

Administrative Plan



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

7/21

MEMORANDUM

TO: Alice Rivlin
FROM: Belle Sawhill
RE: Welfare Reform - Update

Bill Status

The Administration's welfare reform bill, the "Work and Responsibility Act of 1994", was introduced on June 21st as HR 4605 and S 2224. It was introduced in the Senate by Senator Moynihan with Senators Mitchell, Kennedy, Breaux, Daschle, Dodd, and Rockefeller as original co-sponsors. Chairman Gibbons introduced it in the House with Reps. Gephardt, W. Ford, H. Ford, Ackerman, Cardin, Cramer, LaFalce, Martinez as original co-sponsors. The bill has been referred to the Finance Committee in the Senate and to six House committees, with principal action expected in Ways & Means.

Hearings have already begun. Secretary Shalala testified before Senate Finance on July 13th and Ways & Means on July 14th. Several additional hearings are expected in coming weeks.

Congressional Outreach

Led by HHS, the Administration has conducted an on-going series of briefings of Members and congressional staff. I have participated in some, such as the meetings with the House Democratic Caucus, the House Women's Caucus, and the Mainstream Forum. The atmosphere at the briefings has been positive, and I believe we have done a good job communicating the substance of our proposal. Typical questions have been:

- Will there be enough private sector jobs for former welfare recipients?
- Why are we phasing in younger rather than older recipients?
- Aren't some recipients unemployable and don't many need more than two years of training and other services?

- Would we have phased in the program more quickly if we had had more money?

In addition, based on comments at the committee hearings so far:

- The tough child support enforcement provisions are the most popular feature of the Administration bill.
- The most commonly mentioned problems with it are the "low" participation rates and "slow" phase-in.
- Unwed mothers and "children having children" are the welfare-related problems of greatest concern to Members.

Attached are some Q's and A's on these and other issues. (See attachments #1 and #2.)

The most controversial part of the financing package has been the \$3.7 billion in savings from tightening eligibility rules for legal immigrants in SSI, Food Stamps, and AFDC. Leon and I met with Rep. Becerra to discuss the Hispanic Caucus's concerns about these provisions and my staff has been working with the Caucus to make sure they understand the proposed offsets and that we understand their concerns. The Caucus is particularly afraid that, given the current political atmosphere, Congress may go much further in restricting assistance to immigrants than the Administration has proposed.

Cost Issues

The estimate of the Superfund corporate tax extension used as an offset has changed since the welfare reform bill was transmitted. Due to a technical re-estimate, it has been reduced to \$1.6 billion, a drop of \$200 million. In addition, JCT has issued an estimate of \$1.24 billion, which we expect CBO to use.

The legislation making the Social Security Administration independent of HHS is in conference, slowed by the need for members and staff to work on health care and GATT, as well as by some member issues. Therefore, our estimate of the savings achieved by limiting DA&A benefits remains a range. However, it appears that the conference bill DA&A provisions will result in less than the \$800 million in savings we projected, possibly significantly less.

HHS wants to release 10 year, not just 5 year, cost and financing estimates of our bill. We have asked to review such numbers before they are released.

CBO is currently working to produce estimates of the Administration bill. Subcommittee Chairman Ford has put them on notice that they could be called to testify on the matter. In

addition, Rep. McCurdy has been pressing CBO to score the Mainstream Forum's alternative bill, which we understand to be next in line for scoring after the Administration legislation. Latest word at the staff level is that CBO pricing of our bill is unlikely in the next few days but possible within a few weeks. As my staff has emphasized previously, CBO is likely to score higher costs, and especially lower savings, from our proposal.

Congressional Plans

-- Senate

As you know, Senator Moynihan has in the past indicated he considered welfare reform a priority for this Congress. At the Senate Finance hearing on July 13th, he said "We have time to do it [this year]" and vowed "to get this legislation enacted in this Congress." It is our understanding that committee staff are planning additional hearings, perhaps to be held this month. Moynihan has been supportive of Administration efforts, especially those related to "families in which there is no marriage", which he considers crucial to welfare reform.

-- House

On the House side Chairman Gibbons said at the hearing last week that he hoped to go to full committee markup just prior to the August recess. Subcommittee Chairman Ford said that he thought a bill could be passed this year. However, many liberal Democrats on Ford's subcommittee (Levin, Matsui) look unfavorably on the Administration bill and are not at all enthusiastic about moving it. The Reemployment Act (REA) will be next for the subcommittee, not welfare reform, with an REA mark-up possible as soon as Friday, July 22nd.

Liberal Democrats have been critical of the time limits for benefits and other provisions in the Administration bill. Rep. Matsui has introduced a bill without time limits, which could become the alternative for the left. Aside from substantive concerns, some liberals have also worried that moving a welfare reform bill in this Congress could interfere with health care reform.

The Mainstream Forum group led by Rep. McCurdy, on the other hand, has put forth its own welfare reform legislation, and is very eager to work with us to enact something this year.

Republicans are, of course, critical of the Administration bill. Most House Republicans have signed on as co-sponsors to a relatively moderate bill introduced by Minority Leader Michel. Rep. Santorum has taken the lead for the Republicans, and headed a task force that developed the bill. However, conservatives like Bill Bennett and Charles Murray have criticized it as not

going far enough and more conservative members could move towards a bill endorsed by Bennett and introduced by Rep. Talent as the legislative process continues. At the Ways & Means hearing, several Republicans said that mothers under 21 should have their benefits cut off, which is a provision in the Talent bill.

The main House Republican bill is generally close enough to ours that one could imagine a bipartisan welfare reform effort. But some in the Republican party have already warned that co-operating with the Administration could, in effect, "give the welfare issue away". These partisan pressures are higher in this, an election year, than they would be next year. In general, House Republicans have shown a great interest in moving a welfare reform bill this Congress and have been vocal in urging quicker action.

Finally, it is our understanding that the House leadership (Foley and Gingrich) has made a commitment to the Women's Caucus to have a floor vote on a child support enforcement measure this year, which we see as part of comprehensive welfare reform legislation. Rep. Schroeder has introduced a bill that is similar to the Administration's proposal but which has weaker requirements for paternity establishment and which doesn't contain some of the State performance incentives that are in our bill. Given the crowded calendar, committee staff have advised us that it is unlikely to be enacted this year except as part of a broader welfare reform bill, and there may not be such a floor vote at all.

Attached is a memo with more information on some of the notable alternative bills. (See attachment #3.)

Administration Strategy

As the President has said, welfare reform may yet "catch fire" and move quickly. Our strategy has been to state the importance of welfare reform but reiterate that health care reform and GATT come first, as the committees attempt to deal with their considerable workload. In addition, as noted above, the REA is on the agenda of the same committees. Secretary Reich and the White House (a DPC/NEC coordinating group) are already pushing hard to get the REA enacted this year. Thus, you have been asked by them to "put in a good word" with Congressional leaders or committee members for pushing REA forward.

Enacting a welfare reform proposal as comprehensive as the Administration's will not happen without an extended discussion and airing of views on the Hill. Now that our proposal has been introduced and hearings are starting, that discussion has begun. The strategic question for the Administration is, how far is it productive to push the process this year? Current options include:

- (1) Hill Leadership -- Letting Congressional Democrats (Gibbons, Moynihan, leadership) make the judgment about how best to use the remaining legislative days of the session, while offering our assistance and participation as appropriate. (In essence, our current course of action.)
- (2) Welfare as a "this year" Administration priority after health care reform and GATT. Could involve sending message that it should take precedence over REA. Establish White House group to oversee legislative strategy (similar to the REA group) to work for enactment this year. Work more with outside groups, media, etc. Reach out to Mainstream Forum and moderate House Republicans.

Pros and Cons

Option #1 -- Hill Leadership

- Pro:
- o Doesn't risk diverting energy and attention from health care reform or from GATT.
 - o Allows debate on Hill to develop gradually, giving clearer sense of the political playing field.
 - o Partisan atmosphere of election year could make any bipartisan efforts much more difficult to achieve anyway.
- Con:
- o Key legislators (Moynihan, Gibbons, McCurdy) are interested in moving now but without our encouragement chances for enactment do not seem good and we may well not get a bill.
 - o The next Congress may be more conservative than this one so this session may provide the best opportunity to enact legislation close to our proposal.

Option #2 -- Welfare as a "this year" Administration priority

- Pro:
- o Without stronger Administration involvement, Congress may not move in the direction we prefer. More particularly, a bipartisan bill, if desired, will be more difficult to achieve without active Administration participation in negotiations.
 - o Enacting a welfare reform bill would be a significant achievement for congressional Democrats facing the voters in '94.

- o As noted above, the next Congress could well be less friendly to the Administration.
- o Although financing situation could be better next year when offsets could be found for welfare reform in the context of the Budget or a possible reconciliation bill, some of the existing offsets could have been used to pay for GATT.

Con:

- o Health care reform demands the attention of the membership of the relevant committees, and we shouldn't ask them to do much else right now.
- o As a corollary, pushing welfare could result in tensions with liberal members whose support is needed for health care reform.
- o Some in the Administration would also oppose this as taking away from our effort to enact the REA.

cc:

Bruce Reed
 Kathi Way ✓
 Jeremy Ben-ami
 Bernie Martin
 Stacy Dean
 Barbara Selfridge
 Janet Forsgren
 Richard Bavier
 Bill Halter
 Matt Miller

Attachments

6/17

WELFARE REFORM - The Republican Critique and Our Response**Program Issues**

The Administration bill doesn't end welfare because there is no real time limit on welfare benefits. The Republican bill¹ provides States the option to end all AFDC benefits after 5 years.

Response

Ultimately, most AFDC recipients will be subject to a lifetime maximum of 24 months of cash assistance. Exemptions and deferrals are limited and those still needing assistance after two years will be placed in real jobs where they get paid only when they work. The Republican bill keeps people in workfare positions so they can end up receiving welfare for 5 years or longer (depending on State option).

The Administration program is phased-in too slowly. The Republican bill has 700,000 rather than 400,000 working by 2000.

Response

Our program involves a revolution in the way welfare offices are run and, after consultations with the States, we decided that the most responsible way to implement it was to phase it in. We have chosen to focus on the youngest mothers as a way to break the cycle of welfare dependency before it becomes too ingrained. If a State believes it can move faster in implementing the program, it can. Finally, placing welfare recipients in private sector jobs is a new task for administrators; if asked to implement faster they are more likely to put recipients into subsidized public employment than in private sector positions. The Republican approach simply won't work because you can't create that many jobs that fast and do it well.

The Administration proposal doesn't really address the root problem -- illegitimacy. The Republican bill stops welfare benefits to parents under 18, requires mothers applying for welfare to identify the father to receive benefits, and requires deadbeat dads with children on welfare to pay child support or work.

Response

Our proposal is tough but responsible. It says to teen mothers: you must stay in school, live at home, and work to support your

¹References to the Republican bill are to HR 3500. It was introduced by Minority Leader Michael in November 1993 and has 161 co-sponsors. Other Republican bills include a similar Senate bill (S 1795) and a more conservative Talent/Faircloth bill.

children as soon as possible; but it does not abandon them. It requires that mothers cooperate in identifying the fathers of their children and that States establish paternity in one year or lose Federal funds. In addition, the Administration plans a national campaign against teen pregnancy, including grants for prevention programs that will go to 1000 schools in high-risk communities, and our proposal imposes tough requirements for paternity establishment. Strict enforcement of child support awards will make clear the responsibility of fathers as well. States will also be allowed to lift AFDC eligibility requirements for two-parent families to encourage parents to remain together.

The Administration bill gives welfare recipients a two-year free ride. Work requirements should be imposed sooner. Gov. Weld, for example, has proposed requiring work after 60 days.

