

SCR

2

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

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Mary Van Nimwegen

SCR 2

H HESS

4/5/89

H HESS

1/12/89

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 21, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/20/89

The HESS Committee considered:

CSSCR 2 (FIN)

CS FOR SENATE CONCURRENT RESOLUTION NO. 2 (Finance)

Establishing a Family Support Task Force.

RECOMMENDATIONS:

be replaced with HCS CSSCR 2 (HESS) the same title
 a new title

have attached amendment(s)

do pass

do not pass

no recommendation

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

fiscal impact _____

fiscal note(s) 3/17/89 DHSS

zero fiscal note _____

zero fiscal note(s) _____

zero with analysis _____

zero fn/analysis _____

SIGNING DO-PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

[Signature]

[Signature]

[Signature]

SIGNING:	Do Not Pass	No Rec	Amend
<u>Bheri Davis</u>		X	

[Signature]
Chairman's Signature

~~HB 72~~
SCR 2

FAMILY SUPPORT ACT of 1988
(P.L. 100-485)

THE FUNDAMENTAL CONCEPTS OF THE WELFARE REFORM LAW

1. Children's basic needs must be protected
2. The family has the primary responsibility
3. The system should strengthen the family
4. An emphasis on education and training is essential

MAJOR PROVISIONS OF THE
FAMILY SUPPORT ACT OF 1988

AFDC CHANGES

- ° Mandatory Unemployed Parent Coverage
 - ° Unemployed Parent Must Participate in Work Programs
- ° Improved Work Incentives While on Assistance
- ° Regular Review of Payment Standards

"JOBS" PROGRAM CREATED TO REPLACE "WIN"

- ° Major Increase in Work Requirements
- ° Child Care Guaranteed During Participation
- ° Participation Must Fit Client's Needs
- ° Emphasis on completing Basic Education and Skills Training
- ° Targeting on the Long-term Dependent
- ° Capped Funding

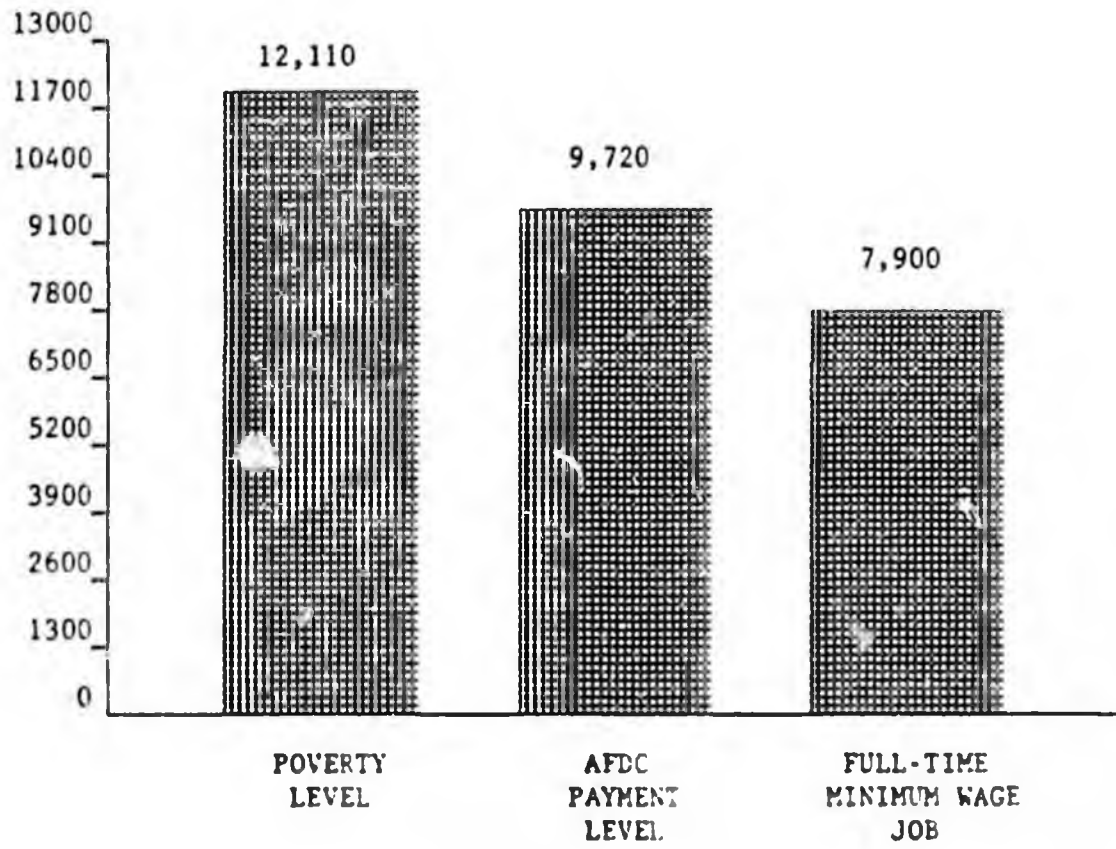
WORK TRANSITION ENTITLEMENT CREATED

- ° Child Care
- ° Medical Assistance

CHILD SUPPORT ENFORCEMENT STRENGTHENED

- ° Mandatory Wage Withholding
- ° Mandatory Support Order Guidelines for Courts
- ° Regular Updating of Support Orders
- ° New Paternity Establishment Mandates

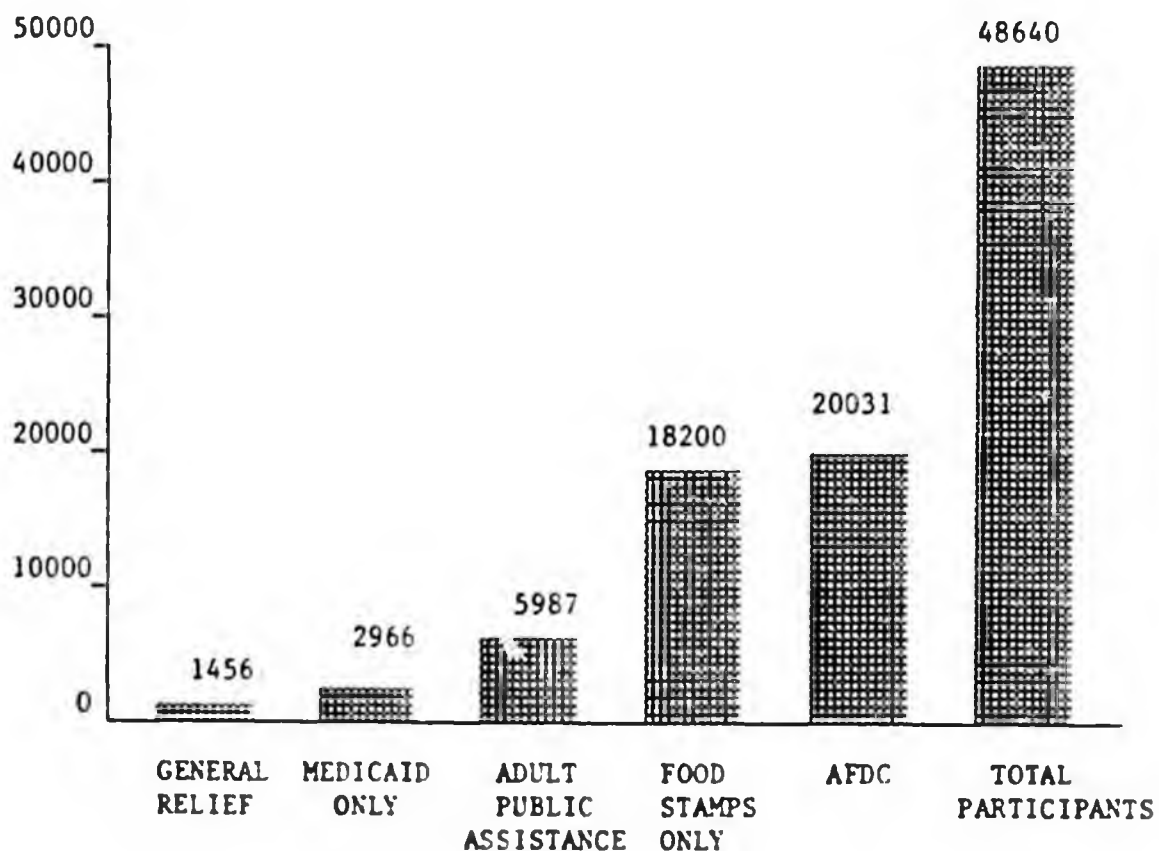
POVERTY LEVEL FOR A
FAMILY OF THREE
1988



ALASKA WELFARE PARTICIPATION

IN MONTH APRIL 1988

PERSONS



THE AUGUST 1988 ALASKA DEPARTMENT OF LABOR "ALASKA ECONOMIC TRENDS" REPORTED ON POVERTY IN ALASKA. IT ESTIMATED THAT BETWEEN 10-14% OF THE ESTIMATED TOTAL POPULATION IN ALASKA LIVES BELOW THE POVERTY INCOME LEVEL. ASSUMING A CURRENT POPULATION OF 540,000 THERE WOULD BE ABOUT 57,800 PERSONS IN POVERTY IN ALASKA.

Each month approximately 12,900 children receive benefits under the current AFDC program in Alaska.

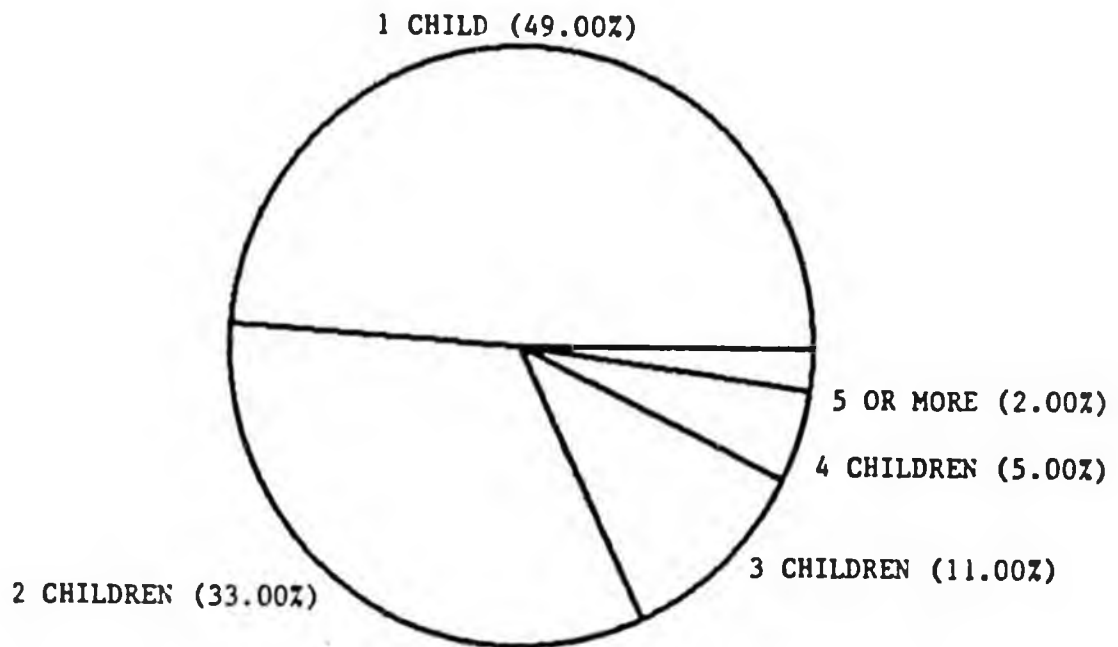
<u>District Area</u>	<u>Average Number of Children Served Monthly</u>	<u>Percent of Total</u>
Anchorage	5,097	39%
Fairbanks	1,541	12%
Bethel	1,136	9%
Wasilla	1,134	9%
Kenai	882	7%
Ketchikan	580	4%
Northern Rural	569	4%
Southcentral Rural	523	4%
Juneau	518	4%
Kotzebue	365	3%
Nome	338	3%
Sitka	<u>210</u>	2%
TOTAL Children	12,893	

In all of FY88 30,123 adults and children (unduplicated) received benefits under the current AFDC-Basic program in Alaska.

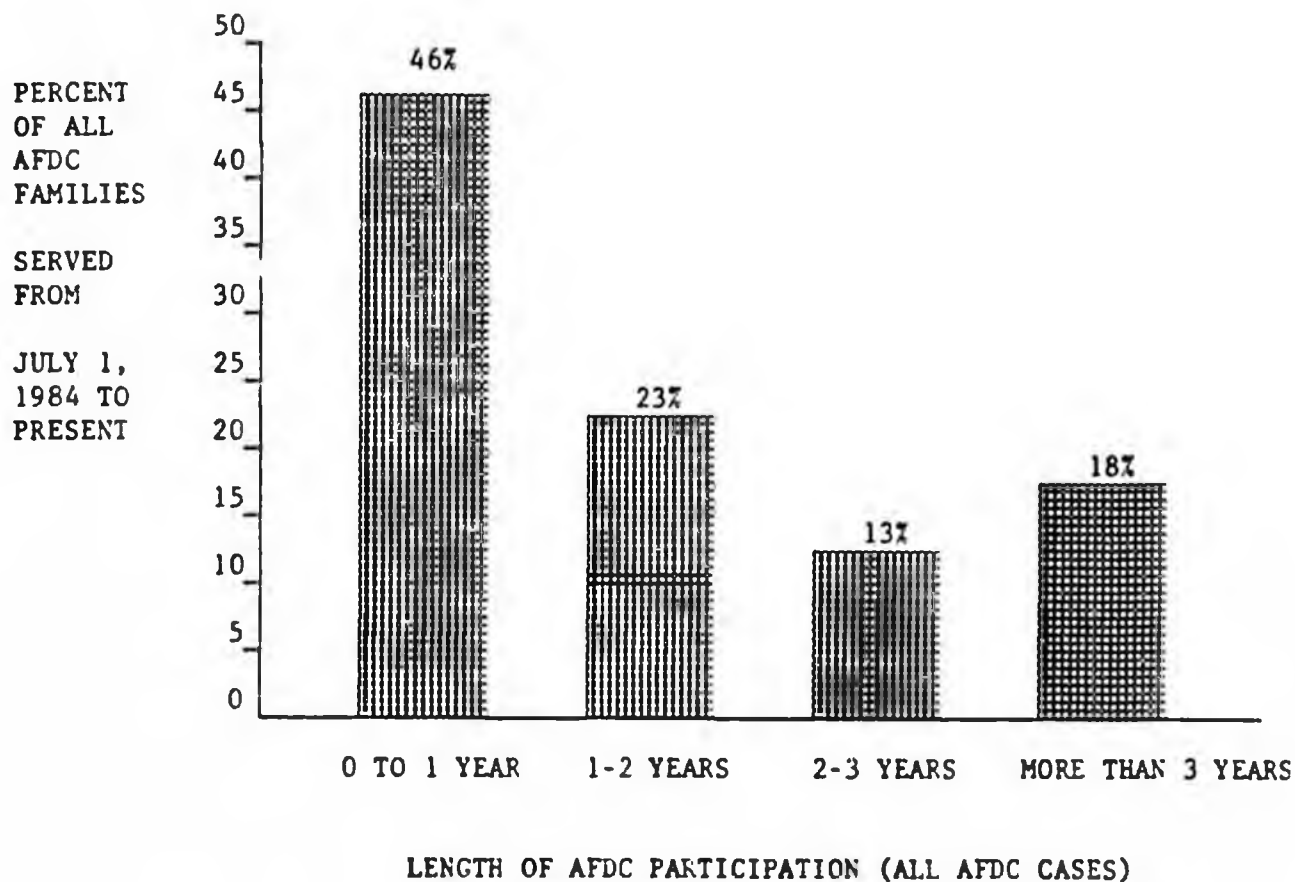
<u>District Area</u>	<u>FY88 Total AFDC Participants</u>	<u>Percent of Total</u>
Anchorage	11,875	39%
Fairbanks	3,575	12%
Wasilla	2,636	9%
Bethel	2,473	8%
Kenai	2,199	7%
Juneau	1,388	5%
Northern Rural	1,320	4%
Ketchikan	1,286	4%
Southcentral Rural	1,269	4%
Kotzebue	778	3%
Nome	769	3%
Sitka	<u>555</u>	2%
TOTAL Persons	30,123	

49% OF ALL AFDC FAMILIES HAVE ONLY ONE CHILD. ONLY 7% OF THE AFDC FAMILIES IN ALASKA HAVE MORE THAN THREE CHILDREN. THE AVERAGE NUMBER OF CHILDREN PER FAMILY IS 1.6.

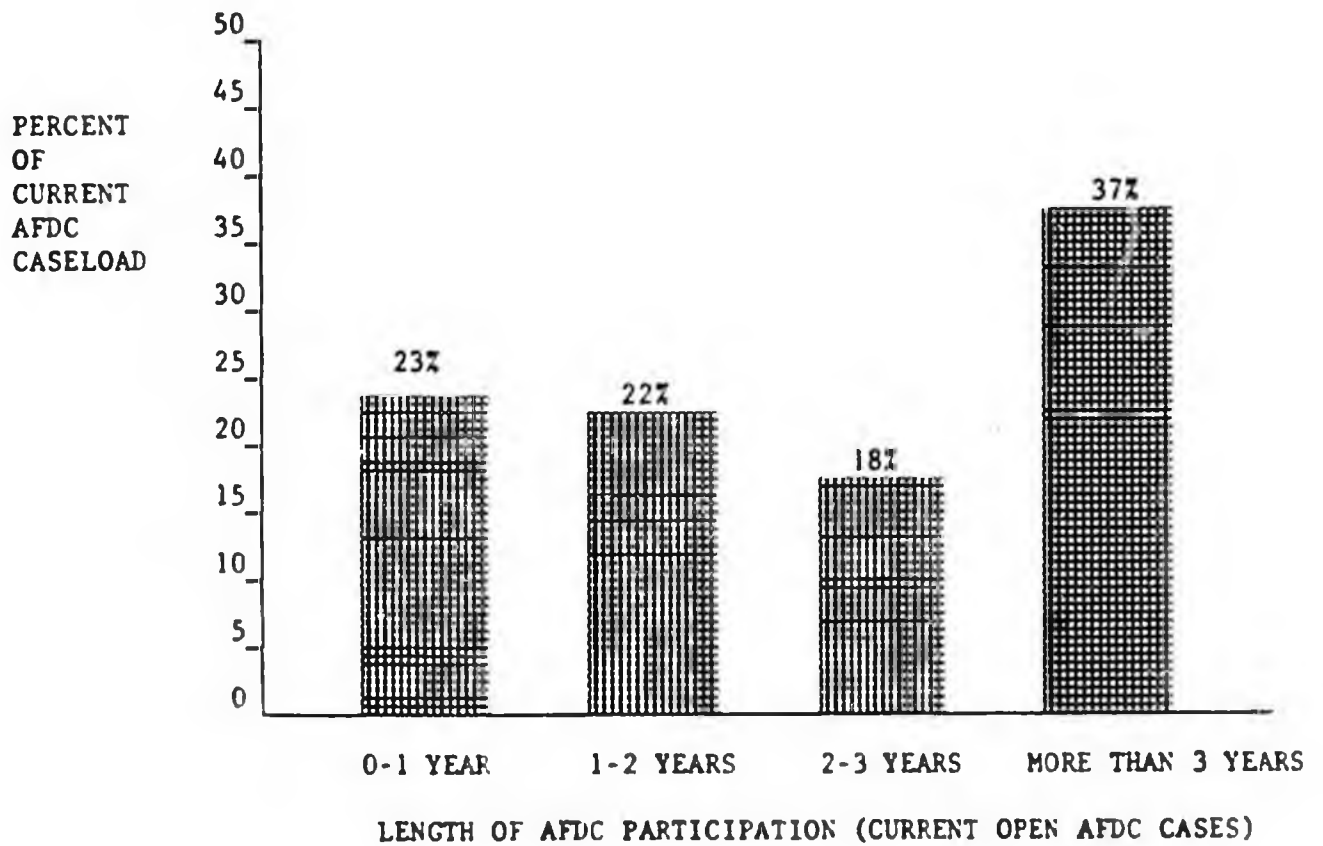
AVERAGE NUMBER OF CHILDREN
IN AFDC FAMILIES IN ALASKA



THE AVERAGE LENGTH OF PARTICIPATION FOR MOST AFDC FAMILIES IS LESS THAN ONE YEAR. OF THE TOTAL NUMBER OF AFDC FAMILIES SERVED SINCE JULY 1984, ONLY 18% HAVE PARTICIPATED FOR MORE THAN 36 MONTHS.

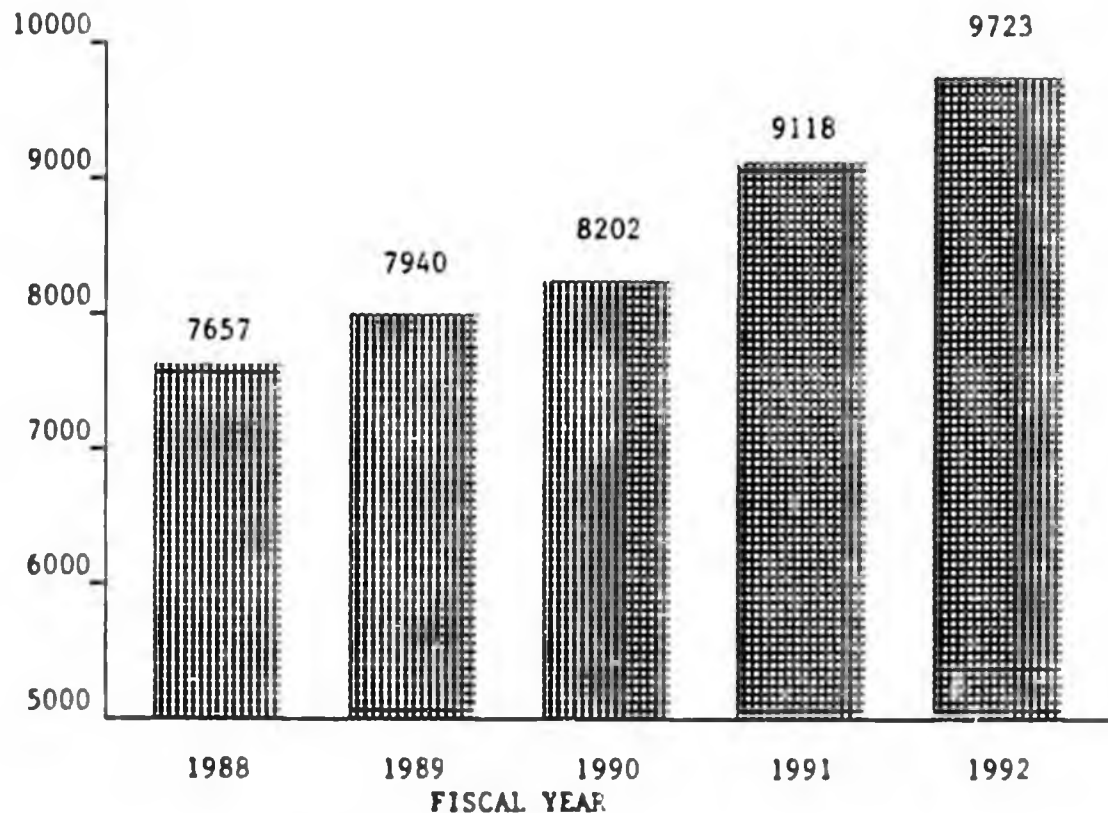


IN ALASKA, 37% OF THE CURRENT AND OPEN AFDC CASELOAD HAVE BEEN ON WELFARE FOR MORE THAN 3 YEARS. NATIONALLY, 44% OF THE CURRENT CASELOAD HAVE RECEIVED 3 OR MORE YEARS OF AFDC ENTITLEMENT.



AFDC BASIC AND TWO PARENT PROGRAM

AFDC AVERAGE MONTHLY CASELOAD BY FISCAL YEAR PROJECTS A 2-3% CASELOAD GROWTH IN THE AFDC BASIC PROGRAM AND ADDS THE AFDC TWO-PARENT CASELOAD BEGINNING OCTOBER 1990.



- EFFECTIVE OCTOBER 1990 (FY91) STATES WERE REQUIRED TO IMPLEMENT AN AFDC TWO-PARENT PROGRAM.
- THIS TWO-PARENT PROGRAM WILL ADD APPROXIMATELY 1148 AFDC FAMILIES TO THE CURRENT AFDC BASIC PROGRAM CASELOAD
- ESTIMATED ANNUAL ENTITLEMENT BUDGET NEED FOR AFDC TWO-PARENT. IF BENEFITS ARE LIMITED TO 6 MONTHS PARTICIPATION IN A 12 MONTH PERIOD FOR OTHERWISE ELIGIBLE TWO PARENT FAMILIES THEN APPROXIMATE COST IS \$5-6 MILLION.
- IF MONTHS OF PARTICIPATION ARE NOT LIMITED THEN THE ANNUAL COST FOR THE PROJECTED AFDC TWO-PARENT FAMILIES IS \$10-11 MILLION

BENEFITS FOR TWO-PARENT FAMILIES

Existing Law

At state option, benefits provided to two-parent families where principal earner is unemployed.




Alaska provides benefits to two-parent families only if one parent is disabled.

Welfare Reform

Benefits to two-parent families with unemployed parent mandatory.

Alaska will provide benefits to about 1100 additional two-parent families under new mandatory provision.



Two-Parent Coverage:

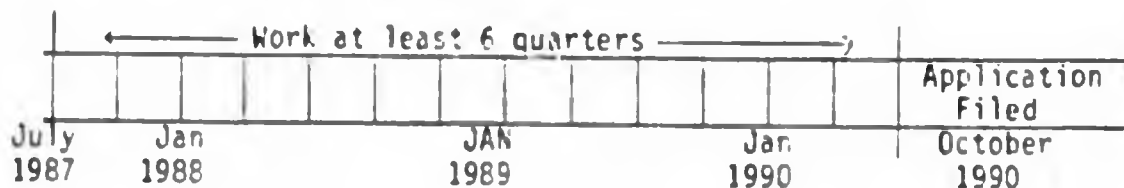
-  * encourages families to remain intact
-  * assures that children in poverty receive benefits whether or not both parents live with them
-  * provides support to families when Unemployment Benefits insufficient to meet need, or exhausted.

Optional Payment Limitation:

- * State can choose to limit cash payments to unemployed-parent households to six months per year
- * If cash payments limited, child care, medical, and JOBS benefits must continue

ELIGIBILITY CRITERIA:

-  * Unemployment is defined as working less than 100 hours per month.
-  * Recent employment history is required. This may be met by:
 - working during 6 of 13 quarters during a period ending within 1 year prior to application. (School or training may substitute for up to 4 quarters)



- eligibility for Unemployment Insurance within 1 year prior to application also satisfies this requirement

WORK REQUIREMENTS FOR AFDC UNEMPLOYED PARENT PROGRAM

START DATE - OCTOBER 1993

STATE PERFORMANCE REQUIREMENTS

One parent in a UP family must be in a work activity at least 16 hours per week. Federal law requires states to require work activity participation in

40% of UP caseload in FY94
60% of UP caseload in FY96

50% of UP caseload in FY95
75% of UP caseload in FY97 & 98

STATE OPTIONS

1. work activity may be
 - a. work supplementation,
 - b. Community Work Experience or other work experience program,
 - c. on-the-job training,
 - d. or a state-designed work program approved by the HHS secretary
2. may require full-time participation (up to 40 hours per week)
3. may hold the AFDC grant until after the required activities have been completed
4. may allow parents under age 25 who are high school dropouts to substitute educational activity for work activity
5. may require both parents to participate if state guarantees child care

CONDITIONS THAT STATES ARE REQUIRED TO MEET:

1. must consider physical capacity, skills, experience, health, safety, family responsibilities and place of residence
2. cannot require unreasonable travel or to be away from home overnight
3. must assure individuals are not discriminated against
4. must consider individual's proficiency and need for child care and other services
5. work hours cannot exceed AFDC benefits divided by state minimum wage
6. after 9 months in work assignment, work hours cannot exceed AFDC grant divided by wage earned by regular employees working at similar jobs
7. must not displace any currently employed worker or position
8. must establish grievance procedures for regular employees
9. must reassess and revise employability plan at the end of a work experience assignment, and at minimum after each 6 months in a work experience

AFDC - EARNINGS DISREGARDS

Existing Law

In calculating monthly countable income, disregards, applied in order are:

Basic Work Expense: \$75
 Child Care Expense, up to: \$160 per child

\$30 Incentive (up to 12 months): \$30
 33% Work Incentive (up to 4 months): 1/3 of remainder

Welfare Reform

Order and amount of disregards changes.

In calculating monthly countable income, disregards, applied in order, are:

Basic Work Expense: \$90
 \$30 Incentive (up to 12 months): \$30
 33% Work Incentive (up to 4 months): 1/3 of remainder
 Child Care Expense, up to: \$175 per child
 (up to \$200 for child under age 2)

✓ Net effect of changes is an increase in amount of income available to families with a working adult.

Sample Benefit Calculation: Working mother with 2 children, ages 4 and 8. Works 40 hours per week at minimum wage, first 4 months of work. Pays \$250 monthly child care for the younger child. (using 1989 AFDC payment levels).

Existing Law

\$660	Gross Wages
- 75	Earnings Disregard
-160	Child Care Expense
- 30	Incentive
<u>-131</u>	33% Work Incentive
\$264	Countable Income

AFDC Payment Standard	\$810
Less Countable Income	<u>-264</u>

AFDC Benefit	\$546
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Nonreimbursable child care expense: \$90

TOTAL Income from wages and AFDC:	<u>\$1,206</u>
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Welfare Reform

\$660	Gross Wages
- 90	Earnings Disregard
- 30	Incentive
-180	33% Work Incentive
<u>-175</u>	Child Care Expense
\$185	Countable Income

AFDC Payment Standard	\$810
Less Countable Income	<u>-185</u>

AFDC Benefit	\$625
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Nonreimbursable child care expense: \$50

TOTAL Income from wages and AFDC:	<u>\$1,285</u>
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OTHER AFDC PROGRAM PROVISIONS

Need/Payment Standard Reevaluation:

- State must evaluate every three years

Quality Control Sanctions:

- moratorium on collections of fiscal sanctions for excess payment error rates extended 1 year, to July 1, 1989

Earned Income Tax Credits:

- Tax credit payments no longer treated as income for AFDC eligibility and payment determinations

Preeligibility Fraud Detection:

- State required to develop/implement preeligibility fraud detection unit by October 1, 1989.

Payment After Performance:

OPTIONAL: State may defer cash assistance to unemployed parent households until after mandatory JOBS activity completed for the month.

