVERSIGHT, EVALUATION, AND ADJUSTMENT COMPONENT.—An agreement that the entity—

(i) in consultation with the evaluator selected pursuant to section 445, and as required by the Secretary, will modify the project design, initially and (if necessary) subsequently throughout the duration of the project, in order to facilitate ongoing and final oversight and evaluation of project operation and outcomes (by means including, to the maximum extent feasible,

random assignment of clients to service recipient and control groups), and to provide for mid-course adjustments in project design indicated by interim evaluations;

(ii) will submit to the Secretary revised descriptions of the project design as modified in accordance with clause (i); and

(iii) will cooperate fully with the Secretary's ongoing oversight and ongoing and final evaluation of the project, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.

(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.

(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs funded under parts A, B, and D of this title, programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.

(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits (in addition to those required under the preceding provisions of paragraph (2)) as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

(d) FEDERAL SHARE.—

(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for up to 80 percent of the cost of such project in such fiscal year.

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

SEC. 445. EVALUATION.

(a) IN GENERAL.—The Secretary, directly or by contract or cooperative agreement, shall evaluate the effectiveness of service projects funded under sections 443 and 444 from the standpoint of the purposes specified in section 441(b)(1).

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

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

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

(3) describe and assess, as appropriate, the impact of such projects on marriage, parenting, domestic violence, child abuse and neglect, money management, employment and earnings, payment of child support, and child well-being, health, and education.

(c) EVALUATION REPORTS.—The Secretary shall publish the following reports on the results of the evaluation:

(1) An implementation evaluation report covering the first 24 months of the activities under this part to be completed by 36 months after initiation of such activities.

(2) A final report on the evaluation to be completed by September 30, 2013.

SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.

The Secretary is authorized, by grant, contract, or cooperative agreement, to carry out projects and activities of national significance relating to fatherhood promotion, including—

(1) COLLECTION AND DISSEMINATION OF INFORMATION.—Assisting States, communities, and private entities, including religious organizations, in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, developing, and making available (through the Internet and by other means) to all interested parties information regarding approaches to accomplishing the objectives specified in section 441(b)(1).

(2) MEDIA CAMPAIGN.—Developing, promoting, and distributing to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that promotes and encourages involved, committed, and responsible fatherhood and married fatherhood.

(3) TECHNICAL ASSISTANCE.—Providing technical assistance, including consultation and training, to public and private entities, including community organizations and faith-based organizations, in the implementation of local fatherhood promotion programs.

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

SEC. 447. NONDISCRIMINATION.

The projects and activities assisted under this part shall be available on the same basis to all fathers and expectant fathers able to benefit from such projects and activities, including married and unmarried fathers and custodial and noncustodial fathers, with particular attention to low-income fathers, and to mothers and expectant mothers on the same basis as to fathers.

SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RESERVATION FOR CERTAIN PURPOSE.

(a) AUTHORIZATION.—There are authorized to be appropriated $20,000,000 for each of fiscal years 2006 through 2010 to carry out the provisions of this part.

(b) RESERVATION.—Of the amount appropriated under this section for each fiscal year, not more than 15 percent shall be available for the costs of the multicity, multicounty, multistate demonstration projects under section 444, evaluations under section 445, and projects of national significance under section 446.

PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

* * * * * * *

DUTIES OF THE SECRETARY

SEC. 452. (a) * * *

* * * * * * *

(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to a plan approved under this part during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), *or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater,* which shall be available for use by the Secretary, either directly or through grants, contracts, or interagency agreements, for—

(1) * * *

* * * * * * *

(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding [$5,000] *$2,500*, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

* * * * * * *

(m) COMPARISONS WITH INSURANCE INFORMATION.—

(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, may—

(A) compare information concerning individuals owing past-due support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments, and

(B) furnish information resulting from such a comparison to the State agencies responsible for collecting child support from such individuals.

(2) LIABILITY.—An insurer (including any agent of an insurer) shall not be liable under any Federal or State law to any person for any disclosure provided for under this subsection, or

for any other action taken in good faith in accordance with this subsection.

FEDERAL PARENT LOCATOR SERVICE

SEC. 453. (a) * * *

* * * * * * *

(c) As used in subsection (a), the term "authorized person" means—

(1) any agent or attorney of any State *or of any Indian tribe or tribal organization* having in effect a plan approved under this part, who has the duty or authority under such plans to seek to recover any amounts owed as child and spousal support (including, when authorized under the State plan, any official of a political subdivision);

* * * * * * *

(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

(1) * * *

* * * * * * *

(6) INFORMATION COMPARISONS AND DISCLOSURE FOR ENFORCEMENT OF OBLIGATIONS ON HIGHER EDUCATION ACT LOANS AND GRANTS.—

(A) * * *

* * * * * * *

(F) REIMBURSEMENT OF HHS COSTS.—The Secretary of Education shall reimburse the Secretary, in accordance with subsection (k)(3), for the [additional] costs incurred by the Secretary in furnishing the information requested under this subparagraph.

* * * * * * *

[(7)] *(9)* INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN FEDERAL DEBT COLLECTION.—

(A) * * *

* * * * * * *

(k) FEES.—

(1) * * *

* * * * * * *

(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section *or section 452(m)* shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

* * * * * * *

(o) USE OF SET-ASIDE FUNDS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Govern-

ment pursuant to a plan approved under this part during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), *or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater,* which shall be available for use by the Secretary, either directly or through grants, contracts, or interagency agreements, for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees. Amounts appropriated under this subsection [for each of fiscal years 1997 through 2001] shall remain available until expended.

* * * * * * *

STATE PLAN FOR CHILD AND SPOUSAL SUPPORT

SEC. 454. A State plan for child and spousal support must—

(1) * * *

* * * * * * *

(6) provide that—

(A) * * *

(B)*(i)* an application fee for furnishing such services shall be imposed on an individual, other than an individual receiving assistance under a State program funded under part A or E, or under a State plan approved under title XIX, or who is required by the State to cooperate with the State agency administering the program under this part pursuant to subsection (l) or (m) of section 6 of the Food Stamp Act of 1977, and shall be paid by the individual applying for such services, or recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and shall be considered income to the program), the amount of which [(i)] *(I)* will not exceed $25 (or such higher or lower amount (which shall be uniform for all States) as the Secretary may determine to be appropriate for any fiscal year to reflect increases or decreases in administrative costs), and [(ii)] *(II)* may vary among such individuals on the basis of ability to pay (as determined by the State); *and*

(ii) in the case of an individual who has never received assistance under a State program funded under part A and for whom the State has collected at least $500 of support, the State shall impose an annual fee of $25 for each case in which services are furnished, which shall be retained by the State from support collected on behalf of the individual (but not from the 1st $500 so collected), paid by the individual applying for the services, recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the

plan, and such fees shall be considered income to the program);

* * * * * * *

(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding [$5,000] *$2,500*, under which procedure—

(A) * * *

* * * * * * *

(33) provide that a State [that receives funding pursuant to section 428 and] that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, or enforce support orders, or to enter support orders in accordance with child support guidelines established or adopted by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all collections pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such collections in accordance with such agreement.

