

under section 482(a)(2)(A)(iii)) on the average, may register under section 493(b) for the WORK program (of any State) until after the 3-month period beginning on the date on which the individual left the position.

"(h) Evaluation Following Second WORK Sanction.-- The State plan must provide that the State will promptly conduct a thorough evaluation of an individual (and family) against whom a second sanction must be imposed to determine whether there are particular circumstances, not previously recognized by the State agency, that are contributing to the individual's failure to meet the requirements of the WORK program, and to provide, where appropriate, any additional social services, evaluations, or other diagnostic or remedial services or take such other actions as may be necessary to assist the individual and protect the other family members. In conducting the evaluation, the State agency shall consider whether the individual is appropriately registered in the WORK program, or whether the individual should be referred to the State plan approved under part A to be considered an individual to whom section 402(a)(19)(D) applies."

(b) Requirement to Provide Supportive Services to Individuals Registered for WORK Program.-- Section 402(g)(2) is amended, by striking out "part F" and inserting in lieu thereof "part F or part G".

SEC. 202. FEDERAL FUNDING FOR THE JOBS AND WORK PROGRAMS;
PARTICIPATION REQUIREMENTS; MAINTENANCE OF EFFORT AND
SUBSTANTIAL IMPLEMENTATION.

(a) Amount of State's Entitlement for JOBS.-- Paragraphs (1) through (4) of section 403(k) of the Act are amended to read as follows:

"(k)(1) In addition to payments under subsection (a), the Secretary shall pay to each State with a plan approved under part F an amount equal to the product of--

"(A) the State's enhanced Federal medical assistance percentage as defined in subsection (m)(6), and

"(B) its expenditures to carry out the program under part F (other than expenditures required by section 402(g)(1)(A) in the case of the 50 States and the District of Columbia),

but payments to a State under this title for any fiscal year for such activities may not exceed the limitation under paragraph (2) with respect to such State.

"(2) The limitation under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the average monthly number of adult recipients (as defined in paragraph (4)) in the State in the preceding fiscal year bears to

the average monthly number of such recipients in all the States for such preceding year.

"(3) The amount specified in this paragraph is--

"(A) \$1,750,000,000 for fiscal year 1996,

"(B) \$1,700,000,000 for fiscal year 1997,

"(C) \$1,800,000,000 for fiscal year 1998,

"(D) \$1,900,000,000 for each of fiscal years 1999

through 2004, and

"(E) \$1,900,000,000, adjusted by the CPI as prescribed by section 406(i), for fiscal year 2005 and each fiscal year thereafter,

reduced by 2 percent (for direct grants to Indian tribes and Alaska Native organizations under section 482(i)), and further reduced by 2 percent (of the amount specified in each subparagraph) (or, in the case of fiscal years after 1998, 1 percent) for carrying out section 404 of the Work and Responsibility Act of 1994 (relating to demonstrations, research and evaluation, and technical assistance) and further reduced in fiscal year 1996 by the amount available to the Secretary for purposes of special adjustments under subsection (p).

"(4) For purposes of this subsection, the term 'adult recipient' in the case of any State means an individual other than a dependent child (unless such child is the custodial parent of another dependent child) whose needs are met in whole or in

part with payments of aid to families with dependent children or wages from a position under the WORK program, or a combination of such aid and wages."

(b) Participation Standards for JOBS Program.-- Section 403(k) of the Act is further amended by adding at the end thereof the following new paragraphs:

"(6)(A) Notwithstanding any other provision of this subsection--

"(i) if, with respect to a State in a fiscal year, the average monthly number of individuals receiving aid to families with dependent children who are described in subparagraph (B)(i) or (ii) of section 402(a)(19) but are not included in subparagraph (D) thereof who participate in an activity under the JOBS program (including individuals who are employed for the minimum number of hours adopted by the State under section 482(a)(2)(A)(iii) or are being sanctioned pursuant to section 402(a)(19)(G)) exceeds 55 percent of the average monthly number of all such individuals, the Secretary shall pay to such State an additional amount (without the requirement of any additional nonfederal share) for use in carrying out its program under part F, and

"(ii) if, with respect to a State, such average monthly number in such year does not exceed 45 percent, then

the Secretary shall reduce by 25 percent the Federal matching rate generally applicable to such State's expenditures for aid for each month in such year with respect to the number of individuals by which the average monthly number is less than 45 percent of the total.

The Secretary shall determine the amount of the additional payments for performance exceeding the standard and shall make such additional payments for a fiscal year by increasing as appropriate the amount payable to such State under subsection (a) up to the amount of the reductions under clause (ii), together with the reductions under subparagraph (C) and subsection (1)(4)(A) for such fiscal year, and if the additional payments exceed such reductions the amount available to the Secretary for such fiscal year under subsection (p) shall be reduced by the amount of such excess.

"(B) The Secretary shall issue regulations prescribing criteria for determining what constitutes participation by an individual for purposes of this section, the periods of time over which participation will be measured, and any other matters necessary to implement the provisions of this subsection or of subsection (1).

"(C) If the average monthly number of individuals in a fiscal year to whom the State applies section 402(a)(19)(D)(vii) exceeds the limit prescribed therein (or such greater limit as

the Secretary may have allowed), or if the average monthly number of individuals with respect to whom the State extends the time limit under section 417 exceeds the limit prescribed in section 417(e) (or such greater limit as the Secretary may have allowed), the Secretary shall, notwithstanding any other provision of this section, reduce by 25 percent for each month in such fiscal year the Federal matching rate generally applicable to such State's expenditures for aid with respect to the total number of individuals by which such average monthly numbers exceeds such limits.

"(D) Notwithstanding subparagraph (A)(i), the Federal payment shall not be increased if the Secretary determines that the State has not accurately recorded the number of months for which individuals to whom section 417 applies have received aid, or has not accurately recorded or reported to the Secretary other required data, to an extent inconsistent with standards for accuracy prescribed in regulations by the Secretary.".

(c)(1) Amount of State's Entitlement for WORK.-- Section 403(1) of the Act is amended by striking out paragraphs (1) through (3) and inserting in lieu thereof the following:

"(1)(1) In addition to payments under subsections (a) and (k), the Secretary shall pay to each State with a plan approved under part G an amount to carry out its program under such plan equal to the sum of--

"(A) an amount equal to--

"(i) such State's expenditures to operate its WORK program (other than expenditures to which subparagraph (B) applies and expenditures to which section 402(g)(1)(A) applies in the case of the 50 States and the District of Columbia), multiplied by

"(ii) the State's enhanced Federal medical assistance percentage as defined in subsection (m)(6), but such amount with respect to a State for any fiscal year may not exceed the limitation under paragraph (2) applicable to such State for such fiscal year, and

"(B) an amount equal to--

"(i) the State's expenditures for wages to participants in its program under part G (whether paid directly to the participant, or in the form of wage subsidies to the participant's employer), multiplied by

"(ii) such State's Federal medical assistance percentage, as defined in section 1905(b)(or, where applicable, the last sentence of section 1118).

"(2) The limitation under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the sum of (i) the average monthly number of individuals subject to the time limit in section 417 (and who are subject to the

requirement to participate in the program under part F) in such State, and (ii) the average monthly number of individuals registered in such State's WORK program, bears to the total of such sums for all the States for months in the preceding fiscal year.

"(3) The amount specified in this paragraph is--

"(A) \$200,000,000 for fiscal year 1998,

"(B) \$700,000,000 for fiscal year 1999,

"(C) \$1,100,000,000 for fiscal year 2000,

"(D) \$1,300,000,000 for fiscal year 2001,

"(E) \$1,400,000,000 for fiscal year 2002,

"(F) \$1,600,000,000 for fiscal year 2003,

"(G) \$1,700,000,000 for fiscal year 2004, and

"(H) \$1,700,000,000, adjusted by the CPI as prescribed by section 406(i), and then multiplied by the WORK program factor, as defined in paragraph (4),

reduced by 2 percent (for direct grants to Indian tribes and Alaska Native organizations under section 482(i)) and further reduced by 2 percent (of the amount specified in each subparagraph) (or in the case of fiscal years after 1998, 1 percent) for carrying out section 404 of the Work and Responsibility Act of 1994 (relating to demonstrations, research and evaluation, and technical assistance).

"(4) For purposes of determining the amount specified in paragraph (3) for any fiscal year, the 'WORK program factor' is the ratio of--

"(i) the sum of the average monthly number of recipients of aid who are individuals described in section 402(a)(19)(B)(i) and WORK registrants (who are not receiving aid) for months in the preceding fiscal year, divided by the sum of the average monthly number of all recipients of such aid and WORK registrants (who are not receiving aid) for months in such preceding fiscal year, to

"(ii) such quotient with respect to the average monthly numbers for months in fiscal year 2004.".

(2) Paragraph (4) of section 403(1) (as in effect prior to enactment of this Act) is redesignated as subsection (k)(7) of section 403.

(d) Participation Standards for WORK Program.-- Section 403(1) of the Act is further amended by adding at the end thereof the following new paragraphs:

"(4)(A) Notwithstanding any other provision of this paragraph, the Federal matching rate applicable to a State's expenditures for aid to families with dependent children for a fiscal year shall be reduced for each month in such year by 25 percent with respect to the average monthly number of

individuals by which such State fails to meet its WORK participation standard for such year.

"(B) For purposes of this paragraph, a State's WORK participation standard is met if --

"(i) the average monthly number of positions to which WORK registrants are assigned is not fewer than the number of such positions that the Secretary requires that the State establish, taking into account the limitation applicable to such State under paragraph (2) for the fiscal year involved, and the amounts of assistance necessary to locate or create WORK positions; or

"(ii) the ratio of --

"(I) the average monthly number of individuals assigned to positions in the WORK program, participating in job search as required by the State plan under part G following an assignment to a WORK position, but for a period of no longer than 3 consecutive months, being sanctioned pursuant to section 496(f) or in unsubsidized employment and not receiving aid (but who at some time within the preceding 3 months were participating in the WORK program), to

"(II) the sum of the average monthly number of individuals registered with the State's WORK program and the average monthly number of individuals in unsubsidized employment and not receiving aid (but who at some time within the preceding 3 months were participating in the State's WORK program), is not less than 0.80.".

(e) Provisions Applicable to JOBS, WORK, and Child Care Funding.-- Section 403(m) of the Act is amended to read as follows:

"(m)(1) If a State so requests, the limitation applicable to such State under subsection (k)(2) for a fiscal year, or the limitation applicable to such State under subsection (l)(2) for such fiscal year, may be increased (and the other limit decreased equally) by an amount up to 10 percent of the sum of such limits for such fiscal year or, if less, by the amount of the limit to be decreased. In the case of fiscal 1997, the State may request that its limit under subsection (k)(2) be reduced by up to 10 percent and the amount made available for preparing to conduct its WORK program.

"(2) If the sum of the amount specified in any fiscal year under subsection (k)(3), and the amount specified for such fiscal year under subsection (l)(3), exceeds (or if the Secretary

estimates that it will exceed) the total amount paid (or estimated to be payable) under subsections (k)(1) and (1)(1)(A) for such fiscal year, then the Secretary shall adjust the maximums applicable to payments to those States to which the limits under such subsections have made additional payment unavailable under either subsection (k)(1) or (1)(1)(A), and to which payments for such fiscal year under either or both such subsections would be greater but for the applicability to such States of such limits. The Secretary shall by regulation provide for the equitable adjustment of such limits in the case where all States' requests for adjustment of limits, and additional payments, for a fiscal year under this paragraph exceed the amount available for reallocation.

"(3)(A) If in any fiscal year--

"(i) the average rate of total unemployment in a State for such fiscal year equals or exceeds 6.5 percent, and

"(ii) the average rate of total unemployment in such State for such fiscal year equals or exceeds 110 percent of such rate for either of the two preceding fiscal years, the percent applicable to such State for such fiscal year, for purposes of applying each of subsections (k)(1)(A), (1)(1)(A)(i), and (n)(1)(A), to the extent made possible by the availability of additional amounts to such State pursuant to paragraph (2), shall be applied as if it had been increased by 10 percent of the

difference between 100 percent and the rate otherwise applicable in each of such subsections, respectively, from the beginning of such fiscal year (but if no such additional amount is made available, such rates shall be unaffected by this subparagraph).

"(B) The amounts specified in subsections (k)(3), (l)(3), and (n)(3) for any fiscal year are each increased, if, for either the last two quarters of the preceding fiscal year, or the first two quarters of the fiscal year involved (but not such last two quarters), the average rate of total unemployment in the United States equals or exceeds 7 percent, by 2.5 percent plus an additional 0.25 percent for each one-tenth of a percentage point by which the average rate of total unemployment in the United States (for such two-quarter period) exceeds 7 percent.

"(4) Notwithstanding the provisions of subsections (k) and (l), no amount of a State's expenditures as aid to families with dependent children shall be excluded for purposes of payment under subsection (a) by reason of the State's failure to meet the participation standards or the limit on deferrals (under section 402(a)(19)(D)(vii)) or extensions of the time limit (under section 417(e)) applicable to the State's program under part F for months in the first year that such program is in effect, or by reason of the State's failure to meet the participation standard applicable to its program under part G during the first year that such program is in effect.