Response

The Administration requires every adult recipient to sign a personal responsibility agreement and work with a caseworker to develop an employability plan. Those recipients who are job-ready will immediately have to look for work. We expect most recipients to find jobs and move off the rolls before the 2 years are up. Only those who really need additional education and training will receive it.

The Democrats claim they are "ending welfare as we know it" but this plan costs billions and requires new taxes to pay for it. The Republican plan actually reduces the deficit by nearly \$20 billion.

Response

Simply reducing or cutting off welfare benefits is not enough to end dependency on welfare. Many recipients lack the education or job skills or child care to participate in the work force. Providing these may cost money in the short run but by helping the recipient to independence they can result in a lifetime's worth of value to our society. The Republicans actually spend more on welfare reform and are only able to claim deficit reduction from draconian cuts in programs for poor, but legal, aliens. The Administration plan contains no new taxes; it simply extends one tax already in current law and tightens up compliance for the EITC.

Financing Issues

The program in the Administration bill needs more funding. Why not use the financing provisions the Republicans do?

Response

The Administration's bill represents a significant investment of resources in enabling welfare recipients to move into the workforce. We have grave objections and concerns about the financing provisions of the House Republican bill, which would:

- o Eliminate AFDC, Food Stamps, SSI, student loans and Medicaid benefits for non-citizens. Exceptions for certain refugees and permanent resident aliens over 75. (5-year savings estimate, by CBO, of \$21.7 billion.)
- o Cap annual outlay growth in "welfare programs" at 2% plus inflation. Includes AFDC, SSI, Public housing and Section 8 housing, Food Stamps, and EITC. Requires across-the-board percentage reductions in each program should cap be breached.
- o Consolidate 10 food and nutrition programs into a single discretionary block grant to States and reduces total spending for the 10 programs by 5 percent. Includes Food Stamps, WIC, TEFAP, and smaller child and elderly nutrition programs. (Five year savings estimated at about \$8 billion.)
- o Allow termination of SSI benefits to any DA&A recipient testing positive for drug use. (Bill calls for periodic random testing of all such recipients.)

Response

We object to these financing provisions on the following grounds:

- o The alien provisions go against our immigrant heritage by refusing benefits to tax-paying legal aliens and are likely to increase the burden on States. The Administration proposal asks those who sponsor immigrants to bear responsibility for those who they encourage to come to the U.S. It doesn't penalize a hard-working immigrant in pursuit of the American Dream who needs temporary assistance to get back on his or her feet.
- o The spending cap and block grant proposal reflect a failure to understand that the explosive growth in entitlement spending is driven by health care costs - not poverty programs like AFDC and Food Stamps. Capping these costs could interfere with need to provide support to the poor and could result in shifting costs to the States. In particular, the cut in nutrition funding could have harmful effects on the development of young children in poverty - hardly the objective of welfare reform. Capping EITC spending would reduce, not increase, the incentive for welfare recipients to move to work.
- o As for the drug-addicted SSI recipient provision, the Administration supports time-limiting DA&A benefits and enforcing requirements that such recipients participate in treatment programs, if available.

14-Jun-1994 05:29pm

TO: Leon Panetta
FROM: Belle Sawhill
SUBJECT: Welfare Reform Os and As

How can the President say that his proposal will "end welfare as we know it" when only about 8 percent of the caseload will be in the new WORK program after five years?

- * Resources and effort are focused on the new generation of welfare recipients, those born after 1971. By the year 2000, 17 percent of them will be in the WORK program.
- * But our objective is not to put a lot of people into a government work program but to get them into regular jobs.
- * By the year 2000, almost 1 million families or 40% of the phased-in group will be off welfare or working.
 - * By conservative estimates, about 14 percent of this young generation of welfare parents will have left welfare entirely because of our reforms, about 331,000 families.
 - * 9 percent, or 271,000 will be working part-time while they are receiving AFDC, nearly twice the current rate.
 - * Another 37 percent, or 873,000 will be in the middle of intensive programs to get them ready for and find regular jobs.
 - * Only about one-fourth of the phased-in group of younger welfare parents will be deferred, nearly all temporarily, from activities aimed at moving them from welfare to work. That compares to about three-fourths of the same group that would be excused under current law.
- * After talking to state officials, it was clear that a gradual phase-in of welfare reform was the only responsible course.

- * The phase-in strategy we have chosen ends welfare as we know it for the generation of young parents in the phase-in group. This sends a clear message to the younger generation that welfare will no longer be a way of life.

Isn't this a new CETA or WPA-type of work program?

- * CETA's public service employment (PSE) program grew to about three-quarters of a million participants. It would have to be over one million participants to reach a similar share of today's larger labor force. The WORK program is not expected to get near that mark, even after ten years. (In 2004, WORK is projected to have 650,000 participants in an average month.)
- * Although the objective of reform is to get welfare parents into regular jobs before they reach their time-limits, we know many parents will have to go into the WORK program. So we've encouraged states to arrange for WORK positions in the private sector, rather than create government jobs.
 - * In addition to offering private employers wage subsidies, states will have flexibility to help offset the costs of FICA taxes, training, and supervision costs.
 - * States will have the flexibility to contract with placement firms that have, or develop, a track record of finding jobs for recipients.

Doesn't the proposal just substitute a guaranteed job for guaranteed welfare?

- * WORK assignments are limited to 12 months.
- * Between assignments, parents will be required to look for regular jobs.
- * If parents turn down a bonafide job offer, or if they do not make a bonafide effort to find a regular job, they may be removed from the rolls.
- * In addition, because WORK participants will not be eligible for the EITC, which could be as much as \$3,500, it is unlikely that a parent would stay in a WORK job if a regular job were available.

Are there going to be enough regular jobs available for these welfare parents?

- * DoL forecasts that, between 1992 and 2005, the number of jobs will grow by 26.4 million.
- * At least 10 of the 15 occupations expected to experience the

largest absolute growth do not typically require high levels of education, skills, or work experience.

- * Most welfare parents are employable. Even among a group of very disadvantaged urban teenage mothers in a recent research demonstration, more than half had worked during the year before the demonstration began. Almost 70% of welfare recipients leave the rolls during the first two years, most for jobs. The problem is that many return because of lack of child care, health care, or other personal problems.

The \$9.3 billion package is about one-third smaller than the \$15 billion being floated a few months ago. Aren't you trying to do welfare reform on the cheap?

- * The \$15 billion included both federal and state spending. The comparable figure for the President's proposal is about \$10.3 billion.
- * The core of the President's proposal, spending for the JOBS and WORK programs, including child care, and the child support enforcement initiatives are funded at about the same levels as they were in the \$15 billion package.
- * Spending for child care for the working poor, for welfare expansions for two-parent families, and for demonstrations is lower than in the \$15 billion package.
- * We will have the resources we need to mount a very effective program for the group of young parents to be phased-in.
- * All the financing choices were hard. We ended up with a responsible balance of fulfilling the President's commitment in an affordable way.

But aren't you financing welfare reform on the backs of the poor?

- * About \$2.4 billion of the \$9.3 billion financing is from programs unrelated to the poor. (\$.5 billion limiting deficiency payments; \$.1 billion limiting payments to state for food stamp overpayment recoveries; \$.2 billion extending railroad safety user fees; \$1.6 billion extension of corporate tax for Superfund)
- * The financing provisions that relate to means-tested programs are not targeted at poor recipients.
 - * Restrictions in the Emergency Assistance Program (\$1.6 billion) will limit states' ability to simply substitute federal spending for state spending on a variety of programs.

- * Most savings from provisions related to aliens (\$3.7 billion) comes from benefits to aliens whose sponsors (usually families) have incomes above the median for all families in the United States.
- * Savings from day care feeding programs actually involve more spending for low income children, but less for children from families with higher incomes.

6/9

Memorandum

TO: Leon Panetta
FROM: Isabel Sawhill
RE: Welfare Reform - Alternative Plans

This memo provides brief descriptions of important features of six alternative welfare reform bills. It focuses on work requirements, family issues, state flexibility, and financing.

1. **House Republican** (HR 3500 - Santorum)

Work Requirements

- o Mandatory participation in "AFDC Transition Program" for first two years. Activities include job search, training, and education.
- o Mandatory work requirement after two years. State option to make it one year. Jobs can be community service. (Exemptions for seriously disabled and students.)
- o State option to terminate job and benefits after three years (and total of five on AFDC).
- o Mandatory requirement to participate in substance abuse treatment, if determined to be necessary.

Family Issues

- o No benefits unless mothers identify fathers of children. (They receive a reduced benefit until paternity is legally established.)
- o No benefits to parents under 18. States can opt to provide such benefits.
- o No additional benefits for children born while mother on AFDC. (Again, States can opt to do so.)
- o State option to reduce benefits by \$75 a month to households if certain parents or children not attending school.
- o Child support-delinquent fathers are required to pay support or work.

State Flexibiility

- o States may convert AFDC funds into a block grant to be used

for an alternative program for assisting needy children.

- o Combines ten food and nutrition programs into a single block grant program to States.

Financing

- o Eliminates noncitizen eligibility for AFDC, Food Stamps, Medicaid, and several other Federal programs. Caps spending on means-tested entitlements, including EITC, to inflation plus 2%. (Food and nutrition block grant to save 5% of total current costs for the ten programs.)

(Senate Republican bill - S 1795 - is generally similar except: no State conversion of AFDC to block grant and noncitizen benefits are limited to twelve months total, not eliminated.)

2. Mainstream Forum

Large group of moderate and conservative Democrats, founded by Rep. McCurdy. Rep. Slattery is chair of its Welfare Reform working group.

Work Requirements

- o Limits recipients of AFDC to two years of benefits lifetime. (Some exceptions, such as those under 20 and finishing schooling and those who are seriously disabled, which "stop the clock".)
- o To continue to receive benefits after two year limit, recipients may "volunteer" for a minimum wage community service job. (Limited to three years.)
- o Every "able-bodied" individual required to work or participate in education and training. Benefits paid are based on the number of hours recipients work or are in training and education programs.
- o Makes job search requirements immediate. No substitution of education and/or training for job search.
- o Emphasis on use of private placement companies with performance-based contracts.
- o Allows incentives to employers to hire recipients through use of wage supplementation with AFDC and Food Stamp benefits and tax credits.

Family Issues

- o No additional benefits for children born to mothers on AFDC.
- o Requires minor parents to live with parents (or other adult).

- o Requires paternity establishment to receive benefits.
- o Makes the Dependent Care Tax Credit (DCTC) refundable.
- o Allows women on AFDC who marry to retain a portion of benefits for up to a year.

Financing

- o Eliminates noncitizen eligibility for AFDC, Food Stamps, Medicaid, and several other Federal programs. Caps entitlement spending on poverty programs at inflation plus 2%. (This mostly hits Medicaid spending.) Eliminates DCTC for those with incomes over \$100,000 and EITC for illegal aliens. Federal Government to assist States in collecting mail-order catalogue sales taxes. (Subject to change, still under development.)

3. Talent/Faircloth ("Real Welfare Reform Act")

Endorsed by William Bennett, represents more conservative alternative to House Republican bill.

Work Requirements

- o Requires 50% of all AFDC recipients to work by 1996.
- o Requires 100% of "single able-bodied" Food Stamp recipients to work.
- o Emphasis on mothers without young children.
- o State flexibility to design own work programs if they meet participation requirements and adhere to eligibility restrictions.
- o State option to impose time limit on benefits.