Minor Parent:

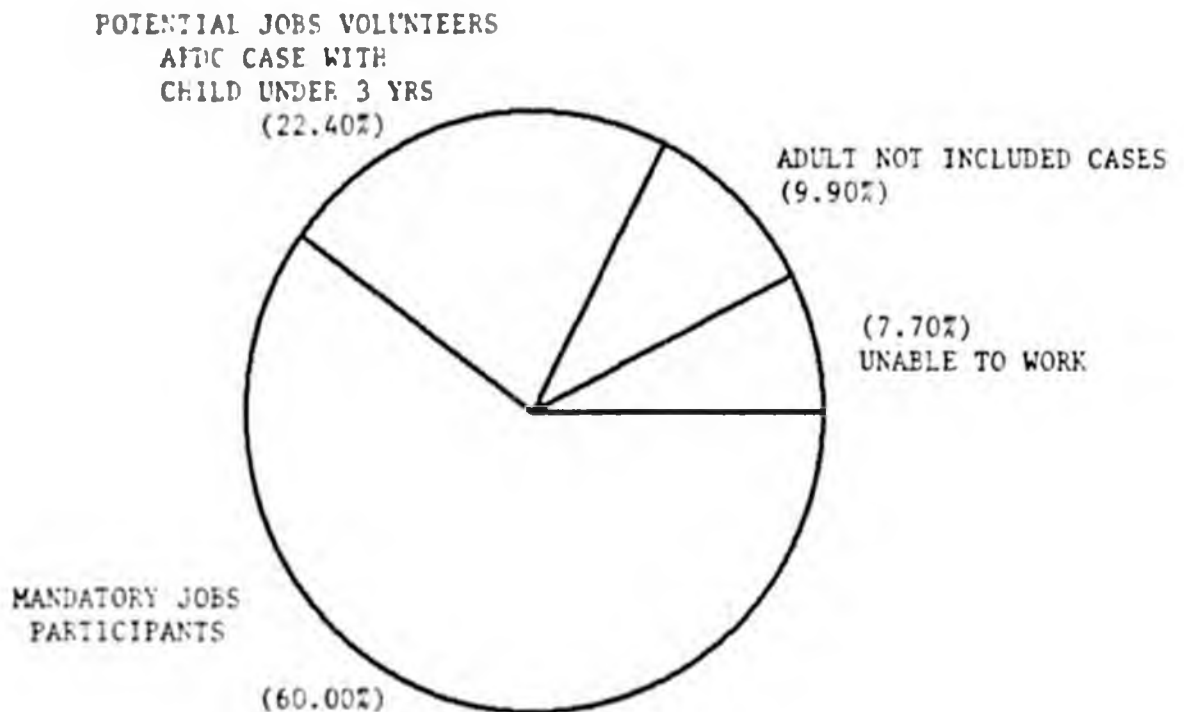
OPTIONAL: State May require parent under 18 to live with parent or legal guardian

- Payment issued to minor's parent or guardian
- Exceptions if suitable home unavailable, or has lived apart for one year
- Adult parents financially responsible

CHARACTERISTICS OF ALASKA FAMILIES RECEIVING AFDC

60% OF ALL AFDC PARENTS WILL BE MANDATORY PARTICIPANTS IN
JOB OPPORTUNITIES AND BASIC SKILLS (JOBS)

PERCENT OF POTENTIAL JOBS PARTICIPANTS
ANNUALLY (STATEWIDE)



NUMBER OF FAMILIES:

ESTIMATED AFDC BASIC PROGRAM - FAMILIES	10,145
ESTIMATED AFDC TWO-PARENT FAMILIES	<u>1,520</u>
TOTAL NUMBER OF AFDC FAMILIES IN A FISCAL YEAR	11,665

EXEMPT STATUS:

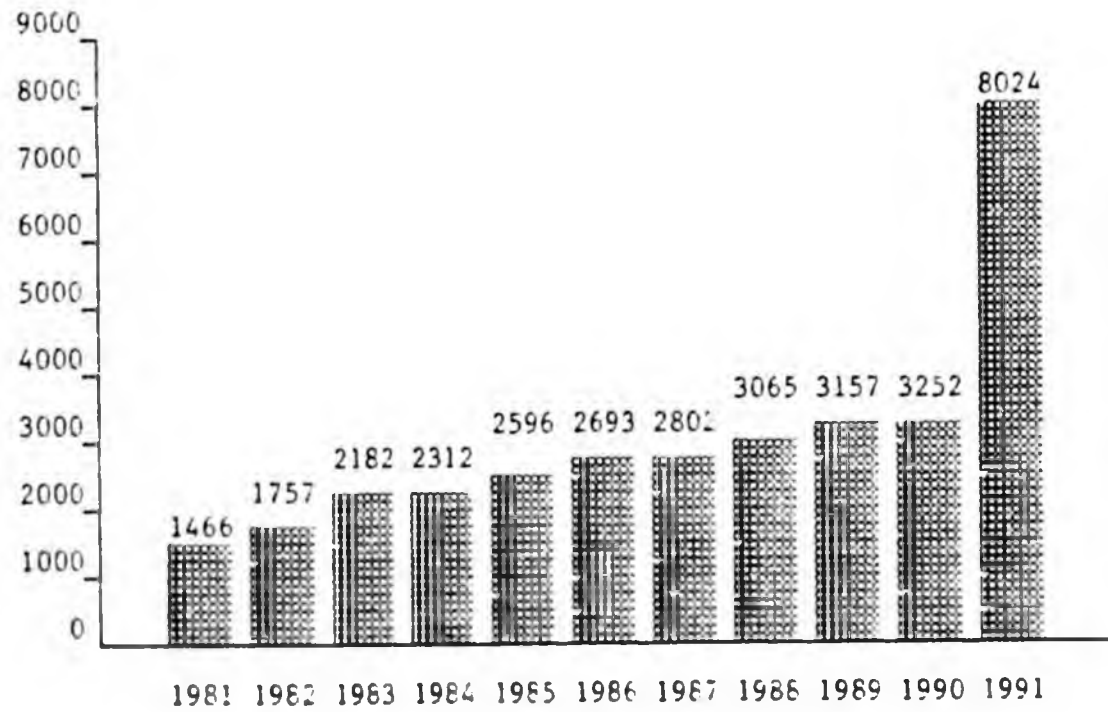
LESS AFDC FAMILIES EXEMPT FOR UNABLE TO WORK	(900)
LESS ADULT NOT INCLUDED (NO ADULT IN AFDC CASE)	<u>(1,150)</u>

TOTAL POTENTIAL JOBS PARTICIPANTS	9,616
JOBS VOLUNTEER FAMILIES (WITH CHILD UNDER 3 YRS OLD)	2,615
JOBS MANDATORY PARTICIPANT FAMILIES	7,000

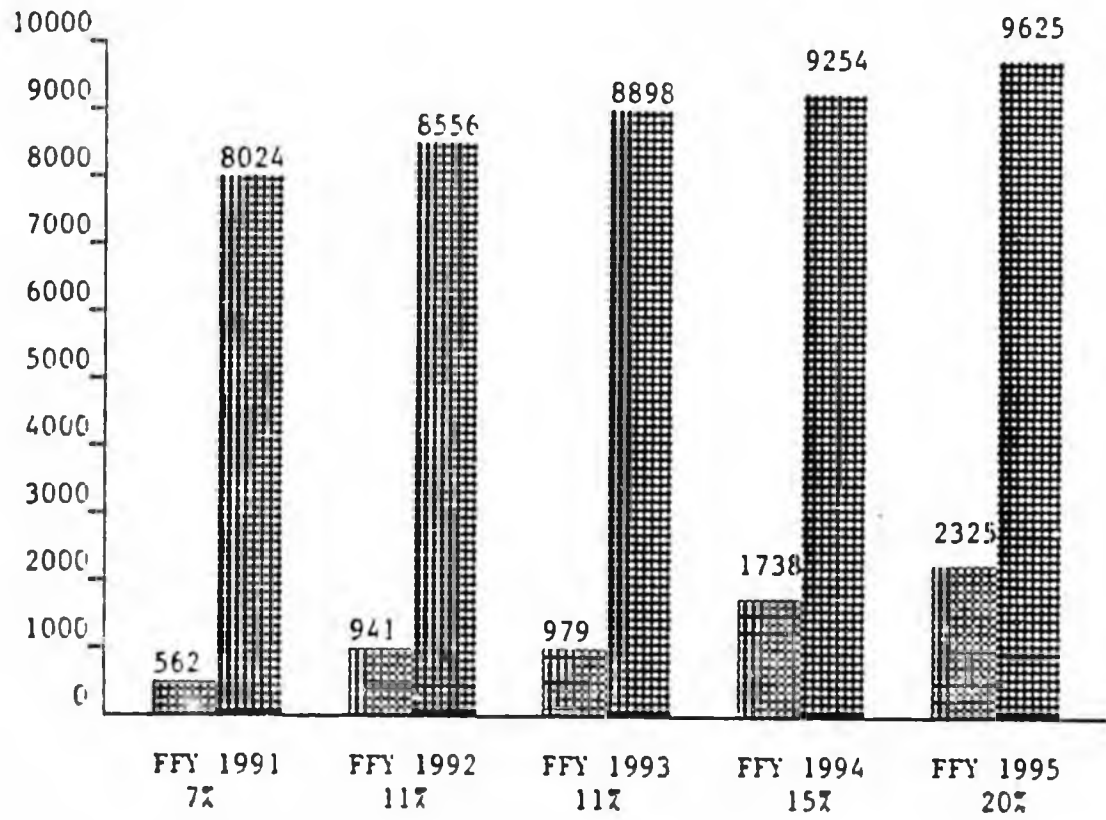
ALASKA WORK PROGRAMS

NUMBER OF PROGRAM PARTICIPANTS

PRESENT PROGRAMS VS. POTENTIAL FOR JOBS



PROJECTED JOBS MANDATORY POPULATION AND
MINIMUM STATE SERVICE LEVELS PERMITTED



JOBS ACTIVITIES AND SERVICES

States are Required
To Provide These
Activities and Services

Activities and Services
That Are Optional
To The States

Individual assessment
Individual Employability Plan
Information and Referral
Help locate child care
Provide child care
Transportation reimbursement
Basic Education
Job Skills Training
Job Readiness Activities
Job Development & Placement
Conciliation Process

Client/Agency contract
Case Management
Postsecondary Education
Tuition
* Grant Diversion
* Work Experience
* Job Search
* On the Job Training

* State is required to provide at least two of these four activities.

MAJOR DIFFERENCES BETWEEN JOBS AND PRESENT PROGRAM BENEFITS

YOUNG PARENTS WHO HAVE DROPPED OUT OF HIGH SCHOOL

JOB Parents under 20 will receive child care and Educational Activities until they obtain a High School Diploma or GED

PRESENT PROGRAMS no requirement

State options include:

1. Full-time educational activity
2. Exemption of parents under 28 if in area without a program, or if state resources are not available.
3. Work or training activities for parents 18 or 19.

ADVANCED TRAINING OR EDUCATION

JOB permits long term vocational or postsecondary education

PRESENT PROGRAMS limit training to one year

WORK PROGRAM ACTIVITIES

JOB requires operation of more work program activities and increases funding

PRESENT PROGRAMS funding limits the number of activities operated; few are required

SOME AFDC RECIPIENTS ARE EXEMPT FROM WORK PROGRAMS

JOB if personally caring for child under age 3, or at state option age 1 and if child is under 6 participation is limited to 20 hours per week

PRESENT PROGRAMS if personally caring for child under age 6

JOB if in 2nd Trimester of pregnancy or later

PRESENT PROGRAMS if in 3rd trimester of pregnancy or later

JOB if second parent in an AFDC-UP case unless state guarantees child care

PRESENT PROGRAMS no AFDC-UP program in Alaska

TARGETED JOBS POPULATION

1. Persons who have received AFDC for any 36 of the preceding 60 months, or
2. Custodial parents under age of 24 who:
 - a. have not completed high school and are not enrolled in high school at the time of application for AFDC, or
 - b. had little or no work experience in the previous year, or
3. Members of a family whose youngest child is within 2 years of being ineligible for AFDC.

55% OF JOBS FUNDS MUST BE SPENT FOR THESE TARGETED POPULATIONS

TRANSITIONAL MEDICAL AND CHILD CARE:

The Benefits a Family Receives When They Go From Welfare to Work

EXISTING LAW

Child Care

- * No child care offered except for families who apply for State Day Care Assistance
- * WIN clients can get 3 months of child care when leaving welfare for work.

Medicaid

- * Most families who leave welfare for work get 4 more months of Medicaid coverage
- * A few families under special circumstances receive 9 months of Medicaid coverage.

Child Support

- * Child Support Enforcement collection activity continues, but support payments are sent directly to the family

WELFARE REFORM

Child Care

- * A parent who leaves welfare for work will receive 12 months of child care
- * Child care costs will be covered on a sliding scale based on income
- * Providing affordable child care to families leaving welfare will support their transition into the workforce

Medicaid

- * Families who leave welfare for work will get 12 months of Medicaid coverage
- * Providing transitional Medicaid coverage will allow welfare recipients entering the work force to remain there without worrying about unanticipated medical expenses

Child Support

- * Child support collections will greatly increase due to expanded and strengthened provisions of Child Support Enforcement.

STATE "JOBS" PLAN PROCEDURES

AFDC Agency Must Coordinate Program

Must Obtain Public Comment

Must Obtain Adult Ed/Voc. Ed/JTPA Comments

Must Consult with Department of Education and Department of Community and Regional Affairs

60-Day Review by State Job Training Coordinating Council

Approval by Governor

Approval by Secretary of Health & Human Services

Re-write Plan at Least Every Two Years

ALASKA NATIVE ORGANIZATIONS

- * Alaska Native Organizations May Participate Separately in JOBS
- * Application Submitted by 4/13/89
- * Direct Funding to the Native Organization
 - Will Reduce State JOBS Funding
 - Matching Funds not required from Alaska Native Organization (100% Funding)
- * Share of funding based on % of adult Native AFDC recipients as a % of State's adult AFDC population
- * Only one organization will be approved in each of the 12 regions

IMPLEMENTATION OF WELFARE REFORM PROVISIONS

PROVISIONS	State FY89				State FY90				State FY91		
	JUL 88	OCT 88	JAN 89	APR 89	JUL 89	OCT 89	JAN 90	APR 90	JUL 90	OCT 90	JAN 91
AFDC Earnings Disregard											
Transitional Medical/Child Care											
Two Parent Family Coverage											
JOBS Program											

IMMEDIATE INCOME WITHHOLDING IN IV-D CASES

By November 1990, States must have laws requiring immediate income withholding:

1. In ALL IV-D cases with new or modified orders

UNLESS

- * There is a written agreement between the parties for an alternative arrangement
- * The court finds good cause not to implement withholding (for these exceptions, as required under existing law, a 30-day arrearage triggers withholding)

2. In ALL IV-D cases with existing orders

WHEN

- * The absent parent requests withholding
- * The custodial parent requests, and state approves, withholding
- * The state chooses to implement withholding

MANDATORY GUIDELINES

By October, 1989, states must have mandatory guidelines which are a rebuttable presumption,

THAT IS:

the guidelines must apply unless:

- * A written finding is made, based on state-developed criteria, that application of the guidelines would be unjust or inappropriate in a particular case

GUIDELINES MUST BE REVIEWED AT LEAST ONCE EVERY 4 YEARS

REVIEW AND MODIFICATION OF ORDERS

By October, 1990, states must have a plan to review and modify orders in IV-D cases at the request of:

- * the absent parent;
- * the custodial parent; or
- * the IV-D agency

By October, 1993, with respect to orders in IV-D cases, states must implement a process of periodic review and modification in accordance with the guidelines, if appropriate

UNLESS

- * in AFDC cases, the state determines it would not be in the best interest of the child and neither parent has requested review
- * in non-AFDC cases, neither parent has requested a review

The State must notify parties of:

- * their right to a review;
- * the date of a review, 30 days in advance;
- * any proposed modification and allow 30 days to challenge the modification

PATERNITY ESTABLISHMENT

1. AUDIT PENALTY FOR FAILURE TO MEET PERFORMANCE STANDARD

- * Beginning October 1, 1991, a state's paternity establishment percentage must equal or exceed:
 - * 50%; or
 - * the national average; or
 - * be 6 percentage points more than it was in FY88 and increase by an additional 3 percentage points for each year after FY92.

- * The paternity establishment percentage is:

Number of all children in IV-D cases born out of wedlock FOR WHOM PATERNITY HAS BEEN ESTABLISHED

- DIVIDED BY -

Number of children in IV-D cases born out of wedlock

- * The Secretary must include data on which paternity establishment percentage is based in the annual report to congress

2. GENETIC TESTS

- * Beginning November 1, 1989, any party may request, and the state must provide, genetic tests in a contested paternity case
- * States may charge any party not receiving AFDC for the costs of the tests
- * Beginning October 1, 1988, federal reimbursement is available at 90% of the laboratory costs of paternity testing

3. STATES ENCOURAGED TO ADOPT CIVIL PROCEDURES FOR PATERNITY ESTABLISHMENT, INCLUDING VOLUNTARY ACKNOWLEDGEMENT.

4. CLARIFICATION OF 1984 AMENDMENTS REQUIREMENT

- * Paternity must be established for any individual who was under age 18 on August 15, 1984, regardless of whether a prior action for paternity establishment was dismissed because of a former statute of limitations

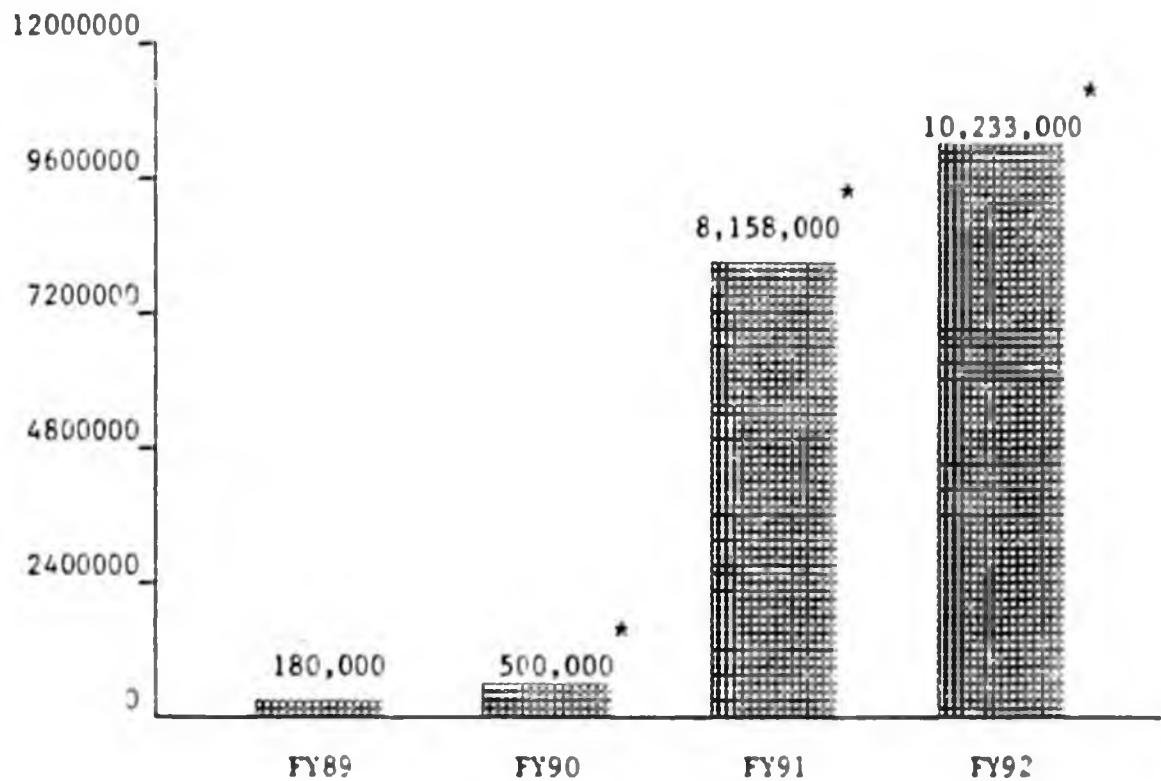
SOCIAL SECURITY NUMBERS PROVIDED AT BIRTH

Effective November, 1990, states must require parents to provide SSNs to state when Birth Certificate is issued

- * SSNs are to be provided to IV-D agencies for child support enforcement purposes

- * SSNs are not to appear on birth certificates

ESTIMATED STATE FUNDING NEEDED
TO IMPLEMENT WELFARE REFORM



FEDERAL MATCHING FUNDS WILL BE AVAILABLE AT SLIGHTLY ABOVE 50/50

*INCLUDES PLANNING AND PROGRAM COSTS, BUT DOES NOT INCLUDE POSSIBLE NEW ADMINISTRATIVE COSTS STARTING IN FY'91. INCLUDES CHILD CARE COSTS, SOME OF WHICH ARE ALREADY BUDGETED IN THE STATE DAY CARE ASSISTANCE PROGRAM.

4/19/89

PROPOSED AMENDMENTS

OFFERED IN THE HOUSE

TO: CSSCR 2 (FINANCE)

Page 2, lines 4-5:

Delete:

"...a public member to be appointed by the
Governor;"

Page 2, after line 16:

Insert a new clause to read:

"FURTHER RESOLVED that the task force shall establish a
formal subcommittee structure to facilitate public
participation, to examine the options available to
the state under the Family Support Act, and to make
recommendations to the task force; and be it"

Original sponsors: Uehling, Sturgulewski,
and Pearce

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE CONCURRENT RESOLUTION NO. 2 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 Establishing a Family Support Task
6 Force.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS Congress enacted the Family Support Act of 1988 which changes
9 many federal laws related to paternity actions, child support, Aid to
10 Families with Dependent Children, Medicaid, and other programs; and

11 WHEREAS the Act requires the state to make changes in Alaska Statutes,
12 rules, and regulations related to these same areas and allows the state to
13 make other changes if the state chooses to do so; and

14 WHEREAS changes made to comply with the Act may have significant
15 fiscal ramifications as well as an effect on the day-to-day operations of
16 state programs; and

17 WHEREAS a comprehensive review of statutes, rules, regulations, and
18 policies related to family support is needed in order to determine how the
19 state can comply with the changes required by federal law and use the
20 options allowed so that the goals of the Family Support Act and the pol-
21 icies of the State of Alaska can be most effectively met in relation to
22 family support:

23 BE IT RESOLVED by the Alaska State Legislature that a Family Support
24 Task Force is established to

25 (1) study Alaska Statutes, rules, regulations, and policies
26 related to family support;

27 (2) recommend to the legislature any changes to the statutes
28 appropriate and necessary for complying with the Family Support Act of
29 1988, using options granted by that Act, or otherwise improving state laws

1 and programs related to family support issues; and

2 (3) investigate the feasibility of applying for demonstration
3 projects under Title V of that Act; and be it

4 FURTHER RESOLVED that the task force shall consist of a public member
5 to be appointed by the Governor; the persons who chair the Senate and House
6 Finance and Health, Education, and Social Services Committees; and the
7 commissioners, or their designees, of the following departments:

- 8 (1) Department of Labor;
- 9 (2) Department of Education;
- 10 (3) Department of Health and Social Services;
- 11 (4) Department of Community and Regional Affairs; and
- 12 (5) Department of Revenue; and be it

13 FURTHER RESOLVED that the task force shall involve members of the
14 public during the course of its work and shall actively seek testimony and
15 advice from ^{persons} clients of (state agencies) who are affected by Titles I - V of
16 the Family Support Act; and be it

17 FURTHER RESOLVED that the terms of task force members shall begin
18 immediately and that the task force shall expire upon the convening of the
19 First Session of the Seventeenth Alaska State Legislature; and be it

20 FURTHER RESOLVED that the task force shall submit to the legislature
21 upon its convening in 1990 a report containing

22 (1) findings with respect to previous changes made by the legis-
23 lature, the judicial system, and the affected departments in response to
24 the Family Support Act of 1988;

25 (2) recommendations for future legislative, judicial, and execu-
26 tive actions in response to the Act; and

27 (3) specific legislative proposals to implement the changes
28 required or allowed by the Act or to otherwise implement a comprehensive
29 and cost effective policy related to family support issues in the state;

1 and be it

2 FURTHER RESOLVED that the administrative and legal services of the
3 Legislative Affairs Agency shall be made available to the task force.

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

Summary for SCR 2

SCR 2 is a member of a group of companion bills which replace the AFDC program with a new Family Support program which emphasizes work, child support, and need based family support supplements.

The program also encourages and assists parents of children in need to obtain the education, training and employment needed to avoid long term welfare dependence.

SCR 2 creates a Task Force which will facilitate interdepartmental cooperation in crafting a Family Support program which meets the needs of Alaskans receiving public assistance and meets federal mandates, as well as provide legislative and public input into the process.

This Task force is necessary due to the complex nature of the federal mandates. Federal requirements cross department lines over issues of childcare, child support, education, medicaid and Family Support payments. The failure of one Department to comply with federal law can result in loss of federal funding for a different Department. Thus, the Family Support program needs the systems wide perspective that this task force provides.

STATE OF ALASKA

BILL VERSION: CS SCR 2 (Finance)

1989 LEGISLATIVE SESSION

PUBLISH DATE: 3/17/89

FISCAL NOTE

REQUEST: _____

REVISION DATE: _____

AGENCY: Dept/Health & Social Services

TITLE: Establishing a Family Support Task ForceBRU: Public Assistance AdministrationSPONSOR: Uehling, Sturgulewski

COMPONENTS: _____

REQUESTOR: Senate Finance

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERS. SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		12.5	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND/BUILD.		-0-	-0-	-0-	-0-	-0-
GRANTS/CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL		12.5	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUNDS	6.25	-0-	-0-	-0-	-0-
FEDERAL FUNDS	6.25	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-
TOTAL	12.5	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-

ANALYSIS:

PREPARED BY: _____



 SENATOR RICK UEHLING, CO-CHAIRMAN
 SENATE FINANCE COMMITTEE

DATE: March 16, 1989

PHONE No.: 465-4821

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CS SCR 2 (FIN)

PUBLISH DATE:

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: "Establishing a Family Support Task Force." BRU: Employment Security
 Sponsor: Uehling, Sturgulewski & Pearce Components: Employment Services
 Requestor: Senate Finance Work Incentive

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Judy Knight, Deputy Director Phone: 465-2712
 Division: Employment Security Date: 3/17/89
 Approved by Commissioner: Jim Sampson Date: 3/17/89
 Agency: Department of Labor

Distribution (by preparer) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

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American Public Welfare Association
- VIII. PL 100-485 "Family Support Act of 1988"

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Establishing a Family Support Task Force
Sponsor: Uehling, Sturgulewski
Requestor: _____

Agency Affected: Health & Social Services
BRU: PA Administration
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	45.5	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	45.5	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	22.7	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	22.8	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	45.5	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: John R. Taber, Director
Division: Division of Public Assistance
Approved by Commissioner: [Signature]
Agency: Health & Social Services

Phone: 465-3347
Date: 2/27/89
Date: 2/24/89

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Establishing a Family Support
 Task Force _____
 Sponsor: Uehling, Sturgulewski, Pearce
 Requestor: Senate HESS

Agency Affected: Department of Revenue
 BRU: Child Support Enforcement Division
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page for analysis.

Prepared By: Linda Lanzston
 Division: Child Support Enforcement Division

Phone: 276-3441
 Date: March 14, 1989

Approved by Commissioner: Hugh Malone
 Agency: Department of Revenue

Date: 3/14/89

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

POSITION PAPER

SENATE CONCURRENT RESOLUTION NO. 2

Senate Concurrent Resolution 2 provides for the creation of a Family Support task force comprised of the Chairs of the Senate and House Health, Education and Social Services Committees and the Senate and House Finance Committees, and the Commissioners, or their designees, of the Departments of Health and Social Services, Revenue, Community and Regional Affairs, Education, and Labor to plan the implementation of the Family Support Act of 1988 (Welfare Reform).

The resolution notes that the Act may have significant fiscal and operational impacts on a number of state programs and will require a comprehensive review of statutes, rules, regulations, and policies related to family support. It clearly sets forth an expectation that the State will both comply with the Act and use the options that it allows to achieve the goals of the Act and the policies of the State in an effective manner.

In response to passage of the Family Support Act of 1988 by the U.S. Congress and its signing into law on October 13, 1988, the Department began its own assessment of the resources that it would need in order to meet the ambitious implementation objectives that the Act requires. Among the conclusions reached was a basic tenet which is embodied in this resolution: to effectively implement the Family Support Act of 1988 in Alaska, the concerted efforts of all five Executive Branch departments named in the resolution would be required. Fortunately, four of the five departments have already agreed to work together under the aegis of the Governor's Mini Cabinet on Employment and Training. Thus a foundation already exists for the interdepartmental cooperation that is needed. In this environment, we are pleased to receive this expression of interest in the welfare reform implementation process from the legislature and welcome the suggested legislative participation. As part of planning welfare reform implementation, we also hope to include representation from the public and such private, non-profit agencies as the Alaska Legal Services Corporation, the Alaska Federation of Natives, one or more non-profit ANCSA corporations, and other, similar interest groups. We would hope that the wording of the resolution would not be interpreted to limit the task force membership to the individuals named in the resolution, but would be read broadly enough to include additional participation by other individuals and organizations.

We would also point out that a fiscal note accompanies the resolution to provide a small amount of funding which is not otherwise available to pay the cost of bringing non-legislative members of the task force to the task force meetings. All other

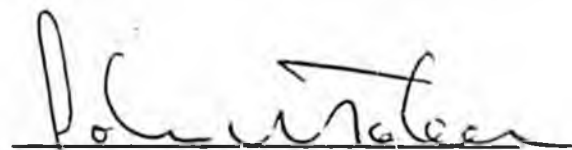
expenses of the task force, including coordination of meetings, preparation of meeting minutes, publication of meeting times and places, and publication of task force findings and recommendations will be paid by the respective agencies, and particularly by the Department of Health and Social Services, in which the state Welfare Reform Coordination team is located.

Finally, in view of the extremely tight implementation deadlines provided by the Act, we would recommend that the terms of the task force members begin immediately, rather than on July 1, 1989, as set forth in the resolution.

RECOMMENDATION

The Department of Health and Social Services recommends that the legislature approve Senate Concurrent Resolution No. 2, with legislative intent consistent with the remarks contained in this position paper.

Recommended by:

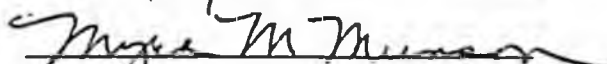


John R. Taber, Director
Division of Public Assistance

Date:

2/21/89

Approved by:



Myra D. Munson, Commissioner
Department of Health &
Social Services

Date:

2/24/89

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

FAMILY SUPPORT ACT of 1988

(P.L. 100-485)

WELFARE REFORM

November 11, 1988

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FAMILY SUPPORT ACT of 1988
(P.L. 100-485)

On October 13, 1988, when President Reagan signed into law the Family Support Act of 1988 (PL 100-485), the legislation was billed as the most comprehensive overhaul of the Aid to Families with Dependant Children (AFDC) program since it was enacted in 1935. Passage of the bill was the culmination of a two year bipartisan effort by the nation's governors to change the current welfare system from what is now primarily an income maintenance system with a minor work component into a system that fosters self-sufficiency.

The governors, in their reform package, stressed the importance of strengthening the nation's child support enforcement system and creating a new national education, training, and employment program to provide critical services to welfare clients to enable them to become self-sufficient, economically independent citizens. Child and medical care and a minimum level of support to families were also viewed as fundamental.

Why the welfare reform debate?

Simplistically, three factors drove this effort:

- a. a view that the current system was archaic, not having kept pace with societal norms, especially with regard to growing female participation in our work force;
- b. that the current system increased poverty rather than cured it; and
- c. because of that, the current system was socially and economically too expensive.

With liberals, conservatives and moderates generally agreeing about what was wrong with the system, consensus was created for the first time in decades about what direction a reform should take. This created a hospitable environment and considerable momentum for Congress to move forward with reform legislation.

Will welfare reform succeed?

The bill that passed Congress was the product of tremendous compromise. The final price tag, \$3.4 billion is a significant reduction from the House version of \$7 billion and a slight rise from the Senate's goal of \$2.8 billion. Many client-oriented provisions were dropped from both measures because they were

considered too expensive. Thus the bill, while a significant step forward, does not meet all the original policy tests of the nation's governors. Its passage cannot be expected to eradicate poverty or cure disenfranchisement experienced by welfare clients today. However, the bill does address some basic deficiencies of the current system by aiding a person in the "transition zone" from welfare dependency to economic independence. Lack of affordable child care, health insurance, and marketable job skills create barriers to getting off public assistance. Welfare reform tries to remove those barriers and increase incentives for a transition to self-sufficiency.

THE FUNDAMENTAL CONCEPTS OF THE WELFARE REFORM LAW

1. Children's basic needs must be protected:

Welfare exists because it provides for the most basic needs of food, shelter, clothing, and medical care to the nation's poorest people, mostly children. Every child has a right of access to a certain standard of living, and that commitment must be maintained. Alaska's welfare system does a good job of providing basic needs. Each month in Alaska, some 12,000 young Alaskans under the age of 18 get their basic needs met from the state in the form of an AFDC check, food stamps, or medical coverage. Nearly \$170 million in benefits will be distributed this year through these programs.

Law Changes

This commitment to maintain an existing level of benefits is stated in the law and cannot be retrenched upon for fiscal reasons.

2. The family has the primary responsibility:

Both parents are primarily responsible for their children and should have an obligation to strive to become self-supporting. In return, government has a reciprocal responsibility to help families get access to training (if needed), support services, and employment opportunities so they can be successful at meeting their obligations. The current system provides many barriers to helping families - and few incentives.

Law Changes

Since both parents are responsible for the well-being of their child, the legislation beefs up collection of child support payments.

The law mandates certain parents to participate in education, employment, or training. In return, they are guaranteed help with medical costs, child care, and transportation during their training and for one year after they are in the work force.

3. The system should strengthen the family:

Welfare systems should strengthen the family. Study after study shows that divorce and out-of-wedlock births are key ingredients to poverty and welfare dependency. Twenty four states award benefits to single-parent families only, denying services to poor children who live with both parents, and perhaps creating an incentive for family break up.

Law Changes

Alaska does not currently have the unemployed parent option. The law mandates all states adopt this option by October 1990. As many as 1,100 new families may participate in services in Alaska.

4. An emphasis on education and training is essential:

Reform requires a shift in emphasis from income maintenance to a focus on skills improvement. Single mothers can't afford to work at low paying jobs because child care and health costs gobble up their margin of savings. They must enter the job market at a level which will provide adequate income to overcome dependency permanently. A good job is seen as a legitimate goal of the program. A majority of Alaska mothers today work outside the home. Reform measures presume AFDC moms will join the national mainstream of the labor force. Work is seen as a way to cut the feeling of powerlessness, by developing personal dignity, self confidence, and identity.

Law Changes

The law expands the ability to help clients who need education and training before working. It mandates education and work for single parents whose youngest child is over two, and for one parent in a two parent family regardless of age of child (subject to participation rates determined by the law).

SUMMARY OF BASIC NEW PROVISIONS OF WELFARE REFORM

PROVISION	SFY IMPLEMENTED	# OF NEW CLIENTS	COST
1) Benefits must be paid to two parent families.	SFY 91	861	\$3.8 million
	SFY 92	1,148	\$5.0 million
2) Access to basic skills development, education, and training is provided.	SFY 91	4,000	\$700,000 jobs \$300,000 child care
3) Guaranteed child care and medical coverage while transitioning into the work force. Federal funds are available when matched with state funds.	=====Child Care=====		
	SFY 90 (4th quarter)	75	\$733,000
	SFY 91	550	
	=====Medical=====		
	unknown	unknown	unknown
4) Stronger child support enforcement powers.	SFY 89	unknown	unknown

KEY FEATURES OF THE FAMILY SUPPORT ACT

What follows is a more detailed analysis on the provisions of the law and the impacts of Alaska where available.

A. Cash and Medical Benefits For Unemployed Parents:

For many years, states have had the option of covering two-parent households in which the principal wage earner is unemployed, under the old AFDC program. Twenty-six states have adopted this coverage. The Act now requires states to provide

coverage to unemployed parents at least six months out of every twelve. To qualify, the unemployed parent must have worked fewer than 100 hours per month in the month prior to the time of application, and must have worked during six or more of the previous 13 quarters. The state may elect to substitute certain education attendance for up to four of the six quarters.

Alaska Impact

Alaska has not elected to exercise the "unemployed parent" option in the past. The State will be required to add these families by October 1, 1990. The preliminary estimate is that adding this group to the AFDC program will increase the caseload by about fifteen percent (1,148 cases per month), at a cost of ten to eleven million dollars for cash benefits and additional costs for Medicaid (see composite estimate of new Medicaid costs below). All of these costs will be shared 50/50 with the federal government. These estimates assume full, 12-month cash and medical coverage.

B. Job Opportunities and Basic Skills Training (JOBS)

The Act repeals the WIN (Work Incentive) program in the work programs established under the old AFDC program and replaces them with JOBS. The key differences between the old programs and the new are:

1. more clients must participate,
2. supportive services must now be increased,
3. federal funding levels will increase and match funds are available for new services,
4. federal funds are targeted to long-term dependent individuals, and
5. phased-in performance standards are imposed on the states.

Former law exempted parents whose youngest child was under the age of six from work programs participation. JOBS requires those whose youngest child is three (or, at state option, one) or older to participate.

The state must allow exempt individuals to participate as volunteers.

Based on an employability plan, which must be developed for each participant, in consultation with the participant, the state must provide the required

1. basic education and skills training,
2. job skills training,
3. job readiness activities, and
4. job development and placement.

Each state must also offer at least two of the four following program components:

1. grant diversion,
2. community work experience/other work experience
3. job search, and
4. on the job training.

No individual may be required to participate in any JOBS program activity unless adequate child care is provided and payment or reimbursement is made for transportation or other work-related expenses as necessary for participation.

All of the incentives to go to work that were in the old AFDC law remain in the new and some have been increased allowing the family to retain more of their earnings in the calculation of their remaining welfare entitlement. The basic work-related expenses allowance has been increased from \$75 to \$90. The child care allowance has been increased from \$165 per child to \$175 per child (\$200 for infants under age 2).

The Act mandates that the state first serve volunteers within the targeted groups. It also retains some fairly strict limitations in the old welfare to work laws on the jobs in which a participants may be placed for training purposes. The ability of the Alaskan economy to generate the new jobs that will be required will be a significant factor in our ability to respond.

Federal funding to help support the JOBS program has been substantially increased over the amounts available under WIN and the AFDC work programs. This funding is phased in over an eight year period, intended to correspond to the phased-in performance standards that are imposed on the states. The funding for operating the basic program is capped, forcing the states to either operate within those limits or provide 100 percent of the additional cost out of state funds. This cap does not apply to the child care costs or the transitional child care and medical

costs, both of which are open-ended entitlements at the usual 50/50 match rate.