"(5) Prior to the general effective date of the amendments to part F made by the Work and Responsibility Act of 1994, or the general effective date of part G, as the case may be, the Secretary shall issue regulations containing the necessary information to permit implementation of such standards and application of reductions in Federal payment for failure to meet such standards. Not later than 12 months after such amendments become effective with respect to a State, such State shall be required to begin reporting data as required by the Secretary in order to determine whether the participation standards have been met.

"(6) As used in this part, a 'State's enhanced Federal medical assistance percentage' with respect to expenditures for a fiscal year means such State's Federal medical assistance percentage as defined in section 1905(b) (or, where applicable as defined in the last sentence of section 1118), plus

"(A) 5 percentage points, but not less than 65 percent, with respect to fiscal years 1996 and 1997,

"(B) 7 percentage points, but not less than 67 percent, with respect to fiscal year 1998,

"(C) 9 percentage points, but not less than 69 percent, with respect to fiscal year 1999, and

"(D) 10 percentage points, but not less than 70 percent, with respect to fiscal year 2000, and each fiscal year thereafter."

(f)(1) Section 402(g)(3)(A)(i) of the the Act is amended by striking out "Federal medical assistance percentage (as defined in section 1905(b))" and inserting in lieu thereof "State's enhanced Federal medical assistance percentage (as defined in section 403(m)(6))".

(2) Section 402(g)(B)(A)(ii) of the Act is amended by striking out "Federal medical assistance percentage (as defined in section 1118)" and inserting in lieu thereof "State's enhanced Federal medical assistance percentage (as defined in section 403(m)(6))".

(g) Section 403 of the Act is amended by adding at the end thereof the following new subsection:

"(o) Notwithstanding the preceding provisions of this section, the percentage applicable to a State for purposes of section 402(g)(3)(A) and subsections (k)(1)(A), (l)(1)(A)(ii), and (n)(1)(A) (for determining the Federal payment with respect to a State's JOBS program expenditures, portions of its WORK program expenditures, and its child care expenditures, respectively) shall be the State's Federal medical assistance percentage, but not less than 60 percent (or, in the case of

section 402(g)(3)(A) and subsection (n)(1)(A), the State's Federal medical assistance percentage) for any fiscal year--

"(1) in which the nonfederal share of the sum of its expenditures that may be included for purposes of subsection (a)(3) and its expenditures for its program under part F, its program under part G, and child care services under subsections (g) and (i) of section 402 (not included under subsection (a)(3)) is less than the nonfederal share of expenditures for purposes of subsection (a)(3) and of expenditures (for which Federal matching was provided) under its program under part F and child care services (not included under subsection (a)(3)) under subsections (g) and (i) of section 402 for fiscal year 1994 (or fiscal year 1993 if such nonfederal share were greater for such year), or

"(2) in which the number of individuals to whom the provisions of section 417 are being applied is less than 90 percent of the number of individuals in the State who are custodial parents described in subparagraph (B)(i) of section 402(a)(19) (but not included under subparagraph (D) thereof) unless the State has submitted an approvable plan amendment that provides for implementing all statutory requirements to its JOBS program, and meeting related requirements with respect to 90 percent of such individuals

within two years of the date such requirements first become effective.".

(h) Secretary's Special Adjustment Fund.-- Section 403 of the Act is amended by adding at the end thereof the following new subsection:

"(p)(1) There shall be available to the Secretary from the amount appropriated for payments under subsection (k) for States' JOBS programs for fiscal year 1996, \$300,000,000 for special adjustments to States' limitations on Federal payments for their JOBS and WORK programs. Amounts made available to the Secretary pursuant to this subsection shall also be available for carrying out subsection (k)(6) and section 404(c).

"(2) A State may, not later than March 1 and September 1 of each fiscal year, submit to the Secretary a request to adjust the limitation on payments under this section with respect to its JOBS (and, in fiscal years after 1997) its WORK programs for the following fiscal year. The Secretary shall only consider such a request from a State which has, or which demonstrates convincingly on the basis of estimates that it will, submit allowable claims for Federal payment in the full amount available to it under subsections (k) and (l) in the current fiscal year and obligated 95% of its full amount in the prior fiscal year. The Secretary shall by regulation prescribe criteria for the equitable allocation among the States of Federal payments

pursuant to adjustments of the limitations referred to in the preceding sentence in the case where the requests of all States that the Secretary finds reasonable exceed the amount available, and, within 30 days following the dates specified in this paragraph, will notify each State whether one or more of its limitations will be adjusted in accordance with the State's request and the amount of the adjustment (which may be some or all of the amount requested).

"(3) The Secretary may adjust the limitation on Federal payments to a State for a fiscal year under subsection (k) and under subsection (l), and upon a determination by the Secretary that (and the amount by which) a State's limitation should be raised, the amount specified in either such subsection, or both, shall be considered to be so increased for the following fiscal year.

"(4) The amount made available under subsection (a) for special adjustments shall remain available to the Secretary until expended. That amount shall be reduced by the sum of the adjustments approved by the Secretary in any fiscal year, and the amount shall be increased in a fiscal year by the amount by which all States' limitations under subsection (k), (l), and (n) for a fiscal year exceeded the sum of the Federal payments under such subsections for such fiscal year (after application of subsection

(m)(2)), but for fiscal years after 1997, such amount at the end of such fiscal year shall not exceed \$400,000,000."

SEC. 203. ADMINISTRATION OF THE JOBS AND WORK PROGRAMS

(a) State Option.-- Part G of title IV of the Act is amended by adding at the end thereof the following new section:

"ADMINISTRATION

"Sec. 497. (a) The chief executive officer of any State with a plan approved under part A may designate a State agency (hereafter referred to as the 'JOBS/WORK agency'), other than the agency established or designated under section 402(a)(3) (hereafter referred to as the 'part A agency') to administer (or supervise the administration of) the JOBS program under part F and the WORK program under this part in such State.

"(b) The JOBS/WORK agency designated under this section and the part A agency shall jointly submit the State plan required by parts F and G, and shall enter into and provide to the Secretary an agreement setting out the responsibilities of each agency. Any such agreement shall provide--

"(1) that the part A agency will retain responsibility for--

"(A) determining initial and continuing eligibility of applicants for and recipients of (and the amount of) aid to families with dependent children;

"(B) maintaining accurate records of the number of months for which each individual received aid, and notifying individuals of the remaining months of eligibility, in accordance with the preceding provisions of this title;

"(C) applying sanctions when appropriate under the provisions of section 402(a)(19)(G) or 496(f);

"(D) affording an opportunity for a fair hearing as required by section 402(a)(4), or in connection with any disagreement (with adverse consequences) about the application of section 417 (other than matters about which the JOBS/WORK agency provides a hearing);

"(2) that each agency agrees to cooperate with the other in order to exchange all information necessary to carry out the programs involved in a manner that simplifies as much as possible the burden on recipients of aid under part A, and participants in the programs under parts F and G, and allows the most effective administration of all programs involved;

"(3) a specific description of how responsibility will be allocated and coordinated between the two agencies for the following functions:

"(A) determining to which individuals section 402(a)(19)(D) is applicable;

"(B) determining the individuals to whom extensions under section 417(e) are to be granted (and the length of such extensions);

"(C) conducting reviews, and providing dispute resolution measures, including fair hearings in appropriate cases, on disagreements arising out of requirements under the JOBS or WORK program; and

"(4) that the requirements of paragraphs (4), (5), (6), (9), (19), and (21)(A) of section 402(a) will be applicable as appropriate to the joint plan submitted under this section to the same extent (and together with all relevant regulations issued thereunder by the Secretary) as they are to a State plan submitted under part A.

"(c) In each State in which the chief executive officer designates an agency under subsection (a), the Secretary shall make payment to the agency so designated in the case of payments required under subsections (k) and (l) of section 403, rather than to the State's part A agency, and the JOBS/WORK agency so designated shall be responsible for the proper expenditure of such funds.

"(d) Upon designation by the chief executive officer under subsection (a), and approval by the Secretary of the State plan submitted in accordance with this section, all references (whether direct or by context) in this Act to the State agency

responsible for the State plan under part A shall be deemed to be references to the agency designated under this section when referring to a function or responsibility of such agency.

"(e) In any State administering a Statewide one-stop career center system for the provision of employment and training services, as defined by the Secretary in conjunction with the Secretary of Labor, the Governor shall ensure that the programs under parts F and G--

"(1) participate in the operation of such system, and

"(2) make employment and training services available to participants through the one-stop career centers.".

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

(a) Authority to Administer JOBS and WORK Programs.--

Section 482(i) of the Act is amended--

(1) by redesignating paragraphs (5), (6), (7), and (8) as paragraphs (6), (7), (8), and (9), respectively, and

(2) by amending paragraphs (1) through (4) of such subsection to read as follows:

"(1)(A) An Indian tribe or Alaska Native organization may apply to the Secretary to conduct both a JOBS program under this part, and a WORK program under part G. An application to conduct these programs in a fiscal year must be submitted not later than July 1 of the preceding fiscal year. Upon approval of the

application, payment in the amount determined in accordance with the succeeding provisions of this subsection shall be made directly to the tribe or organization involved.

"(B) Neither the JOBS program nor the WORK program set forth in the application of an Indian tribe or Alaska Native organization submitted under subparagraph (A) need meet any requirement under this part or part G or under section 402(a)(19) that the Secretary determines is inappropriate for such program.

"(C) The JOBS and WORK programs of any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or organization or may be terminated by the Secretary upon a finding that such programs are not being conducted in substantial conformity with the terms of the application approved under subparagraph (A). Following voluntary termination of an application, or termination by the Secretary of an application of an Indian tribe or Alaska Native organization, such tribe or organization shall not be eligible to submit a new application under subparagraph (A) with respect to any year before the sixth year following such termination.

"(2) The Secretary shall pay directly to each Indian tribe or Alaska Native organization with an application approved to conduct a JOBS program under this part and a WORK program under part G for a fiscal year an amount (without the requirement of any nonfederal share) which bears the same ratio to 2 percent of

the sum of the amounts specified in sections 403(k)(3) and 403(l)(3) for such fiscal year as the adult Indian or Alaska Native population receiving aid to families with dependent children residing within the area to be served by the tribe or organization bears to the total of such adults receiving such aid residing within all areas which any such tribe or organization could serve. The Secretary shall from time to time review the components of the ratios established under the first sentence of this subparagraph to determine whether the individual payments under this subsection continue to reflect accurately the distribution of population among the grantees, and shall make adjustments necessary to maintain the correct distribution of funding.

"(3) A grantee under this subsection may use up to 20 percent of its payment for the JOBS program, or for the WORK program, as the case may be, for a fiscal year to carry out such program in the following fiscal year, and up to 10 percent of such payment for either such program to carry out the other such program in the fiscal year for which the payment was made.

"(4) At the request of a grantee, the Secretary may approve use of up to 10 percent (or, if less, \$5000) of the payment for the JOBS program in connection with an economic development project upon a demonstration by the grantee that such project

will include provision for training JOBS program participants in skills necessary for employment on the project.

"(5) An application under this subsection shall provide that (upon approval) the grantee will be responsible for determining whether an individual (within the grantee's service area) to whom the time limits of section 417 apply is one to whom section 402(a)(19)(D) is applicable, and whether (and for how long) extensions of the time limit under section 417 should be provided and for reporting to the State agency making payments of aid to the individuals served by the grantee the determinations made under this paragraph.".

(b) Child Care.--Section 403 is amended by adding after and below subsection (b) the following new subsection:

"(c)(1) Each Indian tribe and Alaska Native organization submitting an application under section 482(i) to administer its JOBS and WORK programs under parts F and G, respectively, may also submit to the Secretary (as a part of the application) a description of the child care needs of its JOBS and WORK program participants, and of the program that it will implement to meet such needs, and request direct funding for the provision of all such child care. The child care program described need not meet any requirement of this part (other than the requirements of section 402(g)(1)(A)(viii)) that the Secretary determines is inappropriate with respect to such child care program.

"(2) The Secretary shall pay to each Indian tribe and each Alaska Native organization whose application approved under section 482(i) includes a request for direct funding for child care an amount (without the requirement of a nonfederal share) to provide child care for recipients of AFDC and for participants in the tribe's or organization's JOBS and WORK programs, and to provide transitional child care with respect to an individual who is eligible for child care under section 402(g)(1)(A)(ii). The amount of the payment provided under the preceding sentence for a fiscal year shall not exceed the total amount payable directly to such tribe or organization under section 482(i).

"(3) The provisions of sections 402(g)(1)(A)(i) and (ii) shall not be construed as imposing any obligation upon a State to provide child care for the children of JOBS or WORK program participants included within an approved application under section 482(i) that includes a request for direct funding of child care, during the period for which such direct funding is provided.

"(4) The Secretary shall establish data collection and reporting requirements, and performance standards, with respect to child care programs implemented under this subsection."

SEC. 205. SPECIAL RULES FOR THE TERRITORIES.

(a) Exclusion From General Ceiling of JOBS, WORK, and "At-Risk" Child Care.--Section 1108(a) of the Act is amended by

striking out, in the matter preceding paragraph (1), "section 403(k)" and inserting in lieu thereof "subsection (k), (1)(1), or (n) of section 403".