Family Issues

- o Eliminates AFDC, Food Stamps, public or Section 8 housing benefits to unmarried mothers under the age of 21. Age limit increases to 25 in 1998. ("Savings are converted into block grants to States to care for children.")
- o No benefits without paternity establishment.
- o No additional benefits for children born to mothers on AFDC.
- o \$1,000 per year "pro-marriage" tax credit.

Financing

- o Caps future welfare spending increases at 3.5% per year.

4. Kohl/Grassley (S 2057)

State Flexibility

- o Replace AFDC and Food Stamps with block grants to States. A State must show it is "moving people into work" to continue to receive the block grant.
- o States given flexibility to design own programs.
- o Expands WIC.
- o Does not affect Food Stamps for the elderly and disabled.

Financing

- o The funding level of the block grants is set at current spending (\$37 billion in FY 1995) and remains the same into the future.

5. Woolsey/Regula (HR 4318)

A liberal alternative.

Work Requirements

- o Triples funding for JOBS program and "improves" Federal match rate. Includes performance standards to hold States accountable.
- o Ends penalties for work by "requiring States to stop cutting aid on a dollar-for-dollar basis" when recipient gets a job.
- o Prohibits States from reducing AFDC assistance.
- o Requires States to strengthen coordination of support services and assistance. (Example, requires "whenever possible" that a single location be established in a community for application for benefits and services.)
- o Eliminates JOBS program rules which "make it more difficult to assign a participant to education".

Family Issues

- o Expands child care assistance.
- o "Enhances" paternity establishment.
- o Eliminates rules preventing families from benefitting when absent parents increase support payments.
- o Federalizes child support enforcement.

6. Matsui

Another liberal alternative.

Work Requirements

- o No time limits for benefits.
- o Requires that at least half of a State's JOBS participants are working.
- o Allows States to use JOBS funds for public sector jobs.
- o Requires States to spend at least 10 percent of JOBS funds on job development, placement, and retention.
- o Requires States to develop self-sufficiency plans for each family immediately upon entering AFDC.
- o Increases JOBS funding by \$3.3 billion over five years. (Current ceiling on Federal JOBS funding would rise to at least twice the FY 94 level by FY 99.) Also increases JOBS matching rate to 75 percent or a State's Medicaid matching rate, whichever is higher.
- o Terminates benefits for any parent refusing a job offer (private or public) without good cause.
- o Simplifies AFDC earnings disregard by excluding \$120 plus one-third of remaining monthly earnings for working recipients. States could increase disregard to \$200 plus one-half of remaining monthly earnings.

Family Issues

- o Requires minor parents to live at home.
- o Eliminates "marriage penalty" for AFDC families and simplifies requirements for two-parent family eligibility.
- o Increases paternity establishment through incentives and requirements on both parents and States.
- o Establishes national commission on child support guidelines.
- o Establishes Federal child support clearinghouse.

Financing

- o None in bill. (Reportedly due to a Rostenkowski-Matsui discussion.)

A B I L L

To amend the Social Security Act, the Food Stamp Act, and other relevant statutes to redesign the program of aid to families with dependent children to establish a program that provides time-limited, transitional assistance, prepares individuals for and requires employment, prevents dependency, overhauls the child support enforcement mechanism at both the State and Federal levels, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Work and Responsibility Act of 1994".

SEC. 2. TABLE OF CONTENTS; REFERENCES

(a) Table of Contents.--This Act contains the following titles and sections:

TITLE I - JOBS

SEC. 101. REQUIREMENT TO PARTICIPATE IN ENHANCED JOBS PROGRAM.

SEC. 102. ESTABLISHMENT OF ENHANCED JOBS PROGRAM UNDER PART F.

SEC. 103. AMENDMENTS PERTAINING TO SERVICES AND ACTIVITIES UNDER JOBS PROGRAM.

SEC. 104. TWENTY-FOUR MONTH LIMIT.

SEC. 105. RESPONSIBILITIES OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.

TITLE II - WORK

SEC. 201. ESTABLISHMENT OF PROGRAM.

SEC. 202. FEDERAL FUNDING FOR THE JOBS AND WORK PROGRAMS;
PARTICIPATION REQUIREMENTS.

SEC. 203. ADMINISTRATION OF THE JOBS AND WORK PROGRAMS.

SEC. 204. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND
ALASKA NATIVE ORGANIZATIONS.

SEC. 205. SPECIAL RULES FOR THE TERRITORIES.

SEC. 206. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS.

SEC. 207. FEDERAL TAX TREATMENT OF WORK WAGES.

TITLE III - CHILD CARE

SEC. 301. CHILD CARE FOR JOBS AND WORK PROGRAM PARTICIPANTS AND
AT-RISK FAMILIES.

SEC. 302. RELATED AMENDMENTS.

SEC. 303. LIMITATION OF AT-RISK CHILD CARE TO FAMILIES
INELIGIBLE FOR RECIPIENT OR TRANSITIONAL CHILD CARE.

SEC. 304. OPTION TO CONSOLIDATE STATE RESPONSIBILITY FOR CHILD
CARE.

SEC. 305. FUNDING FOR QUALITY IMPROVEMENT AND LICENSING
ACTIVITIES BENEFITTING CHILDREN RECEIVING AFDC
OR AT-RISK CHILD CARE.

SEC. 306. FUNDING OF CHILD CARE FOR FAMILIES AT RISK OF WELFARE
DEPENDENCY.

SEC. 307. SUPPLEMENT TO INCOME DISREGARD.

TITLE IV - PROVISIONS WITH MULTI-PROGRAM APPLICABILITY

SEC. 401. PERFORMANCE STANDARDS.

SEC. 402. AFDC QUALITY CONTROL SYSTEM AMENDMENTS.

SEC. 403. NATIONAL WELFARE RECEIPT REGISTRY; STATE INFORMATION SYSTEMS.

SEC. 404. RESEARCH AND EVALUATION; TECHNICAL ASSISTANCE; DEMONSTRATION PROJECTS.

SEC. 405. OFFSETS TO MANDATORY SPENDING FROM FRAUD, WASTE, AND ABUSE.

TITLE V - PREVENTION OF DEPENDENCY

SEC. 501. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

SEC. 502. STATE OPTION TO LIMIT BENEFIT INCREASES FOR ADDITIONAL FAMILY MEMBERS.

SEC. 503. CASE MANAGEMENT FOR PARENTS UNDER AGE 20.

SEC. 504. STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.

SEC. 505. ADOLESCENT PREGNANCY PREVENTION GRANTS.

SEC. 506. DEMONSTRATION PROJECTS TO PROVIDE COMPREHENSIVE SERVICES TO PREVENT ADOLESCENT PREGNANCY IN HIGH-RISK COMMUNITIES.

TITLE VI - CHILD SUPPORT ENFORCEMENT

SEC. 600. REFERENCES IN TITLE.

PART A - ELIGIBILITY AND OTHER MATTERS CONCERNING

TITLE IV-D PROGRAM CLIENTS

SEC. 601. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

SEC. 602. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT
AND CHILD SUPPORT ENFORCEMENT SERVICES.

SEC. 603. DISTRIBUTION OF PAYMENTS.

SEC. 604. DUE PROCESS RIGHTS.

SEC. 605. PRIVACY SAFEGUARDS.

SEC. 606. REQUIREMENT TO FACILITATE ACCESS TO SERVICES.

PART B - PROGRAM ADMINISTRATION AND FUNDING

SEC. 611. FEDERAL MATCHING PAYMENTS.

SEC. 612. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

SEC. 613. FEDERAL AND STATE REVIEWS AND AUDITS.

SEC. 614. AUTOMATED DATA PROCESSING REQUIREMENTS.

SEC. 615. DIRECTOR OF OSCE PROGRAM; TRAINING AND STAFFING.

SEC. 616. FUNDING FOR SECRETARIAL ASSISTANCE TO STATE PROGRAMS.

SEC. 617. DATA COLLECTION AND REPORTS BY THE SECRETARY.

PART C - LOCATE AND CASE TRACKING

SEC. 621. CENTRAL STATE CASE REGISTRY.

SEC. 622. CENTRALIZED COLLECTION AND DISBURSEMENT SUPPORT
PAYMENTS.

SEC. 623. AMENDMENTS CONCERNING INCOME WITHHOLDING.

SEC. 624. LOCATOR INFORMATION FROM INTERSTATE NETWORKS AND
LABOR UNIONS.

SEC. 625. NATIONAL WELFARE REFORM INFORMATION CLEARINGHOUSE.

SEC. 626. EXPANDED LOCATE AUTHORITY.

SEC. 627. STUDIES AND DEMONSTRATIONS CONCERNING FEDERAL PARENT
LOCATOR SERVICE.

SEC. 628. USE OF SOCIAL SECURITY NUMBERS.

PART D - STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 635. ADOPTION OF UNIFORM STATE LAWS.

SEC. 636. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

PART E - PATERNITY ESTABLISHMENT

SEC. 640. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

SEC. 641. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

SEC. 642. PENALTY FOR FAILURE TO ESTABLISH PATERNITY PROMPTLY.

SEC. 643. INCENTIVES TO PARENTS TO ESTABLISH PATERNITY.

PART F - ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 651. NATIONAL COMMISSION ON CHILD SUPPORT GUIDELINES.

SEC. 652. STATE LAWS CONCERNING MODIFICATION OF CHILD SUPPORT
ORDERS.

SEC. 653. STUDY ON USE OF TAX RETURN INFORMATION FOR
MODIFICATION OF CHILD SUPPORT ORDERS.

PART G - ENFORCEMENT OF SUPPORT ORDERS

SEC. 661. REVOLVING LOAN FUND FOR PROGRAM IMPROVEMENTS TO
INCREASE COLLECTIONS.

SEC. 662. FEDERAL INCOME TAX REFUND OFFSET.

SEC. 663. INTERNAL REVENUE SERVICE COLLECTION OF ARREARS.

SEC. 664. AUTHORITY TO COLLECT SUPPORT FROM EMPLOYMENT-RELATED
PAYMENTS BY UNITED STATES.

SEC. 665. MOTOR VEHICLE LIENS.
 SEC. 666. VOIDING OF FRAUDULENT TRANSFERS.
 SEC. 667. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.
 SEC. 668. REPORTING ARREARAGES TO CREDIT BUREAUS.
 SEC. 669. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF
 ARREARAGES.

SEC. 670. CHARGES FOR ARREARAGES.
 SEC. 671. VISITATION ISSUE BARRED.
 SEC. 672. TREATMENT OF SUPPORT OBLIGATIONS UNDER BANKRUPTCY
 CODE.

SEC. 673. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

PART H - DEMONSTRATIONS

SEC. 681. CHILD SUPPORT ENFORCEMENT AND ASSURANCE
 DEMONSTRATIONS.

SEC. 682. SOCIAL SECURITY ACT DEMONSTRATIONS.

PART I - ACCESS AND VISITATION GRANTS

SEC. 691. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

PART J - EFFECT OF ENACTMENT

SEC. 695. EFFECTIVE DATES.

SEC. 696. SEVERABILITY.

TITLE VII - IMPROVING GOVERNMENT ASSISTANCE AND PREVENTING FRAUD

PART A - AFDC AMENDMENTS

SEC. 701. PERMANENT REQUIREMENT FOR UNEMPLOYED PARENT PROGRAM.

SEC. 702. STATE OPTIONS REGARDING UNEMPLOYED PARENT PROGRAM.