The 90/10 match rate that applied to WIN funding has been retained for part of the cost of JOBS, with additional direct program costs matched at 60/40 and administrative costs matched at 50/50. A state can lose its rights to these favorable match ratios, however, if it either:

1. fails to expend at least 55 percent of the funds for services to certain groups that the law defines as "long-term dependent," or
2. fails to achieve the mandated participation standards. Those standards start at 7 percent of the eligible participants in 1990 and increase to 20 percent in 1995.

Alaska Impact

Very preliminary estimates indicate that the JOBS program will more than double the present 3,275 mandatory WIN and Employment Search clients to a total of 7,000 in 1990. The largest increase comes from reducing the youngest child's age from six to three for exemption. Unemployed parents will also increase the participant universe. Alaska's share of the national JOBS funding in FY 91 is \$2.2 million. The state match requirement is roughly estimated at \$1 million. Of this amount, \$300,000 is already available in the DHSS and DOL WIN components. These amounts do not include child care costs. Matched 50/50 with the federal government, child care is estimated at \$606,000 in FY91 (\$303,000 state share). It would be permissible under federal law to meet Alaska's match requirement for child care costs either out of new appropriations or out of funding presently available to the state Day Care Assistance Program.

C. Transition Benefits While Working

Study after study has shown that the two greatest barriers to a successful transition from welfare to work are the lack of adequate, affordable child care and the sudden emergence of medical needs for which the new employee has neither sufficient earnings nor medical insurance coverage. The Family Support Act seeks to remedy this problem in two ways:

1. by creating a new entitlement to day care assistance for up to twelve months for anyone who leaves assistance due to increased earnings and
2. by revising the current extended Medicaid benefits

to make them available for up to a full year as well.

Participants must share in the cost of child care on a sliding scale tied to income and may also be required to participate in the cost of their medical benefits, after the first six months.

Alaska Impact

The first full year in which these provisions are effective is state fiscal year 91. The preliminary estimate is that 550 children will qualify for transition child care in that year, at a total cost of \$1,466,000 (\$733,000 state funds) some or all of the required state funds could come from already appropriated state day care assistance funding, since most of the participants would be eligible for that program. The combined total estimate of new Medicaid costs for "Unemployed Parent" households and work transition is \$7 million (\$3.5 million state fund.)

D. Child Support Enforcement

The Act addresses a number of needs in child support enforcement, but the three main features are:

1. a mandate that each state establish guidelines which are a rebuttable presumption for judges who set support orders, with periodic review of the guidelines and regular review of the orders themselves;
2. mandatory wage withholding by employers for nearly all support orders; and
3. new requirements that the identities of both parents be established at the time a birth is recorded, and 90/10 match for the costs of establishing paternity.

Alaska Impact

No estimates from the Department of Revenue at this time.

KEY IMPLEMENTATION DATES

The Act specifies that states may begin to use some of its new, more liberal standards for running their JOBS programs as early as July 1, 1989. The earliest required implementation date is July 1, 1989, when the state welfare agency becomes responsible for ensuring that cash benefits, child support, and JOBS services are furnished in an "integrated" manner. The other implementation dates that have been spotted thus far are as follows:

<u>Date</u>	<u>State Year</u>	
Oct 1, 1989	FY 90	New work incentives effective
Apr 1, 1990	FY 90	Transition Med. and Child Care
Oct 1, 1990	FY 91	Two-parent coverage effective
Oct 1, 1990	FY 91	JOBS program in place
Oct 1, 1992	FY 93	JOBS program extended statewide

NEW COSTS ASSOCIATED WITH WELFARE REFORM

It is too early to state the actual amount of the costs that will result from the Family Support Act, but the key areas in which state general fund costs will increase are:

- * AFDC Assistance Payments - to cover the costs of two-parent family coverage and the impact of the more liberal earned income disregards; (Est. \$3.8 million in SFY91 and \$5 million in SFY92)
- * Medicaid - to cover the enlarged AFDC caseload and to provide work transition medical services (Est. \$2.9 million in SFY 91 and \$3.5 million in SFY 92)
- * JOBS - to pay the state's share of the expanded employment and training effort that the law requires; (Est. \$700,000 in SFY 91 and 92)
- * Day Care Assistance - to pick up the child care costs associated with JOBS and work transition; (new costs dependent upon relationship to state day care assistance program)
- * Child Support Enforcement - to pay the state share of increased paternity establishments, more support order establishment activity, and more frequent modification of support orders; (no estimate available from Department of Revenue)

- * Public Assistance Eligibility Determination - to pay the state's share of the administrative costs associated with the increased caseload that will result when Unemployed Parent coverage and the new work transition cases (Medicaid and Child Care) are added. There may also be a short-term increase in the number of regular AFDC cases, related to the impacts of the improved work incentives (income disregards) and the availability of longer term training opportunities. This should diminish as the dependency-reducing impacts of JOBS are felt in the caseload. (Impacts will begin in SFY 91 and have not yet been estimated)

- * Implementation - to pay the state share of the administrative costs of bringing up the mandated changes in the AFDC program and creating the JOBS program. (estimated to be \$112,000 in SFY 89 and \$390,000 in SFY 90)

Some of these increased costs may be partially offset by new revenues associated with increased child support collections, and federal participation in child care costs.

IMPLEMENTATION PLAN

Implementation of the Act will require the input and cooperation of several departments in state government, interested job training organizations, Alaska Native groups, child care experts, client advocate groups such as Alaska Legal Services, the Legislature and, of course, clients themselves. The department feels the program will be best designed and implemented if those with a stake in the outcome are actively involved in the planning process.

The task is very large, but luckily FY 90 can largely be viewed as a year of program design and planning as many of the major provisions do not take effect until FY 91. This gives the department this one legislative session and the next to accomplish law changes and to seek funding increases for the major provisions.

Some provisions take effect in FY 90, and the department will prioritize examination of these issues first.

I. Program Coordination

Within state government, five departments have key roles in welfare reform, as follows:

A. Department of Health & Social Services

1. Division of Public Assistance (DPA) -

DPA is the "state IV-A agency." It is responsible for administering the AFDC program (Title IV-A of the Social Security Act) and, by federal law, is responsible for assuring the "integrated delivery of services under Title IV-A, Title IV-D (Child Support Enforcement), and Title IV-F (JOBS)." Under present law, DPA co-administers the WIN program with the Employment Security Division of the Department of Labor (ESD), and, with ESD as its principle partner, administers the AFDC Employment Search Program and the Food Stamps Employment and Training program.

2. Division of Medical Assistance (DMA) -

DMA controls the state health care financing programs, determines policy for the state Medicaid and General Relief Medical programs and manages the provider reimbursement process.

3. Division of Family and Youth Services (DFYS) -

DFYS licensing staff set the standards for licensing of child care facilities and perform licensing reviews. Licensing is a condition of participation in the state Day Care Assistance program.

B. Department of Labor

1. Employment Security Division (ESD) -

ESD co-administers the WIN program with DPA under existing law and performs similar functions as a subcontractor to DPA for the AFDC Employment Search Program and the Food Stamps Employment and Training Program. ESD also provides DPA client wage and earnings and unemployment insurance information which is essential for accurate AFDC eligibility decisions and provides similar

information on obligor parents to the Department

of Revenue's Child Support Enforcement Division (CSED).

C. Department of Revenue

1. Child Support Enforcement Division (CSED) -

CSED is the state IV-D agency. As part of its overall mission of enforcing child support obligations on parents, it represents the state in enforcement procedures relating to children who receive AFDC. CSED locates absent parents, establishes paternity, establishes support orders, either administratively or judicially, and enforces support orders on obligors who live in Alaska.

D. Department of Community and Regional Affairs

1. Rural Development Division (RDD) -

RDD administers the state Day Care Assistance program (DCA). One of the key decisions which Alaska must make is whether to manage the provision of child care which is mandated by the new federal law during both JOBS participation and work transition through the state DCAP. Federal matching funds for both program dollars and administration are available at 50/50 on an open-ended, entitlement basis.

RDD also administers the state's largest employment and training program, the 100% federally-funded Job Training Partnership Act program (JTPA). JTPA is mandated to serve certain minimum percentages of welfare clients and has discretion to increase that percentage to any level set by the state. State JTPA policy is set by the statewide Job Training Coordinating Committee, which must also review the state JOBS plan before it is submitted for federal approval. Local JTPA policy is set by three Private Industry Councils (PIC's), located in Anchorage, Fairbanks, and Juneau. JTPA is administered locally by Service Delivery Area (SDA) staff and subcontractors.

E. Department of Education

1. Adult and Vocational Education (OAVE) -

Through its Adult Basic Education and Vocational Education program authorities and funding, OAVE provides much of the educational opportunity on which JOBS participants will rely. OAVE has targeted the Carl Perkins Act set-aside funds for welfare participants under one Kenai-area contract. OAVE must be consulted as part of the JOBS state plan process.

2. Commission on Post Secondary Education -

Alaska has the option of permitting JOBS participants to enroll in full-time post-secondary education program to meet their education or training needs. The cost of such enrollment (tuition, books, fees, supplies, etc.) is not federally matchable, but related child care and transportation costs are. Most importantly, the student can remain eligible for AFDC cash assistance and Medicaid while going to school. Coordination between the Commission, the student, JOBS, and DPA is necessary to ensure that students do not inadvertently disqualify themselves from cash assistance and Medicaid through loan amounts that meet their living needs as well as their educational needs.

Outside of state government, Alaska Native organizations have an opportunity to claim a part of Alaska's federal JOBS allocation to set up their own programs. This option must be exercised by April 13, 1989. Local governments that administer the JTPA and Day Care Assistance programs, as well as other human services programs will also be important participants. Options to contract out for services can involve these and other entities in many different capacities. Their interests, desires, and concerns will be actively solicited, considered, and incorporated, as feasible.

Department of Health and Social Services

FAMILY SUPPORT ACT of 1988
(P.L. 100-485)

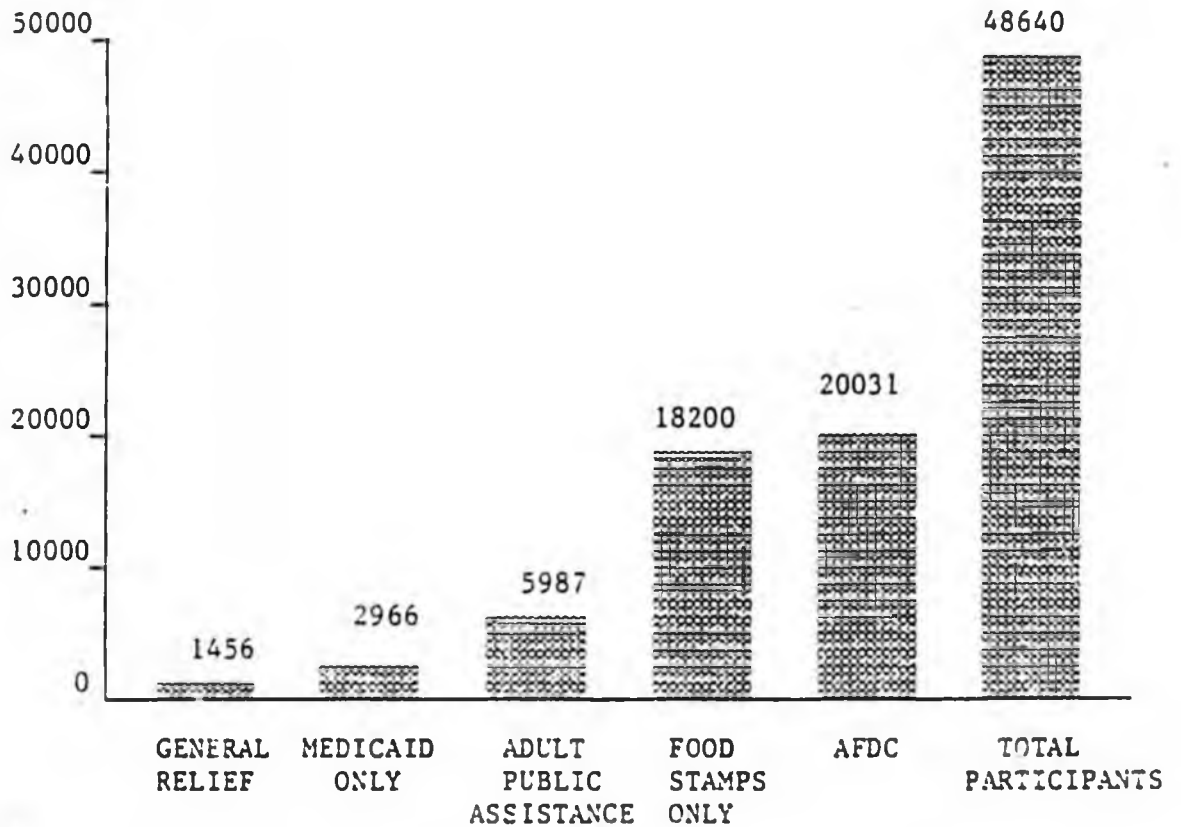
THE FUNDAMENTAL CONCEPTS OF THE WELFARE REFORM LAW

1. Children's basic needs must be protected
2. The family has the primary responsibility
3. The system should strengthen the family
4. An emphasis on education and training is essential

ALASKA WELFARE PARTICIPATION

IN MONTH APRIL 1988

PERSONS



THE AUGUST 1988 ALASKA DEPARTMENT OF LABOR "ALASKA ECONOMIC TRENDS" REPORTED ON POVERTY IN ALASKA. IT ESTIMATED THAT BETWEEN 10-14% OF THE ESTIMATED TOTAL POPULATION IN ALASKA LIVES BELOW THE POVERTY INCOME LEVEL. ASSUMING A CURRENT POPULATION OF 540,000 THERE WOULD BE ABOUT 57,800 PERSONS IN POVERTY IN ALASKA.

Each month approximately 12,900 children receive benefits under the current AFDC program in Alaska.

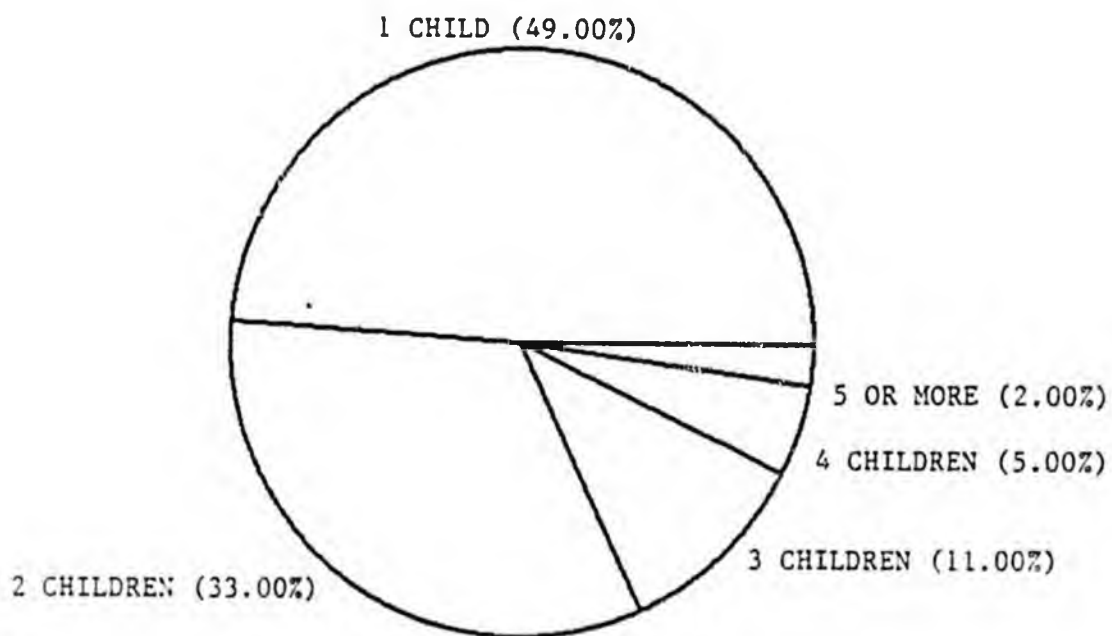
<u>District Area</u>	<u>Average Number of Children Served Monthly</u>	<u>Percent of Total</u>
Anchorage	5,097	39%
Fairbanks	1,541	12%
Bethel	1,136	9%
Wasilla	1,134	9%
Kenai	882	7%
Ketchikan	580	4%
Northern Rural	569	4%
Southcentral Rural	523	4%
Juneau	518	4%
Kotzebue	365	3%
Nome	338	3%
Sitka	<u>210</u>	2%
TOTAL Children	12,893	

In all of FY88 30,123 adults and children (unduplicated) received benefits under the current AFDC-Basic program in Alaska.

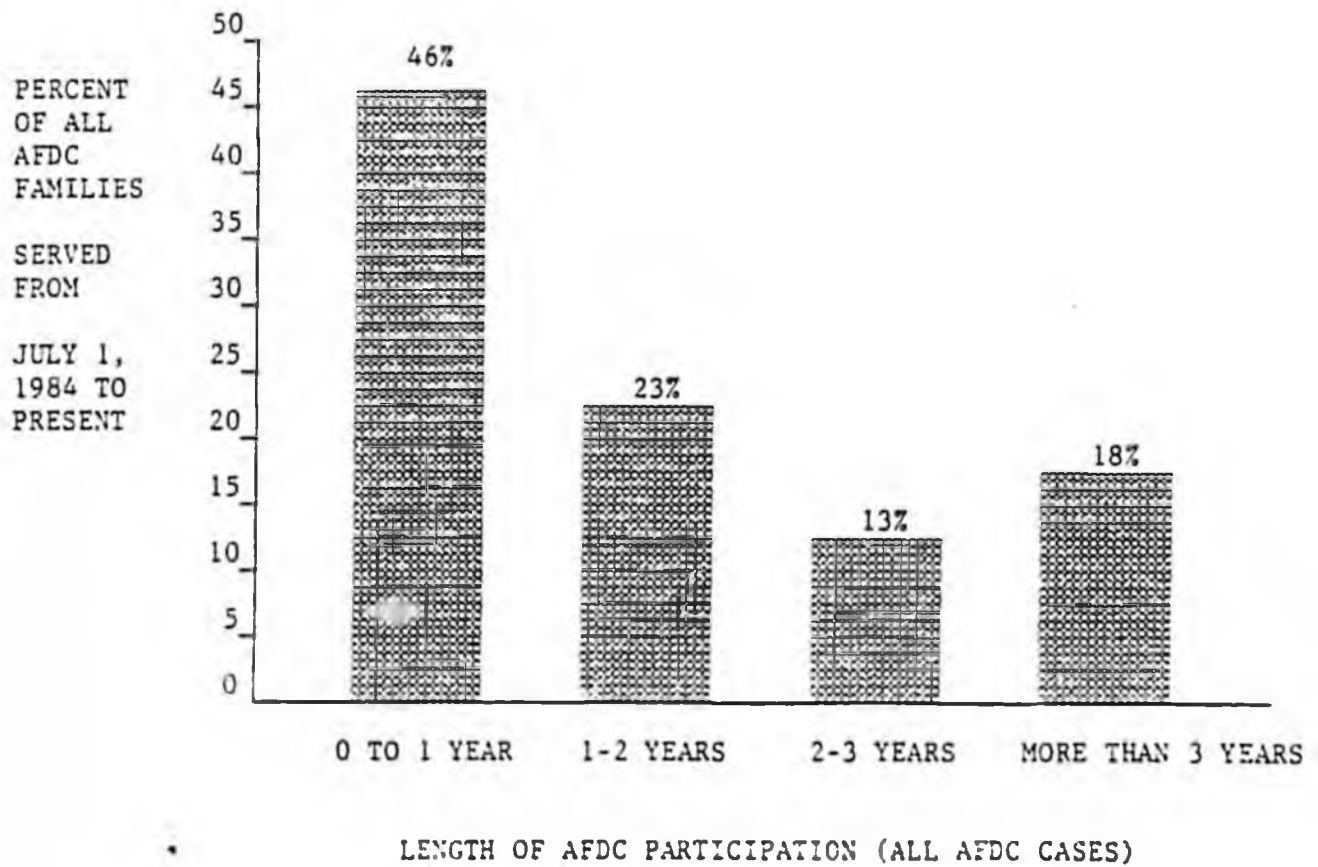
<u>District Area</u>	<u>FY88 Total AFDC Participants</u>	<u>Percent of Total</u>
Anchorage	11,875	39%
Fairbanks	3,575	12%
Wasilla	2,636	9%
Bethel	2,473	8%
Kenai	2,199	7%
Juneau	1,388	5%
Northern Rural	1,320	4%
Ketchikan	1,286	4%
Southcentral Rural	1,269	4%
Kotzebue	778	3%
Nome	769	3%
Sitka	<u>555</u>	2%
TOTAL Persons	30,123	

49% OF ALL AFDC FAMILIES HAVE ONLY ONE CHILD. ONLY 7% OF THE AFDC FAMILIES IN ALASKA HAVE MORE THAN THREE CHILDREN. THE AVERAGE NUMBER OF CHILDREN PER FAMILY IS 1.6.

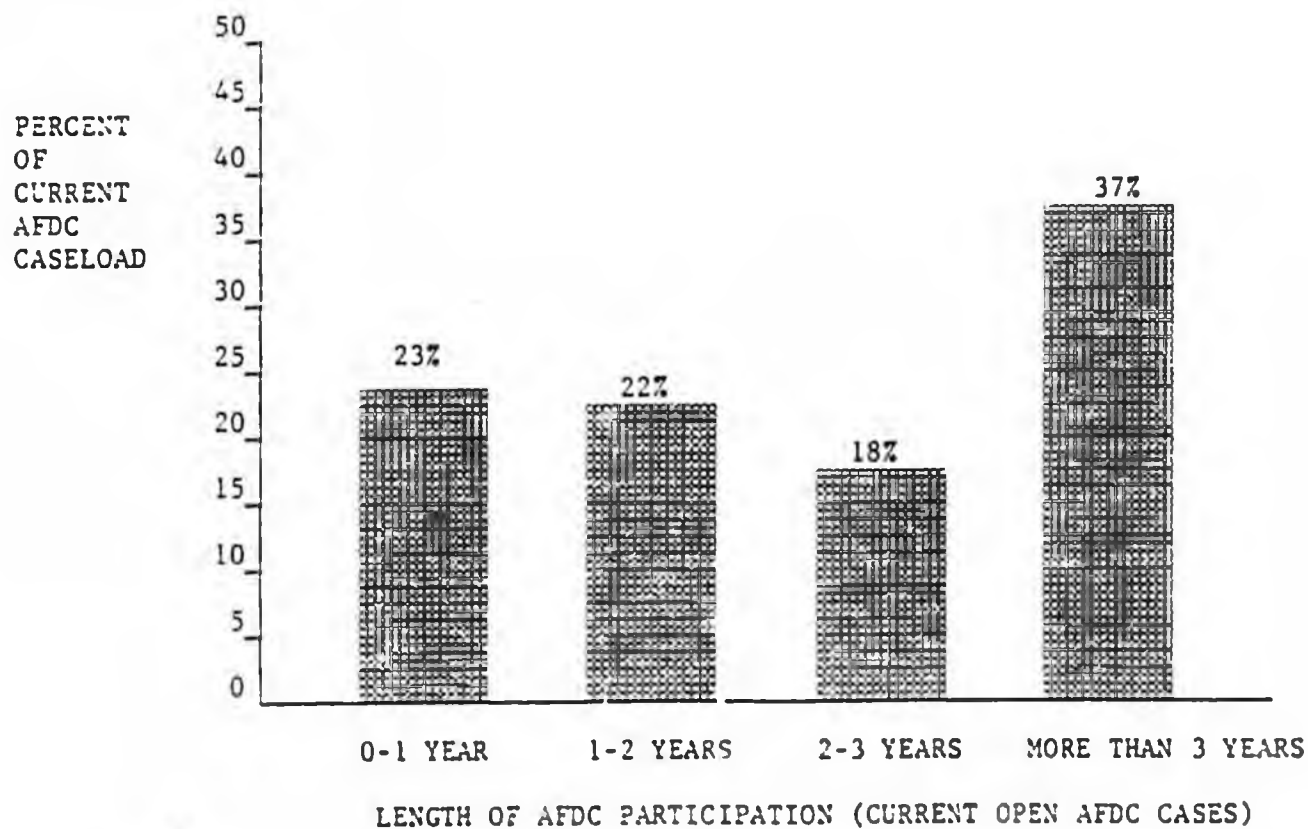
AVERAGE NUMBER OF CHILDREN
IN AFDC FAMILIES IN ALASKA



THE AVERAGE LENGTH OF PARTICIPATION FOR MOST AFDC FAMILIES IS LESS THAN ONE YEAR. OF THE TOTAL NUMBER OF AFDC FAMILIES SERVED SINCE JULY 1984, ONLY 18% HAVE PARTICIPATED FOR MORE THAN 36 MONTHS.

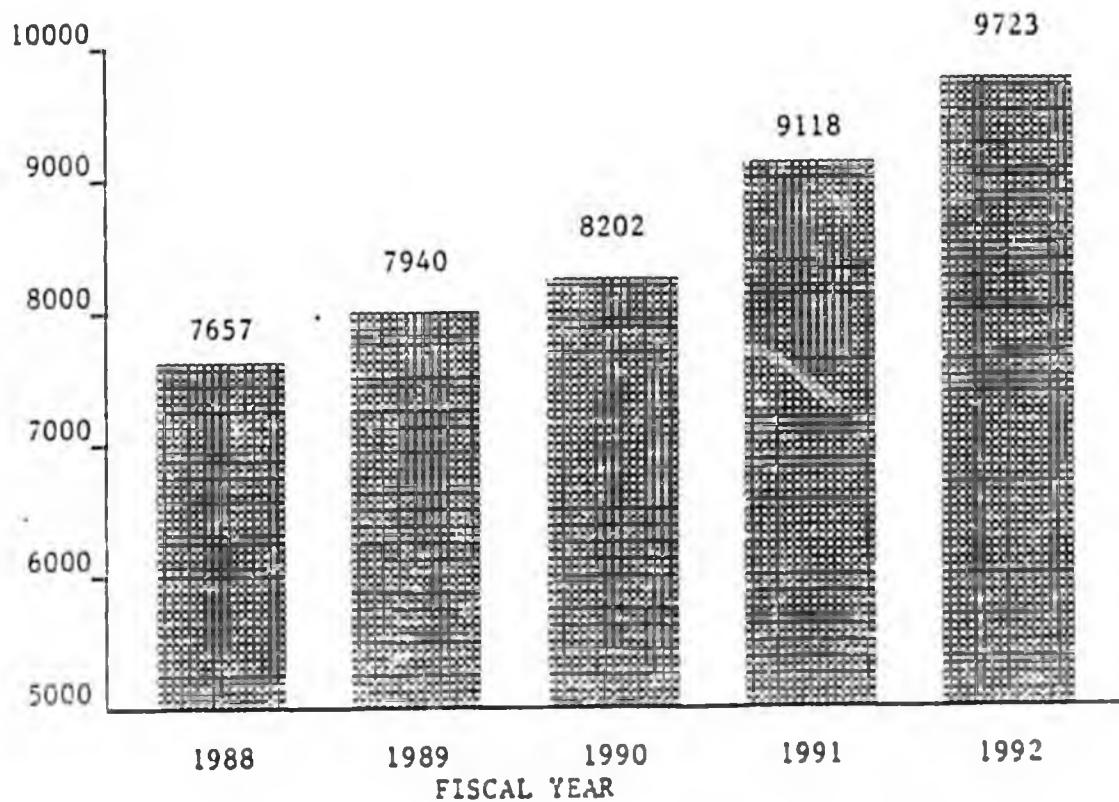


IN ALASKA, 37% OF THE CURRENT AND OPEN AFDC CASELOAD HAVE BEEN ON WELFARE FOR MORE THAN 3 YEARS. NATIONALLY, 44% OF THE CURRENT CASELOAD HAVE RECEIVED 3 OR MORE YEARS OF AFDC ENTITLEMENT.



AFDC BASIC AND TWO PARENT PROGRAM

AFDC AVERAGE MONTHLY CASELOAD BY FISCAL YEAR PROJECTS A 2-3% CASELOAD GROWTH IN THE AFDC BASIC PROGRAM AND ADDS THE AFDC TWO-PARENT CASELOAD BEGINNING OCTOBER 1990.



- EFFECTIVE OCTOBER 1990 (FY91) STATES WERE REQUIRED TO IMPLEMENT AN AFDC TWO-PARENT PROGRAM
- THIS TWO-PARENT PROGRAM WILL ADD APPROXIMATELY 1148 AFDC FAMILIES TO THE CURRENT AFDC BASIC PROGRAM CASELOAD
- ESTIMATED ANNUAL ENTITLEMENT BUDGET NEED FOR AFDC TWO-PARENT. IF BENEFITS ARE LIMITED TO 6 MONTHS PARTICIPATION IN A 12 MONTH PERIOD FOR OTHERWISE ELIGIBLE TWO PARENT FAMILIES THEN APPROXIMATE COST IS \$5-6 MILLION.
- IF MONTHS OF PARTICIPATION ARE NOT LIMITED THEN THE ANNUAL COST FOR THE PROJECTED AFDC TWO-PARENT FAMILIES IS \$10-11 MILLION

BENEFITS FOR TWO-PARENT FAMILIES

Existing Law

At state option, benefits provided to two-parent families where principal earner is unemployed.

Alaska provides benefits to two-parent families only if one parent is disabled.

Welfare Reform

Benefits to two-parent families with unemployed parent mandatory.

Alaska will provide benefits to about 1100 additional two-parent families under new mandatory provision.

Two-Parent Coverage:

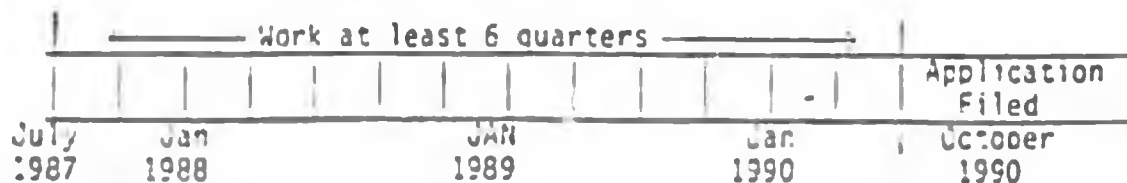
- * encourages families to remain intact
- * assures that children in poverty receive benefits whether or not both parents live with them
- * provides support to families when Unemployment Benefits insufficient to meet need, or exhausted.

Optional Payment Limitation:

- * State can choose to limit cash payments to unemployed-parent households to six months per year
- * If cash payments limited, child care, medical, and JOBS benefits must continue

ELIGIBILITY CRITERIA:

- * Unemployment is defined as working less than 100 hours per month.
- * Recent employment history is required. This may be met by:
 - working during 6 of 13 quarters during a period ending within 1 year prior to application. (School or training may substitute for up to 4 quarters)



- eligibility for Unemployment Insurance within 1 year prior to application also satisfies this requirement

AFDC - EARNINGS DISREGARDS

Existing Law

In calculating monthly countable income, disregards, applied in order are:

Basic Work Expense: \$75
 Child Care Expense, up to: \$160 per child
 \$30 Incentive (up to 12 months): \$30
 33% Work Incentive (up to 4 months): 1/3 of remainder

Welfare Reform

Order and amount of disregards changes.

In calculating monthly countable income, disregards, applied in order, are:

Basic Work Expense: \$90
 \$30 Incentive (up to 12 months): \$30
 33% Work Incentive (up to 4 months): 1/3 of remainder
 Child Care Expense, up to: \$175 per child
 (up to \$200 for child under age 2)

Net effect of changes is an increase in amount of income available to families with a working adult.

Sample Benefit Calculation: Working mother with 2 children, ages 4 and 8. Works 40 hours per week at minimum wage, first 4 months of work. Pays \$250 monthly child care for the younger child. (using 1989 AFDC payment levels).

Existing Law

\$660 Gross Wages
 - 75 Earnings Disregard
 -160 Child Care Expense
 - 30 Incentive
-131 33% Work Incentive

\$204 Countable Income

AFDC Payment Standard \$810
 Less Countable Income -264

AFDC Benefit \$546

Nonreimbursable child care expense: \$90

TOTAL Income from wages and AFDC: \$1,206

Welfare Reform

\$660 Gross Wages
 - 90 Earnings Disregard
 - 30 Incentive
 -180 33% Work Incentive
-175 Child Care Expense

\$185 Countable Income

AFDC Payment Standard \$810
 Less Countable Income -185

AFDC Benefit \$625

Nonreimbursable child care expense: \$50

TOTAL Income from wages and AFDC: \$1,285

AFDC EARNED INCOME CASE STUDIES

Based on 1 adult, 2 children. Child care paid for 1 child at rate equal to maximum disregard. Receiving \$30 and 1/3 disregards. 1988 AFDC payment levels.

	<u>Monthly AFDC Payment</u>	
	<u>Current Law</u>	<u>Welfare Reform</u>
EXAMPLE 1: Part-time Employment	\$810	\$810
Working 15 hours/week at \$3.85/hour Gross monthly earnings = \$250		
EXAMPLE 2: Part-time Employment	\$710	\$788
Working 25 hours/week at \$3.85/hour Gross monthly Earnings = \$415		
EXAMPLE 3: Full-time Employment	\$546	\$691
Working 40 hours/week at \$3.85/hour Gross Monthly Earnings = \$660		
EXAMPLE 4: Full-time Employment	\$13	\$91
Working 40 hours/week at \$8.50/hour Gross Monthly Earnings = \$1460		
EXAMPLE 5: Part-time Employment	\$603	\$613
(Same as #2, except no out-of-pocket child care cost)		
Working 25 hours/week at \$3.85/hour Gross monthly Earnings = \$415		

OTHER AFDC PROGRAM PROVISIONS

Need/Payment Standard Reevaluation:

- * State must evaluate every three years

Quality Control Sanctions:

- * moratorium on collections of fiscal sanctions for excess payment error rates extended 1 year, to July 1, 1989

Earned Income Tax Credits:

- * Tax credit payments no longer treated as income for AFDC eligibility and payment determinations

Preeligibility Fraud Detection:

- * State required to develop/implement preeligibility fraud detection unit by October 1, 1989.

Payment After Performance:

OPTIONAL: State may defer payment to unemployed parent households until after mandatory JOBS activity completed for the month.

Minor Parent:

OPTIONAL: State May require parent under 18 to live with parent or legal guardian

- * Payment issued to minor's parent or guardian
- * Exceptions if suitable home unavailable, or has lived apart for one year
- * Adult parents financially responsible

ALASKA WORK PROGRAMS

The following is based upon actual Work Incentive Program (WIN) and Employment Search Program (ESP) participant population during September 1988 and performance for the period from October 1, 1987 through September 30, 1988.

The typical WIN/ESP participant is:

Female	90%
White	60%
22 to 44 years old	85%
High school graduate or higher education	78%

2187 AFDC recipients entered WIN/ESP during fiscal year 1988.

568 (30%) of those individuals had been in WIN/ESP in the past.