(b) Section 482 of the Act is amended by adding at the end thereof the following new subsection:

"(j) Options For Territories.--(1) In General.-- Puerto Rico, the Virgin Islands, Guam, and American Samoa may each determine whether the provisions of section 417 shall be applicable under its State plan approved under part A, and, if so, part G shall be applicable. Each State exercising the option in the preceding sentence shall submit the necessary plan amendments and plans to the Secretary for approval. Any such plan or plan amendment must also describe with respect to such section 417 and part G (and all related amendments) a phase-in strategy and a timetable for achieving full implementation.

"(2) Secretarial Waivers.--The Secretary may waive or modify any requirement pertaining to the provisions of section 417, the program required under part G, or the requirements of part A (including participation rates and performance standards) that, as established with reference to the 50 States and the District of Columbia, would be inappropriate for a State to which this subsection applies.

"(3) Termination.--The applicablility of section 417 and part G to a State to which this section applies may be terminated

voluntarily by such State, but following any such termination, such State shall not be eligible to exercise the option with respect to any year before the sixth year following such termination."

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

Section 482 of the Act is amended by adding at the end thereof the following new subsection:

"(j) Training and Employment for Non-Custodial Parents.--

"(1) The Secretary shall approve the application of a State to conduct a program of training and employment opportunities for noncustodial parents that meets the requirements of this subsection.

"(2) An application to conduct a program under this subsection shall --

"(A) describe the political subdivision or subdivisions, or other identifiable areas of the State where the program will be conducted,

"(B) describe the services that will be provided to participants, including the training, job readiness services, and employment opportunities that will be available, and indicate whether these will be provided through the program under this part or under part G (or both) or whether some or all of the activities under

this subsection will be conducted as a separate program,

"(C) describe the supportive services that will be provided to enhance the participant's involvement in the program and ability to obtain employment and meet his or her child support obligations,

"(D) indicate whether the State will conduct a random assignment evaluation of the effects of the program on improved responsibility in meeting child support obligations, and

"(E) provide assurance that the State's program will comply with the requirements of this subsection.

"(3) The application must provide that a noncustodial parent will be eligible to commence participation in the program under this subsection if his or her child is receiving aid to families with dependent children (or the child's custodial parent is receiving wages in connection with the program under part G), or if the noncustodial parent owes past-due child support which has been assigned to the State agency administering the State plan approved under part A and is unemployed. Paternity must be established before a noncustodial father may enter the program, and the noncustodial parent must be cooperating in the establishment of a child support obligation and the

entry of an award. If a parent who has been participating in the program ceases to be eligible therefor because the child with respect to whom the support obligation exists is no longer eligible for aid to families with dependent children (and the custodial parent is not receiving wages in connection with the program under part G), the State must nonetheless allow the participant to complete the training or program activity.

"(4) A State conducting a program under this subsection shall not be required --

"(A) to accept all applicants even though they meet the criteria of paragraph (3), or

"(B) to provide the same training, services, or employment opportunities to all participants, and the State shall not require -

"(C) that individuals participate in the JOBS program (or in education or training activities comparable or similar to the JOBS program) as a prerequisite to participation in the WORK program (or comparable program of subsidized employment), or

"(D) that the custodial parent of an individual's child be participating in the JOBS program under part F or the WORK program under part G as a condition of such

individual's eligibility to participate in the program under this subsection.

"(5) The State agency shall assure that wages will be paid for work performed by the participant and may provide for the payment of training stipends.

"(6)(A) The State agency shall garnish subsidized wages, or any stipends, paid in connection with a non-custodial parent's participation in the program under this subsection, and remit them to the State agency administering the State plan approved under part D for distribution as a child support collection in accordance with the provisions of that part.

"(B) The State may provide, if, with respect to an individual participating in the program under this subsection, it has jurisdiction over the child support obligation being enforced that hours of participation in program activities may, on a reasonable basis, be credited to reduce amounts of past-due child support owed to such State agency by the individual.

"(7)(A) A State with an application approved under this subsection may use, for carrying out the program described in such application in any fiscal year, up to 10 percent of the sum of the amounts available to it for such fiscal year under subsection (k)(2) and (l)(2) of section

403. The State shall be entitled to so much of such amount as equals the percentage specified in section 403(k)(1)(A) multiplied by its expenditures necessary to carry out its approved application.

"(B) A State may include, as expenditures necessary to carry out its approved application, amounts expended for stipends, wage subsidies, supportive services, training, and administrative costs of the State agency directly related to the program under this subsection."

SEC. 207. FEDERAL TAX TREATMENT OF WORK REMUNERATION.

(a) Work Remuneration Ineligible For Earned Income Tax Credit.-- Subparagraph (B) of section 32(c)(2) (defining earned income for purposes of the Earned Income Tax Credit) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting in lieu thereof ", and", and by inserting after clause (iii) the following clause:

"(iv) no amount of remuneration received for services provided in a WORK position to which the taxpayer was assigned under Part G of title IV of the Social Security Act shall be taken into account."

(b) WORK Remuneration Ineligible for Targeted Jobs Tax Credit.--Section 51(b) (defining qualified wages for purposes of the Targeted Jobs Tax Credit) of the Internal Revenue Code of

1986 is amended by inserting after paragraph (3) the following new paragraph (4):

"(4) Special Rules for WORK Positions.--

"(A) Qualified Wages.--No amount of remuneration received for services provided in a WORK position to which an employee was assigned under Part G of title IV of the Social Security Act shall be treated as qualified wages.

"(B) Qualified First-Year Wages.--The 1-year period described in paragraph (2) is determined without regard to the period in which the employee provided services in a WORK position to which the employee was assigned under Part G of title IV of the Social Security Act.".

(c) WORK Remuneration Not Subject To FUTA.--Section 3306(b) (defining wages for purposes of the federal unemployment tax) of the Internal Revenue Code of 1986 is amended by striking "or" at the end paragraph (15), by striking the period at the end of paragraph 16 and inserting in lieu thereof ", or", and by inserting after paragraph (16) the following paragraph:

"(17) remuneration paid for services provided in a WORK position to which the employee was assigned under Part G of title IV of the Social Security Act.".

(d) WORK Remuneration Excluded From Gross Income.-- The Internal Revenue Code of 1986 is amended by redesignating section 137 (containing certain cross references) as section 138, and by inserting after section 136 the following section:

"Section 137. WORK Program Remuneration.-- Gross income shall not include any remuneration received for services provided in a WORK position to which the individual was assigned under Part G of title IV of the Social Security Act."

TITLE III - CHILD CARE

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

(a) Guarantee While in WORK or JOBS Program.-- (1) Section 402(g)(1)(A)(i)(I) of the Act is amended by striking out the semicolon and inserting in lieu thereof "(including employment under part G, or other required activities under such part);".

(2) Section 402(g)(1)(A)(i) of the Act is amended--

(A) by striking out "(including participation in a program that meets the requirements of subsection (a)(19) and part (F))", and

(B) by striking out "approves the activity" and inserting in lieu thereof "approves the activity as part of the individual's employability plan under part F (regardless of whether resources are available to provide other services or pay for other activities to carry out such plan)".

(b) Transitional Child Care After Leaving Work Program.--

(1) Section 402(g)(1)(A)(ii) of the Act is amended immediately following "aid to families with dependent children" by inserting "or wages under the program under part G".

(2)(A) Clause (iii) of section 402(g)(1)(A) of the Act is amended by inserting before the period at the end thereof "or wages under part G".

(B) Clause (iv) of such section is amended immediately after "aid to families with dependent children" by inserting "or wages under part G".

(c) Health and Safety Standards; Continuity of Care.-- (1) For Recipients.--Section 402(g)(1)(A) of the Act is amended by adding at the end thereof the following new subparagraphs:

"(viii) Child care guaranteed under this section, whether provided by a method permitted under subparagraph (B) or by means of an agreement under subsection (j) with the lead agency designated under the Child Care and Development Block Grant Act of 1990 (hereafter referred to as the 'CCDBG Act'), must meet all health and safety standards established by the lead agency (for purposes of the CCDBG Act), and, in addition to any other requirements imposed pursuant to that Act, the State agency must establish immunization requirements and assure (and any such agreement must provide) that, consistent with regulations of the

Secretary (I) children whose child care is paid for, in whole or in part, under this subsection will be required to have received all immunizations, at the appropriate times, as currently recommended by the Advisory Committee on Immunization Practices (an advisory committee established by the Secretary, acting through the director of the Centers for Disease Control and Prevention) as specified on the pediatric vaccines list referred to in section 1928(e), and (II) child care providers used will take steps to assure that toxic substances, weapons, and any other items at the location where the child care is provided that could be harmful to young children, will be secured and unobtainable by the children.

"(ix) The State plan must assure that child care provided under this subsection will conform in all ways to the provisions for parental choice, unlimited parental access, handling of parental complaints, and consumer education, as well as to all the other standards, criteria, and requirements applicable to child care provided under the CCDBG Act.

"(x) The State agency may, at its option, provide or authorize the provision of child care under this subsection (and if it exercises this option, shall so advise the lead agency designated under the CCDBG Act, if it has an agreement with such agency under subsection (j)) to a child for such periods of time as are necessary to assure continuity of care even though, for

such periods, the individual whose participation in the program under part F or part G or whose employment is enabled by the child care may have temporary interruptions in employment or training."

(2) For At-Risk Families.--Section 402(i) of the Act is amended by redesignating paragraphs (5) and (6) as paragraphs (8) and (9), respectively, and by inserting after paragraph (4) the following new paragraphs:

"(5) Child care provided under this subsection, whether provided by a method permitted under paragraph (2) or by means of an agreement under subsection (j) with the lead agency designated under CCDBG Act, must meet all health and safety standards established by the lead agency (for purposes of the CCDBG Act), and, in addition to any other requirements imposed pursuant to that Act, the State agency must establish immunization requirements and assure (and any such agreement must provide) that, consistent with the regulations of the Secretary (i) children whose child care is paid for, in whole or in part, under this subsection will be required to have received all immunizations, at the appropriate times, as currently recommended by the Advisory Committee on Immunization Practices (an advisory committee established by the Secretary, acting through the director of the Centers for Disease Control and Prevention) as specified on the pediatric vaccines list referred to in section

1928(e), and (ii) child care providers used will take steps to assure that toxic substances, weapons, and any other items at the location where the child care is provided that could be harmful to young children, will be secured and unobtainable by the children.

"(6) The State plan must assure that child care provided under this subsection will conform in all ways to the provisions for parental choice, unlimited parental access, handling of parental complaints, and consumer education, as well as to all other standards, criteria, and requirements applicable to child care provided under the CCDBG Act.

"(7) The State agency may, at its option, provide or authorize the provision of child care under this subsection (and if it exercises this option, shall so advise the lead agency designated under the CCDBG Act, if it has an agreement with such agency under subsection (j)) to a child for such periods of time as are necessary to assure continuity of care even though, for such periods, the individual whose employment is enabled by the child care may have temporary interruptions in employment.".

SEC. 302. RELATED AMENDMENTS.

(a) Child Care for Participants in the JOBS or WORK Program, and Transitional Child Care.-- Section 402(g) of the Act is amended--

(1) by striking out, in paragraph (1)(A)(vii), "a sliding scale formula" and all that follows and inserting in lieu thereof "the sliding fee scales established by the lead agency designated under the Child Care and Development Block Grant Act of 1990 as required by section 658E(c)(5) of that Act.";

(2) by amending paragraph (1)(C)(i) by striking out clause (II) and inserting in lieu thereof "an amount not less than the amount provided in the State plan pursuant to this clause for January 1994.";

(3) by amending paragraph (3)(B) by adding "and" after clause (i), striking out "applicable standards" and all that follows in clause (ii) and inserting in lieu thereof "all requirements, standards, and criteria applicable to child care funded under the CCDBG Act.", and by repealing clause (iii); and

(4) by repealing paragraphs (4) and (5).

(b) At-Risk Child Care.-- Section 402(i) of the Act is amended--

(1) in paragraph (3)(A), by striking out "a sliding scale formula" and all that follows and inserting in lieu thereof "the sliding fee scales referred to in subsection (g)(1)(A)(vii).";

(2) in paragraph (8)(B) (as redesignated by section 401(c)(2)), by striking out "applicable standards of State and local law;" and inserting in lieu thereof "all requirements, standards, and other criteria applicable to child care funded under the CCDBG Act;

(3) by repealing subparagraphs (C) and (D) of such paragraph (8); and

(4) by amending paragraph (9) (as redesignated) to read as follows:

"(9) In order to facilitate more accurate analysis of the supply and quality of child care resources, the demand for such resources that cannot currently be satisfied, and the effectiveness and relationship of Federal programs providing support for child care and child development activities, the Secretary shall specify by regulation a core set of consistently defined data elements for child care which must be used by each State with respect to all reports relating to child care or child development activities supported in whole or in part under this Act or under the CCDBG Act.".

SEC. 303. LIMITATION OF AT-RISK CHILD CARE TO FAMILIES

INELIGIBLE FOR RECIPIENT OR TRANSITIONAL CHILD CARE

Section 402(i)(1)(A) of the Act is amended to read as follows:

"(A) is not eligible for child care under subsection (g);".