* * * * * * *

PAYMENTS TO STATES

SEC. 455. (a)(1) From the sums appropriated therefor, the Secretary shall pay to each State for each quarter an amount—

(A) * * *

* * * * * * *

except that no amount shall be paid to any State on account of amounts expended *from amounts paid to the State under section 458 or* to carry out an agreement which it has entered into pursuant to section 463. In determining the total amounts expended by any State during a quarter, for purposes of this subsection, there shall be excluded an amount equal to the total of any fees collected or other income resulting from services provided under the plan approved under this part.

(2) The percent applicable to quarters in a fiscal year for purposes of paragraph (1)(A) is—

(A) 70 percent for fiscal years 1984, 1985, 1986, and 1987,

(B) 68 percent for fiscal years 1988 and 1989[, and]*;*

(C) 66 percent for [fiscal year 1990 and each fiscal year thereafter.] *fiscal years 1990 through 2006;*

(D) 62 percent for fiscal year 2007;

(E) 58 percent for fiscal year 2008;

(F) 54 percent for fiscal year 2009; and

(G) 50 percent for fiscal year 2010 and each fiscal year thereafter.

* * * * * * *

SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

(a) IN GENERAL.—Subject to subsections (d) and (e), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

(A) pay to the Federal Government the Federal share of the amount so collected *subject to paragraph (7)*; and

* * * * * * *

(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

(A) * * *

(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall, *except as provided in paragraph (8),* distribute the amount so collected as follows:

(i) * * *

* * * * * * *

[(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.**]**

(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).

* * * * * * *

(7) FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.—Notwithstanding paragraph (1), a State shall not be required to pay to the Federal Government the Federal share of an amount collected during a month on behalf of a family that is a recipient of assistance under the State program funded under part A, to the extent that—

(A) the State distributes the amount to the family;

(B) the total of the amounts so distributed to the family during the month—

(i) exceeds the amount (if any) that, as of December 31, 2001, was required under State law to be distributed to a family under paragraph (1)(B); and

(ii) does not exceed the greater of—

(I) $100; or

(II) $50 plus the amount described in clause (i); and

(C) the amount is disregarded in determining the amount and type of assistance provided to the family under the State program funded under part A.

(8) STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.—In lieu of applying paragraph (2) to any family described in paragraph (2), a State may distribute to the family any amount collected during a month on behalf of the family.

(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, assigned to a State as a condition of receiving assistance from the State under part A and in effect on September 30, 1997 (or such earlier date, on or after August 22, 1996, as the State may choose), [shall] *may* remain assigned after such date.

SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

(a) * * *

* * * * * * *

(h) MONEYS SUBJECT TO PROCESS.—

(1) IN GENERAL.—Subject to paragraph (2), moneys payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

(A) consist of—

(i) * * *

(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

(I) * * *

* * * * * * *

(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces [who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation;]*;*

* * * * * * *

(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:

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

(i) for payment of alimony; or

(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.

(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.

COLLECTION OF PAST-DUE SUPPORT FROM FEDERAL TAX REFUNDS

SEC. 464. (a)(1) * * *

(2)(A) Upon receiving notice from a State agency administering a plan approved under this part that a named individual owes past-due support [(as that term is defined for purposes of this paragraph under subsection (c))] which such State has agreed to collect under section 454(4)(A)(ii), and that the State agency has sent notice to such individual in accordance with paragraph (3)(A), the Secretary of the Treasury shall determine whether any amounts, as refunds of Federal taxes paid, are payable to such individual (regardless of whether such individual filed a tax return as a married or unmarried individual). If the Secretary of the Treasury finds that any such amount is payable, he shall withhold from such refunds an amount equal to such past-due support, and shall concurrently send notice to such individual that the withholding has been made, including in or with such notice a notification to any other person who may have filed a joint return with such individual of the steps which such other person may take in order to secure his or her proper share of the refund. The Secretary of the Treasury shall pay the amount withheld to the State agency, and the State shall pay to the Secretary of the Treasury any fee imposed by the Secretary of the Treasury to cover the costs of the withholding and any required notification. The State agency shall, subject to paragraph (3)(B), distribute such amount to or on behalf of the child to whom the support was owed in accordance with section 457. This subsection may be executed by the Secretary of the Department of the Treasury or his designee.

* * * * * * *

(c)[(1) Except as provided in paragraph (2), as used in] *In* this part the term "past-due support" means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child *(whether or not a minor)*, or of a child *(whether or not a minor)* and the parent with whom the child is living.

[(2) For purposes of subsection (a)(2), the term "past-due support" means only past-due support owed to or on behalf of a qualified child (or a qualified child and the parent with whom the child is living if the same support order includes support for the child and the parent).

[(3) For purposes of paragraph (2), the term "qualified child" means a child—

[(A) who is a minor; or

[(B)(i) who, while a minor, was determined to be disabled under title II or XVI; and

[(ii) for whom an order of support is in force.]

* * * * * * *

REQUIREMENT OF STATUTORILY PRESCRIBED PROCEDURES TO IMPROVE EFFECTIVENESS OF CHILD SUPPORT ENFORCEMENT

SEC. 466. (a) In order to satisfy section 454(20)(A), each State must have in effect laws requiring the use of the following procedures, consistent with this section and with regulations of the Sec-

retary, to increase the effectiveness of the program which the State administers under this part:

(1) * * *

* * * * * * *

(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—

(A) 3-YEAR CYCLE.—

(i) IN GENERAL.—Procedures under which every 3 years (or such shorter cycle as the State may determine), upon the request of either [parent, or,] *parent or* if there is an assignment under part A, [upon the request of the State agency under the State plan or of either parent,] the State shall with respect to a support order being enforced under this part, taking into account the best interests of the child involved—

(I) * * *

* * * * * * *

(14) HIGH-VOLUME, AUTOMATED ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—

(A) IN GENERAL.—Procedures under which—

(i) * * *

* * * * * * *

(iii) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State *(but the assisting State may establish a corresponding case based on such other State's request for assistance)*; and

* * * * * * *

PART E—FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

PURPOSE: APPROPRIATION

SEC. 470. For the purpose of enabling each State to provide, in appropriate cases, foster care and transitional independent living programs for children who otherwise would have been eligible for assistance under the State's plan approved under part A (as such plan was in effect on [June 1, 1995] *July 16, 1996*) and adoption assistance for children with special needs, there are authorized to be appropriated for each fiscal year (commencing with the fiscal year which begins October 1, 1980) such sums as may be necessary to carry out the provisions of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans under this part.