- SEC. 703. DEFINITION OF ESSENTIAL PERSON.
- SEC. 704. EXPANDED STATE OPTION FOR RETROSPECTIVE BUDGETING.
- SEC. 705. DISREGARDS OF INCOME.
- SEC. 706. STEPPARENT INCOME.
- SEC. 707. INCREASE IN RESOURCE LIMIT.
- SEC. 708. EXCLUSIONS FROM RESOURCES.
- SEC. 710. TRANSFER OF RESOURCES.
- SEC. 711. LIMITATION ON UNDERPAYMENTS.
- SEC. 712. COLLECTION OF AFDC OVERPAYMENTS FROM FEDERAL TAX
REFUNDS.
- SEC. 713. VERIFICATION OF STATUS OF CITIZENS AND ALIENS.
- SEC. 714. REPEAL OF REQUIREMENT TO MAKE CERTAIN SUPPLEMENT
PAYMENTS IN STATES PAYING LESS THAN THEIR NEEDS
STANDARDS.
- SEC. 715. CALCULATION OF 185 PERCENT OF NEED STANDARD.
- SEC. 716. TERRITORIES.

PART B - FOOD STAMP ACT AMENDMENTS

- SEC. 721. INCONSEQUENTIAL INCOME.
- SEC. 722. EDUCATIONAL ASSISTANCE.
- SEC. 723. EARNINGS OF STUDENTS.
- SEC. 724. TRAINING STIPENDS AND ALLOWANCES; INCOME FROM ON-THE-
JOB TRAINING PROGRAMS.
- SEC. 725. EARNED INCOME TAX CREDITS.
- SEC. 726. RESOURCES NECESSARY FOR SELF-EMPLOYMENT.

SEC. 727. LUMP-SUM PAYMENTS FOR MEDICAL EXPENSES OR REPLACEMENT
OF LOST RESOURCES.

SEC. 728. INDIVIDUAL DEVELOPMENT ACCOUNTS.

SEC. 729. CONFORMING AMENDMENT.

PART C - ECONOMIC INDEPENDENCE

SEC. 731. SHORT TITLE.

SEC. 732. DECLARATION OF POLICY AND STATEMENT OF PURPOSE.

SEC. 733. INDIVIDUAL DEVELOPMENT ACCOUNT DEMONSTRATION PROJECTS.

SEC. 734. INDIVIDUAL DEVELOPMENT ACCOUNTS.

PART D - ADVANCE EITC STATE DEMONSTRATIONS

SEC. 741. ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT THROUGH
STATE DEMONSTRATION PROGRAMS.

TITLE VIII - SELF EMPLOYMENT/MICROENTERPRISE DEMONSTRATIONS

SEC. 801. DEMONSTRATION PROGRAM TO PROVIDE SELF-EMPLOYMENT
OPPORTUNITIES TO WELFARE RECIPIENTS AND LOW-INCOME
INDIVIDUALS.

TITLE IX - FINANCING

SEC. 901. LIMITATION ON FEDERAL PAYMENTS FOR EMERGENCY
ASSISTANCE.

SEC. 902. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC
ASSISTANCE PROGRAMS.

SEC. 903. ELIGIBILITY OF SPONSORED ALIENS FOR CERTAIN PROGRAMS.

SEC. 904. NATIONAL SCHOOL LUNCH PROGRAM.

SEC. 905. STATE RETENTION OF AMOUNTS RECOVERED.

SEC. 906. COMMODITY PROGRAM INCOME INELIGIBILITY.

SEC. 907. AMENDMENTS RELATED TO SUPERFUND TAX EXTENSION.

SEC. 908. FEDERAL RAILROAD ADMINISTRATION USER FEES.

SEC. 909. SPECIAL EARNED INCOME TAX CREDIT RULES FOR MILITARY
PERSONNEL.

SEC. 910. NONRESIDENT ALIENS NOT ELIGIBLE FOR EARNED INCOME TAX
CREDIT.

SEC. 911. EXTENSION OF CERTAIN CUSTOM FEES.

TITLE X - EFFECTIVE DATES

SEC. 1001. EFFECTIVE DATES.

(b) References.--References herein to the "Act" are references to the Social Security Act except where otherwise provided or when the context otherwise requires.

TITLE I - JOBS

SEC. 101. REQUIREMENT TO PARTICIPATE IN ENHANCED JOBS PROGRAM.

(1) Section 402(a)(19) of the Act is amended by striking out all down through subparagraph (E)(i) and inserting in lieu thereof the following:

"(19) provide--

"(A) that the State has in effect and operation a job opportunities and basic skills training program (hereafter in this title referred to as the 'JOBS' program which meets the requirements of part F), and a program of employment (hereafter in this title referred

to as the 'WORK' program) which meets the requirements of part G;

"(B) that the State will (except as otherwise provided in this paragraph or in part F), to the extent the program is available in the political subdivision involved, apply the requirements and conditions of this paragraph to "(i) each applicant for or recipient of aid to families with dependent children who --

"(I)(a) was born after 1971, or

"(b) is the parent of a dependent child and is living with such child's other parent who is an individual born after 1971 (or was living with such an individual during any month after September 1995 in which they received aid under this part), and

"(II) is the parent of a dependent child, (but not including any individual who is eligible by application of section 407, in a State which exercises the option to limit eligibility under section 407(b)(2)(B)), and (ii) thereafter any additional classes of parents of dependent children to whom the State chooses to make section 417 applicable (and identified in the State plan by date of birth, date of application, or other reasonable basis), and (iii) to

any other applicants for or recipients of aid who the State chooses to require to participate in the program under part F and identifies in its State plan approved under this part;

"(C) that the State will, except as otherwise provided in this paragraph or part F --

"(i) require all individuals described in subparagraph (B) (other than a child who is not a custodial parent and is under age 16 or attending full time an elementary, secondary, or vocational (or technical) school) to participate in the program under part F, and

"(ii) to the extent that Federal financial participation under section 403(k) is available, allow individuals who are not required to participate in such program, or to whom subparagraph (D) applies, to participate in such program, except that such individual shall, in a month in which he or she meets a condition of any of clauses (i) through (vii) of subparagraph (D), be permitted to cease participation in such program, and be subject to the provisions of subparagraph (D) (for so long as they remain applicable) and the State may, at its option,

apply section 417 to individuals described in subparagraph (B)(ii) and who choose to participate in the program under part F (even though they meet one of the criteria under subparagraph (D) for deferral from participation);

"(iii) with respect to individuals who wish to participate, but whom the State is not required to include under clause (ii), consider such individual's request for approval of a self-initiated education and training program and apply criteria generally applicable to approval of such activities under the State's JOBS program, but approval of such application shall only guarantee child care pursuant to subsection (g)(1)(A)(i)(II);

"(D) that participation in the program under part F will not be required and the provisions of such part, other than paragraph (1) and (2) of section 481(a) (relating to personal responsibility agreements and employability plans) will not apply, but the State may provide for participation in appropriate cases in one or more types of activities designed as preparation for participation in the program under part F, in the case of any individual described in subparagraph (B) who --

"(i) is the custodial parent of a child --

"(I) born less than one year earlier, or,

"(II) (in the case of either a child conceived during a month in which such parent received aid under this part or a child whose custodial parent is under the age of 20 and does not have a high school diploma or equivalent) born more recently than within the preceding 12 weeks (or, if greater) the number of weeks specified in section 102(a)(1) of the Family and Medical Leave Act of 1993 establishing the period of leave to which certain employees are entitled following the birth of a child, but this clause may only be applied to one parent of a child for any month;

"(ii) is a woman in the third trimester of pregnancy;

"(iii) is 60 years of age or older;

"(iv) is needed in the home because of the illness or incapacity (as confirmed by a licensed physician, psychologist, or mental health professional (from a list of such professionals approved for this purpose by the State)) of another member of the household and no other appropriate household member is available to provide the needed care;

"(v) is found, on the basis of a certification by a licensed physician, psychologist, or mental health professional (from a list of such professionals approved for this purpose by the State) to have an illness or incapacitating condition, that at least temporarily, prevents the individual from engaging in employment or training;

"(vi) resides in an area of the State where the time required to travel to and from the site where the individual's participation in the program under part F would take place would exceed a total of two hours (or, if greater, the generally accepted commuting time in that area) in a day; or

"(vii) meets such other criteria as the State may specify in its plan that reasonably suggest an inability to participate in the program under part F, except that the average monthly number of individuals to whom this clause is applied for months in any fiscal year shall not exceed 5 percent of the average monthly number of all individuals (described in clauses (i) and (ii) of subparagraph (B)) for months in such fiscal year (or, in the case of fiscal years after 1999, 10 percent of such average monthly number) together with the average monthly number of individuals registered in

the WORK program under part G for months in such year, unless the Secretary, upon a showing by the State of extraordinary or unforeseeable circumstances, allows the application of this clause to a greater number of individuals for a specified period of time;

"(E) that the State will promptly advise each applicant and recipient of the participation requirements under this paragraph and of the limitation on the number of months of eligibility for aid under this part that may be applied (as required by the provisions of section 417) to such applicant or recipient;

"(F) that --

"(i) in the case of a custodial parent who has not attained 20 years of age, does not have a high school diploma (or its equivalent), and is required to participate in the program under part F, the State will require such parent to participate in an educational activity; and".

(2) Section 402(a)(19)(E)(ii) of the Act (as in effect on the date of enactment of this Act) is amended by striking out "(notwithstanding the part-time requirement in subparagraph (C)(iii)(II))".

(3) Section 402(a)(19) of the Act is further amended--

(A) by striking out paragraph (F) (as in effect on the date of enactment of this Act),

(B) by striking out so much of subparagraph (G) as precedes clause (ii) and inserting in lieu thereof the following:

"(G) that--

"(i) if an individual who is required to participate in the program under part F refuses without good cause to accept employment of 20 hours per week or more (or such greater number of hours as the State plan provides pursuant to section 417(b)(4)(i)(IV)) in which such individual is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined to be a bona fide offer of employment, the family of which such individual is a member shall be ineligible for aid for six months or if sooner, until the first month following the month in which such individual accepts such an offer of employment; and

"(ii) if an individual who is required to participate in the program under part F fails without good cause to do so, the needs of such

individual shall not be taken into account in making the determination under paragraph (7), and if such individual is the parent or other caretaker relative, at the option of the State, payments of aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2)(which in such case shall be without regard to clauses (A) through (D) thereof) may be made;".

(4) Section 402 (a)(19)(G) of the Act is further amended--

(A) by redesignating clauses (ii), (iii), and (iv) as clauses (iii), (iv), and (v), respectively,

(B) by striking out in clause (iii) (as redesignated) "clause (i)" and inserting in lieu thereof "clause (ii)",

(C) by striking out in clause (v) (as redesignated) the dash and all that follows down through "(II)", and placing the text of clause (II) immediately after "this subparagraph", and

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

"(vi) the State agency shall conduct an evaluation of the circumstances in any case in which an individual to whom a sanction is being

applied under clause (iii)(I) continues after three months to fail or refuse to comply with the requirement that occasioned the imposition of the sanction, and in the case of any other individual to whom a sanction is being applied under clause (iii), and provide appropriate counseling and other supportive services to assist the individual to address the cause of the failure or refusal; and".

"(vii) during months in which a sanction is applied under this subparagraph, the family of which the sanctioned individual is a member shall be considered to be receiving aid for purposes of title XIX, and for purposes of any other Federal or Federally-assisted program, such family shall be considered to be receiving the amount of such aid that would be payable if such individual were not being sanctioned;

"(viii) during months in which a sanction is applied under this subparagraph, the family of which the sanctioned individual is a member shall be considered to be receiving aid for purpose of title XIX, and for purposes of any other Federal or Federally-assisted program, such family shall

be considered to be receiving the amount of such aid that would be payable if such individual were not being sanctioned; and".

(5) Section 402(a)(42) of the Act is amended by inserting before the semicolon the following: "and if an individual is being sanctioned under section 402(a)(19)(G), such individual and all members of the family shall not become ineligible for such medical assistance by reason of such sanction".