675 WIN/ESP participants became employed.

171 (25%) of the jobs obtained came from referrals on Job Service job orders.

498 (75%) of the jobs were found by WIN/ESP participants.

470 (70%) of the jobs were full-time.

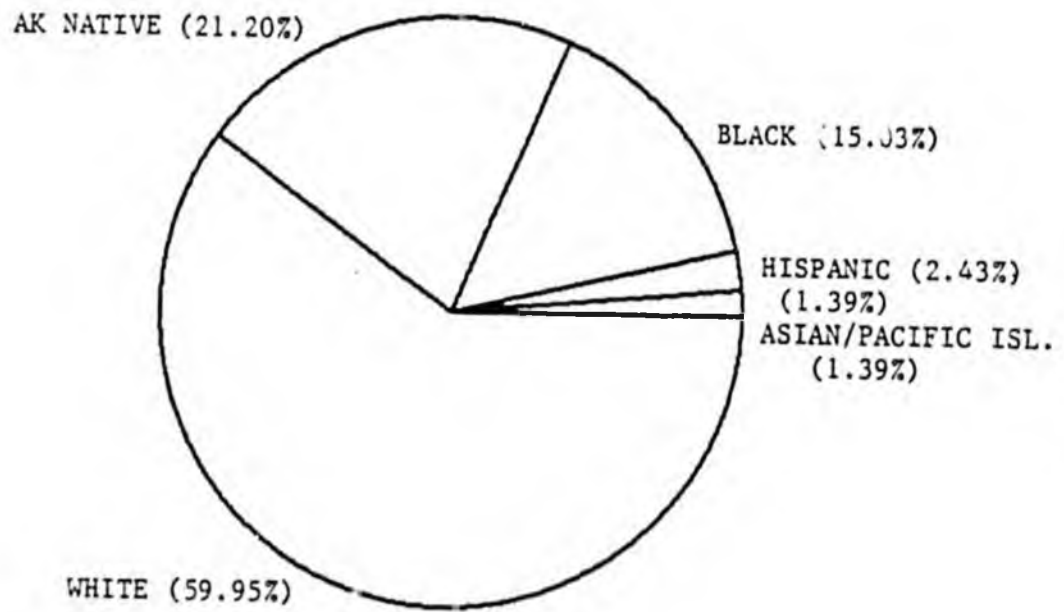
90.7% of the WIN/ESP participants were still employed after 30 days.

The average starting wage for these jobs was \$6.19.

AK WORK PROGRAM PARTICIPANTS

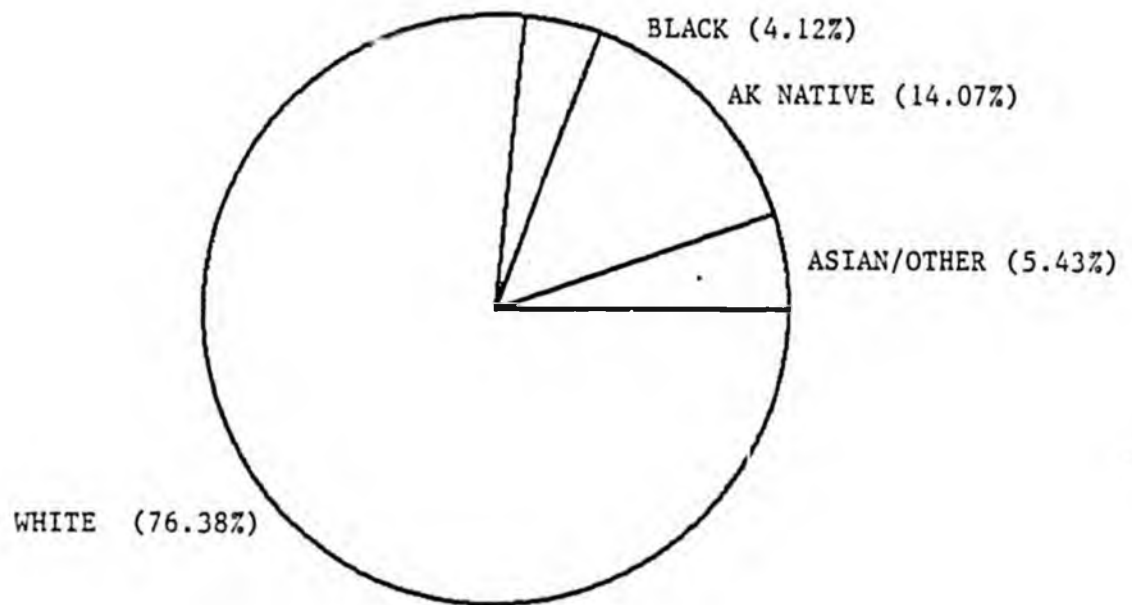
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ETHNICITY



ALASKA 1984 CENSUS UPDATE

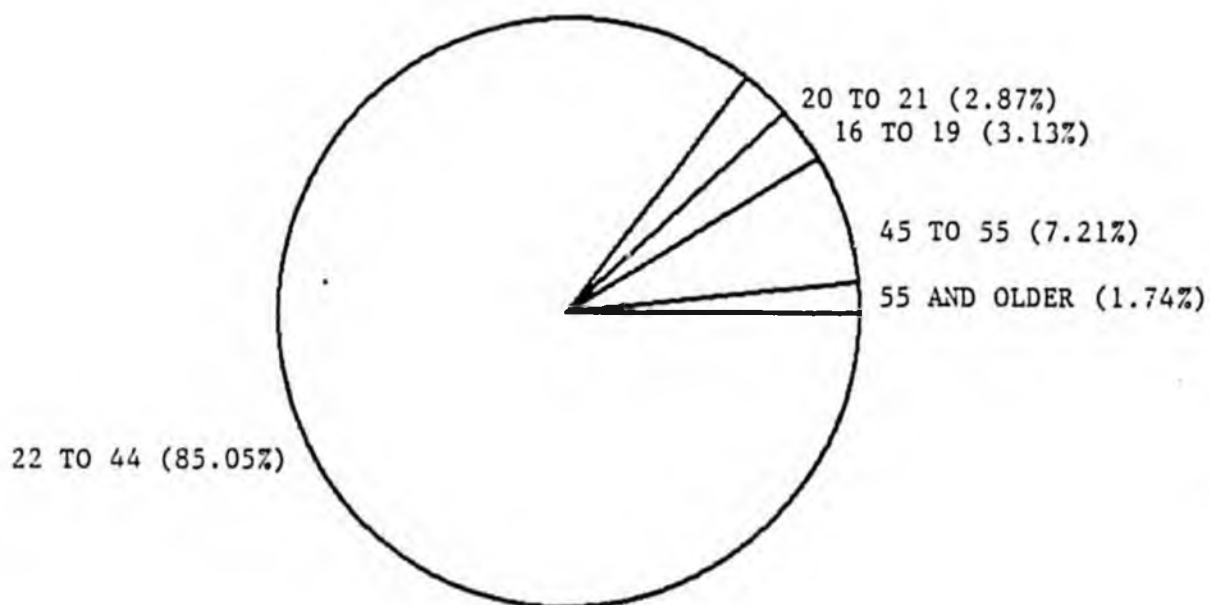
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AFDC WORK PROGRAMS PARTICIPANTS

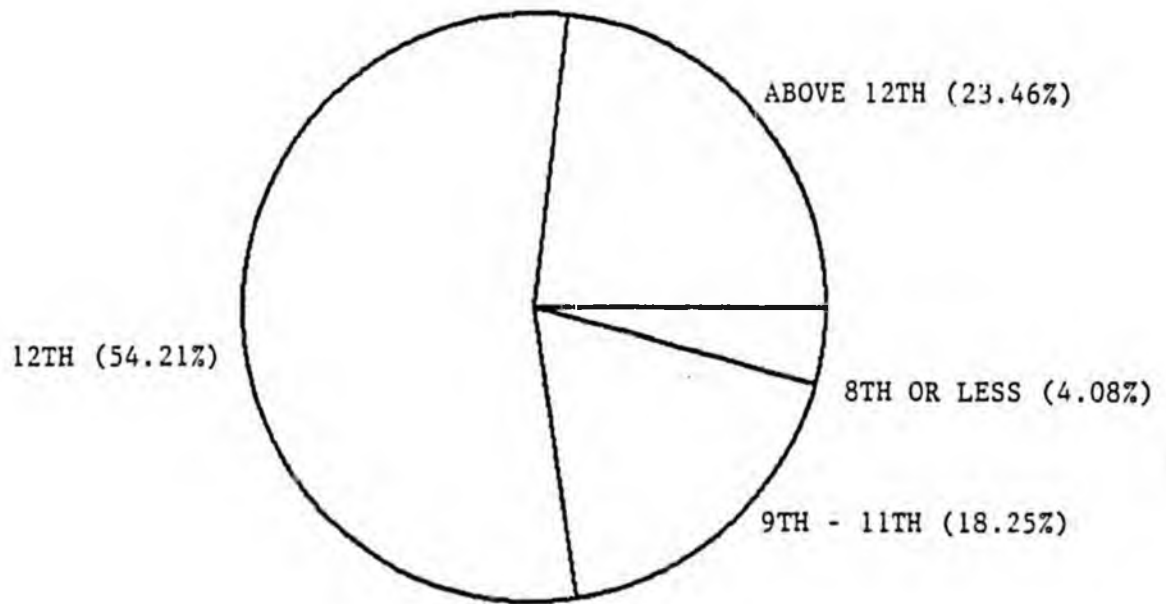
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AGE GROUPS



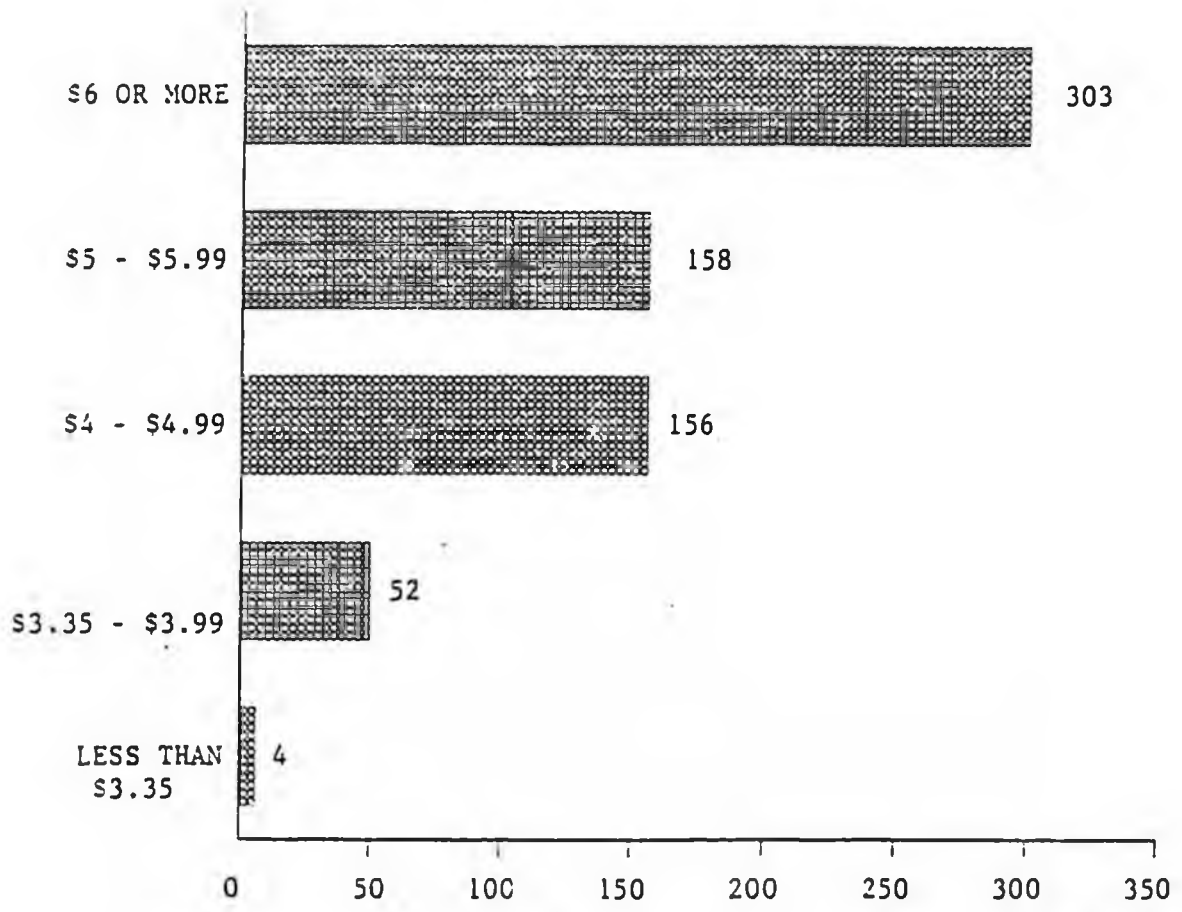
DATA FOR SEPTEMBER 1988 PROGRAMS POPULATION

AFDC WORK PROGRAMS PARTICIPANTS
EDUCATIONAL ATTAINMENT BY
HIGHEST GRADE COMPLETED



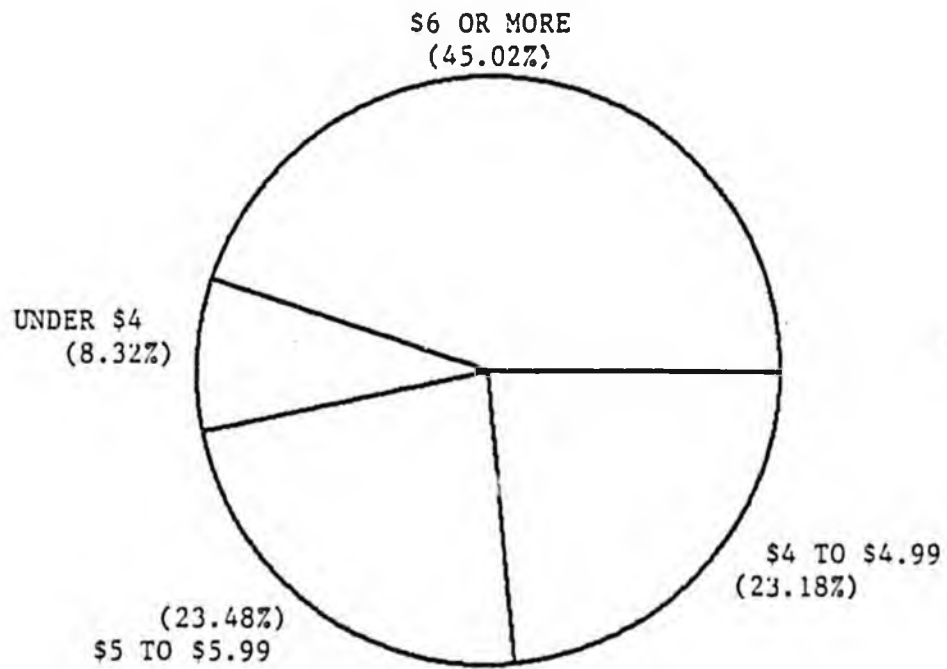
DATA FOR SEPTEMBER 1988 PROGRAMS POPULATION

STARTING WAGES
OF PARTICIPANTS IN
AFDC WORK PROGRAMS



DATA IS FOR FEDERAL FISCAL YEAR 1988

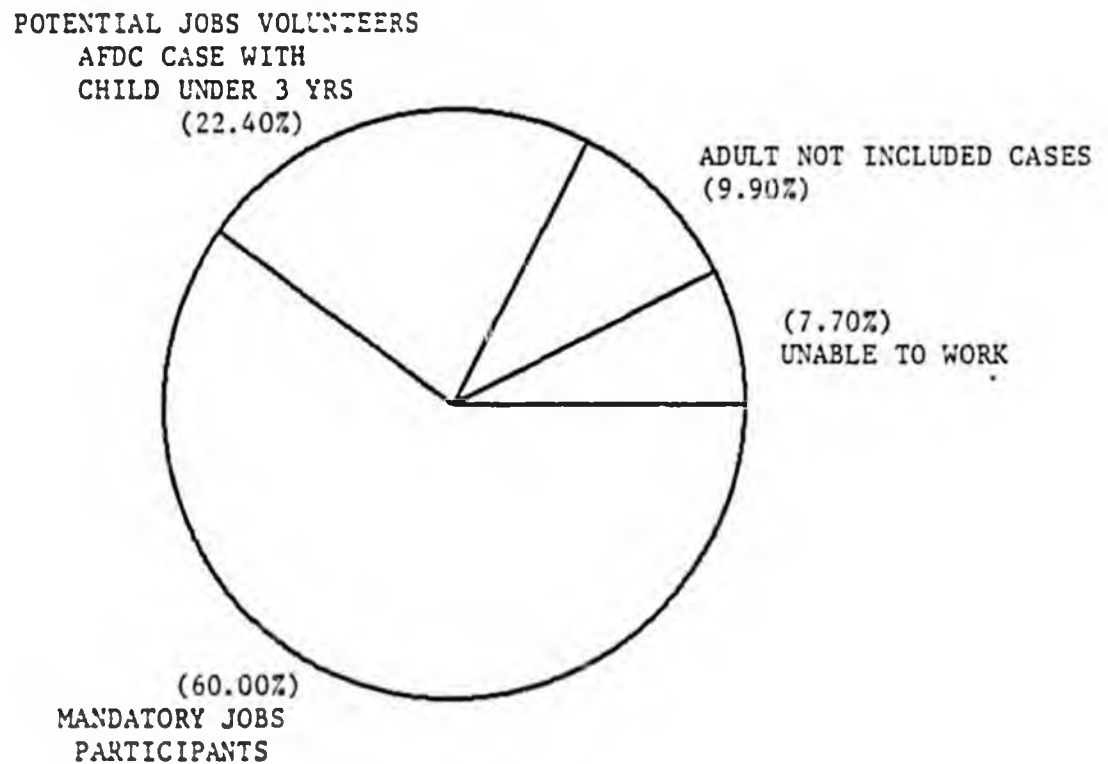
STARTING WAGES
FOR
AFDC WORK PROGRAM PARTICIPANTS



CHARACTERISTICS OF ALASKA FAMILIES RECEIVING AFDC

60% OF ALL AFDC PARENTS WILL BE MANDATORY PARTICIPANTS IN
JOB OPPORTUNITIES AND BASIC SKILLS (JOBS)

PERCENT OF POTENTIAL JOBS PARTICIPANTS
ANNUALLY (STATEWIDE)



NUMBER OF FAMILIES:

ESTIMATED AFDC BASIC PROGRAM - FAMILIES	10,145
ESTIMATED AFDC TWO-PARENT FAMILIES	<u>1,520</u>

TOTAL NUMBER OF AFDC FAMILIES IN A FISCAL YEAR	11,665
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EXEMPT STATUS:

LESS AFDC FAMILIES EXEMPT FOR UNABLE TO WORK	(900)
LESS ADULT NOT INCLUDED (NO ADULT IN AFDC CASE)	<u>(1,150)</u>

TOTAL POTENTIAL JOBS PARTICIPANTS	9,616
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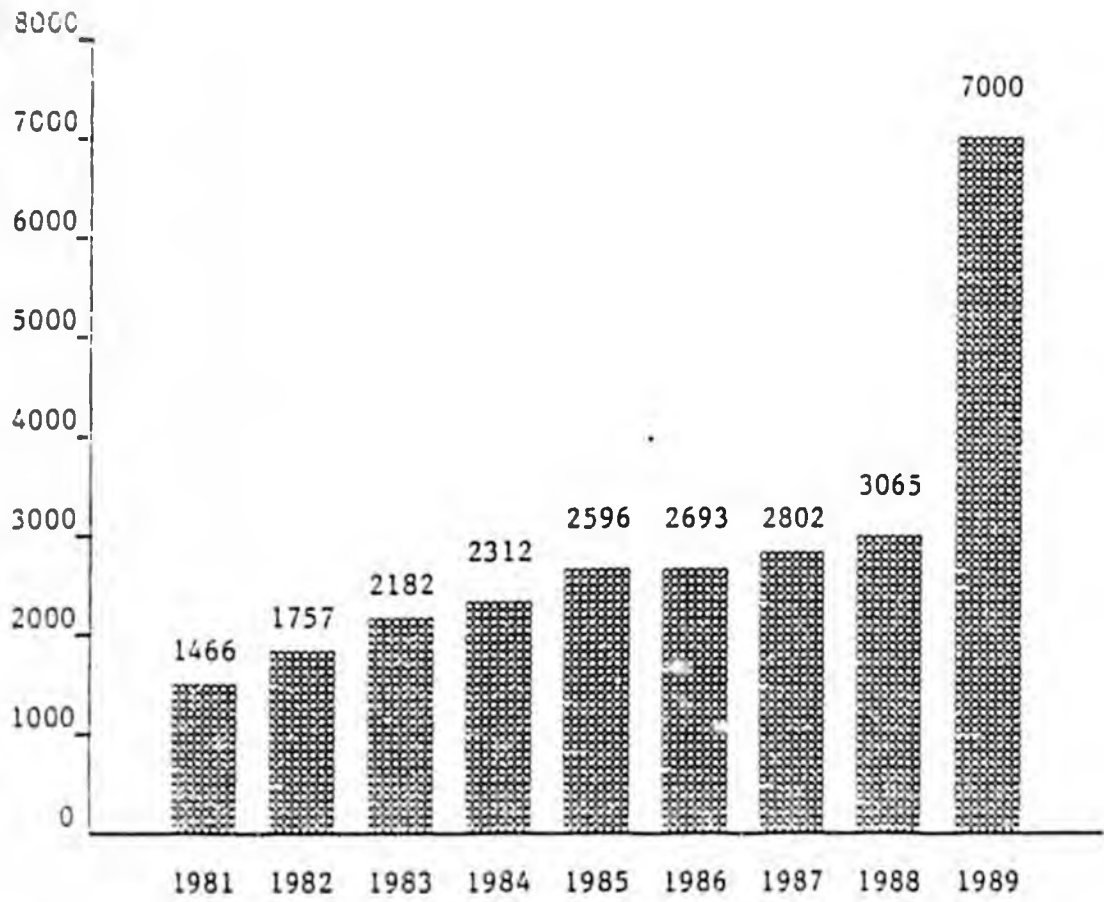
JOBS VOLUNTEER FAMILIES (WITH CHILD UNDER 3 YRS OLD)	2,615
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JOBS MANDATORY PARTICIPANT FAMILIES	7,000
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ALASKA WORK PROGRAMS

NUMBER OF PROGRAM PARTICIPANTS

PRESENT PROGRAMS VS. POTENTIAL FOR JOBS



CHANGES IN EXEMPT PERSONS

A Recipient is exempt:

- If personally providing care for child under 3, or at state option age 1
- If a child is under 6 (unless state guarantees child care) Participation is limited to 20 hours per week

If Pregnant in 2nd Trimester or later

In an AFDC-UP case state may require second parent to participate if child care is guaranteed

YOUNG PARENTS

Custodial Parents Under 20 Without a High School Diploma Must:

Participate in Educational Activities

- Full-time at state option
- State may exempt under 18

If 18 or 19, must work or attend training if:

- Good academic progress is not made or,
- Further education is inappropriate.

TARGETED JOBS POPULATION

1. Persons who have received AFDC for any 36 of the preceding 60 months, or
2. Custodial parents under age of 24 who:
 - a. have not completed high school and are not enrolled in high school at the time of application for AFDC, or
 - b. had little or no work experience in the previous year, or
3. Members of a family whose youngest child is within 2 years of being ineligible for AFDC.

55% OF JOBS FUNDS MUST BE SPENT FOR THESE TARGETED POPULATIONS

A COMPARISON OF WORK PROGRAM ACTIVITIES
BETWEEN
JOBS AND PRESENTLY AUTHORIZED WORK PROGRAMS

	<u>Activities Present Law Allows</u>	<u>Activities Alaska Presently Provides</u>	<u>Required JOBS Activities</u>	<u>Optional JOBS Activities</u>
Individual Assessment	X	X	X	
Individual Employability Plan	X	X	X	
Client/Agency Contract	X	X		X
Case Management	X			X
Information and Referral	X	X	X	
Help Locate Child Care	X	X	X	
Provide Child Care	X	X	X	
Transportation Reimbursement	X	X	X	
Incentive Allowance	X	X		
Basic Education	X		X	
Postsecondary Education	X			X
Job Skills Training	X		X	
Tuition	X			X
Job Readiness Activities	X	X	X	
Job Development & Placement	X	X	X	
Grant Diversion	X		#	X
Work Experience	X	X	#	X
Job Search	X	X	#	X
On the Job Training	X		#	X
Public Service Employment	X			
Conciliation Process	X	X	X	
Transitional Medical Assistance	X	X	X	

State is required to provide at least two of these four activities.

MAJOR DIFFERENCES BETWEEN JOBS AND PRESENT PROGRAM BENEFITS

ADVANCED TRAINING OR EDUCATION

JOBS permits long term vocational or postsecondary education. Present programs limit training to one year.

WORK PROGRAM ACTIVITIES

JOBS requires the operation of a larger number of work program activities. Present funding severely limits the number of program activities operated even though the present Work Programs allow operation of all the activities that are allowed or required by JOBS.

CHILD CARE

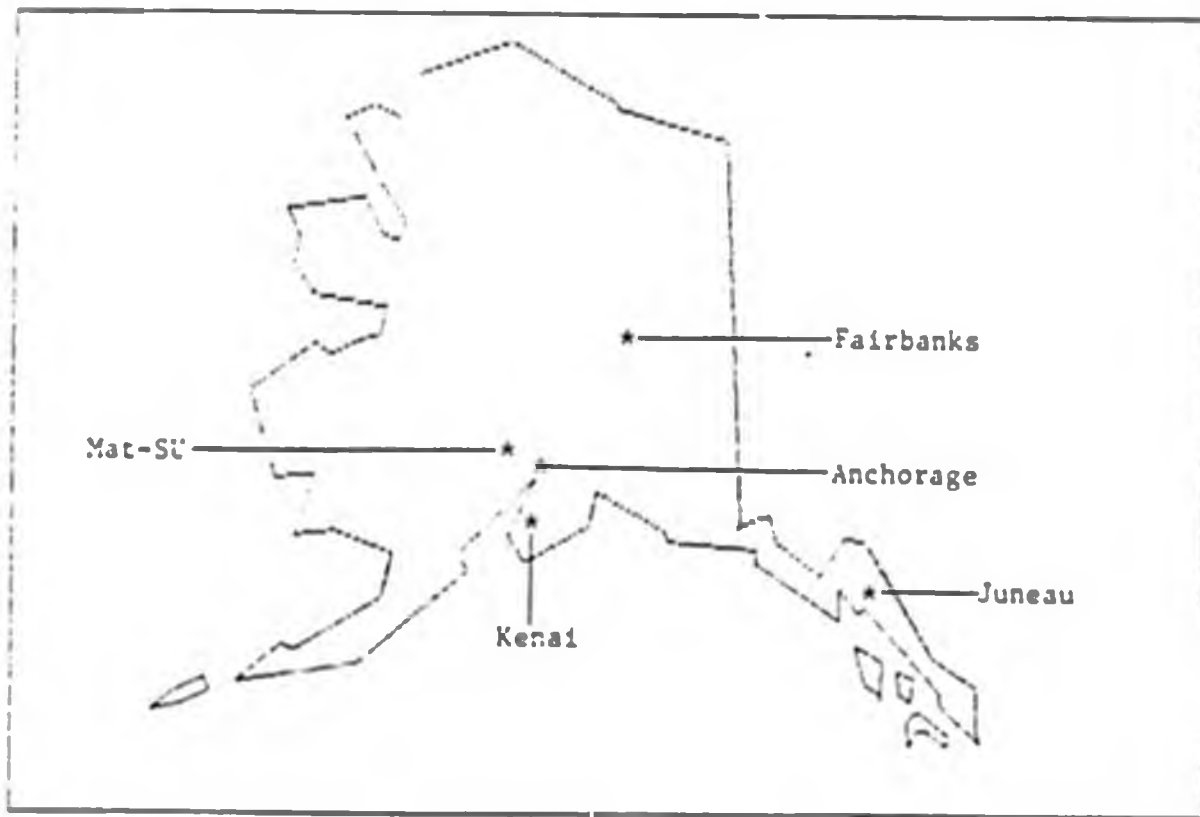
JOBS provides funding for child care costs incurred during JOBS participation and guarantees child care for 12 months after a family leaves welfare for work. Present Work Programs are not funded to permit payment of child care needs for many participants and only allow up to 90 days of child care after a family leaves welfare for work.

MEDICAL

JOBS provides medical assistance for 12 months after a family leaves welfare for work. Present Work Programs make no provision for medical assistance, but families may be eligible for four to nine months of medical care through the Medicaid Program when leaving welfare for work.

PRESENT WORK PROGRAM AREAS

**ANCHORAGE BOROUGH
FAIRBANKS BOROUGH
JUNEAU BOROUGH
KENAI BOROUGH
MAT-SU BOROUGH**



TRANSITIONAL MEDICAL AND CHILD CARE:

The Benefits a Family Receives When They Go From Welfare to Work

EXISTING LAW

Child Care

- * No child care offered except for families who apply for State Day Care Assistance
- * WIN clients can get 3 months of child care when leaving welfare for work.

Medicaid

- * Most families who leave welfare for work get 4 more months of Medicaid coverage
- * A few families under special circumstances receive 9 months of Medicaid coverage.

Child Support

- * Child Support Enforcement collection activity continues, but support payments are sent directly to the family

WELFARE REFORM

Child Care

- * A parent who leaves welfare for work will receive 12 months of child care
- * Child care costs will be covered on a sliding scale based on income
- * Providing affordable child care to families leaving welfare will support their transition into the workforce

Medicaid

- * Families who leave welfare for work will get 12 months of Medicaid coverage
- * Providing transitional Medicaid coverage will allow welfare recipients entering the work force to remain there without worrying about unanticipated medical expenses

Child Support

- * Child support collections will greatly increase due to expanded and strengthened provisions of Child Support Enforcement.

ALASKA NATIVE ORGANIZATIONS

- * Alaska Native Organizations May Participate Separately in JOBS
- * Application Submitted by 4/13/89
- * Direct Funding to the Native Organization
 - Will Reduce State JOBS Funding
 - Matching Funds not required from Alaska Native Organization (100% Funding)
- * Share of funding based on % of adult Native AFDC recipients as a % of State's adult AFDC population
- * Only one organization will be approved in each of the 12 regions

IMMEDIATE INCOME WITHHOLDING IN IV-D CASES

By November 1990, States must have laws requiring immediate income withholding:

1. In ALL IV-D cases with new or modified orders

UNLESS

- * There is a written agreement between the parties for an alternative arrangement
- * The court finds good cause not to implement withholding (for these exceptions, as required under existing law, a 30-day arrearage triggers withholding)

2. In ALL IV-D cases with existing orders

WHEN

- * The absent parent requests withholding
- * The custodial parent requests, and state approves, withholding
- * The state chooses to implement withholding

MANDATORY GUIDELINES

By October, 1989, states must have mandatory guidelines which are a rebuttable presumption,

THAT IS:

the guidelines must apply unless:

- * A written finding is made, based on state-developed criteria, that application of the guidelines would be unjust or inappropriate in a particular case

GUIDELINES MUST BE REVIEWED AT LEAST ONCE EVERY 4 YEARS

REVIEW AND MODIFICATION OF ORDERS

By October, 1990, states must have a plan to review and modify orders in IV-D cases at the request of:

- * the absent parent;
- * the custodial parent; or
- * the IV-D agency

By October, 1993, with respect to orders in IV-D cases, states must implement a process of periodic review and modification in accordance with the guidelines, if appropriate

UNLESS

- * in AFDC cases, the state determines it would not be in the best interest of the child and neither parent has requested review
- * in non-AFDC cases, neither parent has requested a review

The State must notify parties of:

- * their right to a review;
- * the date of a review, 30 days in advance;
- * any proposed modification and allow 30 days to challenge the modification

PATERNITY ESTABLISHMENT

1. AUDIT PENALTY FOR FAILURE TO MEET PERFORMANCE STANDARD

- * Beginning October 1, 1991, a state's paternity establishment percentage must equal or exceed:
 - * 50%; or
 - * the national average; or
 - * be 6 percentage points more than it was in FY88 and increase by an additional 3 percentage points for each year after FY92.

- * The paternity establishment percentage is:

Number of all children in IV-D cases born out of wedlock FOR WHOM PATERNITY HAS BEEN ESTABLISHED

- DIVIDED BY -

Number of children in IV-D cases born out of wedlock

- * The Secretary must include data on which paternity establishment percentage is based in the annual report to congress

2. GENETIC TESTS

- * Beginning November 1, 1989, any party may request, and the state must provide, genetic tests in a contested paternity case
- * States may charge any party not receiving AFDC for the costs of the tests
- * Beginning October 1, 1988, federal reimbursement is available at 90% of the laboratory costs of paternity testing

3. STATES ENCOURAGED TO ADOPT CIVIL PROCEDURES FOR PATERNITY ESTABLISHMENT, INCLUDING VOLUNTARY ACKNOWLEDGEMENT.

4. CLARIFICATION OF 1984 AMENDMENTS REQUIREMENT

- * Paternity must be established for any individual who was under age 18 on August 15, 1984, regardless of whether a prior action for paternity establishment was dismissed because of a former statute of limitations

SOCIAL SECURITY NUMBERS PROVIDED AT BIRTH

Effective November, 1990, states must require parents to provide SSNs to state when Birth Certificate is issued

- * SSNs are to be provided to IV-D agencies for child support enforcement purposes

- * SSNs are not to appear on birth certificates

IMPLEMENTATION OF WELFARE REFORM PROVISIONS

PROVISIONS	State FY89				State FY90				State FY91		
	JUL 88	OCT 88	JAN 89	APR 89	JUL 89	OCT 89	JAN 90	APR 90	JUL 90	OCT 90	JAN 91
AFDC Earnings Disregard											
Transitional Medical/Child Care											
Two Parent Family Coverage											
JOBS Program											

\$50 PASS THROUGH CLARIFICATION

Effective January 1, 1989, the first \$50 of current child support collected in an AFDC case must be paid to the family

WHENEVER

the absent parent makes the payment in the month when due

- * This eliminates the situation in which the \$50 pass through was not made when the payment was made on time but there was a delay in transferring the payment from the receiving entity to the distributing entity.

10/7/88

H.R. 1720: THE FAMILY SUPPORT ACT OF 1988

SECTION-BY-SECTION SUMMARY

SHORT TITLE

Section 1 provides the short title. When enacted, it may be cited as the "Family Support Act of 1988".