* * * * * * *

FOSTER CARE MAINTENANCE PAYMENTS PROGRAM

SEC. 472. [(a) Each State with a plan approved under this part shall make foster care maintenance payments (as defined in section

475(4)) under this part with respect to a child who would have met the requirements of section 406(a) or of section 407 (as such sections were in effect on July 16, 1996) but for his removal from the home of a relative (specified in section 406(a)), if—

[(1) the removal from the home occurred pursuant to a voluntary placement agreement entered into by the child's parent or legal guardian, or was the result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child and (effective October 1, 1983) that reasonable efforts of the type described in section 471(a)(15) for a child have been made;

[(2) such child's placement and care are the responsibility of (A) the State agency administering the State plan approved under section 471, or (B) any other public agency with whom the State agency administering or supervising the administration of the State plan approved under section 471 has made an agreement which is still in effect;

[(3) such child has been placed in a foster family home or child-care institution as a result of the voluntary placement agreement or judicial determination referred to in paragraph (1); and

[(4) such child—

[(A) would have received aid under the State plan approved under section 402 (as in effect on July 16, 1996) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated, or

[(B)(i) would have received such aid in or for such month if application had been made therefor, or (ii) had been living with a relative specified in section 406(a) (as in effect on July 16, 1996) within six months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made.

In any case where the child is an alien disqualified under section 245A(h), 210(f), or 210A(d)(7) of the Immigration and Nationality Act from receiving aid under the State plan approved under section 402 in or for the month in which such agreement was entered into or court proceedings leading to the removal of the child from the home were instituted, such child shall be considered to satisfy the requirements of paragraph (4) (and the corresponding requirements of section 473(a)(2)(B)), with respect to that month, if he or she would have satisfied such requirements but for such disqualification. In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than $10,000 shall be considered to be a child whose resources have a combined value of not more than $1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B)).]

(a) IN GENERAL.—

(1) ELIGIBILITY.—Each State with a plan approved under this part shall make foster care maintenance payments on behalf of each child who has been removed from the home of a relative specified in section 406(a) (as in effect on July 16, 1996) into foster care if—

(A) the removal and foster care placement met, and the placement continues to meet, the requirements of paragraph (2); and

(B) the child, while in the home, would have met the AFDC eligibility requirement of paragraph (3).

(2) REMOVAL AND FOSTER CARE PLACEMENT REQUIREMENTS.—The removal and foster care placement of a child meet the requirements of this paragraph if—

(A) the removal and foster care placement are in accordance with—

(i) a voluntary placement agreement entered into by a parent or legal guardian of the child who is the relative referred to in paragraph (1); or

(ii) a judicial determination to the effect that continuation in the home from which removed would be contrary to the welfare of the child and that reasonable efforts of the type described in section 471(a)(15) for a child have been made;

(B) the child's placement and care are the responsibility of—

(i) the State agency administering the State plan approved under section 471; or

(ii) any other public agency with which the State agency administering or supervising the administration of the State plan has made an agreement which is in effect; and

(C) the child has been placed in a foster family home or child-care institution.

(3) AFDC ELIGIBILITY REQUIREMENT.—

(A) IN GENERAL.—A child in the home referred to in paragraph (1) would have met the AFDC eligibility requirement of this paragraph if the child—

(i) would have received aid under the State plan approved under section 402 (as in effect on July 16, 1996) in the home, in or for the month in which the agreement was entered into or court proceedings leading to the determination referred to in paragraph (2)(A)(ii) of this subsection were initiated; or

(ii)(I) would have received the aid in the home, in or for the month referred to in clause (i), if application had been made therefor; or

(II) had been living in the home within 6 months before the month in which the agreement was entered into or the proceedings were initiated, and would have received the aid in or for such month, if, in such month, the child had been living in the home with the relative referred to in paragraph (1) and application for the aid had been made.

(B) RESOURCES DETERMINATION.—For purposes of subparagraph (A), in determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than $10,000 shall be considered a child whose resources have a combined value of not more than $1,000 (or such lower amount as the State may determine for purposes of section 402(a)(7)(B)).

(4) ELIGIBILITY OF CERTAIN ALIEN CHILDREN.—Subject to title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, if the child is an alien disqualified under section 245A(h) or 210(f) of the Immigration and Nationality Act from receiving aid under the State plan approved under section 402 in or for the month in which the agreement described in paragraph (2)(A)(i) was entered into or court proceedings leading to the determination described in paragraph (2)(A)(ii) were initiated, the child shall be considered to satisfy the requirements of paragraph (3), with respect to the month, if the child would have satisfied the requirements but for the disqualification.

* * * * * * *

(i) ADMINISTRATIVE COSTS ASSOCIATED WITH OTHERWISE ELIGIBLE CHILDREN NOT IN LICENSED FOSTER CARE SETTINGS.—Expenditures by a State that would be considered administrative expenditures for purposes of section 474(a)(3) if made with respect to a child who was residing in a foster family home or child-care institution shall be so considered with respect to a child not residing in such a home or institution—

(1) in the case of a child who has been removed in accordance with subsection (a) of this section from the home of a relative specified in section 406(a) (as in effect on July 16, 1996), only for expenditures—

(A) with respect to a period of not more than the lesser of 12 months or the average length of time it takes for the State to license or approve a home as a foster home, in which the child is in the home of a relative and an application is pending for licensing or approval of the home as a foster family home; or

(B) with respect to a period of not more than 1 calendar month when a child moves from a facility not eligible for payments under this part into a foster family home or child care institution licensed or approved by the State; and

(2) in the case of any other child who is potentially eligible for benefits under a State plan approved under this part and at imminent risk of removal from the home, only if—

(A) reasonable efforts are being made in accordance with section 471(a)(15) to prevent the need for, or if necessary to pursue, removal of the child from the home; and

(B) the State agency has made, not less often than every 6 months, a determination (or redetermination) as to whether the child remains at imminent risk of removal from the home.