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

(a) State Option.-- Section 402 of the Act is amended by adding at the end thereof the following new subsection:

"(j)(1) In order to provide the child care which must be guaranteed pursuant to subsection (g) or which may be furnished pursuant to subsection (i), the State agency may enter into an agreement with the lead agency designated under section 658D of the CCDBG Act under which--

"(A) subject to paragraph (2), the State agency will pay (either in advance or as reimbursement) the lead agency for the cost of providing child care for any child with respect to whom care must be guaranteed under subsection (g) or is to be furnished under subsection (i), and the lead agency agrees that care for all such children will only be paid for from such reimbursement; and

"(B) that (i) all child care provided by the lead agency under the agreement, whether directly or by

contractual or other arrangements, will be subject to the same requirements, standards, and other criteria as are applicable to child care funded under the CCDBG Act, and (ii) parents and children to whom such care is provided will be offered all the same protections and procedural safeguards as are applicable to child care furnished under the CCDBG Act.

"(2) Limits of Reimbursement.--The State agency shall not pay the lead agency for care provided to a child an amount (A) less than the minimum permitted under subsection (g)(1)(C)(i)(II) and specified by the State for fiscal year 1994 in its plan approved under this part nor (B) in excess of the amount described in subsection (g)(1)(C) or (i)(3)(B), whichever may be applicable to the child involved, and, with respect to children to whom subsection (i)(3)(B) applies, the State agency shall be obligated to pay the lead agency for child care furnished in a fiscal year only to the extent of appropriations available for such purpose for such fiscal year.

"(3) Single State Agency.-- Nothing in this subsection shall be construed as precluding the designation of the agency established or designated under section 402(a)(3) as the lead agency for purposes of the CCDBG Act. No agreement shall be necessary in the case where the same agency is designated under

both the CCDBG Act and this Act, but the agency shall, as lead agency, comply with all the provisions of this subsection."

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

(a)(1) Licensing and Monitoring Costs.--Section 402(g)(3) of the Act is amended by adding at the end thereof the following new subparagraph:

"(C) In determining the amount expended by a State for purposes of section 403(a)(3), the Secretary shall allow the State to include an amount, determined in accordance with a formula prescribed by the Secretary, to reimburse the State for expenditures in connection with licensing, monitoring, and similar activities with respect to child care providers in the State. The formula adopted by the Secretary shall reflect either the number of children for whom child care is reimbursed under section 403(a), the number of child care providers in the State furnishing such child care, or both, and any other factors which the Secretary determines it would be equitable to consider. The total payment to all States pursuant to this subparagraph shall not exceed \$15,000,000 for any fiscal year."

(2) The amendment made by paragraph (1) shall be effective for fiscal years after 1995.

(b) Supply and Quality Improvement Activities.--Section 402(i) of the Act is amended by redesignating paragraph (9) (as previously redesignated) as paragraph (10) and inserting after and below paragraph (8) the following:

"(9) Of the amount available to a State for any fiscal year under section 403(n), 10 percent of such amount may be paid by the Secretary with respect to expenditures for those activities to improve the quality of child care in the State described in section 458G of the Child Care and Development Block Grant Act (referred to in this subsection as the 'CCDBG' Act) and to increase the availability in low-income communities of child care appropriate for infants and very young children in a variety of settings. Either the State agency administering the plan approved under this part or the lead agency designated under the CCDBG Act may conduct such activities (in which case the State agency shall pay to the lead agency the amount provided by the Secretary for this purpose pursuant to the preceding sentence).".

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

(a) Federal Funding.-- Section 403(n) is amended--

(1) in paragraph (1)(A), by striking out "the Federal medical assistance percentage as defined in section 1905(b))" and inserting in lieu thereof "the State's

enhanced Federal medical assistance percentage (as defined in subsection (m)(6))"; and

(2) in paragraph (2), by amending subparagraph (B) to read as follows:

"(B) The amount specified in this subparagraph is --

"(i) \$300,000,000 for fiscal year 1995,

"(ii) \$500,000,000 for fiscal year 1996,

"(iii) \$600,000,000 for fiscal year 1997,

"(iv) \$700,000,000 for fiscal year 1998, and

"(v) \$1,000,000,000 for fiscal year 1999,

"(vi) \$1,050,000,000 for fiscal year 2000,

"(vii) \$1,100,000,000 for fiscal year 2001,

"(viii) \$1,150,000,000 for fiscal year 2002,

"(ix) \$1,200,000,000 for fiscal year 2003,

"(x) \$1,300,000,000 for fiscal year 2004, and

"(xi) the product of \$1,300,000,000 adjusted by the CPI as prescribed in section 406(i) and the ratio of the child population in the United States for the most recent preceding fiscal year for which such data are available, to such population for the second most recent preceding fiscal year,

reduced by 2 percent (or, in the case of fiscal years after 1998, 1 percent) for carrying out section 404 of the Work and Responsibility Act of 1994."

(b) Reallotment of At-Risk Child Care Funds.-- Section 403(n)(3)(C) of the Act (permitting a one-year carryover by a State of unclaimed Federal funds for at-risk child care) is amended to read as follows:

"(C) If the amount specified in subparagraph (B) for any fiscal year exceeds (or if the Secretary estimates that it will exceed) the total amount paid (or estimated to be payable) under paragraph (1) for such fiscal year, then the Secretary shall provide additional payments to States whose expenditures pursuant to section 402(i) for such year exceed their limitation on Federal payment under paragraph (2). The Secretary shall by regulation provide for the equitable reallotment of any amounts available in the case where all States' claims for a fiscal year under this subparagraph exceed the amount available for reallotment."

SEC. 307. SUPPLEMENT TO INCOME DISREGARD.

(a) Requirement.-- Section 402(g)(1)(B) of the Act is amended by adding at the end thereof the following new sentence: "If the State agency guarantees child care by applying the income disregard provision in subsection (a)(8)(A)(iii) in determining the amount of aid to be paid for a month, the State agency shall offer the caretaker relative the option of receiving care under another arrangement pursuant to this subparagraph, or, alternatively, the State agency shall reimburse the caretaker

relative for expenditures for child care for such month in an amount equal to the excess of such expenditures (or, if less, the maximum amount that may be paid for the type of child care involved, as determined under subparagraph (C)) over the amount that is disregarded under such subsection."

(b) Notice.-- Section 402(g)(1)(A)(i) of the Act is amended by striking out the period at the end and inserting in lieu thereof a semicolon and adding after and below clause (II) the following:

"and if the State agency applies the income disregard provision in subsection (a)(8)(A)(iii) without reimbursement under subparagraph (B) for any additional cost, it shall advise each such family that they also have the option to have the State agency provide child care under another arrangement pursuant to subparagraph (B)."

TITLE IV -- PROVISIONS WITH MULTI-PROGRAM APPLICABILITY

SEC. 401. PERFORMANCE STANDARDS.

Section 487 of the Act is amended to read as follows:

"SEC. 487. Performance Standards.

"(a) Development of Factors to be Measured.-- In order to specify a set of outcome-based performance measures to which the Secretary can thereafter apply standards of achievement to define successful State JOBS and WORK programs (with appropriate variations in the factors to be measured, and the standards

applied, among the States and for programs directly administered by Indian tribes or Alaska Native organizations), the Secretary shall develop recommendations for factors to be measured in assessing such programs, together with specific elements to be examined and the methodology for collecting the necessary data. Factors to be recommended shall include the percentage of a State's AFDC caseload subject to the time limits in section 417 who receive aid for 24 cumulative months and may include factors such as those considered under section 106 of the Job Training Partnership Act, as well as --

"(1) the increase in employment and level of earnings of program participants after leaving the JOBS and WORK programs,

"(2) the retention of program participants for significant periods of time in unsubsidized employment,

"(3) the decrease in the rate of dependency on welfare of participants' families,

"(4) the improvement in the long-term economic well-being of families with children with a family member who previously participated in one or both such programs, and

"(5) such other factors as the Secretary finds appropriate.

The Secretary shall solicit views on the recommendations from the Secretary of Labor, the Secretary of Education, and other

Federal, State, and local officials (and representatives of associations of such officials) from both the executive and the legislative branches of government, and from other individuals and organizations with expertise in the fields of social welfare, education and training programs for children and adults, employment-related programs and social and supportive services related to these areas, as well as from community-based organizations and former and current program participants. Based upon the consultations and consideration of the views provided regarding the recommended factors, the Secretary shall, not later than October 1, 1996, publish in the Federal Register the factors to be measured in assessing States' performance in administering the programs established under parts F and G.

"(b) Development of Performance Standards.-- (1) Recommendations.-- In order to set standards of achievement to be applied to each of the factors to be measured as defined in accordance with subsection (a), the Secretary shall, not later than April 1, 1998, develop recommended standards to be applied to each of the factors. Views on these recommended standards shall be solicited from officials, organizations, and individuals broadly representative of the groups described in subsection (a). Based upon the consultations and consideration of the comments received from these sources, the Secretary shall, not later than

October 1, 1998, publish in the Federal Register the standards to be applied to the measurement factors.

"(2) Requirements.-- The performance standards described in paragraph (1) shall include provisions governing cost-effective methods for obtaining such data as are necessary to carry out this section which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, records collected under the Federal Insurance Contributions Act (chapter 21 of the Internal Revenue Code of 1986), State aid to families with dependent children records, and the use of statistical sampling techniques, and similar records or measures, with appropriate safeguards to protect the confidentiality of the information obtained.

"(c) Incentives and Penalties.-- The Secretary shall recommend and, not later than October 1, 1998, issue regulations prescribing incentives for States meeting or exceeding the performance standards adopted pursuant to subsection (b), and penalties for States failing to meet such standards. In developing such regulations, the Secretary shall study and consider the relationship between penalties and incentives as a means of achieving the proposed standards. The Secretary will consider whether the penalties and incentives set are sufficient to insure that a State which incurs the costs necessary to obtain the desired outcomes is financially better off than one that does not. Such regulations shall also include provisions for delay of any penalty when the Secretary finds it appropriate to afford a State sufficient time to develop and (with the Secretary's approval) implement a

corrective action plan which, if successful, will obviate the application of a penalty, and provision for furnishing technical assistance to any State in order to improve its program and avoid the application of a penalty.

"(d) The Secretary shall, from time to time, and in consultation with officials, organizations, and individuals broadly representative of the groups referred to in subsection (a), review and, if appropriate, propose modifications to the factors to be measured, the standards of performance, or the incentives and penalties, and after opportunity for review and comment, modify any one or more of such items.

"(e) The Secretary shall on an annual basis make public the level of performance achieved by each State as compared to the applicable standard.

"(f)(1) Each State with a plan approved under this part shall collect and furnish such data as the Secretary may require to assist in the development of the factors to measure performance (pursuant to subsection (a)) and the development of standards to be applied to those factors (pursuant to subsection (b)).

"(2) Each State with a plan approved under this part shall establish methods to solicit, on a regular and ongoing basis, the views of participants in the program under this part, and in the WORK program under part G, and of employers of participants from

both programs, on the quality and effectiveness of the services provided under the program. Participants and employers may provide either oral or written views, and the State should use a range of methods to obtain such views, including written questionnaires and group interviews and discussions. The information obtained from participants and employers shall be analyzed by the State and a summary of the information, together with the State's analysis, made available for use in improving the administration of the JOBS and WORK programs.

SEC. 402. AFDC QUALITY CONTROL SYSTEM AMENDMENTS.

(a) Expanded Purpose.--Section 408(a) of the Act is amended to read as follows:

"(a) In General.--In order (1) to improve the accuracy of payments of aid to families with dependent children, and wages under the WORK program under part G, to assess the accuracy of State reported data relating to its JOBS and WORK programs and to its implementation of the time limits established by section 417, (2) to determine the number of individuals to whom the State found applicable section 402(a)(19)(D) (by each of the categories enumerated within such section) and the number of individuals with respect to whom an extension of the time limit under section 417 was provided (by each of the categories enumerated within section 417(e)), (3) to determine whether participation standards under section 403 have been met, (4) to assess the effectiveness

of the State's program by applying the performance standards developed under section 487, and (5) to serve such other purposes as the Secretary finds appropriate for a performance measurement system, the Secretary shall establish and operate a quality control system to secure the accurate data needed to measure performance, identify areas in which corrective action is necessary, and determine the amount (if any) of the disallowance required to be repaid to the Secretary because of erroneous payments of aid made by the State, or its failure to meet such participation or performance standards."

(b) Additional Data Required to be Sampled.-- Section 408(h) of the Act is amended--

(1) by redesignating paragraphs (2) through (6) as paragraph (3) through (7), respectively,

(2) by adding after and below paragraph (1) the following new paragraph:

"(2) payments of aid that will be considered, for purposes of this section, to be erroneous payments because of a State's exceeding the limits specified in section 402(a)(19)(D) or 417(e), and the State's failure to achieve the participation rates specified in section 403, or to meet the performance standards developed pursuant to section 487, and the additional data elements to be included in a sample (and whether as part of the sample review under subsection

(b) or separately) in order to determine whether such participation rates have been achieved, and the extent to which the State has met such performance standards;"; and

(3) by amending paragraph (3) (as redesignated) by inserting before the semicolon "and matters relating to the size and selection of samples and relating to the methodology for making statistically valid estimates of the State's compliance with the limits referred to in paragraph (2) and its achievement of participation rates and performance (measured against such standards) achieved by the State".