TITLE I--CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

Subtitle A--Child Support

IMMEDIATE INCOME WITHHOLDING

Section 101(a) amends section 466(b)(3) of the Social Security Act (the Act), which provides for wage withholding for child support in certain cases. States will be required, in the case of child support orders being enforced under title IV-D of the Act (IV-D cases), to provide for immediate wage withholding in the case of orders issued or modified on or after the first day of the 25th month beginning after enactment of the bill. With respect to IV-D cases, wages not otherwise subject to withholding for child support will become subject to such withholding, regardless of whether there is an arrearage, on the earliest of (1) the date that the absent parent requests such withholding, (2) the date the custodial parent requests that such withholding begin, if the State approves the request, or (3) such earlier date as the State may select.

Subsection (b) amends section 466(a)(8) of the Act to require States to provide for immediate wage withholding for all support orders initially issued on or after January 1, 1994, regardless of whether a parent has applied for services under title IV-D, and regardless of whether support payments are in arrears, unless (1) one of the parties demonstrates, and the court or administrative process finds, good cause not to require such withholding, or (2) the parties make a written agreement providing for an alternative arrangement.

Subsection (c) requires the Secretary of Health and Human Services (Secretary), by 3 years after enactment of the bill, to study and report on the administrative feasibility, cost implications, and other effects of requiring immediate income withholding for all child support orders in a State.

DISREGARD APPLICABLE TO TIMELY CHILD SUPPORT PAYMENTS

Section 102 amends sections 402(a)(8)(A)(vi) and 457(b)(1) of the Act to require States to disregard, for purposes of eligibility for Aid to Families with Dependent Children (AFDC) under title IV-A of the Act, in addition to the first \$50 of child support payments for a given month received in that month, the first \$50 of such payments for each prior month received in that month, if such payments were made by the absent parent in the month when due. The amendment is effective as of the first quarter after enactment.

STATE GUIDELINES FOR CHILD SUPPORT AWARD AMOUNTS

Section 103(a) amends section 467(b) of the Act (which currently requires that States establish guidelines for child support award amounts, but does not require that the guidelines be binding upon judges and other officials with authority to set award amounts). The bill requires that the guidelines be used to set award amounts unless they are rebutted by a written finding that their application would be unjust or inappropriate in a particular case.

Subsection (b) amends section 467(a) of the Act to require that the guidelines be reviewed at least once every four years to ensure their appropriateness.

Subsection (c) adds a new paragraph (10) to section 466(a), requiring States to have in effect procedures--

(1) beginning two years after enactment of the bill, for review and adjustment in accordance with the guidelines of a child support order being enforced under title IV-D, if either parent or the State child support enforcement (CSE) agency so requests and the State determines review is needed, and

(2) beginning not later than five years after enactment, for periodic review, and adjustment in accordance with the guidelines, of title IV-D child support orders, to be performed not later than 36 months after establishment of the order or the most recent review, unless (i) in the case of a child receiving AFDC, the State determines that such review would not be in the best interests of the child, and neither parent has requested review, or (ii) in other cases, neither parent has requested review.

Subsection (d) requires the Secretary, within two years after enactment, to complete a study to determine the impact on child support awards and the courts of requiring each State to periodically review all child support orders in effect in the State.

Subsection (e) requires the Secretary, by April 1, 1989, to approve four State demonstration projects to test model procedures for reviewing child support award amounts. The Secretary is required to pay each State, as an additional payment under title IV-D of the Act, 90 percent of reasonable costs incurred in conducting the demonstration. The costs of the projects will not be considered for purposes of computing incentive payments. The demonstrations are to begin by September 30, 1989, and to be conducted for a two-year period. The Secretary must report the results by 6 months after the projects are completed.

Subsection (f) provides that amendments made by subsections (a), (b), and (c) become effective one year after enactment.

TIMING OF NOTICE OF SUPPORT PAYMENT COLLECTIONS

Section 104 amends section 454(5)(A) of the Act (which currently requires that individuals who have assigned child support rights to the State under title IV-A be notified at least annually of the amount of support payments collected) to require such notification on a monthly basis (or quarterly, where the Secretary determines monthly notification would be an unreasonable administrative burden). The amendment is effective on the first day of the first calendar quarter beginning 4 years after enactment.

Subtitle B--Establishment of Paternity

PERFORMANCE STANDARDS FOR STATE PATERNITY ESTABLISHMENT PROGRAMS

Section 111(a) adds a new subsection (g) to section 452 of the Act to establish quotas for paternity establishment which the State must meet in order to avoid compliance penalties under section 403(h) of the Act. For each fiscal year after FY 1991, the State's paternity establishment percentage (PE%) must equal or exceed (1) 50 percent, (2) the State's PE% for FY 1988 increased by 3 percentage points for each fiscal year between FY 1990 and such fiscal year, or (3) the PE% for all States for such fiscal year. The PE% for a State (or for all States) is obtained by dividing the number of children who are born out of wedlock, are receiving AFDC payments or IV-D services, and for whom paternity has been established during a fiscal year by the number of children born out of wedlock who are receiving AFDC payments or IV-D services for the same fiscal year. In calculating the PE%, children eligible for AFDC through death of a parent, or with respect to whom good cause is found not to cooperate in paternity establishment, are not counted.

The new requirements established by this subsection will supplement and not supplant any not inconsistent requirement

established by the Secretary in regulations. The Secretary may modify the new requirements to take into account additional variables affecting a State's ability to meet these requirements. The Secretary must report annually to the Congress on the data on which State PEts are based, additional variables identified by the Secretary, and States' performance.

Subsection (b) amends section 466(a)(5) of the Act to require the State to have procedures requiring (except where good cause is found for refusing to cooperate) the child and all other parties in a contested paternity case to submit to genetic testing upon the request of any party.

Subsection (c) amends section 454(6) of the Act to permit States to impose upon any individual not receiving AFDC payments a fee, in accordance with regulations of the Secretary, for performing genetic tests.

Subsection (d) adds a new section 468 of the Act which declares that, in the administration of its CSE program under title IV-D, each State is encouraged to establish and implement a simple civil process for voluntarily acknowledging paternity and a civil procedure for establishing paternity in contested cases.

Subsection (e) amends section 466(a)(5) of the Act (which requires States to permit paternity establishment at any time before a child's eighteenth birthday) to provide that this requirement applies, as of August 16, 1984, to any child for whom paternity has not yet been established and any child for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

Subsection (f) provides that the amendments made by subsections (b) and (c) become effective on the first day of the first month beginning one year after enactment; other amendments become effective upon enactment. The Secretary is required to collect the data necessary to implement the requirements added by subsection (a), and may, if full year data are not available, determine States' PEts for FY 1988 on the basis of data collected for the last quarter of that fiscal year (or, if not available, for the first quarter of FY 1989).

INCREASED FEDERAL ASSISTANCE FOR PATERNITY ESTABLISHMENT

Section 112 amends section 455(a)(1) of the Act to provide 90 percent Federal matching for State expenditures attributable to laboratory costs incurred (in or after FY 1989) in establishing paternity.

Subtitle C--Improved Procedures for Child Support
Enforcement and Establishment of Paternity

REQUIREMENT OF PROMPT STATE RESPONSE TO REQUESTS FOR CHILD
SUPPORT ASSISTANCE

Section 121(a) adds a new subsection (h) to section 452 of the Act, requiring that the performance standards for State IV-D programs include standards establishing time limits on the State's acceptance of and response to requests (from States, political subdivisions, or individuals receiving AFDC or requesting IV-D services) for assistance in establishing and enforcing support orders.

Subsection (b) requires the Secretary (1) by 60 days after enactment to establish an advisory committee (including representatives of State governors, State welfare administrators, and State directors of title IV-D programs) to be consulted before issuing regulations with respect to the standards required by subsection (a), and (2) to issue, with respect to such standards, a notice of proposed rulemaking by 180 days after enactment, and final regulations by the first day of the tenth month after enactment.

REQUIREMENT OF PROMPT STATE DISTRIBUTION OF AMOUNTS COLLECTED AS
CHILD SUPPORT

Section 122(a) adds a new subsection (i) to Section 452 of the Act, requiring that the performance standards for State IV-D programs include standards establishing time limits governing the period within which States must distribute amounts collected as child support.

Subsection (b) requires the Secretary to issue, with respect to such standards, a notice of proposed rulemaking by 180 days after enactment, and final regulations by the first day of the tenth month after enactment.

AUTOMATED TRACKING AND MONITORING SYSTEMS MADE MANDATORY

Section 123 adds a new paragraph (24) to section 454 of the Act, requiring States that do not, on the date of enactment, have in effect a statewide automated data processing and information retrieval system meeting the requirements of section 454(16) (1) to submit to the Secretary by October 1, 1991, an advance automated data processing planning document, for the Secretary's review and approval within 9 months after submittal, and (2) to have in effect, by October 1, 1995, a statewide data processing and information retrieval system meeting the requirements of section 454(16).

Subsection (b) amends section 452(d) of the Act to permit the Secretary to waive requirements for approval of a State's automatic data processing planning document if (1) the State demonstrates to his satisfaction that it has an alternative system or systems that enable it to be in substantial compliance with IV-D requirements, (2) the waiver meets the criteria of section 1115(c), or (3) the State provides assurances that steps will be taken to otherwise improve the State's CSE program.

Subsection (c) amends section 455(a)(1), effective September 30, 1995, to eliminate the special 90% matching rate for expenditures attributable to the planning, design, development, installation, or enhancement of an automatic data processing and information retrieval system.

ADDITIONAL INFORMATION SOURCE FOR PARENT LOCATOR SERVICE

Section 124(a) amends section 453(e) of the Act to require the Secretary of Labor to enter into an agreement with the Secretary to provide prompt access to the wage and unemployment compensation claims information maintained by or for the Department of Labor or State employment security agencies.

Subsection (b) adds a new subsection (h) to section 303 of the Act, requiring the State agency charged with the administration of the State unemployment compensation law take such actions (as provided in the agreement between the Secretaries of Labor and HHS provided for under subsection (a)) as necessary to enable the Secretary of HHS to obtain prompt access to any wage and unemployment compensation claims information (including any information that might be useful in locating an absent parent or such parent's employer) for use in carrying out the CSE program under title IV-D. Where the Secretary of Labor finds that a State has failed to comply substantially with this requirement, title III payments may not be made to a State until substantial compliance is found.

Subsection (c) provides that the amendments made by subsections (a) and (b) become effective as of the first calendar quarter beginning one year after enactment, and requires the Secretaries of Labor and HHS to enter into the required agreement by 90 days after enactment.

USE OF SOCIAL SECURITY NUMBERS TO ESTABLISH IDENTITY OF PARENTS

Section 125 amends section 205(c)(2)(C) of the Act to provide that, in the administration of any law involving the issuance of a birth certificate, each State shall require each parent to furnish his or her social security number or numbers unless good cause is found not to so require. Such numbers shall not be recorded on the birth certificate. The State must make the numbers available to the State IV-D agency, for use only

(with a limited exception) for child support enforcement. This amendment is effective on the first day of the 25th month beginning after enactment.

COMMISSION ON INTERSTATE CHILD SUPPORT

Section 126 establishes a Commission on Interstate Child Support, with four members each appointed by leadership of the House and Senate, respectively, and seven members appointed by the Secretary. Members shall be appointed by July 1, 1989. During FY 1990 the Commission shall hold one or more national conferences on interstate child support reform. By May 1, 1991, the Commission shall submit a report to the Congress containing recommendations for improving the interstate establishment and enforcement of child support awards and for revising the Uniform Reciprocal Enforcement of Support Act. The Commission shall terminate on July 1, 1991. \$2 million are authorized to be appropriated to carry out this section.

COSTS OF INTERSTATE ENFORCEMENT DEMONSTRATIONS EXCLUDED IN COMPUTING INCENTIVE PAYMENTS

Section 127 amends section 458(d) of the Act to exclude amounts expended by a State in carrying out an interstate enforcement demonstration under section 455(e) in computing incentive payments for child support collections.

STUDY OF CHILD-REARING COSTS

Section 128 requires the Secretary, by grant or contract, to conduct a study of the patterns of expenditures on children in 2-parent families, in single-parent families following divorce or separation, and in single-parent families in which the parents were never married, giving particular attention to the relative standard of living in households in which both parents and all children do not live together. The Secretary must submit to the Congress, by two years after enactment, a report including recommendations for legislative, administrative, and other actions.

COLLECTION AND REPORTING OF CSE DATA

Section 129 adds a new section 469 to the Act requiring the Secretary to collect and maintain, on a fiscal year basis, statistics by State, separately stated for families receiving AFDC and families not receiving such aid, with respect to (1) paternity determination, (2) location of an absent parent for purposes of establishing a child support obligation, (3) establishment of a child support obligation, and (4) location of an absent parent for the purpose of enforcing or modifying an established child support obligation, indicating the number of

cases in the State IV-D agency caseload needing the service and the number of cases for which the service has been provided.

TITLE II -- JOB OPPORTUNITIES AND
BASIC SKILLS TRAINING PROGRAM (JOBS)

ESTABLISHMENT AND OPERATION OF PROGRAM

State Plan Requirement

Section 201(a) revises section 402(a)(19) of the Social Security Act to require that AFDC plans provide for the new JOBS program (the details of which are contained in a new part F, added to title IV of the Act by subsequent amendments). The AFDC plan must contain the following provisions. --

(A) The State will provide for and operate a JOBS program that complies with part F;

(B) To the extent the program can be made available, AFDC recipients will be required to participate (when child care is provided, as required below), and applicants, and exempt recipients (enumerated in (C) below) will be allowed to volunteer. Volunteers in target groups must be given priority; however, the State is not required to accept volunteers if to do so would mean the State would not be serving a high enough percentage of target group members to receive the preferential matching (authorized by subsequent provisions).

(C) An individual is exempt from the participation requirements if the individual is --

(i) ill, incapacitated, or of advanced age;

(ii) needed at home to care for another;

(iii) the caretaker of a child under age 3 (or, at State option, a child younger than age 3, but not less than age 1), or of a child under age 6, unless the State guarantees child care, and requires no more than 20 hours' participation per week;

(iv) working 30 hours or more weekly;

(v) a child who is under age 16 or is a full-time student;

(vi) pregnant and the baby will be born within 6 months following the month when participation would otherwise first be required; or

(vii) residing in an area where the JOBS program is not available.

(D) The exemption as the parent of a young child may only be claimed by one parent in a family eligible for AFDC by reason of the unemployment of the principal earner (hereafter called a "UP family"), and the State has the option of requiring participation by both parents if child care is guaranteed.

(E) In the case of a parent under 20 without a high school diploma who is not exempt (or who is exempt only because of the age of the child), the State agency must require participation in educational activities. The agency may require full-time participation in activities leading to a high school diploma, without regard to the 20 hour per week limitation that would otherwise apply. The State may prescribe criteria for exempting custodial parents under 18 from the educational activities requirement, or may require such a parent who is age 18 or 19 to participate in work or training (instead of educational) activities if the parent fails to make good progress in education activities or if an educational assessment indicated that the parent cannot be appropriately placed in those activities.

(F) If the parent or caretaker is already attending school, including a program of higher education, or participating in one of various specified educational or training programs, and that participation is consistent with his employment goals, the State may consider that to satisfy the requirement to participate. Other activities may not interfere with participation in such a program, the participation costs may not be claimed for Federal AFDC matching, but the cost of day care, transportation and other services the State finds necessary for participation are matchable.

(G) Sanctions are specified for individuals required to participate who fail to do so. Such an individual will not have his needs included in determining the family's AFDC payment and, if the individual is a parent in a UP family and his spouse is not participating, then the needs of neither parent are included. Sanctions continue, on the first occurrence, until the individual complies with the requirement to participate; on the second occasion, until the failure ceases or, if later, 3 months; and thereafter, until the failure ceases or, if later, 6 months. The State must advise the individual after 3 months that he can end the sanction by complying.

(H) The State may require a participant to accept a job only if it assures that there will be no net loss of cash income by the family. Costs of the State agency because of this requirement are eligible for matching as assistance costs.

Establishment and Operation of Program

Section 201(b) adds a new part F to title IV as follows:

PART F -- JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

Purpose and Definitions

Section 481 states that the purpose of part F is to assure that needy families with children obtain the education, training, and employment necessary to avoid long-term welfare dependence. Terms in part F have the same meaning as in part A, unless otherwise noted.

Establishment and Operation of State Programs

State Plans for JOB Opportunities and Basic Skills Training Program

Section 482(a) requires, as a condition of State plan approval under part A, that each State have a JOBS program under a plan approved by the Secretary as consistent with section 402(a)(19) and part F, and must review and update its JOBS plan (and submit it for Secretarial approval) not less frequently than every two years.

The plan must describe how the JOBS program (hereafter referred to as the "program") will be conducted, and must contain an estimate of the numbers who will be served, a description of the services to be provided, the extent to which services will be available from other programs with and without reimbursement from this program, and any other information the Secretary may request. The Secretary will consult with the Secretary of Labor on the general plan requirements and criteria for plan approval.

By October 1, 1992, the program must be available in each political subdivision of the State where feasible in light of the likely number of participants, the local economy, and other such factors. The plan must justify any conclusion that it is not feasible to extend the program to one or more subdivisions. The program must be operated by the same agency as is responsible for the AFDC plan generally under part A. Federal funds for the program must supplement and not supplant non-Federal funds for

relevant services and activities. Effort must be maintained at the fiscal year 1986 level.

Assessment and Review of Needs and Skills of Participants:
Employability Plan

Section 482(b) requires the State agency to assess the educational, child care, and supportive services needs, and the work experience and skills, of each participant and to review his family circumstances. Thereafter, in consultation with the individual, the State agency must develop an employability plan describing the activities in which the individual will participate and the services to be provided under the program. Further, the State may require each participant to enter an agreement, specifying his obligations and other specifics of his participation. The State may also assign a case manager to each participant and family.

Provision of Program and Employment Information

Under section 482(c), the State agency must assure that all applicants and recipients are encouraged, assisted, and required to fulfill their responsibilities to support their children by preparing for accepting and retaining such employment as they can perform. The State agency must inform applicants and recipients of the JOBS activities and services for which they are eligible, the obligations of the State agency, and the rights, responsibilities, and obligations of participants in the JOBS program.

With respect to child care, the State agency must: (1) provide information on the types and locations of child care services accessible to participants; (2) inform participants that assistance is available to help them select appropriate child care services; and (3) upon request, provide assistance in obtaining child care services.

The agency must also provide information about the grounds for exemption from the program, the consequences of not participating, and a description of how to enter the program.

Services and Activities Under the Program

Section 482(d) requires that State JOBS programs make available a broad range of services and activities. The program must include education, job skills training, job development and placement, and job readiness activities. Programs must also include at least two out of the following four activities: job search, CWEP or other work experience programs approved by the Secretary, work supplementation, and on-the-job training (OJT).

The State may also offer postsecondary education in appropriate cases, and other education, training, and employment activities allowed by the Secretary. If the State requires an individual age 20 or over without a high school diploma to participate, it must include educational activities, if necessary, consistent with his employment goals.

Also, the Secretary must allow up to 5 States to provide services under the JOBS program to unemployed, non-custodial parents who are unable to meet their child support obligations. The States must evaluate the effect of including those parents in the program and assess whether it assists in helping needy families with children to avoid long-term welfare dependence. The evaluation results must be reported to the Secretary.

Work Supplementation Program

Section 482(e), authorizing States to institute work supplementation programs and prescribing the terms and conditions, follows present law with modifications. It allows States to make participation in work supplementation either mandatory or voluntary; requires States to provide Medicaid to participants in work supplementation; and allows States to exempt work supplementation participants from retrospective budgeting.

Community Work Experience Program

Section 482(f), authorizing States to establish community work experience programs (CWEP), follows present law with modifications. After an individual has been assigned to a CWEP position for 9 months, the individual may not be required to continue in that assignment unless the maximum number of hours of participation is no greater than the cash benefit (excluding the portion of benefit for which the State is reimbursed by a child support payment) divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site (if greater than the Federal or State minimum wage used to calculate the maximum number of hours for the first 9 months). At the conclusion of each CWEP assignment, but, in any event, after each 6 months of participation in CWEP, the State agency must provide a reassessment, and revision, as appropriate, of the individual's employability plan.

Job Search Program

Section 482(g), authorizing States to establish a job search program, follows present law with modifications. It retains the present law provision that limits required participation in a job search program to 8 weeks in any 12-month period (except in the year of application, when the total may be 16 weeks). It further provides that any additional job search may be required only in combination with some other education, employment, or training

activity designed to improve prospects for employment. An applicant may be required to participate in job search, but no individual may be required to participate in job search for more than 3 weeks before the State agency conducts an employability assessment. This section also provides that participation in job search shall not qualify as an activity under the program when it has been performed for 4 out of the preceding 12 months.

Dispute Resolution Procedures

Section 482(h) requires States to establish a conciliation procedure to resolve disputes concerning participation. If the dispute is not resolved, a hearing must be given. States may use the regular AFDC hearing process or one specially designed for the JOBS program. Assistance may not be suspended, reduced, discontinued, or terminated until an individual is provided a fair hearing meeting the due process standards set forth by the U.S. Supreme Court in Goldberg v. Kelly.

Special Provisions Relating to Indian Tribes

Section 482(i) provides that Indian tribes (or Alaska Native organizations) may apply to operate a JOBS program. Application must be made within 6 months after enactment. Upon approval of an application, the Secretary will provide direct funding (without a matching requirement) to the tribe or organization. The funding will be taken from the State's capped entitlement, and based on the tribe's or organization's pro rata share of the total of adult recipients in the State. A JOBS program under this subsection need not meet any of the requirements generally applicable to States if the Secretary determines the requirement is inappropriate.

Coordination Requirements

Section 483 requires each State's Governor to assure that programs under part F are coordinated with those under the Job Training Partnership Act (JTFA) and other relevant programs in the State. The State job training coordinating council will have an opportunity to review and comment on State plans. The Secretary of HHS must consult with the Secretaries of Education and of Labor, on a continuing basis, to assure maximum coordination of services. The State agency must also consult with the State education agency and the agency administering job training programs.

Provisions Generally Applicable to the Provision of Services

Section 484(a) requires the State agency to assure that:
(1) an assignment takes into account the physical capacity, skills, experience, health and safety, family responsibilities,

and place of residence of the participant; (2) individuals are not discriminated against; (3) conditions of participation are reasonable; and (4) a participant is not required, without his consent, to travel an unreasonable distance from home or remain away from home overnight to participate; and, (5) assignments are based on available resources, the participants circumstances, and local employment opportunities.

Subsection (b) requires the furnishing of appropriate workers' compensation and tort claims protection (under regulations of the Secretary).

Subsection (c) provides that no work assignment may result in: (1) the displacement of a currently employed worker or position; (2) the impairment of existing contracts for services or collective bargaining agreements; (3) the employment of the participant when (a) any other person is on layoff from the same or any equivalent position, or (b) the employer has terminated any regular employee or otherwise reduced his workforce with the effect of filling the vacancy with a participant under the JOBS program; and (4) any infringement of the promotional opportunities of any currently employed individual. Participants in CWEP, work experience, or work supplementation may not fill established unfilled positions. Program funds may not be used to assist, promote, or deter union organizing.

Subsection (d) requires States to establish and maintain grievance procedures for resolving complaints by regular employees or their representatives that assignments violate the provisions of subsection (b). The fair hearing process will be used to hear other working conditions and wage rate complaints. State decisions could be appealed to the Secretary of Labor.

Subsection (e) specifies that the preceding requirements of section 484 apply to activities under the JOBS program and to work activities under a section 1115 work-related AFDC demonstration.

Subsection (f) requires the Secretary of Health and Human Services and the Secretary of Labor to issue joint regulations to carry out section 484.

Contract Authority

Section 485 provides that the State welfare agency may administer the program directly or through arrangements or contracts with JTPA administrative entities, State and local educational agencies, and with other public or private organizations (including community-based organizations as defined in section 4(5) of the JTPA). The State welfare agency must use the services of each private industry council (PIC) to identify

and provide advice on the types of jobs available or likely to become available in each JTPA service delivery area.

Initial State Evaluations

Section 486 authorizes State AFDC agencies, within the 12 months following enactment, to conduct evaluations of the factors relevant to the labor market and employment opportunities within the State, in order that the efforts of the JOBS program may be as successful as possible. They will also study the demographics of the population to be served. The Secretaries of HHS and Labor will provide technical assistance and the Secretary of HHS will consider the States' evaluations in developing performance standards.

Separate Funding for Jobs Program; Financial Participation

Section 201(c) adds a new subsection (k) to the AFDC matching authority (section 403 of the Social Security Act) as follows:

Funding for the JOBS program would be in the form of a capped entitlement. Each State would be allotted an amount equal to its WIN allotment for fiscal year 1987 (\$126 million for all the States), plus an additional amount equal to the product of the State's pro rata share of the adult AFDC recipients in all States and a specified amount for each fiscal year. The amounts (each reduced by the \$126 million previously allotted above) are:

\$600 million in FY 1989
 \$800 million in FY 1990
 \$1.0 billion in each of FYs 1991, 1992, and 1993,
 \$1.1 billion in FY 1994,
 \$1.3 billion in FY 1995, and
 \$1.0 billion in FY 1996 and thereafter.

The matching rates for JOBS expenditures are set out in a new section 403(l) as follows:

90 percent of JOBS expenditures, until Federal payments equal the amount of the State's FY 1987 WIN allotment;

Thereafter, 60 percent (or, if greater, the Federal medical assistance percentage) for non-administrative costs and costs of personnel working full-time on the JOBS program; and

50 percent for administrative costs.

JOBS funds may not be used for construction. Child care expenditures for the territories, but not the other States, are matched from the capped entitlement.

Federal matching would be reduced to 50 percent unless at least 55 percent of funds is spent on the following target populations: (1) families in which the custodial parent is under age 24 and (a) has not completed high school or is not enrolled in high school or an equivalent course, or (b) had little or no work experience in the preceding year; (2) families in which the youngest child is within 2 years of being ineligible for assistance because of age; (3) families who have received assistance for more than 36 months during the preceding 60-month period. Volunteers must receive first consideration within target groups.

Provision is made for waiver of the target group percentages where the Secretary is satisfied that it is infeasible because of caseload characteristics, and that the State is targeting other long-term recipients. The Secretary must submit to Congress any recommendation he may have for changes in the target groups at least every two years.

Federal matching for a year is also reduced to 50 percent if minimum participation standards, specified for FYs 1990 through 1995 are not achieved for the preceding year. In FY 1990, at least 7 percent of the State's non-exempt caseload must participate; the rates thereafter are 7 percent in FY 1991, 11 percent in FYs 1992 and 1993, 15 percent in FY 1994 and 20 percent in FY 1995. (However, no penalty may be applied before FY 1991.)

The State will establish requirements to determine what constitutes participation consistent with regulations of the Secretary; satisfactory participation cannot be merely being registered to participate.

The Secretary may waive the reduction in matching for a State's failure to achieve the participation rates if he finds that the State is operating in conformity with the statutory requirements, made a good faith effort to comply, and has submitted a proposal which is likely to achieve the required rates.

Each State must also require that of the percentages of UP families specified below for particular fiscal years, at least one parent in each family participates, for at least 16 hours per week, in work supplementation, CWEP or another work experience program, OJT, or a State designed work program approved by the Secretary. States may substitute educational activities for a parent under age 25 who has not completed high school. If the parent is participating in CWEP, he will meet the requirement if he participates each month for the number of hours equal to the family's AFDC benefit (reduced by child support collections) divided by the greater of Federal or applicable State minimum wage.

The percentage of UP families with respect to which the State must satisfy this requirement are:

40 percent of the average monthly UP caseload in FY 1994,
50 percent in FY 1995,
60 percent in FY 1996, and
75 percent in FY 1997 and 1998.

The State may exclude, in determining the average monthly UP caseload, UP families receiving AFDC for 2 months or less if one parent is participating in intensive job search.

The Secretary may waive any penalty that would otherwise apply for not achieving these percentages if he finds the State is operating a program in conformity with the statute, has made a good faith effort to comply but was unable to do so because of economic conditions (including significant numbers of recipients remote from work sites) or because of rapid, unanticipated caseload growth, and the State submits a proposal likely to achieve the specified rates.

TECHNICAL AND CONFORMING AMENDMENTS

Section 202 repeals part C of title IV of the Social Security Act (the WIN program) and makes other technical and conforming amendment necessitated by the preceding provisions.

REGULATIONS; PERFORMANCE STANDARDS; STUDIES

Regulations

Section 203(a) requires the Secretary of HHS to issue proposed regulations within 6 months after enactment, and final regulations within one year after enactment, in consultation with the Secretary of Labor and the State agencies responsible for administration of the JOBS programs. The regulations shall include uniform data collection requirements.

Performance Standards

Subsection (b) adds section 487 to the Social Security Act. It requires that, no later than 3 years after the mandatory effective date of the program, the Secretary must develop performance standards in consultation with the Secretary of Labor, Governors, and other specified concerned individuals, and submit recommendations to the Congressional committees with jurisdiction over the program. Performance must be measured by outcome and not only be levels of activity or participation, and must be based on the degree of success which may be expected in helping participants increase earnings achieve self-sufficiency, and reduce welfare dependence.

Implementation and Effectiveness Studies

Subsection (c) requires the Secretary to conduct an implementation study, and an effectiveness study, relating to States' JOBS programs under part F. It also provides for an advisory panel to design, implement and monitor a series of implementation and evaluation studies.

Study on Application of JOBS Program to Indians

Subsection (d) requires the Secretary of HHS, in cooperation with the Secretary of the Interior, to conduct a study of the application of the JOBS program to Indians. A report must be submitted to the Congress by October 1, 1989.

EFFECTIVE DATE

Section 204(a) provides a general effective date of October 1, 1990.

Subsection (b) allows States to implement the JOBS program (and have the amendments become effective with respect to them) at such earlier date, beginning with the first calendar quarter following publication of proposed rules (or the date when such rules should have been published, as the State may select. In such a case, provision is made for prorating a State's capped entitlement, depending on the quarter in the fiscal year in which the State enters the program.

The general participation standards provisions are repealed effective October 1, 1995, and the UP participation rate provision is repealed effective October 1, 1998.

TITLE III -- SUPPORTIVE SERVICES
FOR FAMILIES

CHILD CARE DURING PARTICIPATION IN EMPLOYMENT, EDUCATION, AND TRAINING

Section 301 adds a new subsection (g) to section 402 of the Social Security Act as follows:

The State agency would be required to guarantee child care if it determines that child care is necessary for an individual's employment. Child care would also be required to be guaranteed for education and training activities if the State agency approves the activity and determines that the individual is participating satisfactorily. The State would be required to take account of the individual needs of the child whenever it arranges child care.

The State agency could provide care itself, arrange care by use of contract or voucher, provide cash or vouchers in advance to the caretaker relative, reimburse the caretaker relative, or adopt any other arrangements deemed appropriate by the agency. Reimbursement for the cost of care may not be less than the amount of the child care disregard for which the family is otherwise eligible nor more than actual cost or applicable local market rates, regardless of the method selected to provide care. However States could not change the current method of reimbursing for child care if it would disadvantage families.

The value of child care provided would not be treated as income for any other Federal or Federally-assisted need-based program and could not be claimed as an employment-related expenses for tax purposes.

The Federal matching rate would be the Medicaid rate. Matching will only be available for child care that meets applicable standards of State and local law.

States would be required to establish procedures to assure that center-based child care will be subject to State and local requirements designed to ensure basic health and safety, including fire safety, protections. The State must also develop guidelines for family day care. The State would be required to provide the Secretary a description of these State and local determined requirements and guidelines, which would be used to report to Congress on the nature and content of State and local standards for health and safety. \$13 million would be authorized for each of FYs 1990 and 1991 for grants to States to improve their child care licensing and registration requirements and procedures, and to monitor child care provided to AFDC children.

Child care activities under this new subsection (g) must coordinated with existing early childhood education programs in the State.

In addition to the requirement to guarantee child care, the State agency must pay or reimburse participants for transportation and other work-related expenses (including supportive services) the State finds necessary for the individual's participation.

EXTENDED ELIGIBILITY FOR CHILD CARE

Section 302 amends the new section 402(g) described above to provide for child care that must be guaranteed to an individual in a family which no longer receives AFDC, as follows:

Child care must be guaranteed to the extent the care is determined by the State agency to be necessary for an individual's employment in any case where a family has ceased to

receive assistance as a result of increased hours of, or increased income from, employment or as a result of the loss of earning disregards.

Section 302(c) further amend section 402(g) to include provisions dealing with limitations on continued eligibility for child care, as follows:

A family will be eligible for transitional child care for no longer than 12 months after the last month for which the family received assistance. Further, a family will not be eligible for transitional child care unless it received aid in at least 3 of the 6 months preceding the month of ineligibility, includes a child who is (or if needy would be) a dependent child, and does not include a family member who ceased working without good cause or failed to cooperate in establishing or enforcing child support obligations. The States would be required to establish sliding-scale fee schedules, for reimbursing such a family's child costs, based on the ability to pay of the family.

The Secretary of HHS is directed to study the extent to which individuals return to the welfare rolls to requalify for additional months of transitional benefits. If the study shows that this has occurred, the Secretary would be required to issue regulations, but not before October 1, 1991, to restrict requalification.

The Secretary of HHS must conduct a study of the effectiveness of the child care transition provisions and report to Congress by September 30, 1997.

EXTENDED ELIGIBILITY FOR MEDICAL ASSISTANCE

Section 303(a)(1) adds a new section 1925 to the Social Security Act, providing for extended Medicaid eligibility for families who lose eligibility for AFDC because of employment of the caretaker relative.

Section 1925(a) requires State Medicaid plans to provide that each family which was receiving AFDC payments in at least 3 of the 6 months immediately preceding the month in which the family became ineligible for AFDC because of the hours of or income from employment of the caretaker relative, or because of the time limit on the earned income disregard under title IV-A, will remain eligible for Medicaid (subject to certain conditions) during the succeeding 6-month period. A family's extended Medicaid eligibility terminates after the first month in which it ceases to include a child who is (or would if needy be) a dependent child for purposes of AFDC. The Medicaid coverage available to the family during this 6-month extension period must be of the same amount, duration, and scope as if the

family were still receiving AFDC payments. As an alternative to providing Medicaid coverage, the State may pay a family's expenses for premiums, deductibles, coinsurance, and similar costs for health insurance or other health coverage offered by an employer of the caretaker relative or by an employer of the absent parent of a dependent child; such payments will be treated as Medicaid expenditures.

Subsection (b)(1) requires State Medicaid plans to provide for an additional 6-month extension of eligibility to each family which had Medicaid coverage during the entire 6-month extension period under subsection (a) and which meets certain reporting requirements.

Paragraph (2) requires a family, in order to retain Medicaid eligibility during the second extension period, to report, by the 21st day of the fourth month of the first extension period and of the first and fourth months of the second extension period, on its gross monthly earnings and on its costs for child care necessary for employment of the caretaker relative.