ADOPTION ASSISTANCE PROGRAM

SEC. 473. (a)(1) * * *

[(2) For purposes of paragraph (1)(B)(ii), a child meets the requirements of this paragraph if such child—

[(A)(i) at the time adoption proceedings were initiated, met the requirements of section 406(a) or section 407 (as such sections were in effect on July 16, 1996) or would have met such requirements except for his removal from the home of a relative (specified in section 406(a) (as so in effect)), either pursuant to a voluntary placement agreement with respect to which Federal payments are provided under section 474 (or 403 (as such section was in effect on July 16, 1996)) or as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child,

[(ii) meets all of the requirements of title XVI with respect to eligibility for supplemental security income benefits, or

[(iii) is a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent as provided in section 475(4)(B),

[(B)(i) would have received aid under the State plan approved under section 402 (as in effect on July 16, 1996) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated, or

[(ii)(I) would have received such aid in or for such month if application had been made therefor, or (II) had been living with a relative specified in section 406(a) (as in effect on July 16, 1996) within six months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made, or

[(iii) is a child described in subparagraph (A)(ii) or (A)(iii), and

[(C) has been determined by the State, pursuant to subsection (c) of this section, to be a child with special needs.

The last sentence of section 472(a) shall apply, for purposes of subparagraph (B), in any case where the child is an alien described in that sentence. Any child who meets the requirements of subparagraph (C), who was determined eligible for adoption assistance payments under this part with respect to a prior adoption, who is available for adoption because the prior adoption has been dissolved and the parental rights of the adoptive parents have been terminated or because the child's adoptive parents have died, and who fails to meet the requirements of subparagraphs (A) and (B) but would meet such requirements if the child were treated as if the child were in the same financial and other circumstances the child was in the last time the child was determined eligible for adoption assistance payments under this part and the prior adoption were treated as never having occurred, shall be treated as meeting the requirements of this paragraph for purposes of paragraph (1)(B)(ii).]

(2)(A) For purposes of paragraph (1)(B)(ii), a child meets the requirements of this paragraph if the child—

(i)(I)(aa) was removed from the home of a relative specified in section 406(a) (as in effect on July 16, 1996) and placed in foster care in accordance with a voluntary placement agreement with respect to which Federal payments are provided under section 474 (or section 403, as such section was in effect on July 16, 1996), or in accordance with a judicial determination to the effect that continuation in the home would be contrary to the welfare of the child; and

(bb) met the requirements of section 472(a)(3) with respect to the home referred to in item (aa) of this subclause;

(II) meets all of the requirements of title XVI with respect to eligibility for supplemental security income benefits; or

(III) is a child whose costs in a foster family home or childcare institution are covered by the foster care maintenance payments being made with respect to the minor parent of the child as provided in section 475(4)(B); and

(ii) has been determined by the State, pursuant to subsection (c) of this section, to be a child with special needs.

(B) Section 472(a)(4) shall apply for purposes of subparagraph (A) of this paragraph, in any case in which the child is an alien described in such section.

(C) A child shall be treated as meeting the requirements of this paragraph for the purpose of paragraph (1)(B)(ii) if the child—

(i) meets the requirements of subparagraph (A)(ii);

(ii) was determined eligible for adoption assistance payments under this part with respect to a prior adoption;

(iii) is available for adoption because—

(I) the prior adoption has been dissolved, and the parental rights of the adoptive parents have been terminated; or

(II) the child's adoptive parents have died; and

(iv) fails to meet the requirements of subparagraph (A) but would meet such requirements if—

(I) the child were treated as if the child were in the same financial and other circumstances the child was in the last time the child was determined eligible for adoption assistance payments under this part; and

(II) the prior adoption were treated as never having occurred.

* * * * * * *

PAYMENTS TO STATES; ALLOTMENTS TO STATES

SEC. 474. (a) For each quarter beginning after September 30, 1980, each State which has a plan approved under this part shall be entitled to a payment equal to the sum of—

(1) * * *

* * * * * * *

(3) *subject to section 472(i)* an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary for the provi-

sion of child placement services and for the proper and efficient administration of the State plan—

(A) * * *

* * * * * * *

TITLE XI—GENERAL PROVISIONS, PEER REVIEW, AND ADMINISTRATIVE SIMPLIFICATION

* * * * * * *

PART A—GENERAL PROVISIONS

* * * * * * *

SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS.

(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—

(1) * * *

(2) CERTAIN PAYMENTS DISREGARDED.—Paragraph (1) of this subsection shall be applied without regard to any payment made under section 403(a)(2), 403(a)(4), 403(a)(5), [406,] or 413(f).

(b) ENTITLEMENT TO MATCHING GRANT.—

(1) * * *

(2) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years [1997 through 2003] *2006 through 2010*, such sums as are necessary for grants under this paragraph.

* * * * * * *

DEMONSTRATION PROJECTS

SEC. 1130. (a) AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.—

(1) * * *

(2) LIMITATION.—The Secretary may authorize [not more than 10] demonstration projects under paragraph (1) in each of fiscal years 1998 through [2003] *2010*.

(b) WAIVER AUTHORITY.—The Secretary may waive compliance with any requirement of part B or E of title IV which (if applied) would prevent a State from carrying out a demonstration project under this section or prevent the State from effectively achieving the purpose of such a project, except that the Secretary may not waive—

(1) any provision of section 427 (as in effect before April 1, 1996), section [422(b)(9)] *422(b)(10)* (as in effect after such date), or section 479; or

* * * * * * *

(h) NO LIMIT ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR DEMONSTRATION PROJECTS.—The Secretary shall not refuse to grant a waiver to a State under this section on the grounds that a purpose of the waiver or of the demonstration project for which the waiver is necessary

would be the same as or similar to a purpose of another waiver or project that is or may be conducted under this section.

(i) NO LIMIT ON NUMBER OF WAIVERS GRANTED TO, OR DEMONSTRATION PROJECTS THAT MAY BE CONDUCTED BY, A SINGLE STATE.—The Secretary shall not impose any limit on the number of waivers that may be granted to a State, or the number of demonstration projects that a State may be authorized to conduct, under this section.

(j) STREAMLINED PROCESS FOR CONSIDERATION OF AMENDMENTS AND EXTENSIONS.—The Secretary shall develop a streamlined process for consideration of amendments and extensions proposed by States to demonstration projects conducted under this section.

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

* * * * * * *

TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

* * * * * * *

PART B—PROCEDURAL AND GENERAL PROVISIONS

PAYMENTS AND PROCEDURES

Payment of Benefits

SEC. 1631. (a)(1) * * *

* * * * * * *

(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g) and payment of attorney fees under subsection (d)(2)(B)) equals or exceeds the product of—

(i) [12] *3*, and

* * * * * * *

ADMINISTRATION

SEC. 1633. (a) * * *

* * * * * * *

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

(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2006;

(ii) at least 40 percent of all such determinations that are made in fiscal year 2007; and

(iii) at least 50 percent of all such determinations that are made in fiscal year 2008 or thereafter.