SEC. 102. ESTABLISHMENT OF ENHANCED JOBS PROGRAM UNDER PART F.

(1) Section 481 of the Act is amended --

(A) by amending the heading of such section to read:

"PURPOSE; REQUIREMENT TO ESTABLISH AND
OPERATE PROGRAM; DEFINITIONS";

(B) by redesignating subsection (b) as subsection (c);

(C)(i) by transferring subsection (a) of section 482 to section 481, and redesignating it as subsection (b); and

(ii) by amending section 481(b) (as so redesignated) by striking out "Secretary of Labor" in paragraph (1)(C) and inserting in lieu thereof "Secretary of Labor and the Secretary of Education".

(2) Section 482 of the Act is amended by striking out all that precedes subsection (c) and adding the following new heading and subsections (a) and (b):

"OPERATION OF ENHANCED STATE PROGRAMS

"Sec. 482. (a) Required Elements of Enhanced JOBS Program.--

"(1)(A) Personal Responsibility Agreement.--Each individual who is a parent or other caretaker relative of a dependent child and a representative of the State agency shall, at the time of application for aid under part A, sign a personal responsibility agreement. The agreement shall, in the case of individuals to whom section 417 applies, set forth in clear terms, understandable by all parties, an acknowledgement that aid under the State plan is subject to a general 24-month limit and should be considered transitional in nature. The agreement, in all cases, should acknowledge that the goal of both the individual and the State is to enable the individual to achieve maximum economic independence and self sufficiency. To this end, the individual will participate in appropriate activities, and the State will furnish necessary enabling services and assistance.

"(B) The State agency shall provide the program and employment information required by subsection (c) as promptly as possible, but in no event later than 90 days after the earliest date for which payment is made. In the case of individuals to whom section 417 applies, the information shall be provided in person, on either an individual or group basis, and the State agency shall obtain

written confirmation from the individual that the individual received and understood the program and employment information.

"(2) Employability Plan.--

"(A)(i) The State agency shall, with respect to each individual required to participate in the program under this part, other than an individual to whom section 402(a)(19)(D) applies, conduct an assessment of the educational, child care, and other supportive services needs, as well as the skills, literacy, prior work experience and employability of each participant in the JOBS program, including a review of the family circumstances. The agency may also review the needs of any child of the participant.

"(ii) On the basis of such assessment, the State agency and the individual shall, within 90 days from the earliest date for which payment is made, jointly develop an employability plan for such individual. The purpose of the employability plan is to lay out the fastest and most effective way to help the participant find employment and become self-sufficient. The plan shall indicate the overall period of time that is expected to be necessary to achieve the individual's employment goal, taking into consideration, in the case of individuals to whom the provisions of section 417 apply, the maximum remaining period of time for which

aid may be paid to such individual under the plan approved under part A. The plan will detail the activities in which the individual will be expected to engage in order to find employment, including job search, employment training and preparation, or education. The plan must be reasonable in light of the individual's literacy, skills, and needs, and the resources and opportunities for employment (including self-employment) within the community where the individual resides, and shall, to the maximum extent possible and consistent with this section, reflect the preferences of such individual. The employability plan shall also describe the child care and other social services and assistance which the State agency will provide in order to allow the individual to take full advantage of the activities under the program operated under this part, and the steps the individual should take to bring promptly to the attention of the State agency any difficulties the individual is encountering in participating in the program under this part. The employability plan shall not be considered a contract.

"(iii) The State plan shall provide that, if an individual works an average of 20 hours a week (or such greater number, but not more than 30, as the State plan may provide) or more in a position of employment, work in such

position shall constitute the primary activity under such individual's employability plan.

"(B) The State plan under this part must provide for a review mechanism that will be available should the individual and the State agency be unable to agree on the content of the employability plan. The review process shall, at the least, provide for prompt involvement of another employee (or designee) of the State agency with supervisory or greater responsibilities than the person with whom the individual is in disagreement to provide further negotiation support. If agreement still cannot be reached, the State agency shall, in accordance with regulations of the Secretary, afford the individual access to arbitration or a mediation process, to a more formal review or hearing, or to a combination of such processes.

"(C) Failure or refusal by an individual to sign an agreed upon employability plan, or to sign a plan with respect to which the applicable processes under subparagraph (B) have been completed and under which the employability plan has been found appropriate, shall result in denial of aid with respect to such individual, except that no sanction or other penalty shall continue under this subparagraph after the individual has signed an appropriate plan.

"(3) Employability Plan for Deferred Individuals.-- The State agency and each individual for whom participation in activities has been found appropriate under section 402(a)(19)(D) shall jointly develop an employability plan. The plan shall place primary emphasis on the activities in which the individual is able to engage that, together with any services provided by the State, will best prepare the individual for full participation in the program under this part. Plans under this paragraph are not subject to the procedures of paragraph (2).

"(4) Case Manager.-- The State agency may assign a case manager to each participant and the participant's family who will be responsible for assisting the family to obtain any services which may be needed to assure effective participation in the program.

"(5) Periodic Assessment.-- At such intervals as the State agency finds appropriate, but not less frequently than once every 6 months, a representative of the State agency and the individual shall conduct a review of the individual's employability plan (including the plan of an individual to whom paragraph (3) applies) and the progress that is being made to achieve the goals set in the plan. The State agency shall consider, in conducting the assessment, whether an individual participating in

activities under section 402(a)(19)(D) has become ready to participate in the program under this part, or whether an individual required to participate under this part should no longer be so required and instead should participate in such activities. If it is concluded that there should be any such change in status, the individual's employability plan shall be revised accordingly effective with the month following the month in which the revision is made. In the case of an individual participating in the program under this part, the assessment shall specifically address both the individual's participation and the State agency's delivery of services as agreed to in the employability plan. If it is found in the course of an assessment that there has been a substantial failure to provide services to the recipient in accordance with the employability plan, the plan (or some other State agency record) must document that finding, and the period during which the failure occurred.

"(6) Revision of Employability Plan.--The employability plan may be revised as necessary following an assessment under paragraph (5) or at any other time that events warrant it, upon the agreement of the individual and the State agency. If there is disagreement about the need for revision, or the respects in which the plan will be

revised or the new content of the plan, the procedures described in paragraph (2)(B) will be applicable.

"(7) The State agency may require that, in the case of an individual described in section 402(a)(19)(B) and whose employability plan, including an employability plan under paragraph (3), reflects the need for treatment for substance abuse, such individual participate in substance abuse treatment that is available without charge to the individual. The State plan may, notwithstanding any other provision of law, make applicable to any individual required to participate in such treatment activities the provisions of section 402(a)(19)(G), and if so, shall advise the individual of the consequences of failure or refusal to accept treatment,

"(b) Transition to WORK Program.-- (1) The State agency shall schedule a meeting with each individual subject to the time limit under section 417, with adequate advance notice to the individual, not later than 90 days prior to the first month for which such individual will become ineligible for aid under part A by reason of such time limit. The State agency shall evaluate the individual's progress under the employability plan, determine whether any extensions (as allowed under section 417) are necessary and available, and advise the individual about the job search requirement (described in paragraph (2)) and the steps

that must be taken thereafter to register for the program under part G. If a meeting is held with the individual in connection with a redetermination of eligibility, periodic assessment, or for any other purpose, within the 6-month period preceding the first month of ineligibility by reason of section 417, the State agency may take the steps required by this paragraph at such meeting in satisfaction of this requirement.

"(2) Not later than 45 days prior to the close of the twenty-fourth month of receipt of aid under part A (or, at the option of the State, at an earlier date after the twenty-first month of receipt of such aid), the individual shall be required to engage in job search to the extent consistent with the goals of such individual's employability plan. Engaging in job search for the period of time required by the State under the preceding sentence shall be a prerequisite to receipt of a work assignment under the WORK program established and operated under part G. For purposes of this subparagraph, 'month of receipt of aid under part A' shall not include any month prior to the first month in which this subparagraph was in effect.

"(3) References to applicants, or to actions that must occur at the time of application or from the earliest date for which payment is made, in the amendments made by this section, shall be construed to include references to recipients, and actions that must occur at the time of the first redetermination

of eligibility by a State for aid to families with dependent children occurring after the effective date of such amendments in such State."

SEC. 103. AMENDMENTS PERTAINING TO SERVICES AND ACTIVITIES UNDER
JOBS PROGRAM

(a) Repeal of Redundant Provision.--

Section 482(c) of this Act is amended by repealing paragraph (5).

(b) Requirement to Provide Job Search Services.-- Section 482(d)(1)(A) of the Act is amended--

(1) in clause (i), by redesignating subclauses (I) through (IV) as (II) through (V), respectively,

(2) by inserting before subclause (II) (as redesignated) the following:

"(I) group and individual job search as described in subsection (g);", and

(3) in clause (ii), by repealing subclause (I) and redesignating subclauses (II) through (IV) as subclauses (I) through (III), respectively.

(c) Employment-Oriented Education.-- Section 482(d)(1)(A)(i)(II) of the Act as redesignated is amended by striking out "basic and remedial education to achieve a basic literary level" and inserting in lieu thereof "employment-related education to achieve literacy levels needed for economic self-sufficiency".

(d) Self-Employment Programs.-- Section 482(d)(1)(A)(ii) of the Act (as redesignated) is amended--

(1) by striking out "and" after clause (II)(as redesignated), and

(2) by adding "and" after clause (III), and

(3) by adding after and below clause (III)(as redesignated), the following:

"(IV) programs to prepare for self-employment or to enable individuals to establish a micro-enterprise.".

(e) Child Care Provider Training and Nontraditional Employment.--Section 482(d)(1)(B) of the Act is amended by adding at the end thereof the following new sentence: "The State shall include in its plan a description of whether and how it will provide training to prepare individuals to be child care providers. The State shall also include in its plan a description of the steps it will take to encourage the training and placement of participants in nontraditional positions of employment, including steps to increase program participants' awareness of the availability of such training and placement opportunities.".

(f) Work Supplementation Extension.-- Section 482(e) of the Act (as redesignated) is amended--

(1) in paragraph (2)(G)--

(A) by striking out "9 months" and inserting in lieu thereof "12 months", and

(B) by striking out "without regard to the provisions of subparagraph (B)(ii)(II) of such section"; and

(2) in paragraph (4)(A), by striking out "9 months" and inserting in lieu thereof "12 months".

(g) Amendments to Job Search Program.-- Section 482(g) of the Act is amended--

(1) in paragraph (1) by striking out "may" and inserting in lieu thereof "shall";

(2) by amending so much of paragraph (2) as precedes subparagraph (A) to read as follows:

"(2) The State agency may require job search by an individual who is applying for and shall upon approval of the application require job search by an individual who is receiving aid to families with dependent children and is determined by the State to have non-negligible work experience, or to have a high school diploma or equivalent, including individuals required by the State's exercise of its option under section 402(a)(19)(B) (i) and (ii) to participate in the program under this part--";

(3) in paragraph (2)(A), by striking out "8 weeks" and inserting in lieu thereof "12 weeks", and

(4) by amending paragraph (2)(B) to read as follows:

"(B) at such time or times thereafter as the State agency may determine, but not to exceed a total of 4 months in any 12-month period (and for this purpose, there shall be included the time that the individual engaged in job search pursuant to both subparagraph (A) and section 482(c), but not any period of job search that occurred at the same time that the individual was participating in another activity under this part."