Paragraph (3) provides that a family's eligibility during the second extension period shall terminate--

(1) at the close of the first month in which the family ceases to include a child who is (or would if needy be) a dependent child for purposes of AFDC,

(2) if the family fails without good cause to pay any premium for a month by the 21st of the following month, at the close of that following month, or

(3) at the close of the 1st or 4th month of such period, if (A) the family failed without good cause to make on a timely basis the reports required under paragraph (2) (or the State may instead suspend eligibility until the month after the month in which required reports are received), (B) the caretaker relative had no earnings in one or more of the 3 previous months, unless such lack of earnings was due to an involuntary loss of employment, or to illness or other good cause, or (C) the State determines that the family's average gross monthly earnings (less costs for necessary child care) during the preceding 3-month period exceed 185 percent of the poverty line.

Paragraph (4) provides that, during the second extension period, the State plan must offer to each family medical assistance of the same amount, duration, and scope as would be available to the family if

receiving AFDC payments (except that the State may elect not to provide specified non-acute care benefits, and may provide instead employer-based coverage in the same manner as under subsection (a)). The State may also offer families, as an alternative, coverage through enrollment in (A) a family option of employment-based group health coverage offered to the caretaker relative, (B) a family option of a group health plan offered to State employees, (C) a basic State health plan offered by the State to individuals in the State otherwise unable to obtain health insurance, (D) a health maintenance organization less than 50 percent of whose prepaid membership consists of individuals eligible for Medicaid (other than because of this option). If the State elects any of the alternatives to Medicaid coverage, the State must pay any premiums and other enrollment costs, and may pay deductibles and coinsurance (but there must be no cost-sharing imposed for maternity and preventive pediatric care).

Paragraph (5) permits States to impose a premium for coverage during the second extension period, but only if the family's average gross monthly earnings (less necessary child care costs) for the premium payment period (defined as the 3-month period beginning on the 1st or 4th month of that extension period) exceed the poverty line. The premium amount may vary, for the same family, for each type of alternative coverage offered by the State under paragraph (4), but may not exceed 3 percent of the family's average gross monthly earnings for the 3-month period ending 4 months before the premium payment period.

Subsection (c) provides that the requirements of this section shall apply to any State providing Medicaid under a waiver under section 1115(a), and shall apply only to the 50 States and the District of Columbia.

Subsection (d) provides that this section shall not apply to an individual who is a member of a family which had received AFDC if the State finds that, at any time during the last 6 months in which the family was receiving AFDC before being provided extended eligibility under this section, the individual was ineligible for such aid because of fraud.

Subsection (e) defines "caretaker relative" as having the same meaning as under title IV-A.

Subsection (f) provides that this section shall not

apply with respect to families that cease to be eligible for AFDC after September 30, 1998.

Section 303(a)(2) of the bill adds a new paragraph (52) to section 1902(a) of the Act, requiring State Medicaid plans to meet the requirements of new section 1925.

Subsection (b) amends section 402(a)(37) of the Act to provide for Medicaid eligibility in accordance with section 1925 of families who lose AFDC eligibility because of hours of or income from employment or because of time limits on earned income disregards. The amendment is effective only from April 1, 1990 through September 30, 1998 (the period during which section 1925 is in effect), after which date section 402(a)(37) shall read as it does currently. This subsection also makes conforming amendments.

Subsection (c) requires the Secretary to study, and report to the Congress by April 1, 1993 on, the impact of the eligibility extension provisions added by this section, with particular focus on the costs of such provisions and the impact on welfare dependency. The study shall examine (1) the extent to which the availability of these extended benefits affects access to and use of medical services, (2) the relative effectiveness of different types of coverage provided by States, (3) the effect of requiring families to pay premiums or incur other expenses with respect to such extended benefits, and (4) whether individuals who have exhausted such benefits recycle onto welfare for short periods in order to requalify for such extended benefits.

Subsection (d) makes a conforming amendment.

Subsection (e) extends for one year, through October 1, 1989, the four-month extension of Medicaid eligibility of families who become ineligible for AFDC because of the collection of child or spousal support payments under title IV-D.

Subsection (f) provides that--

(1) except as otherwise provided, amendments made by this section shall apply to payments under title XIX of the Act for calendar quarters beginning on or after April 1, 1990 (or, in the case of Kentucky, October 1, 1990), without regard to whether implementing regulations are promulgated, with respect to families that become ineligible for AFDC on or after such date;

(2) the amendment made by subsection (b)(3) shall take effect on April 1, 1990;

(3) the amendment made by subsection (d) shall become

effective on the effective date of section 402(a)(43) of the Act, as inserted by section 403(a) of the bill; and

(4) the amendment made by subsection (e) shall take effect on October 1, 1988.

EFFECTIVE DATES

Section 304 provides that the child care amendments of section 301 (applicable to AFDC recipients) become effective with respect to a State on the same date as do the JOBS amendments. The transitional child care provisions of section 302 become effective April 1, 1990 and terminate September 30, 1998.

TITLE IV - RELATED AFDC AMENDMENTS

BENEFITS FOR TWO-PARENT FAMILIES

Section 401(a) amends part A of title IV to require all States to have an unemployed parent (UP) program under section 407 of the Social Security Act.

Subsection (b) allows States to design their UP programs to reflect individual State needs and to emphasize education, training, and employment services. A State which does not, as of September 26, 1988, have UP programs may time limit the number of months for which a family may receive UP benefits, but it may not deny aid unless the family has received AFDC-UP in at least 6 of the preceding 12 months. The State may require up to 40 hours per week participation in the JOBS program by a parent in a UP family, and may pay aid (not less frequently than monthly) after the performance of assigned activities.

Subsection (c) allows States to treat a quarter of full-time school attendance, full time attendance in a vocational or technical training course, or JTPA participation, as a quarter of work for purposes of meeting the "recency of work" test necessary to establish eligibility for AFDC-UP. This option need not be applied State-wide.

Subsection (d) requires States to provide Medicaid for members of a UP family that would be receiving AFDC had the State not exercised its option to time-limit receipt of benefits under section 407.

Subsection (e) requires the Secretary to conduct an evaluation of both the conventional and the time-limited UP programs and submit a report to Congress by July 1, 1998, with findings and recommendations.

These amendments generally become effective on October 1,

1990 and are repealed effective September 30, 1998 (and the preexisting provisions reinstated).

✓ CHANGES IN EARNED INCOME DISREGARDS

Section 402(a) raises the monthly amount of the child care disregard from earned income from \$160 to \$175 and provides for a \$200 disregard in the case of a child under age 2. It also requires that the child care disregard must be applied after all others.

Subsection (b) raises the standard earned income disregard amount from \$75 to \$90.

Subsection (c) requires the disregard of refunds of taxes under the earned income tax credit, or advance payment of the credit.

These income disregard amendments are effective October 1, 1989.

✓ HOUSEHOLDS HEADED BY MINOR PARENTS

Section 403 would allow States to require minor (under age 18) parents to live with their own parents (or other adult relative or guardian) in order to receive AFDC benefits, unless certain exceptions applied. This amendment is effective with the first full calendar quarter a year after enactment.

✓ PERIODIC EVALUATION OF NEED AND PAYMENT STANDARDS

Section 404 requires each State to reevaluate its need and payment standards every 3 years and report the results to the Secretary and to the public. The State report must describe how the need standard is determined, the relationship between the two standards and any changes in the last 3 years.

The Secretary in turn will report the results to the Congress.

CBO STUDY ON IMPLEMENTATION OF NATIONAL MINIMUM PAYMENT STANDARD

Section 405 requires the Congressional Budget Office to conduct a study of the amendments that would be made by section 101 of S. 862, pertaining to requiring a minimum AFDC payment standard and 90 percent Federal matching. The section describes elements to be included in the study and requires a report to Congress within 12 months.

STUDY OF NEW NATIONAL APPROACHES TO WELFARE BENEFITS FOR LOW-INCOME FAMILIES WITH CHILDREN

Section 406 requires the Secretary of HHS to contract with the National Academy of Sciences for the study of a new national welfare system for low-income families with children, with particular attention to the benefit level. The section specifies elements to be included in the study and its methodology.

TITLE V - DEMONSTRATION PROJECTS

FAMILY SUPPORT DEMONSTRATION PROJECTS

Section 501 authorizes demonstration projects to test the effect of early childhood development programs, to encourage innovative education and training programs for children, and to ensure long-term family self-sufficiency through community based services. For each of fiscal years 1990 through 1992, \$6 million is authorized to be appropriated for grants to States for these demonstrations.

DEMONSTRATION PROJECTS TO ENCOURAGE STATES TO EMPLOY PARENTS RECEIVING AFDC AS PAID CHILD CARE PROVIDERS

Section 502 authorizes up to 5 States to carry out projects to test whether employment of AFDC parents as care givers will facilitate the conduct of the JOBS program. For each of fiscal years 1990 through 1992, \$1 million is authorized to be appropriated for grants to States for these demonstrations.

DEMONSTRATION PROJECTS TO TEST ALTERNATIVE DEFINITIONS OF UNEMPLOYMENT

Section 503 adds a new subsection to section 1115, requiring the Secretary to conduct up to 8 projects to evaluate the use of a standard of unemployment (for purposes of the AFDC-UP program) that allows work for more than 100 hours per month. These projects may begin after September 30, 1990, and must terminate by September 30, 1995. States must evaluate these projects and report to the Secretary; he must report to the Congress not later than 6 months after the projects are completed.

DEMONSTRATION PROJECTS TO ADDRESS CHILD ACCESS PROBLEMS

Section 504 authorizes any State to conduct one or more demonstration projects relating to activities to increase compliance with child access provisions of court orders (but no project may provide for withholding AFDC pending visitation). For each of fiscal years 1990 and 1991, \$4 million is authorized for grants to States for these demonstrations.

DEMONSTRATION PROJECTS TO EXPAND THE NUMBER OF JOB OPPORTUNITIES AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS

Section 505 requires the Secretary of HHS to enter agreements with at least 5 but not more than 10 nonprofit organizations (including community development corporations) for demonstration projects to create employment opportunities for low-income individuals. For each of fiscal years 1990 through 1992, \$6.5 million is authorized to be appropriated for grants for these demonstration projects.

DEMONSTRATION PROJECTS TO PROVIDE COUNSELING AND SERVICES TO HIGH-RISK TEENAGERS

Section 506 requires the Secretary to enter into agreements with 4 States to conduct demonstrations to provide counseling and services to certain high-risk teenagers. For each of fiscal years 1990 through 1992, \$1.5 million is authorized to be appropriated for grants to States for these demonstrations.

EXTENSION OF MINNESOTA PREPAID MEDICAID DEMONSTRATION PROJECT

Section 507 requires the Secretary of HHS, upon the request of the State of Minnesota, to extend until June 30, 1990, the section 1115 waiver previously granted the State to conduct a prepaid Medicaid demonstration project.

TITLE VI -- MISCELLANEOUS PROVISIONS

INCLUSION OF AMERICAN SAMOA AS A STATE UNDER TITLE IV

Section 601 amends title XI of the Social Security Act to include American Samoa in the definition of "State" when that term is used in title IV of the Act.

It sets the ceiling on Federal reimbursement for any fiscal year to American Samoa under parts A and E (foster care and adoption assistance) of title IV at \$1,000,000, exclusive of funding for the JOBS program.

INCREASE IN AMOUNT AVAILABLE FOR PAYMENT TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

Section 602 amends section 1108 of the Social Security Act to raise the ceilings applicable to Puerto Rico, the Virgin Islands, and Guam for reimbursement under the assistance titles of the Act.

ASSISTANT SECRETARY FOR FAMILY SUPPORT

Section 603 adds a new section 418 to the Social Security Act, establishing the position within the Department of Assistant

Secretary for Family Support. That official is charged with administering the programs under parts A, D, and F of title IV. He will be appointed by the President with Senate confirmation. The amendment is effective February 1, 1989.

RESPONSIBILITIES OF THE STATE

Section 604 adds a new AFDC plan requirement. The AFDC agency must be responsible for assuring that the AFDC, child support enforcement, and JOBS programs in the State are operated in an integrated manner and that all AFDC applicants and recipients are encouraged to cooperate in child support enforcement and are notified of the related services for which they may be eligible.

ESTABLISHMENT OF PREELIGIBILITY FRAUD DETECTION MEASURES

Section 605 adds a new AFDC plan requirement. States must provide (in accordance with Secretarial regulations) appropriate measures to detect fraudulent AFDC applications prior to the establishment of eligibility. The Secretary must issue final regulations within 6 months following enactment.

UNIFORM REPORTING REQUIREMENTS

Section 606 amends section 403 of the Social Security Act to require the Secretary to establish uniform reporting requirements under which States will be required to submit information necessary to ensure that the child care requirements, the requirement to provide transitional Medicaid benefits, and the minor parents provision (added by section 403 of the bill), are being effectively implemented.

STATE REPORTS ON EXPENDITURE AND USE OF SOCIAL SERVICES FUNDS

Section 607 amends section 2006 of the Act to require State reports on its activities under the Social Services Block Grant Act annually (rather than every two years, as under current law), and to require that State reports indicate (1) the numbers of children and adults served and the services provided, (2) the amount spent, per child and per adult, in providing each type of service, (3) the criteria applied in determining eligibility for services, and (4) the methods by which services were provided, showing separately the services provided by public and by private agencies. The Secretary is required to establish uniform definitions of services for use by States in reporting this information.

MISCELLANEOUS TECHNICAL CORRECTIONS TO MEDICARE CATASTROPHIC
COVERAGE ACT OF 1988

Section 608 contains numerous minor and technical
corrections to the Medicare Catastrophic Coverage Act.

✓ EXTENSION OF QUALITY CONTROL PENALTY MORATORIUM

Section 609 amends section 403 of the Social Security Act by
adding a new subsection 403(m). During the 12 month period
beginning July 1, 1988, the Secretary may not take any error rate
reductions against States; but the quality control system and
all stages of the disallowance appeals process will continue,
other than collection of disallowances.

* * *

W-Memo

AMERICAN PUBLIC WELFARE ASSOCIATION 1125 FIFTEENTH STREET, N.W., WASHINGTON, D.C. 20005

Memorandum W-8

October 14, 1988

FAMILY SUPPORT ACT OF 1988
(H.R. 1720/P.L. 100-485)
EFFECTIVE DATES

Memorandum W-8/October 14, 1988

Subject: FAMILY SUPPORT ACT OF 1988(H.R. 1720/
P.L. 100-485) EFFECTIVE DATES

INTRODUCTION

The Family Support Act of 1988, which was signed into law by President Reagan on October 13, 1988, contains numerous effective dates that guide state implementation of the various provisions of the bill. To assist states in planning for implementation of welfare reform, APWA has prepared the attached chart listing the effective/implementation dates of the major provisions of the Act.

A W-Memorandum on the specific provisions of the Family Support Act will soon be available to assist state and local agencies in understanding the legislation and in planning for future implementation.

JOBS PROGRAM REGULATIONS

The Job Opportunity and Basic Skills Training Program (JOBS), the new welfare education, training and employment program established by the legislation, is one primary portion of the Act that will require major program changes for many states.

The statute requires the Department of Health and Human Services (HHS) to issue proposed regulations on the JOBS program within six months after enactment (approximately mid-April, 1989) and final regulations within one year after enactment. Congress explicitly included these dates for regulatory action to enable states to implement and operate the new welfare-to-work program as quickly as possible. States are not required to have the JOBS program implemented and operating until October 1, 1990 (FY 91). States may begin, however, to operate the program on the first day of any calendar quarter beginning on or after the date on which proposed regulations are issued upon HHS approval of a state's plan. States could, therefore, begin to operate the JOBS program as early as July 1, 1989.

PLANNING FOR IMPLEMENTATION

APWA, in conjunction with the National Governor's Association, will convene a group to work with and advise HHS and the Department of Labor (which has responsibility for regulations governing work assignments, wage rates, displacement, etc.) as they develop regulations governing the JOBS program as well as other provisions of the Act. APWA will also continue to provide current information concerning this process and other regulatory issues.

Memorandum W-8/October 14, 1988

In addition, APWA is planning to conduct orientation workshops to assist states and localities in understanding the provisions and implications of the Act. One such session is planned in conjunction with the December meetings of The National Council of State Human Service Administrators and National Council of Local Public Welfare Administrators in Seattle.

* * *

Staff contact: Bard Shollenberger
(202) 293-7550
(202) 682-0100 after November 5, 1988

WELFARE REFORM: EFFECTIVE DATES

<u>Provision</u>	<u>Effective Date</u>	<u>Description</u>
I. <u>Child Support and Paternity Establishment</u>		
A. Guidelines		
1. Use of Guidelines	One year after enactment	Requires judges to use state guidelines as a rebuttable presumption.
2. Review of Guidelines	One year after enactment	Requires states to review guidelines at least once every 4 years.
3. Review of Individual Awards		
a. At request of parent or, in an AFDC case, at the state's request	Two years after enactment	State must review child support award at request of either parent. State may review an AFDC case.
b. Periodic review	Five years after enactment	States must review AFDC cases at least once every 3 years. Other cases must be reviewed every 3 years at request of parent.
B. Establishment of Paternity		
1. Performance Standards	Upon enactment	IIIIS to set standards. Beginning in FY 92 states paternity standards must be at least 50% or equal or exceed average for all states, or have increased 3% from FY 88 to FY 91 and by 3% each year thereafter.
2. Use of Genetic Tests	First day of first month One year after enactment	States must require the child and other parties in contested cases to submit to genetic tests

3. Enhanced match for Paternity Establishment	Retroactive to 10/1/88	Provides 90% federal match for paternity laboratory tests.
4. Civil Process	Upon enactment	States encouraged to adopt simple civil procedures for voluntarily acknowledging paternity.
5. Paternity Establishment for children under 18	Upon enactment	Establishment of paternity made applicable to any child for whom paternity is not established and any child for whom paternity action was dismissed because of statute of limitation of less than 18 years was in effect. Effective retroactively to August 16, 1984.
C. Visitation/Custody Demonstrations	Upon enactment	Authorizes \$4 million in each of FY 90 and 91 to finance state demonstration projects to improve compliance with child access provisions of court orders.
D. Prompt State Response	Upon enactment	HHS must issue proposed regulations within 180 days of enactment and final regulations within 10 months after enactment to set time limits in which states must accept and respond to requests for assistance in establishing and enforcing support orders.
B. Requirement for Automated Tracking and Monitoring Systems	Upon enactment	Requires states that do not have an automated system to submit by October 1, 1991 an advance planning document to HHS. HHS must approve the document within 9 months. By 10/1/95 every state must have a system in place. 90% federal match ends at that time.

F. Interstate Enforcement

1. Commission on Interstate Enforcement

Establishes commission by July 1, 1989. Report due by May 1, 1991.

2. Interstate Demonstration Grants

1st calendar quarter
1 year after enactment

Excludes amounts spent by a state for an interstate demonstration project.

3. Use of Interact

1st calendar quarter
1 year after enactment

HHS and IXDL to enter an agreement to give the Federal Parent Locator Service full access to wage and unemployment information. States must cooperate in making information available.

G. Wage Withholding

Two-years after enactment

Immediate wage withholding on all new or modified IV-D cases on the 1st day of the 25th month after enactment. Two years after enactment other IV-D cases would be subject to immediate wage withholding upon request of custodial parent or if the state determines it is appropriate. Two years after enactment all AFDC IV-D cases would be subject to immediate wage withholding. Beginning January 1, 1994, immediate wage withholding would apply to all orders issued on or after that date.

H. Use of Social Security Numbers

1st day of 25 month after
enactment

Each parent required to furnish social security number with birth documents.

I. Notification of Support Collected

1st calendar quarter beginning
4 years after enactment

States required to inform AFDC families of support collected on a monthly, rather than annual, basis. States may provide quarterly notice if HHS determines that monthly notification would be an unreasonable burden.

ii. Job Opportunity and Basic Skills Training Program

- | | | |
|----------------------------------|-----------------------|--|
| A. Effective Date | Upon enactment | States required to have JOBS program in place by October 1, 1990 (FY 91). States may choose to begin to operate program on the first day of any calendar quarter beginning on or after the date on which proposed regulations are issued. |
| B. Regulations | Upon enactment | Proposed regulations must be issued by HHS within six months after enactment. Final regulations must be issued by one year after enactment. |
| C. Statewide Program | Upon enactment | Not later than 2 years after the mandatory effective date of implementing the JOBS program (10/1/90), states must operate the program in all subdivisions of the state where it is feasible to do so. In other words, the program must be in operation statewide by 10/1/92 (FY 93). |
| D. Federal Administration | Upon enactment | By February 1, 1989, the administration of JOBS, child support, and AFDC would be administered by a new Assistant Secretary of HHS. |
| B. State Administration | Upon enactment | Requires state IV-A agency to be responsible for JOBS program. Effective July 1, 1989,, requires IV-A agency to be responsible that cash benefits,, child support, and JOBS services are furnished in an integrated manner. |
| F. Performance Standards | Upon enactment | No later than 3 years after the mandatory effective date of JOBS (FY94), HHS must develop and submit to Congress performance standards for JOBS. |

III. Supportive Services and Transitional Benefits

- | | | |
|---|-----------------|--|
| A. Child Care During JOBS Participation | Upon enactment | Guarantees child care for participation in JOBS program. Federal reimbursement available for child care at state Medicaid matching rate up to local market rate. States would implement along with JOBS, no later than 10/1/90. |
| B. Child Care Transition | Upon enactment | Child care transition of 12 months on a sliding fee scale available beginning April 1, 1990. Child care transition terminates (sunsets) September 30, 1998.

HHS required to study effect of transition and report to Congress by 10/1/91. |
| C. Medical Assistance Transition | Upon enactment | Medical assistance transition of 12 months available beginning April 1, 1990. Transition terminates (sunsets) September 30, 1998.

HHS required to study transition benefits and report to Congress by April 1, 1993. Congress required to hold hearings within 60 days and take action on the findings of the report. |
| D. Transportation and Work Expenses | Upon enactment | Effective when JOBS is implemented. States required to cover work related expenses to enable participation in JOBS. No federal limit on costs, matched at 50% rate subject to JOBS program cap. |
| B. Income Disregards | October 1, 1989 | Increase standard disregard from \$75 to \$90 per month and increases child care disregard from \$160 per month to \$175 per month per child age 2 and older and \$200 per month per child under age two. Child care disregard would be calculated after other disregards have been applied. |

IV. APDC Provisions

A. APDC-UP

1. **Effective Date** October 1, 1990

Effective 10/1/90 (FY91) states would be required to implement an APDC-UP program. States beginning the APDC-UP program could choose to limit benefits to no less than 6 months in a 12 month period. States operating a UP program on September 26, 1988 must continue to operate programs without time limitation through September 30, 1998. APDC-UP provision terminates (sunssets) September 30, 1998. Effective date for APDC-UP mandate in American Samoa, Guam, Puerto Rico, and the Virgin Islands is 10/1/93.
2. **Study** July 1, 1997

Requires HHS to study affects of APDC-UP mandate and report to Congress by July 1, 1997.
3. **APDC-UP Work Requirement**

Effective 10/1/93 (FY94).
- B. **Minor Parents** 1st calendar quarter
1 year after enactment

Allows states, at their option, to require minor parents who have never married to receive assistance only if they live with a parent or in a supportive living arrangement. Maintains current law requiring counting of income of the parents of a minor parent.
- C. **Need and Payment Standards** Upon enactment

Requires states to reevaluate need and payment standards every 3 years.
- D. **Alternative Benefit Proposals** Upon enactment

Requires the National Academy of Sciences to study alternative benefit proposals including the Family Living Standard (FLS). A report is due 24 months after enactment.

Also requires CBO to study and report to Congress within 12 months of enactment, the implementation of the U.S. ...

Act of 1987 including effect of repealing
certain federal low-income programs in
exchange for increasing federal match
for AFDC and Medicaid.

H.R. 1720

THE FAMILY SUPPORT ACT OF 1988

SENATOR RICK UEHLING
Capitol Room 516
465-4821

Report for H.R.1720
As finally approved by the House and Senate (Enrolled)
Complete Text of this version

KEY: ((...)) indicates struck-through text in printed version
{ { ... } } indicates bold parenthesis (usually numbered Senate amendments)
[[...]] indicates bold brackets in printed version

H.R.1720
One Hundredth Congress of the United States of America
AT THE SECOND SESSION
Begun and held at the City of Washington on Monday,
the twenty-fifth day of January, one thousand nine hundred and eighty-eight

An Act

To revise the AFDC program to emphasize work, child support, and family benefits, to amend title IV of the Social Security Act to encourage and assist needy children and parents under the new program to obtain the education, training, and employment needed to avoid long-term welfare dependence, and to make other necessary improvements to assure that the new program will be more effective in achieving its objectives.

=====

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

- (a) Short Title.--This Act may be cited as the "Family Support Act of 1988".
- (b) Table of Contents.--The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I--CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

Subtitle A--Child Support

- Sec. 101. Immediate income withholding.
- Sec. 102. Disregard applicable to timely child support payments.
- Sec. 103. State guidelines for child support award amounts.
- Sec. 104. Timing of notice of support payment collections.

Subtitle B--Establishment of Paternity

- Sec. 111. Performance standards for State paternity establishment programs.
- Sec. 112. Increased Federal assistance for paternity establishment.

Subtitle C--Improved Procedures for Child Support Enforcement and

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Establishment of Paternity

- Sec. 121. Requirement of prompt State response to requests for child support assistance.
- Sec. 122. Requirement of prompt State distribution of amounts collected as child support.
- Sec. 123. Automated tracking and monitoring systems made mandatory.
- Sec. 124. Additional information source for parent locator service.
- Sec. 125. Use of social security number to establish identity of parents.
- Sec. 126. Commission on Interstate Child Support.
- Sec. 127. Costs of interstate enforcement demonstrations excluded in computing incentive payments.
- Sec. 128. Study of child-rearing costs.
- Sec. 129. Collection and reporting of child support enforcement data.

TITLE II--JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

- Sec. 201. Establishment and operation of program.
- Sec. 202. Technical and conforming amendments.
- Sec. 203. Regulations; performance standards; studies.
- Sec. 204. Effective date.

TITLE III--SUPPORTIVE SERVICES FOR FAMILIES

- Sec. 301. Child care during participation in education, employment, and training.
- Sec. 302. Extended eligibility for child care.
- Sec. 303. Extended eligibility for medical assistance.
- Sec. 304. Effective dates.

TITLE IV--RELATED AFDC AMENDMENTS

- Sec. 401. Benefits for two-parent families.
- Sec. 402. Changes in earned income disregards.
- Sec. 403. Households headed by minor parents.
- Sec. 404. Periodic reevaluation of need and payment standards.
- Sec. 405. CBO study on implementation of national minimum payment standard.
- Sec. 406. Study of new national approaches to welfare benefits for low-income families with children.

TITLE V--DEMONSTRATION PROJECTS

- Sec. 501. Family support demonstration projects.
- Sec. 502. Demonstration projects to test the effect of early childhood development programs.
- Sec. 503. Demonstration projects to test alternative definitions of unemployment.
- Sec. 504. Demonstration projects to address child access problems.
- Sec. 505. Demonstration projects to expand the number of job opportunities available to certain low-income individuals.
- Sec. 506. Demonstration projects to provide counseling and services to high-risk teenagers.
- Sec. 507. Eighteen-month extension of Minnesota prepaid medicaid demonstration project.

TITLE VI--MISCELLANEOUS PROVISIONS

- Sec. 601. Inclusion of American Samoa as a State under title IV.
- Sec. 602. Increase in amount available for payment to Puerto Rico, the Virgin Islands, and Guam.
- Sec. 603. Assistant Secretary for Family Support.
- Sec. 604. Responsibilities of the State.

- Sec. 605. Establishment of preeligibility fraud detection measures.
- Sec. 606. Uniform reporting requirements.
- Sec. 607. State reports on expenditure and use of social services funds.
- Sec. 608. Miscellaneous technical corrections to Medicare Catastrophic Coverage Act of 1988.
- Sec. 609. Extension of quality control penalty moratorium.

TITLE VII--FUNDING PROVISIONS

- Sec. 701. Temporary extension of provisions relating to collection of nontax debts owed to Federal agencies.
- Sec. 702. Limitation on use of reimbursement arrangements to avoid 2-percent floor.
- Sec. 703. Modifications to dependent care credit and exclusion for dependent care assistance.
- Sec. 704. Taxpayer identification number required for dependents who have attained age 2.

TITLE I--CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

Subtitle A--Child Support

SEC. 101. IMMEDIATE INCOME WITHHOLDING.

(a) In General.--Section 466(b)(3) of the Social Security Act is amended to read as follows:

"(3)(A) The wages of an absent parent shall be subject to such withholding, regardless of whether support payments by such parent are in arrears, in the case of a support order being enforced under this part that is issued or modified on or after the first day of the 25th month beginning after the date of the enactment of this paragraph, on the effective date of the order; except that such wages shall not be subject to such withholding under this subparagraph in any case where (i) one of the parties demonstrates, and the court (or administrative process) finds, that there is good cause not to require immediate income withholding, or (ii) a written agreement is reached between both parties which provides for an alternative arrangement.

"(B) The wages of an absent parent shall become subject to such withholding, in the case of wages not subject to withholding under subparagraph (A), on the date on which the payments which the absent parent has failed to make under a support order are at least equal to the support payable for one month or, if earlier, and without regard to whether there is an arrearage, the earliest of--

"(i) the date as of which the absent parent requests that such withholding begin,

"(ii) the date as of which the custodial parent requests that such withholding begin, if the State determines, in accordance with such procedures and standards as it may establish, that the request should be approved, or

"(iii) such earlier date as the State may select."

(b) Application to All Child Support Orders.--Section 466(a)(8) of such Act is amended--

- (1) by inserting "(A)" before "Procedures";
- (2) by striking "which are issued or modified in the State" and inserting in lieu thereof "not described in subparagraph (B)"; and
- (3) by adding at the end the following new subparagraph:

"(B) Procedures under which all child support orders which are initially issued in the State on or after January 1, 1994, and are not being

enforced under this part will include the following requirements:

"(i) The wages of an absent parent shall be subject to withholding, regardless of whether support payments by such parent are in arrears, on the effective date of the order; except that such wages shall not be subject to withholding under this clause in any case where (I) one of the parties demonstrates, and the court (or administrative process) finds, that there is good cause not to require immediate income withholding, or (II) a written agreement is reached between both parties which provides for an alternative arrangement.

"(ii) The requirements of subsection (b)(1) (which shall apply in the case of each absent parent against whom a support order is or has been issued or modified in the State, without regard to whether the order is being enforced under the State plan).

"(iii) The requirements of paragraphs (2), (5), (6), (7), (8), (9), and (10) of subsection (b), where applicable.

"(iv) Withholding from income of amounts payable as support must be carried out in full compliance with all procedural due process requirements of the State."

(c) Study on Making Immediate Income Withholding Mandatory in All Cases.--The Secretary of Health and Human Services shall conduct a study of the administrative feasibility, cost implications, and other effects of requiring immediate income withholding with respect to all child support awards in a State and shall report on the results of such study not later than 3 years after the date of the enactment of this Act.

(d) Effective Date.--(1) The amendment made by subsection (a) shall become effective on the first day of the 25th month beginning after the date of the enactment of this Act.

(2) The amendments made by subsection (b) shall become effective on January 1, 1994.

(3) Subsection (c) shall become effective on the date of the enactment of this Act.

SEC. 102. DISREGARD APPLICABLE TO TIMELY CHILD SUPPORT PAYMENTS.

(a) In General.--Section 402(a)(8)(A)(vi) of the Social Security Act is amended by striking "of any child support payments received in such month" and inserting in lieu thereof "of any child support payments for such month received in that month, and the first \$50 of child support payments for each prior month received in that month if such payments were made by the absent parent in the month when due,".

(b) Conforming Amendment.--Section 457(b)(1) of such Act is amended by striking "the first \$50 of such amounts as are collected periodically which represent monthly support payments" and inserting in lieu thereof "of such amounts as are collected periodically which represent monthly support payments, the first \$50 of any payments for a month received in that month, and the first \$50 of payments for each prior month received in that month which were made by the absent parent in the month when due,".

(c) Effective Date.--The amendments made by this section shall become effective on the first day of the first calendar quarter which begins after the date of the enactment of this Act.

SEC. 103. STATE GUIDELINES FOR CHILD SUPPORT AWARD AMOUNTS.

(a) Guidelines To Create Rebuttable Presumption.--Section 467(b) of the Social Security Act is amended--

(1) by inserting "(1)" after "(b)";

(2) by striking ", but need not be binding upon such judges or other officials"; and

(3) by adding at the end the following new paragraph:

"(2) There shall be a rebuttable presumption, in any judicial or

administrative proceeding for the award of child support, that the amount of the award which would result from the application of such guidelines is the correct amount of child support to be awarded. A written finding or specific finding on the record that the application of the guidelines would be unjust or inappropriate in a particular case, as determined under criteria established by the State, shall be sufficient to rebut the presumption in that case."

(b) Guidelines To Be Reviewed Every 4 Years.--Section 467(a) of such Act is amended by inserting ", and shall be reviewed at least once every 4 years to ensure that their application results in the determination of appropriate child support award amounts" after "action".

(c) State Law Requirements for Review of Individual Awards.--Section 466(a) of such Act is amended by inserting after paragraph (9) the following new paragraph:

"(10)(A) Procedures to ensure that, beginning 2 years after the date of the enactment of this paragraph, if the State determines (pursuant to a plan indicating how and when child support orders in effect in the State are to be periodically reviewed and adjusted) that a child support order being enforced under this part should be reviewed, the State must, at the request of either parent subject to the order, or of a State child support enforcement agency, initiate a review of such order, and adjust such order, as appropriate, in accordance with the guidelines established pursuant to section 467(a).

"(B) Procedures to ensure that, beginning 5 years after the date of the enactment of this paragraph or such earlier date as the State may select, the State must implement a process for the periodic review and adjustment of child support orders being enforced under this part under which the order is to be reviewed not later than 36 months after the establishment of the order or the most recent review, and adjusted, as appropriate, in accordance with the guidelines established pursuant to section 467(a), unless--

"(i) in the case of an order with respect to an individual with respect to whom an assignment under section 402(a)(26) is in effect, the State has determined, in accordance with regulations of the Secretary, that such a review would not be in the best interests of the child and neither parent has requested review; and

"(ii) in the case of any other order being enforced under this part, neither parent has requested review.

"(C) Procedures to ensure that the State notifies each parent subject to a child support order in effect in the State that is being enforced under this part--

"(i) of any review of such order, at least 30 days before the commencement of such review; and

"(ii) of the right of such parent under subparagraph (B) to request the State to review such order; and

"(iii) of a proposed adjustment (or determination that there should be no change) in the child support award amount, and such parent is afforded not less than 30 days after such notification to initiate proceedings to challenge such adjustment (or determination)."

(d) Study of Impact of Extending Periodic Review Requirement to All Other Cases.--Within 2 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct and complete a study to determine the impact on child support awards and the courts of requiring each State to periodically review all child support orders in effect in the State.