(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

* * * * * * *

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Sec. 101. Findings.

* * * * * * *

Sec. 117. Fatherhood program.

* * * * * * *

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

* * * * * * *

SEC. 117. FATHERHOOD PROGRAM.

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

"PART C—FATHERHOOD PROGRAM

"SEC. 441. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds that there is substantial evidence strongly indicating the urgent need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children, including data demonstrating the following:

"(1) In approximately 84 percent of cases where a parent is absent, that parent is the father.

"(2) If current trends continue, half of all children born today will live apart from one of their parents, usually their father, at some point before they turn 18.

"(3) Where families (whether intact or with a parent absent) are living in poverty, a significant factor is the father's lack of job skills.

"(4) Committed and responsible fathering during infancy and early childhood contributes to the development of emotional security, curiosity, and math and verbal skills.

"(5) An estimated 19,400,000 children (27 percent) live apart from their biological father.

"(6) Forty percent of children under age 18 not living with their biological father had not seen their father even once in the last 12 months, according to national survey data.

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

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

"(A) Promoting responsible, caring, and effective parenting through counseling, mentoring, and parenting education, dissemination of educational materials and information on parenting skills, encouragement of positive father involvement, including the positive involvement of nonresident fathers, and other methods.

"(B) Enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take full advantage of education, job training, and job search programs, to improve work habits and work skills, to secure career advancement by activities such as outreach and information dissemination, coordination, as appropriate, with employment services and job training programs, including the One-Stop delivery system established under title I of the Workforce Investment Act of 1998, encouragement and support of timely payment of current child support and regular payment toward past due child support obligations in appropriate cases, and other methods.

"(C) Improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in matters including household management, budgeting, banking, and handling of financial transactions, time management, and home maintenance.

"(D) Encouraging and supporting healthy marriages and married fatherhood through such activities as premarital education, including the use of premarital inventories, marriage preparation programs, skills-based marriage education programs, marital therapy, couples counseling, divorce education and reduction programs, divorce mediation and counseling, relationship skills enhancement programs, including those designed to reduce child abuse and domestic violence, and dissemination of information about the benefits of marriage for both parents and children.

"(2) Through the projects and activities described in paragraph (1), to improve outcomes for children with respect to measures such as increased family income and economic security, improved school performance, better health, improved emotional and behavioral stability and social adjustment, and re-

duced risk of delinquency, crime, substance abuse, child abuse and neglect, teen sexual activity, and teen suicide.

"(3) To evaluate the effectiveness of various approaches and to disseminate findings concerning outcomes and other information in order to encourage and facilitate the replication of effective approaches to accomplishing these objectives.

"SEC. 442. DEFINITIONS.

"In this part, the terms 'Indian tribe' and 'tribal organization' have the meanings given them in subsections (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act.

"SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.

"(a) IN GENERAL.—The Secretary may make grants for fiscal years 2006 through 2010 to public and nonprofit community entities, including religious organizations, and to Indian tribes and tribal organizations, for demonstration service projects and activities designed to test the effectiveness of various approaches to accomplish the objectives specified in section 441(b)(1).

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

"(1) PROJECT DESCRIPTION.—A statement including—

"(A) a description of the project and how it will be carried out, including the geographical area to be covered and the number and characteristics of clients to be served, and how it will address each of the 4 objectives specified in section 441(b)(1); and

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

"(2) EXPERIENCE AND QUALIFICATIONS.—A demonstration of ability to carry out the project, by means such as demonstration of experience in successfully carrying out projects of similar design and scope, and such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

"(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

"(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordi-

nate with providers of services addressing such problems, as appropriate.

"(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs under parts A, B, and D of this title, including programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.

"(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

"(7) SELF-INITIATED EVALUATION.—If the entity elects to contract for independent evaluation of the project (part or all of the cost of which may be paid for using grant funds), a commitment to submit to the Secretary a copy of the evaluation report within 30 days after completion of the report and not more than 1 year after completion of the project.

"(8) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including random assignment of clients to service recipient and control groups, if determined by the Secretary to be appropriate, and affording the Secretary access to the project and to project-related records and documents, staff, and clients.

"(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE GRANTS.—In order to be eligible for a grant under this section in an amount under $25,000 per fiscal year, an entity shall submit an application to the Secretary containing the following:

"(1) PROJECT DESCRIPTION.—A description of the project and how it will be carried out, including the number and characteristics of clients to be served, the proposed duration of the project, and how it will address at least 1 of the 4 objectives specified in section 441(b)(1).

"(2) QUALIFICATIONS.—Such information as the Secretary may require as to the capacity of the entity to carry out the project, including any previous experience with similar activities.

"(3) COORDINATION WITH RELATED PROGRAMS.—As required by the Secretary in appropriate cases, an undertaking to coordinate and cooperate with State and local entities responsible for specific programs relating to the objectives of the project including, as appropriate, jobs programs and programs serving children and families.

"(4) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

"(5) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.

"(d) CONSIDERATIONS IN AWARDING GRANTS.—

"(1) DIVERSITY OF PROJECTS.—In awarding grants under this section, the Secretary shall seek to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban and in rural areas, and entities employing differing methods of achieving the purposes of this section, including working with the State agency responsible for the administration of part D to help fathers satisfy child support arrearage obligations.

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

"(e) FEDERAL SHARE.—

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

"(A) up to 80 percent (or up to 90 percent, if the entity demonstrates to the Secretary's satisfaction circumstances limiting the entity's ability to secure non-Federal resources) in the case of a project under subsection (b); and

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

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

"SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION PROJECTS.

"(a) IN GENERAL.—The Secretary may make grants under this section for fiscal years 2006 through 2010 to eligible entities (as specified in subsection (b)) for 2 multicity, multistate projects demonstrating approaches to achieving the objectives specified in section 441(b)(1). One of the projects shall test the use of married couples to deliver program services.

"(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section must be a national nonprofit fatherhood promotion organization that meets the following requirements:

"(1) EXPERIENCE WITH FATHERHOOD PROGRAMS.—The organization must have substantial experience in designing and successfully conducting programs that meet the purposes described in section 441.

"(2) EXPERIENCE WITH MULTICITY, MULTISTATE PROGRAMS AND GOVERNMENT COORDINATION.—The organization must have experience in simultaneously conducting such programs in more than 1 major metropolitan area in more than 1 State and in coordinating such programs, where appropriate, with State and local government agencies and private, nonprofit agencies (including community-based and religious organizations), including State or local agencies responsible for child support enforcement and workforce development.