(h) Procedures to Resolve Disputes.-- Section 482(h) of the Act is amended by striking out "shall establish" and all that follows down to "shall provide an opportunity for a hearing" and inserting in lieu thereof "shall establish either (A) a conciliation procedure, meeting standards established by the Secretary, for the resolution of disputes involving an individual's participation in the program, or (B) a procedure that includes advance notice to the individual of an apparent failure to comply with a program requirement, and 10 days in which to contact and meet with a State agency representative in order to resolve the dispute (or to comply with the requirements) and make unnecessary the imposition of a sanction. If the dispute is not resolved through whichever of these procedures the State adopts, the State agency".

(i) Coordination Requirements.-- Section 483(a)(1) of the Act is amended by inserting immediately following "the Job

Training Partnership Act" in the first sentence ", the Adult Education Act, the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990,".

(j) Provisions Generally Applicable to Provision of Services under JOBS and WORK.--Section 484 of the Act, including the heading, is amended to read as follows:

"PROVISIONS GENERALLY APPLICABLE
TO PROVISION OF SERVICES UNDER JOBS
OR WORK

"Sec. 484. (a) In assigning participants in the program under this part to any program activity, or in assigning individuals registered with the program under part G to a position of employment, the State agency shall assure that --

"(1) each assignment takes into account the capacity, health and safety, family responsibilities, and place of residence of the participant;

"(2) no participant will be required, without his or her consent, to travel an unreasonable distance from his or her home or remain away from such home overnight;

"(3) individuals are not discriminated against on the basis of race, color, sex, national origin, religion, age, or disability, and all participants will have such rights as are available under any applicable Federal, State, or local law prohibiting discrimination;

"(4) no such assignment will --

"(A) result in the displacement of any currently employed worker, including partial displacement such as a reduction in the hours of non-overtime work, wages, or employment benefits;

"(B) impair existing contracts for services or collective bargaining agreements;

"(C) infringe upon the promotional opportunities of any currently employed worker;

"(D) result in the employment of the participant or filling of a position when ---

"(i) any other person is on layoff, on strike or has been locked out from, or has recall rights to, the same or a substantially equivalent job or position with the employer; or

"(ii) the employer has terminated any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with such participant; or

"(E) result in filling a vacancy for a position in a State or local government agency for which State or local funds have been budgeted, unless such agency has been unable to fill such vacancy with a qualified applicant through such agency's regular employee

selection procedure during a period of not less than 60 days;

"(5) no participant shall be assigned to a position to perform work under a contract for services for the first 90 days after the commencement of such contract if such contract immediately succeeds a contract for services under which an employee covered by a collective bargaining agreement performed the same or substantially similar work for another employer;"

"(6) no participant shall be assigned to a position with a private nonprofit entity to carry out activities that are the same or substantially equivalent to activities that have been regularly carried out by a State or local government agency in the same local area, unless such placement meets the nondisplacement requirements of paragraph (4);

"(7) to the extent that a State workers' compensation law is applicable, workers' compensation benefits in accordance with such law shall be available with respect to injuries suffered by participants, and, to the extent that such law is not applicable, participants shall be provided with medical and accident protection for on-site injuries in accordance with regulations issued by the Secretary;

"(8) health and safety standards established under State and Federal law that are otherwise applicable to the working conditions of employees shall be equally applicable to the working conditions for participants; and

"(9) the State will establish and maintain grievance procedures, meeting the requirements of subsection (c), for resolving complaints by regular employees or their representatives alleging violations of the nondisplacement provisions described in paragraph (4), or of the requirements relating to wages, benefits and working conditions under this title.

"(b) A grievance procedure that meets the requirements of this subsection must include the following procedures:

"(1) Deadlines.--Hearings on any grievance filed pursuant to subsection (a)(8) shall be conducted within 30 days of the filing of such grievance and a decision shall be made not later than 60 days after the filing of such grievance. A grievance shall be made not later than 45 days after the date of the alleged occurrence.

"(2) Appeals.--Upon receiving a decision under paragraph (1), or if 60 days has elapsed without a decision being made, a grievant may either --

"(A) file an appeal as provided for in the State's procedures or in regulations promulgated by the Secretary, or

"(B) submit such grievance to binding arbitration in accordance with paragraph (3).

"(3) Arbitration.--

"(A) In General.--

"(i) Jointly Selected Arbitrator.--In accordance with paragraph (2) on the occurrence of an adverse grievance decision, or 60 days after the filing of such grievance if no decision has been reached, the party filing the grievance shall be permitted to submit such grievance to binding arbitration before a qualified arbitrator who is jointly selected and independent of the interested parties.

"(ii) Impasse Procedures.--If the parties are unable to agree on an arbitrator within 20 days from when the request for arbitration is filled, the parties shall request the Federal Mediation and Conciliation Service or the American Arbitration Association to submit a list of arbitrations. The parties shall alternately

strike names from such list until the name of one person remains, who shall be the arbitrator.

"(B) Deadlines.--An arbitration proceeding conducted pursuant to subparagraph (A)(i) shall be held not later than 45 days after the request for such arbitration, or if the arbitrator is appointed pursuant to paragraph (A)(ii), not later than 30 days after such appointment, and a decision concerning such grievance shall be made not later than 30 days after the date of such arbitration proceeding.

"(C) Cost.--

"(i) In General.--The cost of the arbitration proceeding conducted under this subsection shall be divided evenly between the parties to the arbitration.

"(ii) Exception.--If a grievant prevails under the arbitration proceeding conducted under this subsection, the party found in violation of the requirements of this part shall pay the total cost of such proceeding and the attorney's fees of the grievant.

"(D) Enforcement.--Suits to enforce arbitration awards under this subsection may be brought in any district court of the United States having jurisdiction over the parties, without regard to the amount in controversy and without regard to the citizenship of the parties.

"(4) Remedies.--Remedies for a grievance filed under this subsection include--

"(A) suspension of payments to employers;

"(B) the termination of such payments;

"(C) the prohibition of the placement of a participant;

"(D) reinstatement of a displaced employee to the position held by such employee prior to displacement;

"(E) payment of lost wages and benefits of the displaced employee;

"(F) reestablishment of other relevant terms, conditions, and privileges of the displaced employee; and

"(G) such equitable relief as is necessary to correct a violation or to make a displaced employee whole.

"(c) Written Notification of Labor Organizations.--

"(1) No position of employment with an employer may be established under title part unless the local labor organization representing employees of such employer who are engaged in the same or substantially similar work as that proposed to be carried out under such position have been provided written notification of the initial assignment of a participant to such position not less than 30 days prior to the commencement of such assignment. No such notification

shall be required with respect to the subsequent assignment of participants to the same position with the same employer.

"(2) If a local organization provided notice of an assignment pursuant to paragraph (1) objects to an assignment of a participant on the basis that such assignment would violate the requirements relating to nondisplacement, wages, benefits, or working conditions under this title, such organization may, as an alternative to the grievance procedures provided pursuant to subsection (b), file a complaint pursuant to an expedited grievance procedure. Such expedited procedure shall be carried out in accordance with the binding arbitration procedures described in subsection (b)(3), except that --

"(A) the request for arbitration shall be filed within 30 days of receiving written notice,

"(B) the arbitrator shall be jointly selected by the parties not later than 10 days after the request for arbitration, or, if the parties are unable to agree, appointed by the Federal Mediation and Conciliation Service (or another entity is agreed to by both parties) not later than 15 days after the request for arbitration, and

"(C) the proceeding shall be conducted and a decision issued not later than 30 days after the request for arbitration.

"(3) If a local organization files a complaint pursuant to the expedited grievance procedure under paragraph (2), a participant shall not be placed in the position that is the subject of the complaint until it is determined pursuant to the expedited procedure that such placement would not be in violation of this title.

"(d) In assigning participants in the JOBS program under this part to any program activity, the State agency shall, in addition to the assurances required under subsection (a), assure that--

"(1) the conditions of participation are reasonable, taking into account in each case the experience and proficiency of the participant and the child care and other supportive services needs of the participant; and

"(2) each assignment is based on available resources, the participant's circumstances, and local employment opportunities.

"(e) In assigning individuals registered with the State's WORK program under part G to a position of employment, the State agency shall, in addition to the assurances required under subsection (a), assure that--

"(1) no individual eligible to register for the State's WORK program, determined in accordance with the provisions of part A and this part, shall be excluded from such program;

"(2) no family with a member eligible to participate in the State's program under part G will, by reason of such assignment, and upon participating the full number of hours provided by such assignment, have income less than the amount such family would have if it were receiving aid under the State's plan approved under part A and had no other income (except if a sanction is applied under section 496(f));

"(3) each family with a member participating in the program under part G shall be considered to be receiving aid to families with dependent children for purpose of the State's plan approved under title XIX;

"(4) where a labor organization represents a substantial number of employees who are engaged in similar work in the same area as that proposed to be funded under part G, an opportunity shall be provided for such organization to submit comments with respect to such proposal;

"(5) participants employed under the WORK program shall be compensated for such employment in accordance with

appropriate law, but in no event at a rate less than the highest of--

"(A) the Federal minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938;

"(B) the rate specified by the appropriate State or local minimum wage law; or

"(C) the rate paid to employees of the same employer performing the same type of work and having similar employment tenure with such employer; and

"(6) except as otherwise provided under this paragraph, participants employed under the WORK program shall be provided benefits (including health benefits, unless the State agency concludes that it would impose an undue financial burden on either the employer or the State), working conditions and rights at the same level and to the same extent as other employees of the same employer performing the same type of work and having similar employment tenure with such employer.

"(f) Funds available to carry out the program under this part, or under part G, may not be used to assist, promote, or deter union organizing.

"(g) The provisions of this section apply to any work-related programs and activities under this part or under part G

(as provided herein), and under any other work-related programs and activities authorized (in connection with the AFDC program) under section 1115."

SEC. 104. TWENTY-FOUR MONTH LIMIT.

Part A of title IV of the Social Security Act is amended by redesignating section 417 as section 419 and adding after and below section 416 the following new section:

"SEC. 417. TWENTY-FOUR MONTH LIMIT.

"(a) Limitation.-- (1) In general.--Notwithstanding any other provision of law, a State plan approved under this part must provide that, except as otherwise provided in this title, aid to families with dependent children will not be payable to an individual to whom section 402(a)(19)(B)(i) or (ii) applies or to individuals who have chosen to participate in the program under part F and to whom the State has elected under section 402(a)(19)(C) to apply this section, or to his or her dependent child or children living in the same home with such individual for any month after the twenty-fourth month (whether or not such months are consecutive) for which such individual has, together with his or her dependent child or children, received aid under the State's plan, or under the plan of any other State, approved under this part. The limitation in the preceding sentence shall not apply to (A) an individual who has received such aid for 24 months and who is working to the extent described in clause (IV)

or (V) of paragraph (2)(B)(i), whichever may be applicable, or (B) an individual's dependent child or children if they are living with another relative specified in section 406(a)(1) who is not subject to, or has not received aid for months in excess of, the limit prescribed by, this section.

"(2) Applicability.--In applying paragraph (1)--

"(A) if an individual has previously received aid under a State plan approved under this part for more than 18 months, the number of months for which an individual is considered to have previously been paid aid under such a State plan shall be reduced by one month for every period of four months throughout which no such aid was paid, and no wages under the program under part G were paid but such number of months shall never be reduced to fewer than 18 (regardless of whether such periods of four months were consecutive); and

"(B)(i) there shall not be included, as a month in which an individual received aid under a State plan approved under this part--

"(I) any month prior to the first month for which this section is in effect in such State, or in the case of a recipient of aid in such State for the month preceding such month, the first month in which such individual's eligibility is redetermined by such State;

"(II) any month prior to the first month in which payment of aid under this part was authorized with respect to such individual;

"(III) any month prior to the month in which such individual attains age eighteen;

"(IV) any month during which the individual worked 20 hours a week (or such greater number, but not more than 30, as the State plan under part F provides) or more;

"(V) any month during which the total average number of hours worked per week by both parents, in a family eligible by reason of section 407 and in which section 402(a)(19)(D) is applicable to neither parent, exceeds 30 hours (or such greater number, but not more than 40, as the State plan under part F provides); or

"(VI) any month during which section 402(a)(19)(D) was applicable to such individual; and

"(ii) there shall be included each month for which aid would have been paid but for the applicability to such individual of a sanction under section 402(a)(19)(G) or 402(a)(26).