(e) Demonstration Projects for Evaluating Model Procedures for Reviewing Child Support Awards.--(1) Not later than April 1, 1989, the Secretary of

Health and Human Services (in this subsection referred to as the "Secretary") shall enter into an agreement with each of 4 States submitting applications under this subsection for the purpose of conducting a demonstration project under part D of title IV of the Social Security Act in the State to test and evaluate model procedures for reviewing child support award amounts.

(2) Notwithstanding section 454(1) of the Social Security Act, a demonstration project conducted under this subsection may be conducted in one or more political subdivisions of the State.

(3) An agreement under this subsection shall be entered into between the Secretary and the State agency designated by the Governor of the State involved. Under such agreement, the Secretary shall pay to the State, as an additional payment under part D of title IV of the Social Security Act, an amount equal to 90 percent of the reasonable costs incurred by the State in conducting a demonstration project under this subsection. Such costs shall not be taken into account for purposes of computing the incentive payment under section 458 of such Act.

(4) A demonstration project under this subsection shall be commenced not later than September 30, 1989, and shall be conducted for a 2-year period unless the Secretary determines that the State conducting the project is not in substantial compliance with the terms of the agreement entered into with the State under paragraph (1).

(5)(A) Any State with an agreement under this subsection shall furnish the Secretary with such information as the Secretary determines to be necessary to evaluate the results of the project conducted by the State.

(B) The Secretary shall report the results of the demonstration projects conducted under this subsection to Congress not later than 6 months after all such projects are completed.

(f) Effective Date.--The amendments made by subsections (a), (b), and (c) shall become effective one year after the date of the enactment of this Act.

SEC. 104. TIMING OF NOTICE OF SUPPORT PAYMENT COLLECTIONS.

(a) In General.--Section 454(5)(A) of the Social Security Act is amended by striking "at least annually" and inserting in lieu thereof "on a monthly basis (or on a quarterly basis for so long as the Secretary determines with respect to a State that requiring such notice on a monthly basis would impose an unreasonable administrative burden)".

(b) Effective Date.--The amendment made by subsection (a) shall become effective on the first day of the first calendar quarter which begins 4 or more years after the date of the enactment of this Act.

Subtitle B--Establishment of Paternity

SEC. 111. PERFORMANCE STANDARDS FOR STATE PATERNITY ESTABLISHMENT PROGRAMS.

(a) Standards for State Programs.--Section 452 of the Social Security Act is amended by adding at the end the following new subsection:

"(g)(1) A State's program under this part shall be found, for purposes of section 403(h), not to have complied substantially with the requirements of this part unless, for any fiscal year beginning on or after October 1, 1991, its paternity establishment percentage for such fiscal year equals or exceeds--

"(A) 50 percent;

"(B) the paternity establishment percentage of the State for the fiscal year 1988, increased by the applicable number of percentage points; or

"(C) the paternity establishment percentage determined with respect to all States for such fiscal year.

"(2) For purposes of this section--

"(A) the term 'paternity establishment percentage' means, with respect to a State (or all States, as the case may be) for a fiscal year, the ratio (expressed as a percentage) that the total number of children--

"(i) who have been born out of wedlock,

"(ii)(I) except as provided in the last sentence of this paragraph, with respect to whom aid is being paid under the State's plan approved under part A (or under all such plans) for such fiscal year, or (II) with respect to whom services are being provided under the State's plan approved under this part (or under all such plans) for the fiscal year pursuant to an application submitted under section 454(6), and

"(iii) the paternity of whom has been established,

bears to the total number of children who have been born out of wedlock and (except as provided in such last sentence) with respect to whom aid is being paid under the State's plan approved under part A (or under all such plans) for such fiscal year or with respect to whom services are being provided under the State's plan approved under this part (or under all such plans) for the fiscal year pursuant to an application submitted under section 454(6); and

"(B) the applicable number of percentage points means, with respect to a fiscal year (beginning with the fiscal year 1991), 3 percentage points multiplied by the number of fiscal years after the fiscal year 1989 and before the beginning of such fiscal year.

For purposes of subparagraph (A), the total number of children shall not include any child who is a dependent child by reason of the death of a parent or any child with respect to whom an applicant or recipient is found to have good cause for refusing to cooperate under section 402(a)(26).

"(3)(A) The requirements of this subsection are in addition to and shall not supplant any other requirement (that is not inconsistent with such requirements) established in regulations by the Secretary for the purpose of determining (for purposes of section 403(h)) whether the program of a State operated under this part shall be treated as complying substantially with the requirements of this part.

"(3) The Secretary may modify the requirements of this subsection to take into account such additional variables as the Secretary identifies (including the percentage of children born out-of-wedlock in a State) that affect the ability of a State to meet the requirements of this subsection.

"(C) The Secretary shall submit an annual report to the Congress that sets forth the data upon which the paternity establishment percentages for States for a fiscal year are based, lists any additional variables the Secretary has identified under subparagraph (A), and describes State performance in establishing paternity."

(b) Genetic Tests May Be Required By Contesting Party.--Section 466(a)(5) of such Act is amended--

(1) by inserting "(A)" after "(5)"; and

(2) by adding at the end the following new subparagraph:

"(B) Procedures under which the State is required (except in cases where the individual involved has been found under section 402(a)(26)(B) to have good cause for refusing to cooperate) to require the child and all other parties, in a contested paternity case, to submit to genetic tests upon the request of any such party."

(c) States May Charge Individuals Not Receiving AFDC For Costs of Genetic Tests To Establish Paternity.--Section 454(6) of such Act is amended--

(1) by redesignating clause (D) as clause (E); and

(2) by inserting "(D) a fee (in accordance with regulations of the Secretary) for performing genetic tests may be imposed on any individual who is not a recipient of aid under a State plan approved under part A," after "section 464(a)(2),".

(d) Encouragement of Civil Processes.--Part D of title IV of such Act is amended by adding at the end the following new section:

"Encouragement of States to Adopt Simple Civil Process
for Voluntarily Acknowledging Paternity and a Civil
Procedure for Establishing Paternity in Contested Cases

"Sec. 468. In the administration of the child support enforcement program under this part, each State is encouraged to establish and implement a simple civil process for voluntarily acknowledging paternity and a civil procedure for establishing paternity in contested cases."

(e) Requirement To Permit Paternity Establishment for Child Under 18.--Section 466(a)(5)(A) of such Act (as so designated by subsection (b) of this section) is amended--

(1) by inserting "(i)" before "(A)"; and

(2) by inserting at the end the following new clause:

"(ii) As of August 16, 1984, the requirement of clause (i) shall also apply to any child for whom paternity has not yet been established and any child for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State."

(f) Effective Date; Implementation.--(1) The amendments made by subsections (a), (d), and (e) shall become effective on the date of the enactment of this Act.

(2) The amendments made by subsections (b) and (c) shall become effective on the first day of the first month beginning one year or more after the date of the enactment of this Act.

(3) The Secretary of Health and Human Services shall collect the data necessary to implement the requirements of section 452(g) of the Social Security Act (as added by subsection (a) of this section) and may, in carrying out the requirement of determining a State's paternity establishment percentage for the fiscal year 1988, compute such percentage on the basis of data collected with respect to the last quarter of such fiscal year (or, if such data are not available, the first quarter of the fiscal year 1989) if the Secretary determines that data for the full year are not available.

SEC. 112. INCREASED FEDERAL ASSISTANCE FOR PATERNITY ESTABLISHMENT.

(a) Increased Payments to States.--Section 455(a)(1) of the Social Security Act is amended--

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

(2) by striking the semicolon at the end of subparagraph (B) and inserting in lieu thereof ", and"; and

(3) by adding at the end the following new subparagraph:

"(C) equal to 90 percent (rather than the percentage specified in subparagraph (A)) of so much of the sums expended during such quarter as are attributable to laboratory costs incurred in determining paternity;"

(b) Effective Date.--The amendments made by subsection (a) shall apply with respect to laboratory costs incurred on or after October 1, 1988.

Subtitle C--Improved Procedures for Child Support
Enforcement and Establishment of Paternity

SEC. 121. REQUIREMENT OF PROMPT STATE RESPONSE TO REQUESTS FOR CHILD
SUPPORT ASSISTANCE.

(a) In General.--Section 452 of the Social Security Act (as amended by section 111(a) of this Act) is further amended by adding at the end the following new subsection:

"(h) The standards required by subsection (a)(1) shall include standards establishing time limits governing the period or periods within which a State must accept and respond to requests (from States, jurisdictions thereof, or individuals who apply for services furnished by the State agency under this part or with respect to whom an assignment under section 402(a)(26) is in

effect) for assistance in establishing and enforcing support orders, including requests to locate absent parents, establish paternity, and initiate proceedings to establish and collect child support awards."

(b) Advisory Committee; Regulations.--(1) Not later than 60 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall establish an advisory committee. The committee shall include representatives of organizations representing State governors, State welfare administrators, and State directors of programs under part D of title IV of the Social Security Act. The Secretary shall consult with the advisory committee before issuing any regulations with respect to the standards required by the amendment made by subsection (a) (including regulations regarding what constitutes an adequate response on the part of a State to the request of an individual, State, or jurisdiction).

(2) Not later than 180 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue a notice of proposed rulemaking with respect to the standards required by the amendment made by subsection (a), and, after allowing not less than 60 days for public comment, shall issue final regulations not later than the first day of the 10th month beginning after such date of enactment.

SEC. 122. REQUIREMENT OF PROMPT STATE DISTRIBUTION OF AMOUNTS COLLECTED AS CHILD SUPPORT.

(a) In General.--Section 452 of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end the following new subsection:

"(i) The standards required by subsection (a)(1) shall include standards establishing time limits governing the period or periods within which a State must distribute, in accordance with section 457, amounts collected as child support pursuant to the State's plan approved under this part."

(b) Regulations.--Not later than 180 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue a notice of proposed rulemaking with respect to the standards required by the amendment made by subsection (a), and, after allowing not less than 60 days for public comment, shall issue final regulations not later than the first day of the 10th month to begin after such date of enactment.

SEC. 123. AUTOMATED TRACKING AND MONITORING SYSTEMS MADE MANDATORY.

(a) Plan Requirement.--(1) Section 454 of the Social Security Act is amended--

(A) by striking "and" after the semicolon at the end of paragraph (22);

(B) by striking the period at the end of paragraph (23) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (23) the following new paragraph:

"(24) provide that if the State, as of the date of the enactment of this paragraph, does not have in effect an automated data processing and information retrieval system meeting all of the requirements of paragraph (16), the State--

"(A) will submit to the Secretary by October 1, 1991, for review and approval by the Secretary within 9 months after submittal an advance automated data processing planning document of the type referred to in such paragraph; and

"(B) will have in effect by October 1, 1995, an operational automated data processing and information retrieval system, meeting all the requirements of that paragraph, which has been approved by the Secretary."

(2) Section 454(16) of such Act is amended by striking "an automatic" and inserting in lieu thereof "a statewide automated".

(b) Waiver Authority.--Section 452(d) of such Act is amended--

(1) by striking "The" in paragraph (1) and inserting in lieu thereof "Except as provided in paragraph (3), the"; and

(2) by adding at the end the following new paragraph:

"(3) The Secretary may waive any requirement of paragraph (1) or any condition specified under section 454(16) with respect to a State if--

"(A) the State demonstrates to the satisfaction of the Secretary that the State has an alternative system or systems that enable the State, for purposes of section 403(h), to be in substantial compliance with other requirements of this part; and

"(B)(i) the waiver meets the criteria of paragraphs (1), (2), and (3) of section 1115(c), or

"(ii) the State provides assurances to the Secretary that steps will be taken to otherwise improve the State's child support enforcement program."

(c) Repeal of 90-Percent Federal Reimbursement Rate for Automated Data Systems.--Effective September 30, 1995, section 455(a)(1) of such Act (as amended by section 112(a) of this Act) is amended--

(1) by striking subparagraphs (A) and (B);

(2) by redesignating subparagraph (C) as subparagraph (A);

(3) in subparagraph (A) (as so redesignated)--

(A) by striking "(rather than the percentage specified in subparagraph (A))"; and

(B) by inserting "and" after the semicolon; and

(4) by inserting after subparagraph (A) (as so redesignated) the following new subparagraph:

"(B) equal to the percent specified in paragraph (2) of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454;"

(d) Conforming Amendments.--Sections 402(e), 452(d)(1), and 454(16) of such Act are each amended by striking "automatic" each place it appears and inserting in lieu thereof "automated".

SEC. 124. ADDITIONAL INFORMATION SOURCE FOR PARENT LOCATOR SERVICE.

(a) In General.--Section 453(e) of the Social Security Act is amended by adding at the end the following new paragraph:

"(3) The Secretary of Labor shall enter into an agreement with the Secretary to provide prompt access for the Secretary (in accordance with this subsection) to the wage and unemployment compensation claims information and data maintained by or for the Department of Labor or State employment security agencies."

(b) State Requirement To Assist Secretary in Obtaining Information.--(1) Section 303 of such Act is amended by adding at the end the following new subsection:

"(h)(1) The State agency charged with the administration of the State law shall take such actions (in such manner as may be provided in the agreement between the Secretary of Health and Human Services and the Secretary of Labor under section 453(e)(3)) as may be necessary to enable the Secretary of Health and Human Services to obtain prompt access to any wage and unemployment compensation claims information (including any information that might be useful in locating an absent parent or such parent's employer) for use by the Secretary of Health and Human Services, for purposes of section 453, in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirement of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until such Secretary is satisfied that there is no longer any such failure. Until the

Secretary of Labor is so satisfied, such Secretary shall make no further certification to the Secretary of the Treasury with respect to such State."

(2) Section 304(a)(2) of such Act is amended by striking "or (e)" and inserting in lieu thereof "(e), or (h)".

(c) Effective Date; Implementation.--(1) Except as provided in paragraph (2), the amendments made by subsections (a) and (b) shall become effective on the first day of the first calendar quarter which begins one year or more after the date of the enactment of this Act.

(2) The Secretary of Health and Human Services and the Secretary of Labor shall enter into the agreement required by the amendment made by subsection (a) not later than 90 days after the date of the enactment of this Act.

SEC. 125. USE OF SOCIAL SECURITY NUMBER TO ESTABLISH IDENTITY OF PARENTS.

(a) Disclosure of Social Security Number at Time of Child's Birth.--Section 205(c)(2)(C) of the Social Security Act is amended--

(1) in clause (i)--

(A) by inserting "(I)" after "(i)"; and

(B) by adding at the end the following new subclause:

"(II) In the administration of any law involving the issuance of a birth certificate, each State shall require each parent to furnish to such State (or political subdivision thereof) or any agency thereof having administrative responsibility for the law involved, the social security account number (or numbers, if the parent has more than one such number) issued to the parent unless the State (in accordance with regulations prescribed by the Secretary) finds good cause for not requiring the furnishing of such number. The State shall make numbers furnished under this subclause available to the agency administering the State's plan under part D of title IV in accordance with Federal or State law and regulation. Such numbers shall not be recorded on the birth certificate. A State shall not use any social security account number, obtained with respect to the issuance by the State of a birth certificate, for any purpose other than for the enforcement of child support orders in effect in the State, unless section 7(a) of the Privacy Act of 1974 does not prohibit the State from requiring the disclosure of such number, by reason of the State having adopted, before January 1, 1975, a statute or regulation requiring such disclosure."; and

(2) in clause (ii)--

(A) by striking "clause (i) of this subparagraph" and inserting in lieu thereof "subclause (I) of clause (i)"; and

(B) by adding at the end the following new sentence: "If and to the extent that any such provision is inconsistent with the requirement set forth in subclause (II) of clause (i), such provision shall, on and after the date of the enactment of such subclause, be null, void, and of no effect.".

(b) Effective Date.--The amendments made by subsection (a) shall become effective on the first day of the 25th month which begins on or after the date of the enactment of this Act.

SEC. 126. COMMISSION ON INTERSTATE CHILD SUPPORT.

(a) Establishment of Commission.--There is hereby established a Commission to be known as the Commission on Interstate Child Support (in this section referred to as the "Commission") to be composed of 15 members appointed in accordance with subsection (b)(1).

(b) Appointment and Term of Members; Vacancies; Transaction of Business.--(1) Members of the Commission shall be appointed as follows from among individuals knowledgeable in matters involving interstate child support:

(A) Four members shall be appointed jointly by the Majority and Minority Leaders of the Senate, in consultation with the chairman and ranking minority member of the Committee on Finance of the Senate.

(B) Four members shall be appointed jointly by the Speaker of the House and the Minority Leader of the House, in consultation with the chairman and ranking minority member of the Committee on Ways and Means of the House of Representatives.

(C) Seven members shall be appointed by the Secretary of Health and Human Services (in this section referred to as the "Secretary").

(2) Members of the Commission shall serve for the life of the Commission. A vacancy on the Commission shall be filled in the manner in which the original appointment was made and shall not affect the powers or duties of the Commission.

(3) A majority of the members of the Commission shall constitute a quorum for the transaction of business. Decisions of the Commission shall be according to the vote of a simple majority of those present and voting at a properly called meeting.

(4) The members of the Commission shall be appointed by July 1, 1989. The first meeting of the Commission shall be called by the Secretary as promptly as possible after all such members are appointed. At such meeting, the members of the Commission shall select a chairman from among such members and shall meet thereafter at the call of the chairman or of a majority of the members.

(c) Basic Pay.--(1) Members of the Commission shall serve as such without pay.

(2) Members of the Commission shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as persons serving intermittently in the government service are allowed travel expenses under section 5703 of title 5 of the United States Code.

(d) Duties of the Commission.--(1) During the fiscal year 1990, the Commission shall hold one or more national conferences on interstate child support reform for the purpose of assisting the Commission in preparing the report required under paragraph (2).

(2) Not later than May 1, 1991, the Commission shall submit a report to the Congress that contains recommendations for--

(A) improving the interstate establishment and enforcement of child support awards, and

(B) revising the Uniform Reciprocal Enforcement of Support Act.

(e) Powers of the Commission.--(1) The Commission may use the United States mails in the same manner and upon the same conditions as other departments and agencies of the United States Government.

(2) The Commission may accept, use, and dispose of donations of money and property and may accept such volunteer services of individuals as it deems appropriate.

(3) The Commission may procure supplies, services, and property, and make contracts (but only to the extent or in such amounts as are provided in appropriation Acts).

(4) For purposes of carrying out its duties under subsection (d), the Commission may adopt such rules for its organization and procedures as it deems appropriate.

(f) Termination of the Commission.--(1) The Commission shall terminate on July 1, 1991.

(2) Any funds held by the Commission on the date of termination of the Commission shall be deposited in the general fund of the Treasury of the United States and credited as miscellaneous receipts. Any property (other than funds) held by the Commission on such date shall be disposed of as excess or surplus property.

(g) Authorization of Appropriations.--For the purpose of carrying out this section, there is authorized to be appropriated \$2,000,000.

SEC. 127. COSTS OF INTERSTATE ENFORCEMENT DEMONSTRATIONS EXCLUDED IN

COMPUTING INCENTIVE PAYMENTS.

Section 458(d) of the Social Security Act is amended by inserting immediately before the period at the end the following: ", and any amounts expended by the State in carrying out a special project assisted under section 455(e) shall be excluded".

SEC. 128. STUDY OF CHILD-REARING COSTS.

The Secretary of Health and Human Services shall, by grant or contract, conduct a study of the patterns of expenditures on children in 2-parent families, in single-parent families following divorce or separation, and in single-parent families in which the parents were never married, giving particular attention to the relative standards of living in households in which both parents and all of the children do not live together. The Secretary shall submit to the Congress no later than 2 years after the date of the enactment of this Act a full and complete report of the results of such study, including such recommendations as the Secretary may have for legislative, administrative, and other actions. There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 129. COLLECTION AND REPORTING OF CHILD SUPPORT ENFORCEMENT DATA.

Part D of title IV of the Social Security Act is amended by adding at the end the following new section:

"Collection and Reporting of Child Support Enforcement Data

"Sec. 469. (a) The Secretary of Health and Human Services shall collect and maintain, on a fiscal year basis, up-to-date statistics, by State, with respect to each of the services specified in subsection (b) (separately stated in the case of each such service for families receiving aid under plans approved under part A of title IV of the Social Security Act and for families not receiving such aid), on--

"(1) the number of cases in the child support enforcement agency caseload under part D of title IV of such Act which need the service involved; and

"(2) the number of such cases in which the service has actually been provided.

"(b) The services referred to in subsection (a) are--

"(1) paternity determination;

"(2) location of an absent parent for the purpose of establishing a child support obligation;

"(3) establishment of a child support obligation; and

"(4) location of an absent parent for the purpose of enforcing or modifying an established child support obligation.

"(c) For purposes of subsection (a)(2), a service has actually been provided when the task described by the service has been accomplished."

TITLE II--JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

SEC. 201. ESTABLISHMENT AND OPERATION OF PROGRAM.

(a) State Plan Requirement.--Section 402(a)(19) of the Social Security Act is amended to read as follows:

"(19) provide--

"(A) that the State has in effect and operation a job opportunities and basic skills training program which meets the requirements of part F;

"(B) that--

"(i) the State will (except as otherwise provided in this paragraph or part F), to the extent that the program is available in the political subdivision involved and State resources

otherwise permit--

"(I) require all recipients of aid to families with dependent children in such subdivision with respect to whom the State guarantees child care in accordance with section 402(g) to participate in the program; and

"(II) allow applicants for and recipients of aid to families with dependent children who are not required under subclause (I) to participate in the program to do so on a voluntary basis;

"(ii) in determining the priority of participation by individuals from among those groups described in clauses (i), (ii), (iii), and (iv) of section 403(1)(2)(B), the State will give first consideration to applicants for or recipients of aid to families with dependent children within any such group who volunteer to participate in the program;

"(iii) if an exempt participant drops out of the program without good cause after having commenced participation in the program, he or she shall thereafter not be given priority so long as other individuals are actively seeking to participate; and

"(iv) the State need not require or allow participation of an individual in the program if as a result of such participation the amount payable to the State for quarters in a fiscal year with respect to the program would be reduced pursuant to section 403(1)(2);

(C) that an individual may not be required to participate in the program if such individual--

"(i) is ill, incapacitated, or of advanced age;

"(ii) is needed in the home because of the illness or incapacity of another member of the household;

"(iii) subject to subparagraph (D)--

"(I) is the parent or other relative of a child under 3 years of age (or, if so provided in the State plan, under any age that is less than 3 years but not less than one year) who is personally providing care for the child, or

"(II) is the parent or other relative personally providing care for a child under 6 years of age, unless the State assures that child care in accordance with section 402(g) will be guaranteed and that participation in the program by the parent or relative will not be required for more than 20 hours a week;

"(iv) works 30 or more hours a week;

"(v) is a child who is under age 16 or attends, full-time, an elementary, secondary, or vocational (or technical) school;

"(vi) is pregnant if it has been medically verified that the child is expected to be born in the month in which such participation would otherwise be required or within the 6-month period immediately following such month; or

"(vii) resides in an area of the State where the program is not available;

(D) that, in the case of a family eligible for aid to families with dependent children by reason of the unemployment of the parent who is the principal earner, subparagraph (C)(iii) shall apply only to one parent, except that, in the case of such a family, the State may at its option make such subparagraph inapplicable to both of the parents (and require their participation in the program) if child care in accordance with section 402(g) is guaranteed with respect to the

family;

"(E) that--

"(i) to the extent that the program is available in the political subdivision involved and State resources otherwise permit, in the case of a custodial parent who has not attained 20 years of age has not successfully completed a high-school education (or its equivalent), and is required to participate in the program (including an individual who would otherwise be exempt from participation in the program solely by reason of subparagraph (C)(iii)), the State agency (subject to clause (ii)) will require such parent to participate in an educational activity; and

"(ii) the State agency may--

"(I) require a parent described in clause (i) (notwithstanding the part-time requirement in subparagraph (C)(iii)(II)) to participate in educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis,

"(II) establish criteria in accordance with regulations of the Secretary under which custodial parents described in clause (i) who have not attained 18 years of age may be exempted from the school attendance requirement under such clause, or

"(III) require a parent described in clause (i) who is age 18 or 19 to participate in training or work activities (in lieu of the educational activities under such clause) if such parent fails to make good progress in successfully completing such educational activities or if it is determined (prior to any assignment of the individual to such educational activities) pursuant to an educational assessment that participation in such educational activities is inappropriate for such parent;

"(F) that--

"(i) if the parent or other caretaker relative or any dependent child in the family is attending (in good standing) an institution of higher education (as defined in section 481(a) of the Higher Education Act of 1965), or a school or course of vocational or technical training (not less than half time) consistent with the individual's employment goals, and is making satisfactory progress in such institution, school, or course, at the time he or she would otherwise commence participation in the program under this section, such attendance may constitute satisfactory participation in the program (by that caretaker or child) so long as it continues and is consistent with such goals;

"(ii) any other activities in which an individual described in clause (i) participates may not be permitted to interfere with the school or training described in that clause;

"(iii) the costs of such school or training shall not constitute federally reimbursable expenses for purposes of section 403; and

"(iv) the costs of day care, transportation, and other services which are necessary (as determined by the State agency) for such attendance in accordance with section 402(g) are eligible for Federal reimbursement;

"(G) that--

"(i) if an individual who is required by the provisions of this paragraph to participate in the program or who is so required by

reason of the State's having exercised the option under subparagraph (D) fails without good cause to participate in the program or refuses without good cause to accept employment in which such individual is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined to be a bona fide offer of employment--

"(I) the needs of such individual (whether or not section 407 applies) shall not be taken into account in making the determination with respect to his or her family under paragraph (7) of this subsection, and if such individual is a parent or other caretaker relative, payments of aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A, through (D) thereof) will be made unless the State agency, after making reasonable efforts, is unable to locate an appropriate individual to whom such payments can be made; and

"(II) if such individual is a member of a family which is eligible for aid to families with dependent children by reason of section 407, and his or her spouse is not participating in the program, the needs of such spouse shall also not be taken into account in making such determination;

"(iii) any sanction described in clause (i) shall continue--

"(I) in the case of the individual's first failure to comply, until the failure to comply ceases;

"(II) in the case of the individual's second failure to comply, until the failure to comply ceases or 3 months (whichever is longer); and

"(III) in the case of any subsequent failure to comply, until the failure to comply ceases or 6 months (whichever is longer);

"(iii) the State will promptly remind any individual whose failure to comply has continued for 3 months, in writing, of the individual's option to end the sanction by terminating such failure; and

"(iv) no sanction shall be imposed under this subparagraph--

"(I) on the basis of the refusal of an individual described in subparagraph (C)(iii)(II) to accept employment, if the employment would require such individual to work more than 20 hours a week, or

"(II) on the basis of the refusal of an individual to participate in the program or accept employment, if child care (or day care for any incapacitated individual living in the same home as a dependent child) is necessary for an individual to participate in the program or accept employment, such care is not available, and the State agency fails to provide such care; and

"(H) the State agency may require a participant in the program to accept a job only if such agency assures that the family of such participant will experience no net loss of cash income resulting from acceptance of the job; and any costs incurred by the State agency as a result of this subparagraph shall be treated as expenditures with respect to which section 403(a)(1) or 403(a)(2) applies;".

(b) Establishment and Operation of Program.--Title IV of such Act is further amended by adding at the end the following new part:

"Part F--Job Opportunities and Basic Skills Training Program

"Purpose and Definitions

"Sec. 481. (a) Purpose.--It is the purpose of this part to assure that needy families with children obtain the education, training, and employment that will help them avoid long-term welfare dependence.

"(b) Meaning of Terms.--Except to the extent otherwise specifically indicated, terms used in this part shall have the meanings given them in or under part A.

"Establishment and Operation of State Programs

"Sec. 482. (a) State Plans for Job Opportunities and Basic Skills Training Programs.--(1)(A) As a condition of its participation in the program of aid to families with dependent children under part A, each State shall establish and operate a job opportunities and basic skills training program (in this part referred to as the 'program') under a plan approved by the Secretary as meeting all of the requirements of this part and section 402(a)(19), and shall, in accordance with regulations prescribed by the Secretary, periodically (but not less frequently than every 2 years) review and update its plan and submit the updated plan for approval by the Secretary.

"(B) A State plan for establishing and operating the program must describe how the State intends to implement the program during the period covered by the plan, and must indicate, through cross-references to the appropriate provisions of this part and part A, that the program will be operated in accordance with such provisions of law. In addition, such plan must contain (i) an estimate of the number of persons to be served by the program, (ii) a description of the services to be provided within the State and the political subdivisions thereof, the needs to be addressed through the provision of such services, the extent to which such services are expected to be made available by other agencies on a nonreimbursable basis, and the extent to which such services are to be provided or funded by the program, and (iii) such additional information as the Secretary may require by regulation to enable the Secretary to determine that the State program will meet all of the requirements of this part and part A.

"(C) The Secretary shall consult with the Secretary of Labor on general plan requirements and on criteria to be used in approving State plans under this section.

"(D)(i) Not later than October 1, 1992, each State shall make the program available in each political subdivision of such State where it is feasible to do so, after taking into account the number of prospective participants, the local economy, and other relevant factors.

"(ii) If a State determines that it is not feasible to make the program available in each such subdivision, the State plan must provide appropriate justification to the Secretary.

"(2) The State agency that administers or supervises the administration of the State's plan approved under section 402 shall be responsible for the administration or supervision of the administration of the State's program.

"(3) Federal funds made available to a State for purposes of the program shall not be used to supplant non-Federal funds for existing services and activities which promote the purpose of this part. State or local funds expended for such purpose shall be maintained at least at the level of such expenditures for the fiscal year 1986.

"(b) Assessment and Review of Needs and Skills of Participants: Employability Plan.--(1)(A) The State agency must make an initial assessment of the educational, child care, and other supportive services needs as well as the skills, prior work experience, and employability of each participant in

the program under this part, including a review of the family circumstances. The agency may also review the needs of any child of the participant.

"(B) On the basis of such assessment, the State agency, in consultation with the participant, shall develop an employability plan for the participant. The employability plan shall explain the services that will be provided by the State agency and the activities in which the participant will take part under the program, including child care and other supportive services, shall set forth an employment goal for the participant, and shall, to the maximum extent possible and consistent with this section, reflect the respective preferences of such participant. The plan must take into account the participant's supportive services needs, available program resources, and local employment opportunities. The employability plan shall not be considered a contract.

"(2) Following the initial assessment and review and the development of the employability plan with respect to any participant in the program, the State agency may require the participant (or the adult caretaker in the family of which the participant is a member) to negotiate and enter into an agreement with the State agency that specifies such matters as the participant's obligations under the program, the duration of participation in the program, and the activities to be conducted and the services to be provided in the course of such participation. If the State agency exercises the option under the preceding sentence, the State agency must give the participant such assistance as he or she may require in reviewing and understanding the agreement.

"(3) The State agency may assign a case manager to each participant and the participant's family. The case manager so assigned must be responsible for assisting the family to obtain any services which may be needed to assure effective participation in the program.

"(c) Provision of Program and Employment Information.--(1) The State agency must ensure that all applicants for and recipients of aid to families with dependent children are encouraged, assisted, and required to fulfill their responsibilities to support their children by preparing for, accepting, and retaining such employment as they are capable of performing.

"(2) The State agency must inform all applicants for and recipients of aid to families with dependent children of the education, employment, and training opportunities, and the support services (including child care and health coverage transition options), for which they are eligible, the obligations of the State agency, and the rights, responsibilities, and obligations of participants in the program.

"(3) The State agency must--

"(A) provide (directly or through arrangements with others) information on the types and locations of child care services reasonably accessible to participants in the program.

"(B) inform participants that assistance is available to help them select appropriate child care services, and

"(C) on request, provide assistance to participants in obtaining child care services.

"(4) The State agency must inform applicants for and recipients of aid to families with dependent children of the grounds for exemption from participation in the program and the consequences of refusal to participate if not exempt, and provide other appropriate information with respect to such participation.

"(5) Within one month after the State agency gives a recipient of aid to families with dependent children the information described in the preceding provisions of this paragraph, the State agency must notify such recipient of the opportunity to indicate his or her desire to participate in the program, including a clear description of how to enter the program.

"(d) Services and Activities Under the Program.--(1)(A) In carrying out the program, each State shall make available a broad range of services and activities to aid in carrying out the purpose of this part. Such services and activities--

"(i) shall include--

"(I) educational activities (as appropriate), including high school or equivalent education (combined with training as needed), basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency;

"(II) job skills training;

"(III) job readiness activities to help prepare participants for work; and

"(IV) job development and job placement; and

"(ii) must also include at least 2 of the following:

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

"(II) on-the-job training;

"(III) work supplementation programs as described in subsection (e);

and

"(IV) community work experience programs as described in subsection (f) or any other work experience program approved by the Secretary.

"(B) The State may also offer to participants under the program (i) postsecondary education in appropriate cases, and (ii) such other education, training, and employment activities as may be determined by the State and allowed by regulations of the Secretary.

"(2) If the State requires an individual who has attained the age of 20 years and has not earned a high school diploma (or equivalent) to participate in the program, the State agency shall include educational activities consistent with his or her employment goals as a component of the individual's participation in the program, unless the individual demonstrates a basic literacy level, or the employability plan for the individual identifies a long-term employment goal that does not require a high school diploma (or equivalent). Any other services or activities to which such a participant is assigned may not be permitted to interfere with his or her participation in an appropriate educational activity under this subparagraph.

"(3) Notwithstanding any other provision of this section, the Secretary shall permit up to 5 States to provide services under the program, on a voluntary or mandatory basis, to non-custodial parents who are unemployed and unable to meet their child support obligations. Any State providing services to non-custodial parents pursuant to this paragraph shall evaluate the provision of such services, giving particular attention to the extent to which the provision of such services to those parents is contributing to the achievement of the purpose of this part, and shall report the results of such evaluation to the Secretary.

"(e) Work Supplementation Program.--(1) Any State may institute a work supplementation program under which such State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to participants in the program as aid to families with dependent children and use such sums instead for the purpose of providing and subsidizing jobs for such participants (as described in paragraph (3)(C) (i) and (ii)), as an alternative to the aid to families with dependent children that would otherwise be so payable to them.

"(2)(A) Notwithstanding section 406 or any other provision of law, Federal funds may be paid to a State under part A, subject to this subsection, with respect to expenditures incurred in operating a work supplementation program under this subsection.

"(B) Nothing in this part, or in any State plan approved under part A, shall

be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate) a work supplementation program in accordance with this subsection and section 484.

"(C) Notwithstanding section 402(a)(23) or any other provision of law, a State may adjust the levels of the standards of need under the State plan as the State determines to be necessary and appropriate for carrying out a work supplementation program under this subsection.

"(D) Notwithstanding section 402(a)(1) or any other provision of law, a State operating a work supplementation program under this subsection may provide that the need standards in effect in those areas of the State in which such program is in operation may be different from the need standards in effect in the areas in which such program is not in operation, and such State may provide that the need standards for categories of recipients may vary among such categories to the extent the State determines to be appropriate on the basis of ability to participate in the work supplementation program.