(c) State Studies.--Section 408(h) is amended by adding at the end thereof the following new sentence:

"Expenditures by a State to conduct studies approved by the Secretary to test and improve its quality control system, and adapt it to the full range of purposes described in subsection (a) shall, notwithstanding any other provision of law, be considered for purposes of section 403(a)(3) to be necessary for the proper and efficient administration of the State's plan approved under this part.".

(d) Conforming Amendment.--Section 408(b)(5) of the Act is amended--

(1) in subparagraph (A), by striking out "subsection (h)(3)" and inserting in lieu thereof "subsection (h)(4)", and

(2) in subparagraph (B), by striking out "subsection (h)(4)" and inserting in lieu thereof "subsection (h)(5)".

(e) Consultation.--The Secretary of Health and Human Services shall consult with the State agencies administering programs under parts A, F, and G of title IV of the Act, and with others knowledgeable about design and administration of quality control systems and performance measurements systems, and thereafter, but not later than April 1, 1995, report to the Congress and publish in the Federal Register the proposed rules necessary to effectuate the amendments to section 408 of the Act made by this section.

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

(a) Federal Responsibilities.-- Part A of title IV of the Act is amended by adding after section 410 the following new section:

"NATIONAL WELFARE RECEIPT REGISTRY

"Sec. 411. (a) Establishment.--In order to assist States in administering their State plans approved under this part, part F, and part G, the Secretary shall establish and maintain an automated registry, to be known as the National Welfare Receipt

Registry, containing information reported by each State agency administering a plan approved under this part concerning individuals receiving (or who have received) aid to families with dependent children or wages under a State's WORK program under part G.

"(b) Information to be Maintained.-- There shall be maintained in the Registry, at a minimum, the following information with respect to each individual in the family who has received aid to families with dependent children:

"(1) the individual's name, date of birth, and social security account number;

"(2) the months for which aid was provided (with respect to such individual), including months in which no aid was paid with respect to such individual because a sanction was being applied pursuant to section 402(a)(19)(G), section 402(a)(26), or section 496(f);

"(3) months in which section 402(a)(19)(D) was applicable to the individual;

"(4) months during which an extension under section 417 (e) was provided with respect to an individual;

"(5) months in which an individual was registered with the State's WORK program under part G and months

in which the individual was assigned to a position under part G; and

"(6) such other information as the Secretary may determine would assist in the administration of the programs involved, including the performance measurement of one or more of such programs.

"(c) Use of Information.-- (1) To Whom Provided.-- The Secretary shall promptly respond to requests by a State agency administering a plan approved under this part for information with respect to one or more individuals, identified by name and social security number. The Secretary shall furnish such information electronically, and if such an individual has previously received (or is receiving) aid to families with dependent children, or was registered under a program pursuant to part G, identify the State making payment of aid or administering the program under part G for each month involved or indicate that the requested information is not in the Registry.

"(2) Regulations.-- The Secretary shall prescribe rules pertaining to--

"(A) the format in which and process by which States must submit the information maintained under subsection (b);

"(B) the format in which and process by which States must submit requests (and responses will be

furnished to such requests) for information under this subsection;

"(C) the safeguards that the State must adopt to assure that requests are submitted, and responses received, only by personnel authorized by the State agency to perform these functions; and

"(D) steps that the State must take to safeguard any information received from the Registry, and assure that it will not be redisclosed except to the extent permitted under section 402(a)(9) or under this section.

The Secretary shall take into consideration in developing and issuing rules under this subsection the varying levels of capability among the States to monitor, provide, and receive by electronic means the information to be maintained in the Registry, and shall allow in such rules a State to adopt alternatives to the generally applicable requirements if the State demonstrates that its alternative will be effective in reporting, receiving and using the information to be maintained in the Registry and the State has in effect an advance planning document approved under section 402(e).

"(d) The Secretary shall not be liable to either a State or an individual for inaccurate information provided to the Registry by one State and reported by the Secretary to a second State.

"(e) The Secretary may disclose information in the Registry, in addition to disclosure to States for the purposes described above, only--

"(1) to the Social Security Administration in order to verify the accuracy of, and as necessary to correct, the social security account numbers of individuals about whom information has been reported, and for use by the Social Security Administration in determining the accuracy of payments under the Supplemental Security Income program under title XVI, or for use in connection with benefits under title II, as may be relevant,

"(2) to the Internal Revenue Service for purposes directly connected with the administration of the earned income tax credit under section 32 of the Internal Revenue Code of 1986, or the advance payment of such credit under section 3507 of such Code or for verification of a dependency exemption claim in an individual's tax return or in connection with the dependent care tax credit,

"(3) to the Secretary of Labor (or the State agency administering the State's program under title III of the Act) for purposes directly connected with the administration of the unemployment compensation

program under title III (or under a State law with respect to which the Secretary of Labor certifies payment under such title), and

"(4) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of this part or part F or G, but without personal identifiers.

"(f) There are authorized to be appropriated to establish the National Welfare Receipt Registry, \$6,000,000 for fiscal year 1995, and to operate the Registry, \$4,000,000 for each of fiscal years 1996 through 1999.

(b) State Responsibilities.-- Section 402(a) of the Act is amended by adding after paragraph (28) the following new paragraph:

"(29) provide--

"(A) that information will be reported to the National Welfare Receipt Registry, at such times, in such format and by such process as the Secretary shall prescribe pursuant to section 411;

"(B) that the State agency will request from such Registry, and from the other Registries maintained as part of the National Welfare Reform Information Clearinghouse established pursuant to section 453A, in such manner as the Secretary may prescribe, and will

use all information that would facilitate the proper and efficient operation of the State's programs under this part and parts F and G, and

"(C) that the State agency will cooperate with any other State agency administering or supervising the administration of a plan approved under this part in order to resolve any disagreement between an individual seeking aid under such a plan (or seeking to participate in a program under part G) and the State about the correctness of information it reported to the Registry and report to the Registry any corrections to be made in the data contained in the Registry;".

(c) State Automated Information System.-- Section 402(a)(30) of the Act is amended to read as follows:

"(30)(A) provide for an automated system which manages, monitors, and reports the information in paragraph (29) efficiently and economically, and for security against unauthorized access to, or use of, the data in such system; and

"(B) at the option of the State, provide for the establishment and operation, in accordance with an (initial and annually updated) advance planning document approved under subsection (e), of a statewide automated information system to assist in the administration of the State plan

approved under this part through automated procedures and processes in any one or more of the following areas--

"(i) to assist in performing intake and referral functions;

"(ii) to assist in providing the child care services required under subsection (g)(1), and available under subsection (i), and coordinating the provision of such services with those provided in the State under the Child Care and Development Block Grant Act, in an efficient manner that eliminates (or at least minimizes) the disruption of service to children and families and assists the State in monitoring the quality, cost, and delivery of such services; or

"(iii) to assist in the administration of the State's plan approved under part F, including monitoring the delivery of employment and training services and related support services, and to manage the information necessary to administer and assess its programs under parts F and G;

and to provide for security against unauthorized access to, or use of, the data in such system and, if the State elects to implement any such automated system, may also develop and implement a system (or, if more cost-effective, enhance an

existing system) for determining eligibility for any payment amount of aid under this part;".

(d) Development of Model Automated Information Management Systems.-- Section 413 of the Act (including its heading) is amended to read as follows:

"MODEL AUTOMATED INFORMATION MANAGEMENT SYSTEMS

"Sec. 413. (a)(1) The Secretary shall, in partnership with States, design and develop model automated support and case management systems to assist States in the operation, managing, tracking, and reporting in each of the program areas described in section 402(a)(30)(A) and clauses (i), (ii), and (iii) of section 402(a)(30)(B), and thereafter provide necessary technical assistance to States choosing to adopt such model.

"(2) Two or more States may determine to collaborate in developing model automated support and case management systems to assist them in operating, managing, tracking, and reporting in each of the program areas described in section 402(a)(30) and, in such case, the Secretary shall provide all appropriate technical assistance, and otherwise cooperate with the States' collaboration to develop systems that meet all the requirements of this part.

"(b) The model system developed by the Secretary under subsection (a)(1), or the system developed collaboratively by States under subsection (a)(2), must meet the following criteria:

"(1) with respect to payment of aid under the State's plan approved under this part, the system must be capable of assisting in performing the intake and referral function;

"(2) with respect to the State's child care programs under this part, as well as under the CCDBG Act, the system must be capable of assisting in --

"(A) identifying and establishing the eligibility of families with children in need of child care, and determining the appropriate program under which to pay for such care;

"(B) determining the continuing eligibility of such families for such care, and planning for and monitoring services provided to such families;

"(C) processing payments and other financial data needed for the management of the child care programs, and

"(D) producing necessary management reports for the efficient and effective administration of the child care programs, including the generating of required financial and statistical reports;

"(3) with respect to the State's JOBS and WORK programs under parts F and G respectively, the system must be capable of assisting in --

"(A) assessing a participant's service needs in relation to stated goals,

"(B) developing an appropriate employability plan, and

"(C) monitoring and recording the individual's attendance at or participation in all required program activities.

In the case of each of the State's systems described in paragraphs (1), (2), and (3), the system must also be capable of exchanging data electronically with related Federal electronic data systems and other such systems of the State, and providing such other information necessary to assess the State's program performance against the standards established by the Secretary under section 487.

"(c) There are authorized to be appropriated to carry out subsection (a), \$7,500,000 for each of fiscal years 1995 and 1996.

"(d)(1) In addition to the technical assistance required in connection with the model systems described in subsection (a)(1), the Secretary shall provide for such training, and furnish such technical assistance as may be appropriate to enable States to develop and implement automated management systems as promptly and in as cost-effective a manner as possible.

"(2) There are authorized to be appropriated \$1,000,000 for each fiscal years 1995 through 1999 to carry out this subsection."

(e) Enhanced matching.--Section 403(a) of the Act is amended--

(1) by redesignating paragraph (3) as paragraph (3)(A) and striking out "and" at the end thereof, and

(2) by adding after and below such paragraph the following:

"(B) if the Secretary determines that the modification of a State's system that meets the requirements of section 402(a)(30)(A) will be cost-effective, or that a State's automated management information system uses any one or more of the Secretary's models developed under section 413(a)(1), or is based on a State collaboration under section 413(a)(2), Federal payments with respect to such systems shall equal 80 percent (or, if greater, the State's enhanced Federal medical assistance percentage, as defined in subsection (m)(6)) of a State's expenditures under its approved advance planning document for the cost of developing and implementing any such system collaborative project; and

"(C) notwithstanding any other provision of this section, the total amount payable by the Secretary with

respect to expenditures, (during the five-year period) to which subparagraph (B) applies shall not exceed \$800,000,000 to be distributed among the States, and to make available at such time or times over the five-year period, as is provided in regulations issued by the Secretary, taking into account the relative size of State caseloads and the levels of automation needed to meet the requirements of this title, and payments under subparagraph (B) shall be made at such times and in such manner as provided in subsection (b) and the advance planning document approved under section 402(e).", and

(3) by striking out "section 403(a)(3)" in subparagraph (C) of section 402(g)(3) of this Act, as added by section 305(a)(1) of this Act, and inserting in lieu thereof "section 403(a)(3)(A)".

(d)(1) Revision of Advance Planning Document Requirement.-- Section 402(e) of the Act is amended to read as follows:

"(e)(1) The Secretary shall not approve the Advance Data Planning document referred to in subsection (a)(30), unless such document, when implemented, will economically, efficiently, and effectively carry out the objectives of the automated, statewide, management information systems referred to in such subsection, and such document provides a plan to address the State's

approach, schedule, needed resources, and cost-benefit of the project.

"(2) The Secretary shall, on a continuing basis, review, access, and inspect the planning, design, and operation of the statewide management information systems approved under subsection 403(a)(3)(B), to determine whether, and to what extent, such systems meet and will continue to meet requirements imposed under this part.".

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

(a) Funding.--There shall be available to the Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") for carrying out the projects and other activities specified in this section, and other such activities related to the provisions of this Act, in a fiscal year an amount equal to 2 percent (or, in the case of fiscal years after 1998, 1 percent) of the sum of the amounts specified in subsections (k)(3), (l)(3), and (n)(2)(B) of section 403 of the Social Security Act for such fiscal year.

(b) Research and Evaluation.--In addition to any other research and evaluation found appropriate by the Secretary pertaining to the new programs and amendments to existing programs added to the Social Security Act by the provisions of this Act, the Secretary shall, in consultation with the Secretary

of Labor and the Secretary of Education conduct, in accordance with scientifically-acceptable methodology, the following studies of the time-limited program of assistance together with training and preparation for employment, followed by a program of required employment or employment-related activities:

(1) a two-phase implementation study of--

(A) the initial steps taken by States and political subdivisions to implement the new programs and requirements established by the amendments made by this Act, as well as the obstacles faced, institutional arrangements entered into, and recommendations of such States and political subdivisions based on their experiences, and thereafter

(B) the experiences of States and localities after the new programs and requirements have been substantially implemented, including a study of the program design, services provided, funding levels, participation rates, and recommendations of the administering agencies, and a review of the impact of these new programs and requirements on the State and local administration of the programs, including management systems, staffing structures, and the culture of the welfare programs;

(2) an evaluation in a variety of States and localities, using random assignment of individuals to treatment and control groups, and other appropriate rigorous methods, to examine the effectiveness of time-limited assistance in helping participants achieve self-sufficiency, and the corresponding effect on unemployment rates, reduction of welfare dependency and teen pregnancy, the effects on income levels, family structure, and children's well-being among participant groups; and

(3) together with the Secretary of Labor, a comprehensive national study after the WORK program (under part G of title IV of the Act) has been in effect for 2 years to measure the program's success in assisting participants to obtain unsubsidized employment, and to evaluate skill levels and barriers to employment in the case of individuals who have not, after participating in such program for 2 years, been able to obtain unsubsidized employment.