For purposes of clauses (i)(IV) and (V), there shall not be excluded any month in which the individual fails to accept an offer of additional hours of employment, or in which such

individual reduces the hours of employment and thereby becomes eligible for additional amounts of aid under this part.

"(b) Notice to Individuals.--A State plan approved under this part shall provide that notice will be given to each member of a family to whom the time limit under subsection (a) applies, not less frequently than once every six months, concerning the number of months of eligibility remaining for each such member. The notice required by this subsection may be given together with the payment of aid.

"(c) Extension of Limit.--

"(1) Extension by Reason of Failure to Provide Services.--The State agency shall extend the twenty-four month limit referred to in subsection (a) in the case of an individual who has been unable to complete the education, training, or other activities intended to prepare such individual for employment by reason of the substantial failure of the State agency to provide or arrange for the provision of child care or any other service agreed upon in the individual's employability plan. A finding of failure to provide services shall be based on the documentation made at the semi-annual assessment (required by section 482(a)(5)), together with any reports or information either the individual or the State agency may have with respect to the period between the assessment and the close of the

twenty-fourth month. The time limit shall be extended for so many months as are necessary to allow the individual to complete the activities agreed upon in the employability plan, but in no event may such extension exceed an additional 24 months.

"(2) Extension to Complete Course of Education.--

"(A) The State agency shall extend the twenty-four month limit referred to in subsection (a)--

"(i) in the case of an individual receiving services under the Individuals with Disabilities Education Act, for so long as necessary to permit such individual to attain a high school education (or the equivalent) or, if sooner, until such individual reaches age 22; and

"(ii) in the case of an individual in a structured learning program (as defined in paragraph (4)), including a program under the School-to-Work Opportunities Act of 1993, for so long as necessary to permit such individual to complete the program or, if sooner, until such individual reaches age 22.

"(B) Subject to subsection (e), the State agency may extend the twenty-four month limit referred to in subsection (a)--

"(i) for no more than 12 additional months in order to allow an individual to complete high school (or an equivalent program of education), so long as the individual is making satisfactory progress toward obtaining a high school diploma (or equivalent);

"(ii) for no more than 24 additional months in order to allow an individual to complete a post-secondary program so long as the individual is enrolled in a work-study program, or is employed at least 15 hours per week, and is making satisfactory progress toward completing a degree-granting or certificate-granting education or training program, or structured microenterprise or self-employment program likely to improve the individual's economic self-sufficiency; or

"(iii) for such additional number of months as it finds appropriate in any case, determined on an individual basis, where such extension is necessary to afford an individual with significant learning disabilities or other substantial barriers to employment additional time to obtain the remedial education, job skills training, or other services specified in the employability plan

needed to enable the individual to secure employment.

"(3) Extension of Employability Plan.--The State agency shall extend, and if appropriate revise, the employability plan of each individual with respect to whom an extension is provided under this subsection, and shall continue to furnish, through the months of the extension, the supportive services for which the extended plan provides.

"(4) As used in this subsection, a 'structured learning program' means one that begins at the secondary school level, continues into a post-secondary program, and is designed to lead to a degree or recognized skills certificate.

"(d) Exception for Transition to Unsubsidized Employment.--The State may, at its option, provide for continuing for one additional month the payment of aid to an individual (and his or her dependent child or children) under the State plan, notwithstanding subsection (a), in any case where such continued payment is necessary to assist the individual who is about to commence a position of employment (other than as a participant in the program under part G) until receipt of the first payment of wages. The State plan shall describe the evidence of employment

that the State will require in order that payment may be continued under this subsection.

"(e) Limitation on Average Monthly Number of Extensions.-- If the average monthly number of individuals with respect to whom the State has extended the twenty-four month limit by application of subsection (c)(1) or (c)(2)(B) in any fiscal year exceeds 10 percent of the average monthly number of individuals to whom this section applies (and who are required to participate in the program under part F) in the fiscal year involved, the provisions of section 403(k)(6) (reducing Federal payments under section 403(a)) shall apply, unless the Secretary, upon a showing by the State of extraordinary or unforeseeable circumstances, allows the application of such subsections to a greater number of individuals for a specified period of time.

"(f) Alternative Time Limit Demonstrations.-- Notwithstanding any other provision of this part, the Secretary may permit not more than five States to conduct demonstrations to determine what effects, if any, application of time limits of other than twenty-four months would have in promoting the objectives of the part. The Secretary shall approve a demonstration only if the proposed time limit is consistent with both the purpose of making AFDC a transitional program and affording recipients with support to enable them to prepare themselves to obtain unsubsidized employment. Any State applying

a time limit other than that specified in subsection (a) shall evaluate both the short and long term effects of such time limit in enabling recipients to become self-sufficient and shall report the results of such evaluation to the Secretary."

SEC. 105. RESPONSIBILITIES OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.

Section 419 of the Act, as redesignated by section 104 of this Act, is amended by striking out "and part F" and inserting in lieu thereof "part F, and part G".

TITLE II - WORK

SEC. 201. ESTABLISHMENT OF PROGRAM.

(a) Title IV of the Act is amended by adding at the end thereof the following new part:

"PART G -- WORK

"SEC. 491. PURPOSE AND DEFINITIONS.

"(a) Purpose.--It is the purpose of this part to assist States in developing and providing positions of employment for individuals who have received aid to families with dependent children for 24 months, and participated in the program under part F, but have not been able to secure unsubsidized employment.

"(b) Definition.-- As used in this part, a 'WORK position' is a position of employment to which an individual is assigned under this part.

"SEC. 492. ESTABLISHMENT AND OPERATION OF STATE PROGRAMS.

"(a) Requirement.-- Each State shall establish and operate a program to locate and create temporary positions of employment (in this part referred to as the 'WORK program') for individuals who have received aid for 24 months, as provided in section 417. The WORK program shall be in effect in each political subdivision of the State not later than 2 years after the State's program under part F is in effect in such subdivision.

"(b) State Plan.--The State shall establish and operate its WORK program under a plan approved by the Secretary which describes how the State will implement the plan, and indicates, through cross-references to the appropriate provisions of this part and of parts A and F, that the program will be operated in accordance with such provisions of law. The State plan shall describe the strategies and activities to be undertaken by the State to identify and develop WORK positions. Such strategies shall, to the extent practicable, be designed to identify and develop positions likely to result in the placement of participants in unsubsidized employment. The strategies and activities may include--

"(1) wage subsidies or other incentives to for-profit, nonprofit, and public employers to employ participants;

"(2) performance-based contracts with public or nonprofit or other private organizations to place participants in unsubsidized employment;

"(3) payments to nonprofit employers to assist in supervising participants employed by such employers;

"(4) assistance to participants in establishing microenterprises and other self-employment efforts;

"(5) payments to nonprofit employers and public agencies to employ participants in temporary projects designed to address community needs, such as projects to enhance neighborhood infrastructure and provide other community services; and

"(6) payments to employers to employ participants as child care providers.".

"(c) Coordination with Job Opportunities and Basic Skills Training Program.-- The State plan submitted to the Secretary to carry out the requirements of this part shall, together with the State plan required to carry out part F, constitute a single plan and shall, to the maximum extent feasible, reflect an integrated strategy to assist the individuals and families served under the plan to achieve economic self-sufficiency.

"(d) Work Advisory Boards.--

"(1) Designation.-- The State plan shall designate, or describe a process for establishing or designating, a WORK advisory board for each local area in the State to provide advice and guidance in the administration of the program under this part. The State shall ensure the participation of local elected officials in the designation or establishment of such boards.

"(2) Local Area.-- The local areas for which WORK advisory boards shall be designated or established pursuant to paragraph (1) may be --

"(A) service delivery areas established under section 101 of the Job Training Partnership Act;

"(B) the geographic boundaries of the labor market areas in the State; or

"(C) such other areas as the Governor determines are appropriate to promote the effective administration of the WORK program.

"(3) Composition.-- Each WORK advisory board designated or established pursuant to paragraph (1) shall consist of --

"(A) representatives of private sector employers,

"(B) representatives of organized labor;

"(C) representatives of not-for-profit organizations, including community-based organizations;

"(D) representatives of local government, such as local, elected officials and representatives of economic development agencies, human service agencies, and educational agencies; and

"(E) such other community leaders as the State determines are appropriate.

"(4) Functions.--Each WORK advisory board shall provide comments to the State agency relating to the State plan developed pursuant to subsection (b) of this section. In addition, each WORK advisory board shall provide advice and guidance to the agency administering the WORK program in the local area relating to --

"(A) the identification of potential WORK positions;

"(B) opportunities for placing WORK participants in unsubsidized employment;

"(C) methods for ensuring compliance with the requirements of this part relating to nondisplacement and working conditions;

"(D) methods for carrying out the coordination requirements specified in subsection (e) of this section; and

"(E) such other aspects of the WORK program that such board determines are appropriate.

"(e) Coordination with Other Programs and Entities.

"(1) In General.--The State plan shall include a description of the cooperative arrangements established with appropriate programs and agencies to enhance the administration of the program under this part, including arrangements with --

"(A) the Employment Service, and

"(B) other relevant employment and public service programs administered through public and private entities, such as programs supported under the Job Training Partnership Act and the National and Community Service Act and with programs under the CCDBG Act to explore the development of positions in child care for WORK program participants.

"(2) Local Coordination.--The entity administering the WORK program in local areas shall, in addition to establishing linkages with the programs and agencies described in paragraph (1), establish cooperative arrangements with other appropriate entities to enhance the administration of the program under this part. Such arrangements may be established with local government and service agencies, public housing agencies, community-based organizations, business and labor organizations, voluntary organizations, and other appropriate entities.

"SEC. 493. ELIGIBILITY FOR WORK PROGRAM; REGISTRATION.

"(a) Eligibility.--(1) In General. An individual--

"(A) to whom section 417 applies, who has received aid under the State plan approved under part A for twenty-four months, and with respect to whom no extension under section 417 has been provided,

"(B) who is not an individual to whom section 402(a)(19)(D) applies, and

"(C) who meets the eligibility criteria for aid to families with dependent children (but for section 417) under the State's plan approved under part A, shall be permitted to register for participation in the State's WORK program and, upon registration and continuing compliance with the requirements applicable to individuals awaiting assignment to a WORK position, be eligible for such an assignment and, in accordance with the succeeding provisions of this part, a payment of aid to families with dependent children.

"(2) Special Rules.-- The State plan shall specify whether one or both parents will be required to register with and participate in the WORK program as a condition of eligibility for an assignment for either parent under the WORK program and a payment of aid to the family, in the case of a family in which both parents are subject to the limit in section 417.

"(b) Registration.--The State plan shall establish a simple procedure under which an individual who meets the criteria of subsection (a) may register with and participate in the WORK program so that the individual will receive wages (if an appropriate assignment is available) or aid, or (if applicable) both, in the month following the final month of the time limit under section 417. The State plan must describe the methods that will be employed to assure the uninterrupted provision of aid for the family of an individual who has complied with all applicable requirements and conditions of this part.