"(c) APPLICATION REQUIREMENTS.—In order to be eligible for a grant under this section, an entity must submit to the Secretary an application that includes the following:

"(1) QUALIFICATIONS.—

"(A) ELIGIBLE ENTITY.—A demonstration that the entity meets the requirements of subsection (b).

"(B) OTHER.—Such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

"(2) PROJECT DESCRIPTION.—A description of and commitments concerning the project design, including the following:

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

"(i) provide for the project to be conducted in at least 3 major metropolitan areas;

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

"(iii) demonstrate that there is a sufficient number of potential clients to allow for the random selection of individuals to participate in the project and for comparisons with appropriate control groups composed of individuals who have not participated in such projects; and

"(iv) demonstrate that the project is designed to direct a majority of project resources to activities serving low-income fathers (but the project need not make services available on a means-tested basis).

"(B) OVERSIGHT, EVALUATION, AND ADJUSTMENT COMPONENT.—An agreement that the entity—

"(i) in consultation with the evaluator selected pursuant to section 445, and as required by the Secretary, will modify the project design, initially and (if necessary) subsequently throughout the duration of the project, in order to facilitate ongoing and final oversight and evaluation of project operation and outcomes (by means including, to the maximum extent feasible, random assignment of clients to service recipient and control groups), and to provide for mid-course adjustments in project design indicated by interim evaluations;

"(ii) will submit to the Secretary revised descriptions of the project design as modified in accordance with clause (i); and

"(iii) will cooperate fully with the Secretary's ongoing oversight and ongoing and final evaluation of the project, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.

"(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

"(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available

to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.

"(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs funded under parts A, B, and D of this title, programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.

"(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits (in addition to those required under the preceding provisions of paragraph (2)) as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

"(d) FEDERAL SHARE.—

"(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for up to 80 percent of the cost of such project in such fiscal year.

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

"SEC. 445. EVALUATION.

"(a) IN GENERAL.—The Secretary, directly or by contract or cooperative agreement, shall evaluate the effectiveness of service projects funded under sections 443 and 444 from the standpoint of the purposes specified in section 441(b)(1).

"(b) EVALUATION METHODOLOGY.—Evaluations under this section shall—

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

"(2) describe and measure the effectiveness of the projects in achieving their specific project goals; and

"(3) describe and assess, as appropriate, the impact of such projects on marriage, parenting, domestic violence, child abuse and neglect, money management, employment and earnings, payment of child support, and child well-being, health, and education.

"(c) EVALUATION REPORTS.—The Secretary shall publish the following reports on the results of the evaluation:

"(1) An implementation evaluation report covering the first 24 months of the activities under this part to be completed by 36 months after initiation of such activities.

"(2) A final report on the evaluation to be completed by September 30, 2013.

"SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.

"The Secretary is authorized, by grant, contract, or cooperative agreement, to carry out projects and activities of national significance relating to fatherhood promotion, including—

"(1) COLLECTION AND DISSEMINATION OF INFORMATION.—Assisting States, communities, and private entities, including religious organizations, in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, developing, and making available (through the Internet and by other means) to all interested parties information regarding approaches to accomplishing the objectives specified in section 441(b)(1).

"(2) MEDIA CAMPAIGN.—Developing, promoting, and distributing to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that promotes and encourages involved, committed, and responsible fatherhood and married fatherhood.

"(3) TECHNICAL ASSISTANCE.—Providing technical assistance, including consultation and training, to public and private entities, including community organizations and faith-based organizations, in the implementation of local fatherhood promotion programs.

"(4) RESEARCH.—Conducting research related to the purposes of this part.

"SEC. 447. NONDISCRIMINATION.

"The projects and activities assisted under this part shall be available on the same basis to all fathers and expectant fathers able to benefit from such projects and activities, including married and unmarried fathers and custodial and noncustodial fathers, with particular attention to low-income fathers, and to mothers and expectant mothers on the same basis as to fathers.

"SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RESERVATION FOR CERTAIN PURPOSE.

"(a) AUTHORIZATION.—There are authorized to be appropriated $20,000,000 for each of fiscal years 2006 through 2010 to carry out the provisions of this part.

"(b) RESERVATION.—Of the amount appropriated under this section for each fiscal year, not more than 15 percent shall be available for the costs of the multicity, multicounty, multistate demonstration projects under section 444, evaluations under section 445, and projects of national significance under section 446.".

(b) INAPPLICABILITY OF EFFECTIVE DATE PROVISIONS.—Section 116 shall not apply to the amendment made by subsection (a) of this section.

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TARIFF ACT OF 1930

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TITLE VII—COUNTERVAILING AND ANTIDUMPING DUTIES

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Subtitle C—Reviews; Other Actions Regarding Agreements

Chapter 1—REVIEW OF AMOUNT OF DUTY AND AGREEMENTS OTHER THAN QUANTITATIVE RESTRICTION AGREEMENTS

Sec. 751. Administrative review of determinations.

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[Sec. 754. Continued dumping and subsidy offset.]

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Subtitle C—Reviews; Other Actions Regarding Agreements

CHAPTER 1—REVIEW OF AMOUNT OF DUTY AND AGREEMENTS OTHER THAN QUANTITATIVE RESTRICTION AGREEMENTS

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[SEC. 754. CONTINUED DUMPING AND SUBSIDY OFFSET.

[(a) IN GENERAL.—Duties assessed pursuant to a countervailing duty order, an antidumping duty order, or a finding under the Antidumping Act of 1921 shall be distributed on an annual basis under this section to the affected domestic producers for qualifying expenditures. Such distribution shall be known as the "continued dumping and subsidy offset".

[(b) DEFINITIONS.—As used in this section:

[(1) AFFECTED DOMESTIC PRODUCER.—The term "affected domestic producer" means any manufacturer, producer, farmer, rancher, or worker representative (including associations of such persons) that—

[(A) was a petitioner or interested party in support of the petition with respect to which an antidumping duty order, a finding under the Antidumping Act of 1921, or a countervailing duty order has been entered, and

[(B) remains in operation.

Companies, businesses, or persons that have ceased the production of the product covered by the order or finding or who have been acquired by a company or business that is related to a company that opposed the investigation shall not be an affected domestic producer.

[(2) COMMISSIONER.—The term "Commissioner" means the Commissioner of Customs.

[(3) COMMISSION.—The term "Commission" means the United States International Trade Commission.

[(4) QUALIFYING EXPENDITURE.—The term "qualifying expenditure" means an expenditure incurred after the issuance of the antidumping duty finding or order or countervailing duty order in any of the following categories:

[(A) Manufacturing facilities.

[(B) Equipment.

[(C) Research and development.

[(D) Personnel training.