(c) Technical assistance.--In addition to any other specific authorization in the Social Security Act for technical assistance, the Secretary is authorized to offer a broad range of technical assistance to States (including Indian tribes and Alaska Native organizations) and territories, including training, consultations, and fostering the exchange of information among

States and others about practices, strategies, and techniques that are proving effective.

(d) Placement Demonstration Projects.--The Secretary is authorized to approve up to 10 demonstrations of innovative techniques to increase the number of placements of participants in the JOBS program (under part F of title IV of the Social Security Act) in positions of unsubsidized employment with significant retention rates. No more than 5 such demonstrations shall test the use by the State of a private organization, pursuant to a contractual arrangement under which the organization will place JOBS program participants in employment, and no more than 5 such demonstrations shall involve the use of placement bonuses payable to State or local agency employees who effectuate successful placements. All the projects shall specify performance standards (based on placement and retention rates) to measure successful performance, and, in the case of projects involving the use of private agencies, shall also specify the services that must be made available to clients, both before and after the placement, and indicate whether the organization will also serve participants in the State's WORK program (under part G of title IV of the Social Security Act.)

(e) Work-for-Wages Demonstration Projects.--The Secretary is authorized to approve up to 5 local demonstration projects to test the development, implementation, and effectiveness of WORK

programs conducted outside the context of the State's AFDC program. Any project approved under this subsection must include the following elements:

(1) the State agency administering the State's AFDC program (under part A of title IV of the Social Security Act) must close the case when an individual to whom section 417 applies (as added by section 104 of this Act) reaches the time limit specified in such section;

(2) each individual involved in the demonstration must be advised of the procedures that must be followed to apply for the WORK-for-Wages Project, and may not be denied an opportunity to participate if such individual would be eligible to participate in the State's WORK program under part G of such title;

(3) each individual will be afforded the opportunity to earn wages in a position of employment and WORK stipends if necessary to provide at least the income level of the State's AFDC program (after application of the \$120 per month earned income disregard for work expenses) in the case of a similarly situated family (and States conducting projects will be encouraged to standardize, to the extent consistent with the preceding provisions of this paragraph, the amount of the stipends), but no payment of either wages or the stipend will occur unless the individual has worked

or participated in an alternative project-specified activity such as job search, interim community service, or other activity designed by the project; and

(4) those elements of the WORK program under part G of title IV of the Act which the Secretary determines are essential to achieve its objectives, while protecting the interests of participants in the program and others involved in or affected by the project, will be retained and applied in the project.

(f) WORK Support Agency Demonstrations.--The Secretary is authorized, in consultation with the Secretary of Labor, the Secretary of Agriculture, and the Secretary of the Treasury, to approve demonstration projects in up to 5 States, under which the State establishes a Work Support Agency to provide a broad and coordinated array of services and assistance to individuals who are former recipients of aid to families with dependent children to assist them in retaining unsubsidized employment. Services may include assistance in obtaining other benefits or payments for which the individual is still eligible, assistance in dealing with short-term family problems which could otherwise jeopardize continuation of the employment relationship, short-term or one-time financial aid to meet unusual employment-related needs and any other aid or services that support the individual's ability to retain or, where necessary, secure employment.

(g) Demonstration Projects for Noncustodial Parents.-- In order to encourage the development of innovative parenting programs for noncustodial parents that build upon existing programs for high-risk families, such as the Head Start program, the Healthy Start program, the Even Start program, and the Family Preservation and Support program, the Secretary is authorized to make grants to States, Indian tribes and Alaska Native organizations, or community-based organizations to conduct demonstration projects designed to improve the parenting skills of noncustodial parents with particular emphasis on matters such as the importance of parental involvement and economic security in the healthy development of children. The applicant shall describe the services to be provided, and the way in which project services will be coordinated with one or more of the programs or initiatives referred to in the preceding sentence.

(h) The Secretary shall, with respect to all demonstrations authorized under this section, prescribe--

(1) the minimum length of such projects in order to assure the value of the project,

(2) the assignment techniques and other requirements for the methodologies so that the results will be scientifically acceptable,

(3) the required financial contribution by the project applicant,

(4) types of expenditures that may be included under the project,

(5) the timing and nature of required reports and the procedures to be followed in conducting the evaluation and review of project results, and

(6) any other rules that the Secretary finds appropriate to assure the integrity of the demonstration, and to protect the rights and interests of program participants who are assigned to the demonstration.

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

(a) Certifications.--In order to assure achievement of the reductions in mandatory spending assumed in the cost estimates accompanying this Act, beginning in fiscal year 1998, and each of the five succeeding fiscal years is --

(1) the Secretary of Health and Human Services shall certify to the Director of the Office of Management and Budget that each of the systems of data bases included in the National Welfare Reform Information Clearinghouse established by Section 453A of the Social Security Act, (as added by section 625 of this Act) are both receiving data from and providing data to State and Federal agencies, and otherwise fully complying with all requirements imposed by or pursuant to the provisions of the Social Security Act

establishing, and requiring use of the components, of the Clearinghouse, and

(2) the Director of the Office of Management and Budget shall determine whether, and if so certify that, all such data were used fully and by the Federal agencies to which it was supplied in order to reduce fraud, waste, and abuse in the programs it administers and in compliance with the requirements imposed by or pursuant to the Social Security Act and subsection (d).

(b) Alternative Reductions in Mandatory Spending. If the Director of the Office of Management and Budget, after consultation with the Secretary of Health and Human Services, certifies, prior to the close of a fiscal year, as provided in subsection (a)(2), that, notwithstanding the full use of data as described in subsection (a) and States' implementation of applicable requirements of the Social Security Act, mandatory spending was not reduced (when compared to the levels estimated had the Clearinghouse not been established and used) by the amount projected in the cost estimates, then in the succeeding fiscal year the following reductions in spending shall occur, in the sequence stated, to the extent necessary to reduce mandatory spending by the difference between the amount that it was estimated would be saved (or avoided) in the year (in which the

certifications are made) and the amount certified by the Director as having been saved (or avoided):

(1) the amount made available to the Secretary of Health and Human Services under section 404(a) of this Act for research, demonstrations, and technical assistance, and the amount available under section 452(j) of the Social Security Act (as added by section 616 of this Act) for technical assistance to States with respect to child support enforcement programs (each such amount being reduced proportionately); and, if necessary,

(2) amounts otherwise payable under section 403(a)(3) of the Social Security Act (as amended by this Act) to States which have not fully implemented all the requirements imposed by or pursuant to the Social Security Act for full use of the data available from any part of the National Welfare Reform Information Clearinghouse shall be reduced by 3 percent (or such lesser amount as is necessary to achieve the necessary reductions in mandatory spending).

(c) Related Amendments.-- Section 1137(a)(2) of the Act is amended by striking out "such Code," and inserting in lieu thereof "such Code, and information available from any Registry maintained under the National Welfare Reform Information Clearinghouse established under section 453A (or, prior to the full establishment and operation of the Directory of New Hires,

from systems of similar information maintained by any other State, where cost-effective),".

(d) The Social Security Administration and the Secretary of the Treasury shall each request and fully use all information in the registries maintained under the National Welfare Reform Information Clearinghouse established under Section 453A of the Social Security Act to the extent that such information may be useful in carrying out their statutory responsibilities and reducing fraud, waste, and abuse.

TITLE V - PREVENTION OF DEPENDENCY

SEC. 501. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

(1) Section 402(a)(43) of the Act is amended by striking out "at the option of the State,".

(2) Such section is further amended in subparagraph (A)(i) by striking out ", or reside in a foster home" and all that follows down to the semicolon.

(3) Such section is further amended--

(A) by amending so much of subparagraph (B) as precedes clause (i) to read "(B) in the case where --",

(B) by striking out the semicolon at the end of each numbered clause in such subparagraph and inserting in lieu thereof a comma, and

(C) by adding after and below clause (v) of such subparagraph the following:

"subparagraph (A) shall not be applicable, but the State agency shall assist the individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the minor, (or may determine that the individual's current living arrangement is appropriate) and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of aid under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate) or, if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, it shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently;".

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

- (a) State Option.--Section 402(a) of the Act is amended --
(A) by striking out "and" after paragraph (44);

(B) by striking out the period after paragraph (45) and inserting in lieu thereof ";and"; and

(C) by adding at the end thereof the following new paragraph:

"(46) at the option of the State, provide that --

"(A) subject to subparagraphs (B) (C), and (D), the amount of aid to families with dependent children paid to a family under the plan will not be increased by reason of the birth of a child to an individual included in such family for purposes of making the determination under paragraph (7) and applying paragraph (8), or will be increased less than the amount that would be paid with respect to such child if such child had been a member of the family when the family first applied for aid, (but any such child will be considered to be a recipient of aid for all other purposes, including title XIX) if --

"(i) in the case where the individual is a custodial parent of a dependent child, the child was conceived in a month for which the individual received aid under the plan, or

"(ii) in the case where the individual is a dependent child, the individual is the parent of another child who is a member of the same family and

whose needs are included for purposes of making such determination;

"(B) services will be offered under paragraph (15) to all appropriate family members;

"(C) there will be disregarded, in making the determination under paragraph (7) and before applying the provisions of paragraph (8), an amount of income equal to any increase in aid that would have been paid but for subparagraph (A) that is derived from child support collected with respect to the child referred to in paragraph (A), earned income of a member of the family referred to in such subparagraph, or from any other source specified in the plan that the Secretary may approve as consistent with the objectives of this paragraph; and

"(D) the provisions of subparagraph (A) will not be applied in case of rape or in any other cases that the State agency finds would violate standards of fairness and good conscience.".

(b) Matching for Related Administrative Costs.-- Section 403(a)(3) of the Act is amended by striking out the semicolon and inserting in lieu thereof "or counseling or referral services (but no other types of family planning services) furnished pursuant to section 402(a)(15);".

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

Section 482(b) of the Act, as amended by section 102(2) of this Act, is further amended by--

- (1) redesignating paragraph (4) as paragraph (4)(A),
- (2) striking out "The State agency" in such paragraph (4)(A) and inserting in lieu thereof "Except as provided in subparagraph (B), the State agency", and
- (3) by inserting after and below paragraph (4)(A) the following:

"(B) The State agency shall--

"(i) assign a case manager to each custodial parent receiving aid under part A who is under age 20;

"(ii) provide that case managers will have the training necessary (taking into consideration the recommendations of appropriate professional organizations) to enable them to carry out their responsibilities and will be assigned a caseload the size of which permits effective case management; and

"(iii) provide that the case manager will be responsible for--

"(I) assisting such parent in obtaining appropriate services, including at a minimum,

parenting education, family planning services, education and vocational training, and child care and transportation services,

"(II) making the determinations required to implement the provision of paragraph (43),

"(III) monitoring such parent's compliance with all program requirements, and, where appropriate, providing incentives and applying sanctions, and

"(IV) providing general guidance, encouragement and support to assist such parent in his or her role as a parent and in achieving self-sufficiency.".

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

(a) State plan.--Section 402(a)(19)(E) of the Act (as amended by section 101 of this Act) is amended by adding "and" after clause (ii) and adding after and below clause (ii) the following new clause:

"(iii) at the option of the State, some or all custodial parents who are under age 20 (and pregnant women under age 20) who are receiving aid under this part will be

required to participate in a program of monetary incentives and penalties, consistent with subsection (k);".

(b) Elements of program.--Section 402 of the Act is amended by adding at the end thereof the following new subsection:

"(k)(1) If a State chooses to conduct a program of monetary incentives and penalties to encourage custodial parents (and pregnant women) who are under age 20 to complete their high school (or equivalent) education, and participate in parenting activities, the State shall amend its State plan--

"(A) to specify the one or more political subdivisions in which the State will conduct the program (or other clearly defined geographic area or areas), and

"(B) to describe its program in detail.

"(2) A program under this subsection--

"(A) may, at the option of the State, include all such parents who are under age 21;

"(B) may, at the option of the State, require full-time participation in secondary school or equivalent educational activities, or participation in a course or program leading to a skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

"(C) shall require that the case manager assigned to the custodial parent pursuant to section 482(b)(3) will

review the needs of such parent and will assure that, either in the initial development or revision of the parent's employability plan, there will be included a description of the services that will be provided to the parent and the way in which the case manager and service providers will coordinate with the educational or skills training activities in which the custodial parent is participating;

"(D) shall provide monetary incentives for more than minimally acceptable performance of required educational activities; and

"(E) shall provide penalties (which may be those required by subsection (a)(19)(G) or, with the approval of the Secretary, other monetary penalties that the State finds will better achieve the objectives of the program.

"(3) When a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive shall be paid directly to such parent, regardless of whether the State agency makes payment of aid under the State plan directly to such parent.

"(4)(A) For purposes of this part, monetary incentives paid under this subsection shall be considered aid to families with dependent children.