"(c) WORK Program Assessment.--The State plan shall provide for the prompt assessment of each individual registering with the program, in order to determine an appropriate assignment for such individual. The assessment must include a review of the individual's education, training, and employment experience while participating in the program under part F, as well as any employment experience the individual may have had thereafter.

"(d) Limitations on Assignments.--

"(1) Hours of Work.-- The State plan shall --

"(A) ensure, to the extent practicable, that participants' wages earned from WORK positions provide on the average 75 percent of the sum of wages together with aid paid to participants in the States WORK program;

"(B) ensure no assignment will result in an average number of hours of work over any four-week period that is less than 15 hours per week or greater than 35 hours per week; and

"(C) provide that in making WORK assignments the State agency shall, to the maximum extent feasible, ensure that an assignment to a WORK position will not interfere with any hours of unsubsidized employment in which the individual is already engaged at the time of the assignment.

"(2) Length of Assignment.--An assignment to a WORK position shall be for no longer than 12 months and may not be reassigned to the same position.

"(e) Payment of Aid.--The State agency administering the State's plan approved under part A shall pay for each month to each family with an individual registered with the WORK program the amount of aid that would be payable to such family under such plan, except that--

"(1) wages earned by a family member from employment in a WORK position shall not be considered in determining eligibility for continued participation in the WORK program;

"(2) in determining the amount of aid that is payable, the State agency may determine whether to disregard from the

wages received from the WORK position any amounts that may be disregarded under section 402(a)(8)(A)(iv);

"(3) if a family member has been assigned to and is employed in a WORK position, the amount of the family's aid will not be subject to increase by reason of the individual's failure to perform the full number of hours per week for which the assignment was made.

"(f) Treatment Under Other Laws.--

"(1) Individuals participating in the WORK program, and their families, whether or not any aid is payable in addition to wages from a WORK position, shall be considered to be receiving such aid for purposes of the State's plan for medical assistance approved under title XIX.

"(2) Wages paid for employment in a WORK position shall be treated as if they were wages from unsubsidized employment for purpose of any other Federal law unless it is expressly provided otherwise in Federal law.

"(g) Program Participants.-- The Secretary may by regulation prescribe criteria for determining when an individual's employment no longer constitutes participation in the WORK program.

"SEC. 494. PROVISIONS GENERALLY APPLICABLE TO WORK POSITIONS.

"(a) In General.--In addition to the applicable provisions of section 484, the conditions described in this section shall be applicable to WORK positions.

"(b) Prohibition on Contributions for Retirement Benefits.--No funds available under this title may be used for contributions to a retirement plan on behalf of any participant.

"(c) Exclusion from Unemployment Compensation. -- The employment of participants under the WORK program shall not be subject to the provisions of any Federal or State unemployment compensation law.

"(d) Sick and Personal Leave.--The Secretary is authorized to issue regulations establishing a minimum number of hours that a participant may be on leave from a WORK position due to illness or other reasons specified by the Secretary without having the amount of wages payable to such participant reduced to account for such leave. In accordance with paragraph (1) of this subsection, the regulations shall provide that if the employer provides, to similarly situated regular employees, paid leave that is equal to or exceeds the minimum prescribed by the Secretary, the employer shall also provide such paid leave to a participant. If the employer does not provide such paid leave, the State agency shall implement such leave.

"(e) Records on Retention of Participants.--The entity administering the WORK program shall maintain records on the

extent to which each employer receiving assistance under this part retains participants in unsubsidized employment subsequent to the completion of WORK assignments.

"SEC. 495. PRE-ASSIGNMENT ACTIVITIES AND SERVICES; PRIORITY OF ASSIGNMENTS; POST-ASSIGNMENT ASSESSMENT

"(a) Assignments.-- The State plan approved under this part shall provide for the establishment and maintenance of a registry, updated regularly and frequently, of all registered individuals who are awaiting assignment to a WORK position. The State plan shall describe the criteria that will generally be applied for determining the order in which registered individuals will be assigned to positions. Such criteria must provide for assigning, as promptly as an appropriate position becomes available, an individual to whom a sanction is being applied under section 496(f)(2)(A) (in the case of a first failure to comply with a requirement of the WORK program) or who has ended a period of time during which a sanction has been applied under section 496(f)(2)(B), (C), or (D) (in the case of a second or subsequent such failure), and thereafter preference will be given to individuals who have not previously received a WORK assignment during a period of consecutive months while registered for the WORK program.

"(b) JOB Search; Other WORK Preparatory Activities.--

"(1)(A) Job Search.--The State plan under this part shall describe any requirements the State applies to individuals registered for and awaiting assignment to a WORK position, including the extent to which the individual must participate in individual or group job search (not to exceed 35 hours per week) and the period for which the job search must continue or the number of contacts that must be made, or such other measure as the State finds appropriate.

"(B) The State agency may require an individual employed in a WORK position or in regular employment to engage in job search but the number of hours per week of required job search (or of the time needed to comply with the job search requirement if measured differently from hours per week) together with the hours per week for which the individual is employed may not exceed 35.

"(C) The State agency shall require each individual who has completed an assignment to perform supervised job search (in accordance with the time limits established under paragraph (1)) while awaiting another assignment.

"(2) Other Activities.--If the State requires that an individual registered under this part and awaiting assignment to a WORK position engage in any activities in addition to job search that would prepare the individual to carry out successfully the assignment or otherwise support

achievement of the purposes of this part, the State plan shall describe those activities and the maximum periods of time for which they may be required (or other measure that the State finds appropriate), which may not exceed 35 hours per week.

"(3) Child Care and Other Supportive Services.-- (A) The State agency shall notify each individual registered with the WORK program of the availability (under sections 402(g)(1) and (2)) of child care and other supportive services necessary to permit the individual to participate successfully in the WORK program (during both a pre-assignment period and a period of employment under the WORK program).

"(B) A State may, at its option, provide child care and other supportive services (and include an appropriate provision in its plan under this part) to an individual employed in a WORK position to enable or assist such individual also to engage in education or training activities, approved for this purpose by the State agency as likely to enhance such individual's ability to secure and retain permanent, unsubsidized employment, and if the State chooses to provide any one or more such services under this subparagraph, shall notify all registered individuals who

are potentially eligible therefor of the availability of such services.

"(c) Comprehensive Post-Assignment Assessment.--

The State agency shall conduct a comprehensive assessment of each individual registered with the WORK program after every second assignment completed by such individual (or of an individual who has been registered for two years). On the basis of this assessment, the State may

"(1) reassign the individual to activities under section 402(a)(19)(D) or to the JOBS program (for such period of training and other activities as may be appropriate), or

"(2) assign the individual to another WORK position if the individual was unable to find unsubsidized employment either because there were no jobs available that such individual had the necessary skills to fill or because such individual is incapable of working outside of a sheltered environment.

Notwithstanding the preceding sentence, in such cases where the State finds that the individual is employable and living in an area where there are jobs available to match the individual's skills, the State may require the individual to engage in intensive job search, supervised by a job developer who may require the individual to apply for appropriate job openings to

determine if the individual is making a good faith effort to find unsubsidized employment. An individual who fails without good cause to apply for appropriate job openings, cooperate with the job developer or employer, or accept a private sector job opening, shall be ineligible for aid under part A or an assignment under the State's WORK program for 6 months. Following such a period of ineligibility, the State shall reassess such individual's status, and may take such steps under this subsection as it finds appropriate.

"SEC. 496. FAILURE TO MEET WORK PROGRAM REQUIREMENTS.

"(a) Actions That Constitute Failure To Meet WORK Program Requirements.--The following actions, without good cause, constitute failure by an individual to meet the requirements of the WORK program--

"(1) failing or refusing to accept a bona fide offer of unsubsidized employment of at least 20 hours per week (or less if the offered employment meets the criteria specified in section 482(d)(2));

"(2) failing or refusing to accept or report for a WORK position to which the individual has been assigned;

"(3) voluntarily leaving such a position;

"(4) failing or refusing to engage, to the extent required under the State plan, in the job search or other

activities required pursuant to section 495 or subsection (e).

"(b) Misconduct Resulting in Discharge from WORK Position.--

In addition to the actions described in subsection (a), a participant will be deemed to have failed to meet the requirements of the WORK program if, prior to the completion of an assignment, such participant is discharged by an employer from a WORK position due to misconduct.

"(c) Definitions of Good Cause and Misconduct.--The Secretary shall issue regulations establishing criteria for determining what constitutes good cause for purposes of subsections (a) and (g) and misconduct for purposes of subsection (b). Such regulations shall, at a minimum, include --

"(1) with respect to the actions described in paragraph (3) of subsection (a), a requirement that a participant voluntarily leaving a WORK position promptly notify the entity administering the WORK program of the reasons for leaving; and

"(2) with respect to discharge for misconduct, a provision allowing the State, with the approval of the Secretary, to apply the criteria relating to misconduct applicable to the disqualification of an individual for benefits under the State unemployment compensation law.

"(d) Opportunity for Hearing.-- The State plan shall provide advance notice to an individual when the State agency determines that a sanction should be imposed, and shall advise the individual of the right to a hearing. The State agency shall provide a hearing, upon request by the individual, in accordance with procedures established by the Secretary (which shall allow the State to adopt procedures followed in hearings on unemployment compensation claims that meet the standards set forth by the United States Supreme Court in Goldberg v. Kelly, 397 U.S. 254 (1970)).

"(e) Interim Activities.-- The State agency may require, pending the hearing referred to in subsection (d), participation by the individual in appropriate activities under the WORK program.

"(f) Sanctions.-- If, in accordance with the preceding provisions of the section, an individual is found to have failed without good cause to meet a requirement of the WORK program--

"(1) if the failure involves subsection (a)(1) (relating to an offer of unsubsidized employment), the family of which such individual is a member shall be ineligible for aid to families with dependent children (if any such aid were otherwise payable) for a period of six months and such individual may not be assigned to a WORK position during such period; and

"(2) if the failure involves paragraph (2), (3), or (4), of subsection (a) or involves subsection (b)--

"(A) in connection with the first of any such failures, the amount of aid for which the family (of which such individual is a member) is eligible shall for one month equal one-half of the amount that would be payable to the family if the individual were awaiting assignment to a WORK position, but such reduction shall cease upon the acceptance by such individual of an assignment to a new WORK position or, in cases involving job search or other required activities (as described in subsection (a)(4)), the individual's engaging in the required program activities;

"(B) in connection with the second of any such failures, the amount of aid so payable shall be reduced as described in subparagraph (A) for a 3-month period and the individual may not be assigned during such period to a new WORK position;

"(C) in connection with the third of any such failure, such family shall be ineligible for any such aid for a 3-month period and the individual may not be reassigned during such period; and

"(D) in connection with the fourth or any subsequent such failure, such family shall be ineligible for any such aid for a 6-month period and the individual may not be reassigned during such period;

but during the months in which a sanction is applied under this subsection, the family of which the sanctioned individual is a member shall be considered, for purposes of the State's plan approved under part A, its plan approved under title XIX, to be receiving aid to families with dependent children and for purposes of any other Federal or Federally-assisted program based on need, such family shall be considered to be receiving the amount that would be payable to such family if the individual were awaiting assignment to a WORK position. Notwithstanding the preceding sentence, if at any time an individual subject to a sanction under this subsection accepts an offer of unsubsidized employment in a position that meets the criteria for WORK positions prescribed by section subsection (a)(1), the sanction shall cease at that time and both the individual and the family shall be considered, for purposes of part A, to be an individual and family no longer subject to sanction under this program.

"(g) Notwithstanding section 493, no individual who without good cause leaves an unsubsidized position that provides 20 hours or more per week (or such greater number as the State has elected