[(E) Acquisition of technology.

[(F) Health care benefits to employees paid for by the employer.

[(G) Pension benefits to employees paid for by the employer.

[(H) Environmental equipment, training, or technology.

[(I) Acquisition of raw materials and other inputs.

[(J) Working capital or other funds needed to maintain production.

[(5) RELATED TO.—A company, business, or person shall be considered to be "related to" another company, business, or person if—

[(A) the company, business, or person directly or indirectly controls or is controlled by the other company, business, or person,

[(B) a third party directly or indirectly controls both companies, businesses, or persons,

[(C) both companies, businesses, or persons directly or indirectly control a third party and there is reason to believe that the relationship causes the first company, business, or persons to act differently than a nonrelated party.

For purposes of this paragraph, a party shall be considered to directly or indirectly control another party if the party is legally or operationally in a position to exercise restraint or direction over the other party.

[(c) DISTRIBUTION PROCEDURES.—The Commissioner shall prescribe procedures for distribution of the continued dumping or subsidies offset required by this section. Such distribution shall be made not later than 60 days after the first day of a fiscal year from duties assessed during the preceding fiscal year.

[(d) PARTIES ELIGIBLE FOR DISTRIBUTION OF ANTIDUMPING AND COUNTERVAILING DUTIES ASSESSED.—

[(1) LIST OF AFFECTED DOMESTIC PRODUCERS.—The Commission shall forward to the Commissioner within 60 days after the effective date of this section in the case of orders or findings in effect on January 1, 1999, or thereafter, or in any other case, within 60 days after the date an antidumping or countervailing duty order or finding is issued, a list of petitioners and persons with respect to each order and finding and a list of persons that indicate support of the petition by letter or through questionnaire response. In those cases in which a determination of injury was not required or the Commission's records do not permit an identification of those in support of a petition, the Commission shall consult with the administering authority to determine the identity of the petitioner and those domestic parties who have entered appearances during administrative reviews conducted by the administering authority under section 751.

[(2) PUBLICATION OF LIST; CERTIFICATION.—The Commissioner shall publish in the Federal Register at least 30 days before the distribution of a continued dumping and subsidy offset, a notice of intention to distribute the offset and the list of affected domestic producers potentially eligible for the distribution based on the list obtained from the Commission under

paragraph (1). The Commissioner shall request a certification from each potentially eligible affected domestic producer—

[(A) that the producer desires to receive a distribution;

[(B) that the producer is eligible to receive the distribution as an affected domestic producer; and

[(C) the qualifying expenditures incurred by the producer since the issuance of the order or finding for which distribution under this section has not previously been made.

[(3) DISTRIBUTION OF FUNDS.—The Commissioner shall distribute all funds (including all interest earned on the funds) from assessed duties received in the preceding fiscal year to affected domestic producers based on the certifications described in paragraph (2). The distributions shall be made on a pro rata basis based on new and remaining qualifying expenditures.

[(e) SPECIAL ACCOUNTS.—

[(1) ESTABLISHMENTS.—Within 14 days after the effective date of this section, with respect to antidumping duty orders and findings and countervailing duty orders notified under subsection (d)(1), and within 14 days after the date an antidumping duty order or finding or countervailing duty order issued after the effective date takes effect, the Commissioner shall establish in the Treasury of the United States a special account with respect to each such order or finding.

[(2) DEPOSITS INTO ACCOUNTS.—The Commissioner shall deposit into the special accounts, all antidumping or countervailing duties (including interest earned on such duties) that are assessed after the effective date of this section under the antidumping order or finding or the countervailing duty order with respect to which the account was established.

[(3) TIME AND MANNER OF DISTRIBUTIONS.—Consistent with the requirements of subsections (c) and (d), the Commissioner shall by regulation prescribe the time and manner in which distribution of the funds in a special account shall be made.

[(4) TERMINATION.—A special account shall terminate after—

[(A) the order or finding with respect to which the account was established has terminated;

[(B) all entries relating to the order or finding are liquidated and duties assessed collected;

[(C) the Commissioner has provided notice and a final opportunity to obtain distribution pursuant to subsection (c); and

[(D) 90 days has elapsed from the date of the notice described in subparagraph (C).

Amounts not claimed within 90 days of the date of the notice described in subparagraph (C), shall be deposited into the general fund of the Treasury.]

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Dissenting Views of the Democratic Members on the Committee on Ways and Means Entitlement Reconciliation Recommendations for Fiscal Year 2006

We strongly oppose the Republican budget reconciliation legislation brought before the Committee because it takes America in the wrong direction. The measure cuts assistance to families and children to finance additional tax breaks for the wealthy. Furthermore, as part of a two-step process (which includes a second bill on taxes), this legislation will drive our nation even deeper into debt, drowning future generations in an ever-growing sea of red ink.

We believe there is a better way. First, we need to revisit the endless stream of tax cuts going to those with incomes in excess of $200,000 a year. Studies have shown that it has been the tax cuts, not programs serving the neediest of families, that are most responsible for the deterioration in the budget outlook, and these tax cuts have produced little economic bang for the buck.

Second, on the spending side, there are a host of options to which the Committee could have turned to raise funds without targeting nation's underprivileged. For example, an amendment offered by Representatives Stark and Emanuel would have replaced the Republican bill with a proposal to eliminate billions of dollars of waste and corporate welfare. This amendment would have reduced overall federal spending more than the Republican bill without shredding the social safety net for America's families. In addition, the Democratic amendment would have increased resources to help working families find quality child care.

The amendment accomplished this by reforming payments to HMOs and other private plans under the Medicare Advantage program. Under current Medicare law, as amended by the Medicare Modernization Act of 2003, private plans are paid, on average, approximately115 percent of the cost of traditional Medicare. This increased spending depletes the Medicare Part A Trust Fund and raises Medicare Part B premiums for all beneficiaries. The amendment would eliminate these overpayments. While plans would no longer be overpaid, neither would they be paid less than fee-for-service. Specifically, the amendment would save at least $20 billion over five years by:

- Repealing the Preferred Provider Organization slush fund that starts in 2007;
- Codifying the Administration's proposal to collect savings that result from reducing HMO payments to reflect the relative health of their enrollees;
- Basing payments to HMOs and other private plans on fee-for-service rates in the same area; and
- Eliminating the phony, unjustified medical education payment given to HMOs and other private plans in the Medicare Modernization Act of 2003.

These policies reflect MedPAC recommendations. Two of them were included in the Senate Finance Committee's Reconciliation package that was reported out by Republicans just yesterday. They are sound policy, and deserve consideration.

Another amendment offered by Representative Cardin would have provided a temporary one percent Medicare payment increase to physicians, and protected beneficiary premiums from rising as a result of the increased physician fees.