"(B) For purposes of any other Federal or Federally-assisted program based on need, no monetary incentive paid under this subsection shall be considered income in determining a family's eligibility for or amount of benefits under such program, and if aid is reduced by reason of a penalty under this subsection, such other program shall treat the family involved as if no such penalty has been applied.

"(5) The State agency shall from time to time provide such information as the Secretary may request, and otherwise cooperate with the Secretary, in order to permit evaluation of the effectiveness on a broad basis of the State's program conducted under this subsection."

SEC. 505. ADOLESCENT PREGNANCY PREVENTION GRANTS.

(a) Adolescent Pregnancy Prevention.--

Title XX (42 U.S.C. 1397-1397f) is amended by adding at the end the following:

"SEC. 2008. ADOLESCENT PREGNANCY PREVENTION GRANTS.

"(a) Purpose.--The purpose of this section is to encourage and provide financial assistance for the development of intensive and sustained school-linked and school-based pregnancy prevention programs for adolescents and their families in areas of high poverty or high unmarried adolescent birth rates that build upon other Federal, State, and local pregnancy prevention and youth development programs.

"(b) General Authority.-- Notwithstanding section 2005(a)(6), the Secretary of Health and Human Services, the Secretary of Education, and the Chief Executive Officer of the Corporation for National and Community Service (hereinafter referred to as the 'responsible Federal officials'), in consultation with other relevant Federal agencies, shall jointly make grants to eligible entities, to carry out programs in accordance with this section.

"(c) Federal Administration.--

"(1) Notwithstanding the Department of Education Organization Act (20 U.S.C. 3401 et seq.) and the General Education Provisions Act (20 U.S.C. 1221 et seq.), the responsible Federal officials shall jointly provide for the administration of this section, and shall jointly issue whatever regulations, procedures, and guidelines, the responsible Federal officials consider necessary and appropriate to administer and enforce the provisions of this section.

"(2) The responsible Federal officials may enter into agreements with any other Federal entity with expertise in youth development activities to administer the program under this section and may provide such entity with appropriate reimbursement.

"(d) Funding.--

"(1) In General.--To achieve the purposes of this section, the responsible Federal officials shall make grants to eligible entities under subsection (b) and conduct activities under subsections (m) and (n) so that in the aggregate the expenditures for such grants and activities do not exceed \$20,000,000 for fiscal year 1995, \$40,000,000 for fiscal year 1996, \$60,000,000 for fiscal year 1997, \$80,000,000 for fiscal year 1998, and \$100,000,000 for fiscal year 1999 and each subsequent fiscal year.

"(2) Payments to Grantees.-- Upon approval by the responsible Federal officials, each grant applicant shall be entitled to payment of at least \$50,000 and not more than \$400,000 for each fiscal year based on an assessment by the responsible Federal officials of the scope and quality of the proposed program and the number of adolescents to be served by the program. Payments to a grantee for any fiscal year shall be available for expenditure by such grantee in such fiscal year or the succeeding fiscal year.

"(3) Reservation for Evaluation, Training, Technical Assistance, and National Clearinghouse.--The responsible Federal officials shall reserve, with respect to each fiscal year, up to 10 percent of the aggregate amount described in paragraph (1) for expenditure by the responsible Federal officials for evaluation, training, and technical assistance

related to the programs under this section, and for the establishment and operation of a National Clearinghouse on Adolescent Pregnancy Prevention Programs under subsection (n).

"(4) Excess Amount.--If in any fiscal year the aggregate amount specified in paragraph (1) for such fiscal year exceeds the amount required to carry out approved grant applications and other functions under paragraph (3), then the amount specified in section 2003(c)(5) shall be increased by the excess.

"(e) Definitions.--As used in this section:

"(1) Adolescents.--The term 'adolescents' means youth who are ages 10 through 19.

"(2) Eligible entity.--The term 'eligible entity' means a partnership that includes--

"(A) a local education agency, acting on behalf of one or more schools; together with

"(B) one or more community-based organizations, institutions of higher education, or public or private agencies or organizations.

"(3) Eligible area.--The term 'eligible area' means a school attendance area in which--

"(A) at least 75 percent of the children are from low-income families as that term is used in part A of

title I of the Elementary and Secondary Education Act of 1965; or

"(B) the number of children receiving Aid to Families with Dependent Children under part A of title IV is substantial as determined by the responsible Federal officials; or

"(C) the unmarried adolescent birth rate is high, as determined by the responsible Federal officials.

"(4) School.--The term 'school' means a public elementary, middle, or secondary school.

"(5) Responsible Federal officials.-- The term 'responsible Federal officials' means the Secretary of Education, the Secretary of Health and Human Services, and the Chief Executive Officer of the Corporation for National and Community Service.

"(f) Uses of Funds.--Grants under this section --

"(1) shall be used to --

"(A) develop, operate, expand, and improve a sequential, age-appropriate program of instruction and counseling services for adolescents designed to promote personal responsibility and a healthy drug free lifestyle, and to prevent adolescent pregnancy, through such activities as counseling and instruction in the full range of consequences of premature sexual behavior

and adolescent pregnancy, training in decision-making, and activities to promote involvement of parents and families in adolescent development and personal responsibility; and

"(B) provide opportunities for youth at-risk to develop sustained contact with one or more volunteer or professionally trained adults to provide character development, through such activities as mentoring, group coaching, or after-school activities; and

"(2) may be used to conduct other related activities that promote the purposes of this section.

"(g) Application.-- Each applicant for a grant under subsection (b) must submit an application that --

"(1) includes a plan, based on local needs, for accomplishing the purposes of this section that --

"(A) sets forth specific, measurable goals intended to be accomplished under the program, and describes the methods to be used in measuring progress toward accomplishment of such goals;

"(B) describes the components of the program, including --

"(i) the role in the program of any national service participants supported by the National and Community Service Act of 1990 (42 U.S.C. 12501 et

seq.) or by any other national service law as defined in such Act, and

"(ii) the activities, in accordance with subsection (f), that will be made available under the program,

and the manner in which such components will be implemented, including the extent to which activities will take place after school, on weekends, or during the summer;

"(C) describes the manner in which one or more professional staff will administer the program, and, where appropriate or feasible, the manner in which national service participants will be involved in the development or delivery of services and in the coordination of during or after-school activities;

"(2) demonstrates the manner in which the program will be based on research concerning effective means of reducing adolescent pregnancy, including reducing risk-taking behaviors correlated with adolescent pregnancy;

"(3) demonstrates that the program will serve male and female adolescents and, where feasible, out-of-school adolescents, and describes the steps the applicant will take to serve such adolescents;

"(4) demonstrates the manner in which the applicant will provide, to the extent feasible, a continuity of services for adolescents until age 19;

"(5) demonstrates the extent to which school personnel, parents, community organizations, and the adolescents to be served have participated in the development of the application and will participate in the planning and implementation of the program;

"(6) describes the applicant's partnership, including the relationship of the partners, the role of each partner in the development and implementation of the program, and the manner in which the partners will coordinate their resources;

"(7) describes the nature and scope of commitment to the program by other community institutions, such as religious organizations, community groups, institutions of higher education, business, and labor;

"(8) describes the methods to be used in coordinating the provision of services under the program with the provision of services or benefits under other Federal or federally assisted programs, State and local programs, and private programs serving the same population;

"(9) demonstrates that the area to be served is an eligible area;

"(10) contains assurances that at least one activity will be located in a school in the area to be served and describes the activities that will be school-based;

"(11) contains assurances that the amounts provided under this section will not be used to supplant Federal, State, or local funds for services and activities that promote the purposes of this section;

"(12) contains assurances that the applicant will provide a non-Federal share, in cash or in kind, of at least 20 percent of the cost of carrying out the approved program;

"(13) describes the applicant's plan for continuation of the program following completion of the grant period and termination of Federal support under this section;

"(14) contains assurances that the applicant will furnish such reports, containing such information, and participate in such evaluations, as the responsible Federal officials may require; and

"(15) includes such other information and assurances as the responsible Federal officials may reasonably require.

"(h) Priorities.--In making awards under this section, the responsible Federal officials shall give priority to applicants that --

"(1) provide for non-Federal resources significantly in excess of those required in subsection (g)(12) or for an

increasing ratio of non-Federal resources over the term of the grant; and

"(2) participate in other Federal and non-Federal programs that relate to the purposes of this section.

"(i) Treatment as Non-Federal Share.-- For purposes of the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.), the funds provided to a grantee under this section shall not be considered Federal funds.

"(j) Prohibition on Use of Funds.--No assistance made available under this section shall be used to provide religious instruction, to conduct worship services, or to promote any religious view or teaching in any manner.

"(k) Geographic Diversity.--The responsible Federal officials shall, to the extent feasible, ensure that applications are approved from both urban and rural areas and reflect nationwide geographic diversity.

"(l) Application Period.--An application approved under this section shall be for a term of 5 years; except that approval may be terminated before the end of such period if the responsible Federal officials determine that the grantee conducting the program has failed substantially to carry out the program as described in the approved application.

"(m) Evaluation, Training, and Technical Assistance.--

"(1) Evaluation.--The responsible Federal officials shall evaluate the effectiveness of programs conducted under this section, directly or by grant or contract, and may require each grantee conducting such a program to provide such information as the responsible Federal officials determine is necessary for such evaluations.

"(2) Training and Technical Assistance.--The responsible Federal officials may provide training and technical assistance with respect to the development, implementation, or operation of programs under this section.

"(3) Coordination with National Clearinghouse.--The responsible Federal officials shall coordinate the activities conducted under this subsection with the activities conducted by the National Clearinghouse on Adolescent Pregnancy Prevention Programs under subsection (n).

"(n) National Clearinghouse on Adolescent Pregnancy.

"(1) Establishment.--The responsible Federal officials shall establish, through grant or contract, a national center for the collection and provision of programmatic information and technical assistance that relates to adolescent pregnancy prevention programs, to be known as the

'National Clearinghouse on Adolescent Pregnancy Prevention Programs'.

"(2) Functions.--The national center established under paragraph (1) shall serve as a national information and data clearinghouse, and as a training, technical assistance, and material development source for adolescent pregnancy prevention programs. Such center shall --

"(A) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

"(B) develop and sponsor a variety of training institutes and curricula for adolescent pregnancy prevention program staff;

"(C) identify model programs representing the various types of adolescent pregnancy prevention programs;

"(D) develop technical assistance materials and activities to assist other entities in establishing and improving adolescent pregnancy prevention programs;

"(E) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information; and

"(F) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.".

(b) Effective Date.-- The amendment made by this section shall become effective October 1, 1994.

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

(a) Demonstration Projects.-- Title XX (42 U.S.C. 1397-1397f) is amended by adding at the end the following:

"SEC. 2009. DEMONSTRATION PROJECTS TO PROVIDE COMPREHENSIVE SERVICES TO PREVENT ADOLESCENT PREGNANCY IN HIGH-RISK COMMUNITIES.

"(a)(1) Purpose.--In order to stimulate the development of innovative approaches for the effective delivery of comprehensive services, with particular emphasis on pregnancy prevention, to certain youth and their families in high-risk communities and the promotion of community involvement in improving the environment in which such youth live, the Secretary of Health and Human

Services shall conduct demonstration projects in accordance with this section.

"(2) Approval of Projects.--The Secretary of Health and Human Services, in consultation with the Secretary of Education, the Secretary of Housing and Urban Development, the Attorney General, the Director of the Office of National Drug Control Policy, and the Secretary of Labor, shall approve at least 5 and not more than 7 projects, in accordance with subsection (c). Upon approval by the Secretary, each project applicant shall be entitled to payment of up to \$3,600,000 for each of fiscal years 1995 through 1999 for the purpose of conducting approved demonstration projects.

"(b) Funding.--

"(1) In General.--There shall be made available to the Secretary not to exceed \$20,000,000 for each of fiscal years 1995 through 1999 for carrying out the projects under this section. Payments to a grantee for any fiscal year must be expended by the grantee in such fiscal year or the succeeding fiscal year.

"(2) Evaluation, Training, and Technical Assistance.--The Secretary shall reserve, with respect to each fiscal year, ten percent of the amount described in paragraph (1) for expenditure by the Secretary for training and technical assistance related to the demonstration projects under this

section and for evaluation of such projects. The amount so reserved shall remain available for obligation through fiscal year 1999.

"(3) Excess Amounts.--If in any fiscal year the amount specified in paragraph (1) for such fiscal year exceeds the amount required to carry out approved projects and evaluation, training, and technical assistance under this section, then the amount specified in section 2003(c)(5) shall be increased by the excess.