Despite the fact that nearly the entire spectrum of spending programs within the Committee's jurisdiction was in the Chairman's bill, and despite that Medicare changes will obviously be discussed in any potential conference with the Senate, the Chair prohibited votes on the substance of these amendments. This deprived Members of an opportunity to express themselves on important Medicare issues that are likely to be discussed in any conference. It also clearly established that those supporting the Chairman prefer to protect insurance companies and target programs that predominantly serve low-income and vulnerable populations.

We find the Republican bill's impact on families and children particularly troubling. The legislation rehashes past, ill-conceived proposals from the majority on reauthorizing the Temporary Assistance for Needy Families (TANF) program. This GOP TANF bill has been roundly criticized by Governors, Mayors, poverty experts and religious leaders. We have articulated our many concerns about these policy provisions over the past four years, so we will not reiterate them here except to say that this version of the bill is even worse because it cuts $1 billion in funding for child care and TANF compared to past versions of the majority's proposal.

Beyond the proposed changes in TANF policies, the following represent our primary concerns about the Republican bill's impact on families and children.

- CUTS IN CHILD SUPPORT – The Republican bill undermines the Federal commitment to collecting child support, which will reduce the amount of support ultimately sent to families. The bill would reduce Federal funding for child support enforcement by nearly 40% by 2010. *The Congressional Budget Office estimates this will reduce collections being sent to families by $21.3 billion over the next 10 years.* Republicans are proposing to slash funding for child support enforcement despite the fact that President Bush's budget cites the program as "effective" and "one of the highest rated block/formula grants of all reviewed programs government-wide." We see no wisdom in cutting child support payments to families, reducing our commitment to ensuring parental responsibility and sticking the States with a huge financial burden. It is therefore extremely unfortunate that the majority defeated an amendment by Representatives Levin and Pomeroy to reject these cuts.

- CUTS IN CHILD CARE ASSISTANCE – By not allowing child care funding to maintain pace with inflation, the bill will reduce the number of children receiving child care assistance by over 100,000 within five years. This reduction would occur at the same time the Republican bill proposes to dramatically increase work requirements for welfare recipients, which will require much more child care, not less. Combining both inadequate funding and new work requirements in welfare will cut child care coverage even more for low-income working families who are <u>not</u> on welfare – by 270,000 children by 2010 according to one analysis.

- CUTS IN WORK SUPPORTS – The Temporary Assistance for Needy Families (TANF) program has not kept pace with inflation and has therefore lost 17% of its real value since it was established. The Republican bill continues this decline (leading to a 25% cut in the real value of TANF within five years). In addition, it eliminates the High Performance Bonus within TANF, cutting $1 billion from the program over the next five years (this bonus rewards States for job gains and employment retention and advancement among former welfare recipients). Only a little over one-third

of TANF now goes towards cash assistance, with the remainder being spent on work supports and other aid to families.

- CUTS IN FOSTER CARE – The Republican bill includes two provisions that will reduce the number of children who are eligible for Federal foster care assistance, particularly those who live with grandparents and other relatives. First, the bill overturns an important court ruling (Rosales v. Thompson) issued by the Ninth Circuit Court in 2003 that resulted in more children becoming eligible for Federal foster care assistance in California and other western States. And second, the bill limits Federal assistance for case management services for otherwise eligible children who live with relatives whose homes have not been licensed.

Perhaps the Republican philosophy on issues related to families and children was most clearly reflected in the majority's vote to defeat an amendment by Representative McDermott to establish a general *goal* of reducing and ultimately eliminating child poverty.

In addition to opposing all of the previously mentioned cuts, we question the wisdom of cutting $700 million from the Supplemental Security Income (SSI) program, especially in the context of this bill designed to partially offset tax cuts. SSI acts as a safety net for aged and disabled Americans who have little or no Social Security or any other income.

Finally, we oppose the Republican proposal to repeal the Continued Dumping and Subsidy Offset Act, commonly known as the Byrd Amendment. This provision allows duties collected from unfair trade imports to be distributed to U.S. farmers and businesses and their workers – all of whom have been injured by foreign producers selling dumped or unfairly subsidized products in the United States, and all of whom continue to be injured even after an antidumping/anti-subsidy order has been issued. The funds provided are essential to allow American companies to make needed investments in their workforce, plants and equipment – and to survive in the face of persistent unfair trade practices.

The Committee's action on the Byrd Amendment also raises serious questions about how the Committee intends to deal with trade law matters in the Doha Round. When we allow a provision of law like this to be repealed, we send

a signal to our farmers, workers and businesses across the country that their government will not stand up for their rights and interests.

Congress has directed the Administration to resolve the World Trade Organization (WTO) dispute over the Byrd Amendment in ongoing trade negotiations. Congress included language in the FY2004 and FY2005 omnibus appropriations bills that explicitly requires the Administration to conduct negotiations within the WTO to recognize the existing right of all countries to distribute monies collected from antidumping and countervailing duties as they determine appropriate. Changing or repealing provisions in the midst of ongoing negotiations in the WTO is tantamount to unilateral disarmament.

In addition, buckling under to international pressure on this critical measure would send a terrible signal and hurt the cause of free and fair trade. The WTO decision against this measure was unjustified and reflected overreaching and unjustified encroachment on U.S. sovereignty. WTO bureaucrats should not be permitted to dictate to the Congress how it may appropriate U.S. funds. Distrust of the WTO and world trading system will only grow if the United States submits to decisions of this kind.

Finally, maintaining a strong manufacturing and agricultural base is vital to the economic and national security of the United States. Ensuring fair trade enables U.S. manufacturers and their workers to make continued investments to preserve their global competitiveness. The Byrd Amendment plays a critical role in securing the competitiveness of American businesses and farmers, and therefore it is very unfortunate that the majority defeated an amendment by Representative Tubbs Jones to maintain this important provision.

America can do better, much better. We can come together and agree on a budget that speaks to our values. If sacrifices have to be made, then those who can afford to sacrifice should be first in line, rather than getting even more at the expense of everyone else. Sadly, the Republican bill goes in a very different direction, and for that reason, we oppose it.

October 28, 2005

Dissenting Views of the Democratic Members on the Committee on Ways and Means Entitlement Reconciliation Recommendations for Fiscal Year 2006

James A. McDermott Charles B. Rangel

Mr. Jefferson John Lewis

Chas. Stark Pete Stark

Mike Thompson John B. Larson

Rahm Emanuel Sandy Levin

Stephen Tubbs Jones Michael R. McNulty

Earl Pomeroy Richard E. Neal

Ben Cardin