"(c) Application; Eligibility Criteria.--A local public or private nonprofit organization, including an unit of government, or any combination of such entities, shall be eligible to submit a project application. In order that an application be approved under subsection (a), the application must --

"(1) demonstrate that the geographic area to be served by the project satisfies the following criteria:

"(A) it includes a population of 20,000 to 35,000 residents,

"(B) it has an identifiable boundary and is recognizable as a community by its residents, and

"(C) within the community, there is a poverty rate of not less than 20 percent;

"(2) include a plan for accomplishing the purposes of this section that --

"(A) describes the comprehensive, integrated services, in accordance with subsection (e), that will be made available under the project;

"(B)(i) sets forth the goals intended to be accomplished under the project, and

"(ii) describes the methods to be used in measuring progress toward accomplishment of such goals and the outcomes to be measured, including unmarried adolescent birth rates, rates of youth alcohol and drug use, rates of youth violence, high school graduation rates, and such other outcomes as the Secretary finds appropriate;

"(C) describes the process by which the affected community (including parents, the youth to be served, schools, local government, religious organizations, community groups, business, and labor) is a full partner in the process of developing and implementing the project and the extent to which parents, the youth to be served, and local institutions and organizations have contributed to the planning process;

"(D) identifies the private and public partnerships to be used;

"(E) describes the methods to be used in coordinating the provision of services under the

project and the provision of services or benefits under other Federal or federally assisted programs, State and local programs, and private programs serving the same population; and

"(F) describes the manner in which other Federal funds and non-Federal funds will be used to further the purposes of the program;

"(3) demonstrate strong State and local government commitment to the project and involvement in the planning and implementation of the project;

"(4) demonstrate the ability of the applicant to carry out the project;

"(5) describe the methods to be used for maintaining accurate records regarding the activities carried out with funds under this section;

"(6) contain assurances that the amounts provided under this section will not be used to supplant Federal, State, and local funds for services and activities that promote the purposes of this section;

"(7) contain assurances that the applicant will provide a non-Federal share, in cash or in kind, of 10 percent of the cost of carrying out the approved project and describe the capacity of the applicant to provide the non-Federal share;

"(8) contain assurances that the applicant will furnish such reports, containing such information, and participate in such evaluations, as the Secretary may require; and

"(9) include such other information as the Secretary may require.

"(d) Priority.-- In making awards under this section, the Secretary shall give priority to applicants that provide for non-Federal resources significantly in excess of those required in subsection (c)(7).

"(e) Use of Grants.--Under each demonstration project conducted under this section, the grantee shall develop a community-wide strategy to address the causes and factors of risk-taking tendencies among youth, to positively affect community norms, to increase community health and safety, and to generally improve the social environment to enhance the life choice of community youth. The strategy shall be used to provide a comprehensive set of coordinated services designed to saturate the community and shall include, but not be limited to, the following areas:

"(1) health education and access services designed to promote physical and mental well-being and personal responsibility (with particular emphasis on pregnancy prevention), such as school health services, family planning

services, alcohol and drug abuse prevention services and referral for treatment, life skills training, and decision-making skills training;

"(2) educational and employability development services designed to promote educational advancement leading to a high school diploma or its equivalent and opportunities for high skill, high wage job attainment and productive employment, to establish a lifelong commitment to learning and achievement, and to increase self-confidence, such as academic tutoring, literacy training, drop-out prevention programs, career and college counseling, mentoring programs, job skills training, apprenticeships, and part-time paid work opportunities;

"(3) social support services designed to provide youth with a stable environment, opportunities for a sustained relationship with one or more adults, and opportunities for participation in safe and productive activities, such as cultural, recreational and sports activities, leadership development, peer counseling and crisis intervention, mentoring programs, parenting skills training, and family counseling;

"(4) community activities designed to improve community stability, and to encourage youth to participate in community service and establish a stake in the community,

such as community policing, community service programs, community activities in partnership with less distressed neighborhoods, local media campaigns, and establishment of community advisory councils with youth representation; and

"(5) employment opportunity development activities designed to be coordinated with educational and employability development services, social support services, and community activities described in paragraphs (2) through (4). Emphasis shall be on development of linkages with employers within and outside the community to help create employment opportunities and foster an understanding by community youth of the relationship between productive employment, healthy development, and sound life choices.

"(f) Evaluation, Training, and Technical Assistance.--

"(1) Evaluation.--The Secretary shall evaluate the effectiveness of each demonstration project conducted under this section and may require each grantee conducting such a project to provide such information as the Secretary determines is necessary for such evaluations.

"(2) Training and Technical Assistance.--The Secretary shall provide training and technical assistance with respect to the development, implementation, or operation of projects under this section.

"(3) Coordination with National Clearinghouse.--The Secretary shall coordinate the activities conducted under this subsection with activities conducted by the National Clearinghouse on Adolescent Pregnancy Prevention Programs under section 2008(n).

"(g) Funding Period.--Each demonstration project supported under this section shall be conducted for a 5-year period; except that the Secretary may terminate a project before the end of such period if the Secretary determines that the grantee conducting the project has failed substantially to carry out the project as described in the approved application.

"(h) Definitions and Special Rules.--As used in this section:

"(1) Youth.--The term "youth" means an individual who is not less than 10 years of age and not more than 21 years of age.

"(2) Use of Census Data.--Population and poverty rate shall be determined by the most recent decennial census data available."

(b) Effective Date.-- The amendment made by this section shall become effective October 1, 1994.

TITLE VI - CHILD SUPPORT ENFORCEMENT

SEC. 600. REFERENCES IN TITLE.

References in this title to a section or other provision refer to a section or other provision of the Social Security Act, unless the context otherwise requires.

PART A - ELIGIBILITY AND OTHER MATTERS CONCERNING

TITLE IV-D PROGRAM CLIENTS

SEC. 601. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

(a) Child Support Enforcement Requirements.--Section 454 is amended--

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that the State agency administering the plan under this part--

"(A) will make the determination specified under paragraph (4), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of sections 402(a)(26) and 1912;

"(B) will advise individuals, both orally and in writing, of the grounds for good cause exceptions to the requirement to cooperate with such efforts;

"(C) will take the best interests of the child into consideration in making the determination whether such individual has good cause not to cooperate with such efforts;

"(D)(i) will make the initial determination as to whether an individual is cooperating (or has good cause not to cooperate) with efforts to establish paternity within 10 days after such individual is referred to such State agency by the State agency administering the program under part A or title XIX;

"(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

"(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

"(E) with respect to any child born on or after the date 10 months after enactment of this provision, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes--

"(i) the name of the putative father (or fathers); and

"(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person), and

"(F)(i) (where a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A and title XIX that this eligibility condition has been met; and

"(ii) (where a custodial parent was initially determined to be cooperating (or to have good cause not to cooperate)) will not later determine such individual not to be cooperating (or not to have good cause not to

cooperate) until such individual has been afforded an opportunity for a hearing."

(b) AFDC Amendments.--

(1) Section 402(a)(11) is amended by striking "furnishing of" and inserting "application for".

(2) Section 402(a)(26) is amended--

(A) in each of subparagraphs (A) and (B), by redesignating clauses (i) and (ii) as subclauses (I) and (II);

(B) by indenting and redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iv), respectively;

(C) in clause (ii), as redesignated--

(i) by striking "is claimed, or in obtaining any other payments or property due such applicant or such child," and inserting "is claimed;"; and

(ii) by striking "unless" and all that follows through "aid is claimed; and";

(D) by adding after clause (ii) the following new clause:

"(iii) to cooperate with the State in obtaining any other payments or property due such applicant or such child; and";

(E) in the matter preceding clause (i), as redesignated, to read as follows:

"(26) provide--

"(A) that, as a condition of eligibility for aid, each applicant or recipient will be required (subject to subparagraph (C))--";

(F) in subparagraph (A)(iv), as redesignated, by striking ", unless such individual" and all that follows through "individuals involved";

(G) by adding at the end the following new subparagraphs:

"(B) that the State agency will immediately refer each applicant requiring paternity establishment services to the State agency administering the program under part D;

"(C) that an individual will not be required to cooperate with the State, as provided under subparagraph (A), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed--

"(i) to the satisfaction of the State agency administering the program under part D, as

determined in accordance with section 454(25), with respect to the requirements under clauses (i) and (ii) of subparagraph (A); and

"(ii) to the satisfaction of the State agency administering the program under this part, with respect to the requirements under clauses (iii) and (iv) of subparagraph (A);

"(D) that (except as provided in subparagraph (E)) an applicant requiring paternity establishment services (other than an individual eligible for emergency assistance as defined in section 406(e)) shall not be eligible for any aid under this part until such applicant--

"(i) has furnished to the agency administering the State plan under part D the information specified in section 454(25)(E); or

"(ii) has been determined by such agency to have good cause not to cooperate;

"(E) that the provisions of subparagraph (D) shall not apply--

"(i) if the State agency specified in such subparagraph has not, within 10 days after such individual was referred to such agency, provided the notification required by section

454(25)(D)(iii), until such notification is received); and

"(ii) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing); and"; and

(H)(i) by relocating and redesignating as subparagraph (F) the text at the end of subparagraph (A)(ii) beginning with "that, if the relative" and all that follows through the semicolon;

(ii) in subparagraph (F), as so redesignated and relocated, by striking "subparagraphs (A) and (B) of this paragraph" and inserting "subparagraph (A); and

(iii) by striking "and" at the end of subparagraph (A)(ii).

(c) Medicaid Amendments.--Section 1912(a) is amended--

(1) in paragraph (1)(B), by inserting "(except as provided in paragraph (2))" after "to cooperate with the State"; and

(2) in subparagraphs (B) and (C) of paragraph (1) by striking ", unless" and all that follows and inserting a semicolon;

(3) by redesignating paragraph (2) as paragraph (5), and inserting after paragraph (1) the following new paragraphs:

"(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV;

"(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved--

"(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(25), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

"(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

"(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services (other than an individual eligible for emergency assistance as defined in section 406(e), or presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant--

"(i) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(25)(E); or

"(ii) has been determined by such agency to have good cause not to cooperate; and

"(5) provide that the provisions of paragraph (4) shall not apply with respect to an applicant--

"(I) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(25)(D)(iii), until such notification is received); and

"(ii) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.".

(d) Effective Date.--The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after

enactment of this amendment (or such earlier quarter as the State may select) for aid under title IV-A or for medical assistance under title XIX.

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

(a) State Law Requirements.--Section 466(a) is amended by adding at the end the following new paragraph:

"(12) Use of Central Case Registry and Centralized Collections Unit.--Procedures under which--

"(A) every child support order established or modified in the State on or after October 1, 1997 is recorded in the central case registry established in accordance with section 454A(e); and

"(B) child support payments are collected through the centralized collections unit established in accordance with section 454B--

"(i) on and after October 1, 1997, under each order subject to wage withholding under section 466(b); and

"(ii) on and after October 1, 1998, under each other order required to be recorded in such central case registry under this paragraph or section 454A(e), except as provided in subparagraph (C); and

"(C)(i) parties subject to a child support order described in subparagraph (B)(ii) may opt out of the procedure for payment of support through the centralized collections unit (but not the procedure for inclusion in the central case registry) by filing with the State agency a written agreement, signed by both parties, to an alternative payment procedure; and

"(ii) an agreement described in clause (i) becomes void, and may not be renewed, whenever--

"(I) the party owing support fails to make a timely payment; or

"(II) either party advises the State agency of an intent to vacate the agreement.".

(b) State Plan Requirements.--Section 454 is amended--

(1) in paragraph (4), to read as follows:

"(4) provide that such State will undertake--

"(A) to provide appropriate services under this part to--

"(i) each child with respect to whom an assignment is effective under section 402(a)(26), 471(a)(17), or 1912 (except in cases where the State agency determines, in accordance with paragraph (25), that it is against the best interests of the child to do so); and

"(ii) each child not described in clause
(i)--

"(I) with respect to whom an individual
applies for such services; and

"(II) (on and after October 1, 1997)
each child with respect to whom a support
order is recorded in the central State case
registry established under section 454A,
regardless of whether application is made for
services under this part; and

"(B) to enforce the support obligation established
with respect to the custodial parent of a child
described in subparagraph (A).";

(2) in paragraph (6)--

(A) by striking all that precedes subparagraph (C)
and inserting the following:

"(6) provide that--

"(A) services under the State plan shall be made
available to non-residents on the same terms as to
residents;

"(B) no fees or costs shall be imposed on any
absent or custodial parent or other individual--

"(i) on or after October 1, 1997, for application for child support enforcement services under this part; or

"(ii) for inclusion in the central State registry maintained pursuant to section 454A(e);";
(B) in each of subparagraphs (C) and (D)--

(i) by indenting such subparagraph and aligning its left margin with the left margin of paragraph (B); and

(ii) by striking the final comma and inserting a semicolon;

(C) by striking subparagraph (E) and inserting the following subparagraphs:

"(E) no other fees or costs may be imposed on the custodial parent; and

"(F) any other fees or costs may be imposed on the noncustodial parent (but fees for child support collection services provided through the central collections unit operated pursuant to section 454B, or for related automated procedures pursuant to section 454A(g), may be imposed only if such fees or costs are added to, and not deducted from, amounts collected as child support);".

(c) Conforming Amendments.--

(1) Section 452(g)(2)(A) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(2) Section 454(23) is amended, effective October 1, 1997, by striking "information as to any application fees for such services and".

(3) Section 466(a)(3)(B) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) is amended by striking "or (6)".

SEC. 603. DISTRIBUTION OF PAYMENTS.

(a) Distributions through State Child Support Enforcement Agency to Former Assistance Recipients.--Section 454(5) is amended--

(1) in subparagraph (A)--

(A) by inserting "except as otherwise specifically provided in section 464 or 466(a)(3)," after "is effective,"; and

(B) by striking "except that" and all that follows through the semicolon; and

(2) in subparagraph (B), by striking ", except" and all that follows through "medical assistance".