"(E) Notwithstanding any other provision of law, a State may make such further adjustments in the amounts of the aid to families with dependent children paid under the plan to different categories of recipients (as determined under subparagraph (D)) in order to offset increases in benefits from needs-related programs (other than the State plan approved under part A) as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

"(F) In determining the amounts to be reserved and used for providing and subsidizing jobs under this subsection as described in paragraph (1), the State may use a sampling methodology.

"(G) Notwithstanding section 402(a)(8) or any other provision of law, a State operating a work supplementation program under this subsection (i) may reduce or eliminate the amount of earned income to be disregarded under the State plan as the State determines to be necessary and appropriate to further the purposes of the work supplementation program, and (ii) during one or more of the first 9 months of an individual's employment pursuant to a program under this section, may apply to the wages of the individual the provisions of subparagraph (A)(iv) of section 402(a)(8) without regard to the provisions of subparagraph (B)(ii)(II) of such section.

"(3)(A) A work supplementation program operated by a State under this subsection may provide that any individual who is an eligible individual (as determined under subparagraph (B)) shall take a supplemented job (as defined in subparagraph (C)) to the extent that supplemented jobs are available under the program. Payments by the State to individuals or to employers under the work supplementation program shall be treated as expenditures incurred by the State for aid to families with dependent children except as limited by paragraph (4).

"(B) For purposes of this subsection, an eligible individual is an individual who is in a category which the State determines should be eligible to participate in the work supplementation program, and who would, at the time of placement in the job involved, be eligible for aid to families with dependent children under an approved State plan if such State did not have a work supplementation program in effect.

"(C) For purposes of this section, a supplemented job is--

"(i) a job provided to an eligible individual by the State or local agency administering the State plan under part A; or

"(ii) a job provided to an eligible individual by any other employer for which all or part of the wages are paid by such State or local agency.

A State may provide or subsidize under the program any job which such State determines to be appropriate.

"(D) At the option of the State, individuals who hold supplemented jobs

under a State's work supplementation program shall be exempt from the retrospective budgeting requirements imposed pursuant to section 402(a)(13)(A)(ii) (and the amount of the aid which is payable to the family of any such individual for any month, or which would be so payable but for the individual's participation in the work supplementation program, shall be determined on the basis of the income and other relevant circumstances in that month).

"(4) The amount of the Federal payment to a State under section 403 for expenditures incurred in making payments to individuals and employers under a work supplementation program under this subsection shall not exceed an amount equal to the amount which would otherwise be payable under such section if the family of each individual employed in the program established in such State under this subsection had received the maximum amount of aid to families with dependent children payable under the State plan to such a family with no income (without regard to adjustments under paragraph (2)) for the lesser of (A) 9 months, or (B) the number of months in which such individual was employed in such program.

"(5)(A) Nothing in this subsection shall be construed as requiring the State or local agency administering the State plan to provide employee status to an eligible individual to whom it provides a job under the work supplementation program (or with respect to whom it provides all or part of the wages paid to the individual by another entity under such program), or as requiring any State or local agency to provide that an eligible individual filling a job position provided by another entity under such program be provided employee status by such entity during the first 13 weeks such individual fills that position.

"(B) Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

"(6) Any State that chooses to operate a work supplementation program under this subsection shall provide that any individual who participates in such program, and any child or relative of such individual (or other individual living in the same household as such individual) who would be eligible for aid to families with dependent children under the State plan approved under part A if such State did not have a work supplementation program, shall be considered individuals receiving aid to families with dependent children under the State plan approved under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

"(7) No individual receiving aid to families with dependent children under a State plan shall be excused by reason of the fact that such State has a work supplementation program from any requirement of this part relating to work requirements, except during periods in which such individual is employed under such work supplementation program.

"(f) Community Work Experience Program.--(1)(A) Any State may establish a community work experience program in accordance with this subsection. The purpose of the community work experience program is to provide experience and training for individuals not otherwise able to obtain employment, in order to assist them to move into regular employment. Community work experience programs shall be designed to improve the employability of participants through actual work experience and training and to enable individuals employed under community work experience programs to move promptly into regular public or private employment. The facilities of the State public employment offices may be utilized to find employment opportunities for recipients under this program. Community work experience programs shall be limited to projects which serve a useful public purpose in fields such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day

care. To the extent possible, the prior training, experience, and skills of a recipient shall be used in making appropriate work experience assignments.

"(B)(i) A State that elects to establish a community work experience program under this subsection shall operate such program so that each participant (as determined by the State) either works or undergoes training (or both) with the maximum number of hours that any such individual may be required to work in any month being a number equal to the amount of the aid to families with dependent children payable with respect to the family of which such individual is a member under the State plan approved under this part, divided by the greater of the Federal minimum wage or the applicable State minimum wage (and the portion of a recipient's aid for which the State is reimbursed by a child support collection shall not be taken into account in determining the number of hours that such individual may be required to work).

"(ii) After an individual has been assigned to a position in a community work experience program under this subsection for 9 months, such individual may not be required to continue in that assignment unless the maximum number of hours of participation is no greater than (I) the amount of the aid to families with dependent children payable with respect to the family of which such individual is a member under the State plan approved under this part (excluding any portion of such aid for which the State is reimbursed by a child support payment), divided by (II) the higher of (a) the Federal minimum wage or the applicable State minimum wage, whichever is greater, or (b) the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site.

"(C) Nothing contained in this subsection shall be construed as authorizing the payment of aid to families with dependent children as compensation for work performed, nor shall a participant be entitled to a salary or to any other work or training expense provided under any other provision of law by reason of his participation in a program under this subsection.

"(D) Nothing in this part or in any State plan approved under this part shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate) a community work experience program in accordance with this subsection and subsection (d).

"(E) Participants in community work experience programs under this subsection may perform work in the public interest (which otherwise meets the requirements of this subsection) for a Federal office or agency with its consent, and, notwithstanding section 1342 of title 31, United States Code, or any other provision of law, such agency may accept such services, but such participants shall not be considered to be Federal employees for any purpose.

"(2) After each 6 months of an individual's participation in a community work experience program under this subsection, and at the conclusion of each assignment of the individual under such program, the State agency must provide a reassessment and revision, as appropriate, of the individual's employability plan.

"(3) The State agency shall provide coordination among a community work experience program operated pursuant to this subsection, any program of job search under subsection (g), and the other employment-related activities under the program established by this section so as to insure that job placement will have priority over participation in the community work experience program, and that individuals eligible to participate in more than one such program are not denied aid to families with dependent children on the grounds of failure to participate in one such program if they are actively and satisfactorily participating in another. The State agency may provide that part-time participation in more than one such program may be required where appropriate.

"(4) In the case of any State that makes expenditures in the form described in paragraph (1) under its State plan approved under section 482(a)(1), expenditures for the operation and administration of the program under this section may not include, for purposes of section 403, the cost of making or acquiring materials or equipment in connection with the work performed under a program referred to in paragraph (1) or the cost of supervision of work under such program, and may include only such other costs attributable to such programs as are permitted by the Secretary.

"(g) Job Search Program.--(1) The State agency may establish and carry out a program of job search for individuals participating in the program under this part.

"(2) Notwithstanding section 402(a)(19)(B)(i), the State agency may require job search by an individual applying for or receiving aid to families with dependent children (other than an individual described in section 402(a)(19)(C) who is not an individual with respect to whom section 402(a)(19)(D) applies)--

"(A) subject to the next to last sentence of this paragraph, beginning at the time such individual applies for aid to families with dependent children and continuing for a period (prescribed by the State) of not more than 8 weeks (but this requirement may not be used as a reason for any delay in making a determination of an individual's eligibility for such aid or in issuing a payment to or on behalf of any individual who is otherwise eligible for such aid); and

"(B) at such time or times after the close of the period prescribed under subparagraph (A) as the State agency may determine but not to exceed a total of 8 weeks in any period of 12 consecutive months.

In no event may an individual be required to participate in job search for more than 3 weeks before the State agency conducts the assessment and review with respect to such individual under subsection (b)(1)(A). Job search activities in addition to those required under the preceding provisions of this paragraph may be required only in combination with some other education, training, or employment activity which is designed to improve the individual's prospects for employment.

"(3) Job search by an individual under this subsection shall in no event be treated, for any purpose, as an activity under the program if the individual has participated in such job search for 4 months out of the preceding 12 months.

"(h) Dispute Resolution Procedures.--Each State shall establish a conciliation procedure for the resolution of disputes involving an individual's participation in the program and (if the dispute involved is not resolved through conciliation) shall provide an opportunity for a hearing with respect to the dispute, which hearing may be provided through a hearing process established for purposes of resolving disputes with respect to the program or through the provision of a hearing pursuant to section 402(a)(4); but in no event shall aid to families with dependent children be suspended, reduced, discontinued, or terminated as a result of a dispute involving an individual's participation in the program until such individual has an opportunity for a hearing that meets the standards set forth by the United States Supreme Court in *Goldberg v. Kelly*, 397 U.S. 254 (1970).

"(i) Special Provisions Relating to Indian Tribes.--(1) Within 6 months after the date of the enactment of the Family Support Act of 1988, an Indian tribe or Alaska Native organization may apply to the Secretary to conduct a job opportunities and basic skills training program to carry out the purpose of this subsection. If the Secretary approves such tribe's or organization's application, the maximum amount that may be paid to the State under section 403(1) in which such tribe or organization is located shall be reduced by the

Secretary in accordance with paragraph (2) and an amount equal to the amount of such reduction shall be paid directly to such tribe or organization (without the requirement of any nonfederal share) for the operation of such program. In determining whether to approve an application from an Alaska Native organization, the Secretary shall consider whether approval of the application would promote the efficient and nonduplicative administration of job opportunities and basic skills training programs in the State.

"(2) The amount of the reduction under paragraph (1) with respect to any State in which is located an Indian tribe or Alaska Native organization with an application approved under such paragraph shall be an amount equal to the amount that bears the same ratio to the maximum amount that could be paid under section 403(1) to the State as--

"(A) the number of adult members of such Indian tribe receiving aid to families with dependent children bears to the number of all such adult recipients in the State, or

"(B) the number of adult Alaska Natives receiving aid to families with dependent children who reside within the boundaries of such Alaska Native organization bears to the number of all such adult recipients in the State of Alaska.

"(3) The job opportunities and basic skills training program set forth in the application of an Indian tribe or Alaska Native organization under paragraph (1) need not meet any requirement of the program under this part or under section 402(a)(19) that the Secretary determines is inappropriate with respect to such job opportunities and basic skills training program.

"(4) The job opportunities and basic skills training program of any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or Alaska Native organization or may be terminated by the Secretary upon a finding that the tribe or Alaska Native organization is not conducting such program in substantial conformity with the terms of the application approved by the Secretary, and the maximum amount that may be paid under section 403(1) to the State within which the tribe or Alaska Native organization is located (as reduced pursuant to paragraph (1)) shall be increased by any portion of the amount retained by the Secretary with respect to such program (and not payable to such tribe or Alaska Native organization for obligations already incurred). The reduction under paragraph (1) shall in no event apply to a State for any fiscal year beginning after such program is terminated if no other such program remains in operation in the State.

"(5) For purposes of this subsection, an Indian tribe is any tribe, band, nation, or other organized group or community of Indians that--

"(A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and

"(B) for which a reservation (as defined in paragraph (6)) exists.

"(6) For purposes of this subsection, a reservation includes Indian reservations, public domain Indian allotments, and former Indian reservations in Oklahoma.

"(7) For purposes of this subsection--

"(A) an Alaska Native organization is any organized group of Alaska Natives eligible to operate a Federal program under Public Law 93-638 or such group's designee;

"(B) the boundaries of an Alaska Native organization shall be those of the geographical region, established pursuant to section 7(a) of the Alaska Native Claims Settlement Act, within which the Alaska Native organization is located (without regard to the ownership of the land within the boundaries);

"(C) the Secretary may approve only one application from an Alaska

Native organization for each of the 12 geographical regions established pursuant to section 7(a) of the Alaska Native Claims Settlement Act; and

"(D) any Alaska Native, otherwise eligible or required to participate in a job opportunities and basic skills training program, residing within the boundaries of an Alaska Native organization whose application has been approved by the Secretary, shall be eligible to participate in the job opportunities and basic skills training program administered by such Alaska Native organization.

"(8) Nothing in this subsection shall be construed to grant or defer any status or powers other than those expressly granted in this subsection or to validate or invalidate any claim by Alaska Natives of sovereign authority over lands or people.

"Coordination Requirements

"Sec. 483. (a)(1) The Governor of each State shall assure that program activities under this part are coordinated in that State with programs operated under the Job Training Partnership Act and with any other relevant employment, training, and education programs available in that State. Appropriate components of the State's plan developed under section 482(a)(1) which relate to job training and work preparation shall be consistent with the coordination criteria specified in the Governor's coordination and special services plan required under section 121 of the Job Training Partnership Act.

"(2) The State plan so developed shall be submitted to the State job training coordinating council not less than 60 days before its submission to the Secretary, for the purpose of review and comment by the council. Concurrent with submission of the plan to the State job training coordinating council, the proposed State plan shall be published and made reasonably available to the general public through local news facilities and public announcements, in order to provide the opportunity for review and comment.

"(3) The comments and recommendations of the State job training coordinating council under paragraph (2) shall be transmitted to the Governor of the State.

"(b) The Secretary of Health and Human Services shall consult with the Secretaries of Education and Labor on a continuing basis for the purpose of assuring the maximum coordination of education and training services in the development and implementation of the program under this part.

"(c) The State agency responsible for administering or supervising the administration of the State plan approved under part A shall consult with the State education agency and the agency responsible for administering job training programs in the State in order to promote coordination of the planning and delivery of services under the program with programs operated under the Job Training Partnership Act and with education programs available in the State (including any program under the Adult Education Act or Carl D. Perkins Vocational Education Act).

"Provisions Generally Applicable to Provision of Services

"Sec. 484. (a) In assigning participants in the program under this part to any program activity, the State agency shall assure that--

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

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

"(3) individuals are not discriminated against on the basis of race, sex, national origin, religion, age, or handicapping condition, and all participants will have such rights as are available under any applicable

Federal, State, or local law prohibiting discrimination:

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

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

"(b) Appropriate workers' compensation and tort claims protection must be provided to participants on the same basis as they are provided to other individuals in the State in similar employment (as determined under regulations of the Secretary).

"(c) No work assignment under the program shall result in--

"(1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements;

"(2) the employment or assignment of a participant or the filling of a position when (A) any other individual is on layoff from the same or any equivalent position, or (B) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program; or

"(3) any infringement of the promotional opportunities of any currently employed individual.

Funds available to carry out the program under this part may not be used to assist, promote, or deter union organizing. No participant may be assigned under section 482 (e) or (f) to fill any established unfilled position vacancy.

"(d)(1) The State shall establish and maintain (pursuant to regulations jointly issued by the Secretary and the Secretary of Labor) a grievance procedure for resolving complaints by regular employees or their representatives that the work assignment of an individual under the program violates any of the prohibitions described in subsection (c). A decision of the State under such procedure may be appealed to the Secretary of Labor for investigation and such action as such Secretary may find necessary.

"(2) The State shall hear complaints with respect to working conditions and workers' compensation, and wage rates in the case of individuals participating in community work experience programs described in section 482(f), under the State's fair hearing process. A decision of the State under such process may be appealed to the Secretary of Labor under such conditions as the joint regulations issued under subsection (f) may provide.

"(e) The provisions of this section apply to any work-related programs and activities under this part, and under any other work-related programs and activities authorized (in connection with the AFDC program) under section 1115.

"(f) The Secretary of Health and Human Services and the Secretary of Labor shall jointly prescribe and issue regulations for the purpose of implementing and carrying out the provisions of this section, in accordance with the timetable established in section 203(a) of the Family Support Act of 1988.

"Contract Authority

"Sec. 485. (a) The State agency that administers or supervises the administration of the State's plan approved under section 402 shall carry out the programs under this part directly or through arrangements or under contracts with administrative entities under section 4(2) of the Job Training Partnership Act, with State and local educational agencies, and with other public agencies or private organizations (including community-based

organizations as defined in section 4(5) of such Act).

"(b) Arrangements and contracts entered into under subsection (a) may cover any service or activity (including outreach) to be made available under the program to the extent that the service or activity is not otherwise available on a nonreimbursable basis.

"(c) The State agency and private industry councils (as established under section 102 of the Job Training Partnership Act) shall consult on the development of arrangements and contracts under the program established under a plan approved under section 482(a)(1), and under programs established under such Act.

"(d) In selecting service providers, the State agency shall take into account appropriate factors which may include past performance in providing similar services, demonstrated effectiveness, fiscal accountability, ability to meet performance standards, and such other factors as the State may determine to be appropriate.

"(e) The State agency shall use the services of each private industry council to identify and provide advice on the types of jobs available or likely to become available in the service delivery area (as defined in the Job Training Partnership Act) of the council, and shall ensure that the State program provides training in any area for jobs of a type which are, or are likely to become, available in the area.

"Initial State Evaluations

"Sec. 486. (a) With the objective of--

"(1) providing an in-depth assessment of potential participants in the program under this part in each State, so as to furnish an accurate picture on which to base estimates of future demands for services in conducting such program and to improve the efficiency of targeting under such program.

"(2) assuring that training for recipients of aid under such program will be realistically geared to labor market demands and that the program will produce individuals with marketable skills, while avoiding duplication and redundancy in the delivery of services, and

"(3) otherwise assuring that States will have the information needed to carry out the purposes of the program.

each State may undertake and carry out an evaluation of demographic characteristics of potential participants in the program under this part within the 12-month period beginning on the date of the enactment of the Family Support Act of 1988. Such evaluation shall be carried out in each State by the agency which administers the State's program approved under section 402.

"(b) In carrying out the evaluation under subsection (a) the State shall give particular attention to the current and anticipated demands of the labor market or markets within the State, the types of training which are needed to meet those demands, and any changes in the current service delivery systems which may be needed to satisfy the requirements of the program under this part.

"(c) The evaluation shall be structured so as to produce accurate and usable information on the age, family status, educational and literacy levels, duration of eligibility for aid to families with dependent children, and work experience of the individuals and families who are potential participants in the program under this part, including the actual numbers of such individuals and families in each such category.

"(d) The Secretary of Health and Human Services, in consultation with the Secretary of Labor, shall provide each State with such technical assistance and data as it may need in order to carry out its evaluation under subsection (a); and each State shall transmit its evaluation to the Secretary by the close of the 12-month period specified in such subsection. The Secretary of

Health and Human Services shall take such evaluations into account in developing performance standards.

"(e) As used in this section, the term 'potential participants' with respect to any State's program under this part means collectively all individuals in such State who are recipients of aid to families with dependent children under part A and who are members of the target populations identified in section 403(1)(2)."

(c) Separate Funding for JOBS Program; Federal Financial Participation.--(1) Section 403 of such Act is amended by adding at the end the following new subsection:

"(k)(1) Each State with a plan approved under part F shall be entitled to payments under subsection (1) for any fiscal year in an amount equal to the sum of the applicable percentages (specified in such subsection) of its expenditures to carry out the program under part F (subject to limitations prescribed by or pursuant to such part or this section on expenditures that may be included for purposes of determining payment under subsection (1)), but such payments for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (2) with respect to the State.

"(2) The limitation determined under this paragraph with respect to a State for any fiscal year is--

"(A) the amount allotted to the State for fiscal year 1987 under part C of this title as then in effect, plus

"(B) 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) \$600,000,000 in the case of the fiscal year 1989,

"(B) \$800,000,000 in the case of the fiscal year 1990,

"(C) \$1,000,000,000 in the case of each of the fiscal years 1991, 1992, and 1993,

"(D) \$1,100,000,000 in the case of the fiscal year 1994,

"(E) \$1,300,000,000 in the case of the fiscal year 1995, and

"(F) \$1,000,000,000 in the case of the fiscal year 1996 and each

succeeding fiscal year,

reduced by the aggregate amount allotted to all the States for fiscal year 1987 pursuant to part C of this title as then in effect.

"(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.

"(5) None of the funds available to a State for purposes of the programs or activities conducted under part F shall be used for construction."

(2) Section 403 of such Act (as amended by paragraph (1) of this subsection) is further amended by adding at the end the following new subsection:

"(1)(1)(A) In lieu of any payment under subsection (a), the Secretary shall pay to each State with a plan approved under section 482(a) (subject to the limitation determined under section 482(i)(2)) with respect to expenditures by the State to carry out a program under part F (including expenditures for child care under section 402(g)(1)(A), but only in the case of a State with respect to which section 1108 applies), an amount equal to--

"(i) with respect to so much of such expenditures in a fiscal year as do not exceed the State's expenditures in the fiscal year 1987 with respect to which payments were made to such State from its allotment for such fiscal year pursuant to part C of this title as then in effect, 90

percent; and

"(ii) with respect to so much of such expenditures in a fiscal year as exceed the amount described in clause (i)--

"(I) 50 percent, in the case of expenditures for administrative costs made by a State in operating such a program for such fiscal year (other than the personnel costs for staff employed full-time in the operation of such program) and the costs of transportation and other work-related supportive services under section 402(g)(2), and

"(II) the greater of 60 percent or the Federal medical assistance percentage (as defined in section 1118 in the case of any State to which section 1108 applies, or as defined in section 1905(b) in the case of any other State), in the case of expenditures made by a State in operating such a program for such fiscal year (other than for costs described in subclause (I)).

"(B) With respect to the amount for which payment is made to a State under subparagraph (A)(i), the State's expenditures for the costs of operating a program established under part F may be in cash or in kind, fairly evaluated.

"(2)(A) Notwithstanding paragraph (1), the Secretary shall pay to a State an amount equal to 50 percent of the expenditures made by such State in operating its program established under part F (in lieu of any different percentage specified in paragraph (1)(A)) if less than 55 percent of such expenditures are made with respect to individuals who are described in subparagraph (B).

"(B) An individual is described in this paragraph if the individual--

"(i)(I) is receiving aid to families with dependent children, and

"(II) has received such aid for any 36 of the preceding 60 months;

"(ii)(I) makes application for aid to families with dependent children, and

"(II) has received such aid for any 36 of the 60 months immediately preceding the most recent month for which application has been made:

"(iii) is a custodial parent under the age of 24 who (I) has not completed a high school education and, at the time of application for aid to families with dependent children, is not enrolled in high school (or a high school equivalency course of instruction), or (II) had little or no work experience in the preceding year; or

"(iv) is a member of a family in which the youngest child is within 2 years of being ineligible for aid to families with dependent children because of age.

"(C) This paragraph may be waived by the Secretary with respect to any State which demonstrates to the satisfaction of the Secretary that the characteristics of the caseload in that State make it infeasible to meet the requirements of this paragraph, if the State is targeting other long-term or potential long-term recipients.

"(D) The Secretary shall biennially submit to the Congress any recommendations for modifications or additions to the groups of individuals described in subparagraph (B) that the Secretary determines would further the goal of assisting long-term or potential long-term recipients of aid to families with dependent children to achieve self-sufficiency, which recommendations shall take into account the particular characteristics of the populations of individual States.

"(3)(A) Notwithstanding paragraph (1), the Secretary shall pay to a State an amount equal to 50 percent of the expenditures made by such State in a fiscal year in operating its program established under part F (in lieu of any different percentage specified in paragraph (1)(A)) if the State's participation rate (determined under subparagraph (B)) for the preceding fiscal year does not exceed or equal--

"(i) 7 percent if the preceding fiscal year is 1990;

- "(ii) 7 percent if such year is 1991;
- "(iii) 11 percent if such year is 1992;
- "(iv) 11 percent if such year is 1993;
- "(v) 15 percent if such year is 1994; and
- "(vi) 20 percent if such year is 1995.

"(B)(i) The State's participation rate for a fiscal year shall be the average of its participation rates for computation periods (as defined in clause (ii)) in such fiscal year.

"(ii) The computation periods shall be--

"(I) the fiscal year, in the case of fiscal year 1990,

"(II) the first six months, and the seventh through twelfth months, in the case of fiscal year 1991,

"(III) the first three months, the fourth through sixth months, the seventh through ninth months, and the tenth through twelfth months, in the case of fiscal years 1992 and 1993, and

"(IV) each month, in the case of fiscal years 1994 and 1995.

"(iii) The State's participation rate for a computation period shall be the number, expressed as a percentage, equal to--

"(I) the average monthly number of individuals required or allowed by the State to participate in the program under part F who have participated in such program in months in the computation period, plus the number of individuals required or allowed by the State to participate in such program who have so participated in that month in such period for which the number of such participants is the greatest, divided by

"(II) twice the average monthly number of individuals required to participate in such period (other than individuals described in subparagraph (C)(iii)(I) or (D) of section 402(a)(19) with respect to whom the State has exercised its option to require their participation).

For purposes of this subparagraph, an individual shall not be considered to have satisfactorily participated in the program under part F solely by reason of such individual being registered to participate in such program.

"(C) Notwithstanding any other provision of this paragraph, no State shall be subject to payment under this paragraph (in lieu of paragraph (1)(A)) for failing to meet any participation rate required under this paragraph with respect to any fiscal year before 1991.

"(D) For purposes of this paragraph, an individual shall be determined to have participated in the program under part F, if such individual has participated in accordance with such requirements, consistent with regulations of the Secretary, as the State shall establish.

"(E) If the Secretary determines that the State has failed to achieve the participation rate for any fiscal year specified in the numbered clauses of subparagraph (A), he may waive, in whole or in part, the reduction in the payment rate otherwise required by such subparagraph if he finds that--

"(i) the State is in conformity with section 402(a)(19) and part F;

"(ii) the State has made a good faith effort to achieve the applicable participation rate for such fiscal year; and

"(iii) the State has submitted a proposal which is likely to achieve the applicable participation rate for the current fiscal year and the subsequent fiscal years (if any) specified therein.

"(4)(A)(i) Subject to subparagraph (B), in the case of any family eligible for aid to families with dependent children by reason of the unemployment of the parent who is the principal earner, the State agency shall require that at least one parent in any such family participate, for a total of at least 16 hours a week during any period in which either parent is required to participate in the program, in a work supplementation program, a community work experience or other work experience program, on-the-job training, or a

State designed work program approved by the Secretary, as such programs are described in section 482(d)(1). In the case of a parent under age 25 who has not completed high school or an equivalent course of education, the State may require such parent to participate in educational activities directed at the attainment of a high school diploma (or equivalent) or another basic education program in lieu of one or more of the programs specified in the preceding sentence.

"(ii) For purposes of clause (i), an individual participating in a community work experience program under section 482 shall be considered to have met the requirement of such clause if he participates for the number of hours in any month equal to the monthly payment of aid to families with dependent children to the family of which he is a member, divided by the greater of the Federal or the applicable State minimum wage (and the portion of such monthly payment for which the State is reimbursed by a child support collection shall not be taken into account in determining the number of hours that such individual may be required to work).

"(B) The requirement under subparagraph (A) shall not be considered to have been met by any State if the requirement is not met with respect to the following percentages of all families in the State eligible for aid to families with dependent children by reason of the unemployment of the parent who is the principal earner:

"(i) 40 percent, in the case of the average of each month in fiscal year 1994.

"(ii) 50 percent, in the case of the average of each month in fiscal year 1995.

"(iii) 60 percent, in the case of the average of each month in fiscal year 1996, and

"(iv) 75 percent in the case of the average of each month in each of the fiscal years 1997 and 1998.

"(C) The percentage of participants for any month in a fiscal year for purposes of the preceding sentence shall equal the average of--

"(i) the number of individuals described in subparagraph (A)(i) who have met the requirement prescribed therein, divided by

"(ii) the total number of principal earners described in such subparagraph (but excluding those in families who have been recipients of aid for 2 months or less if, during the period that the family received aid, at least one parent engaged in intensive job search).

"(D) If the Secretary determines that the State has failed to meet the requirement under subparagraph (A) (determined with respect to the percentages prescribed in subparagraph (B)), he may waive, in whole or in part, any penalty if he finds that--

"(i) the State is operating a program in conformity with section 402(a)(19) and part F,

"(ii) the State has made a good faith effort to meet the requirement of subparagraph (A) but has been unable to do so because of economic conditions in the State (including significant numbers of recipients living in remote locations or isolated rural areas where the availability of work sites is severely limited), or because of rapid and substantial increases in the caseload that cannot reasonably be planned for, and

"(iii) the State has submitted a proposal which is likely to achieve the required percentage of participants for the subsequent fiscal years."

(d) State Expenditures to Carry Out Initial Evaluations.--Section 403(a)(3)(D) of such Act (as amended by section 202(b)(4) of this Act) is further amended by inserting "(including any amounts expended by the State to carry out initial evaluations under section 486(a))" after "such expenditures".

SEC. 202. TECHNICAL AND CONFORMING AMENDMENTS.

(a) Repeal of Part C of Title IV.--Part C of title IV of the Social Security Act is repealed.

(b) Changes In Part A of Title IV.--(1) Section 402(a)(8)(A)(iv) of such Act is amended by striking "(but excluding" and all that follows and inserting in lieu thereof a semicolon.

(2) Section 402(a)(9)(A) of such Act is amended--

(A) by inserting "(including activities under part F)" after "this part"; and

(B) by striking "B, C, or D" and inserting in lieu thereof "B or D".

(3) Section 402(a)(35) of such Act is repealed.

(4) Section 403(a)(3) of such Act is amended--

(A) by striking all of subparagraph (D) that follows "such expenditures" and inserting in lieu thereof "; and"; and

(B) in the matter immediately following subparagraph (D), by striking "services furnished" and all that follows through the semicolon and inserting in lieu thereof "services furnished pursuant to section 402(g)";

(5) Section 403(c) of such Act is repealed.

(6) Section 403(d) of such Act is repealed.

(7) Section 407(b)(2)(A) of such Act is amended by striking "will be certified" and all that follows through "within 30 days" and inserting in lieu thereof "will participate or apply for participation in a program under part F (unless the program is not available in the area where the parent is living) within 30 days".

(8) Section 407(b)(2)(C)(i) of such Act is amended--

(A) by striking "section 402(a)(19)(A)" and all that follows through "part C of this title," and inserting in lieu thereof "section 409(a)(19)(C), is not currently participating (or available for participation) in a program under part F";

(B) by striking "clause (iii)" and inserting in lieu thereof "clause (vii)"; and

(C) by striking "section 432(a)" and inserting in lieu thereof "part F".

(9) Section 407(c) of such Act is amended by striking "to certify such parent" and all that follows and inserting in lieu thereof "to undertake appropriate steps directed toward the participation of such parent in a program under part F".

(10) Section 407(d)(1) of such Act is amended by striking "participated" and all that follows and inserting in lieu thereof "participated in a program under part F".

(11) Section 407(e) of such Act is amended--

(A) by striking "registering pursuant to section 402(a)(19) for the work incentive program established by part C of this title" in clause (1) and inserting in lieu thereof "participating in a program under part F";

(B) by inserting "participate in or" before "register for"; and

(C) by striking "the work incentive program" in clause (2) and inserting in lieu thereof "part F".

(12) Section 409 of such Act is repealed.

(13) Section 414 of such Act is repealed.

(c) In Other Provisions.--(1) Section 471(a)(8)(A) of such Act is amended by striking "part A, B, C, or D of this title" and inserting in lieu thereof "part A, B, or D of this title (including activities under part F)".

(2) Section 1108(a) of such Act (42 U.S.C. 1308(a)) is amended by inserting "or, in the case of part A of title IV, section 403(k)" before "applies" in the matter preceding paragraph (1).

(3) Section 1108(b) of such Act (42 U.S.C. 1308(b)) is amended by striking "and services provided under section 402(a)(19)".

(4) Section 1902(a)(10)(A)(i)(I) of such Act (42 U.S.C.

.396a(a)(10)(A)(1)(I)) is amended by striking "414(g)" and inserting in lieu thereof "482(e)(6)".

(5) Section 1926(a)(1)(D) of such Act, as redesignated by section 303(a) of this Act, is amended by striking "414(g)" and inserting in lieu thereof "482(e)(6)".

(6) Section 51(c)(2)(B) of the Internal Revenue Code of 1986 is amended by striking "section 414" and inserting "section 482(e)".

SEC. 203. REGULATIONS; PERFORMANCE STANDARDS; STUDIES.

(a) Regulations.--Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services (in this section referred to as the "Secretary") shall issue proposed regulations for the purpose of implementing the amendments made by this title, including regulations establishing uniform data collection requirements. The Secretary shall publish final regulations for such purpose not later than one year after the date of the enactment of this Act. Regulations issued under this subsection shall be developed by the Secretary in consultation with the Secretary of Labor and with the responsible State agencies described in section 482(a)(2) of the Social Security Act.

(b) Performance Standards.--Part F of title IV of the Social Security Act (as added by section 201(b) of this Act) is amended by adding at the end the following new section:

"Performance Standards

"Sec. 487. (a) Not later than 3 years after the effective date specified in section 204(a) of the Family Support Act of 1988, the Secretary shall--

"(1) in consultation with the Secretary of Labor, representatives of organizations representing Governors, State and local program administrators, educators, State job training coordinating councils, community-based organizations, recipients, and other interested persons, develop performance standards with respect to the programs established pursuant to this part that are based, in part, on the results of the studies conducted under section 203(c) of such Act, and the initial State evaluations (if any) performed under section 486 of this Act; and

"(2) submit his recommendations for performance standards developed under paragraph (1) to the appropriate committees of jurisdiction of the Congress, which recommendations shall be made with respect to specific measurements of outcomes and be based on the degree of success which may reasonably be expected of States in helping individuals to increase earnings, achieve self-sufficiency, and reduce welfare dependency, and shall not be measured solely by levels of activity or participation.

Performance standards developed under this subsection shall be reviewed periodically by the Secretary and modified to the extent necessary.

"(b) The Secretary may collect information from the States to assist in the development of performance standards under subsection (a), and shall include in his regulations (issued pursuant to section 203(a) of the Family Support Act of 1988 with respect to the program under this part) provisions establishing uniform reporting requirements under which States must furnish periodically information and data, including information and data (for each program activity) on the average monthly number of families assisted, the types of such families, the amounts spent per family, the length of their participation, and such other matters as the Secretary may determine.

"(c) The Secretary shall develop and transmit to the Congress, for appropriate legislative action, a proposal for measuring State progress, providing technical assistance to enable States to meet performance standards, and modifying the Federal matching rate to reflect the relative effectiveness of the various States in carrying out the program."

(c) Implementation and Effectiveness Studies.--(1)(A) The Secretary shall conduct an implementation study in accordance with subparagraph (B).

(B) The implementation study conducted under subparagraph (A) shall be based on a representative sample of States and localities and shall document with respect to the programs established pursuant to part F of title IV the Social Security Act--

- (i) the types, mix, and costs of services offered,
- (ii) participation rates or activity levels,
- (iii) the characteristics of the individuals in the different type of activities,
- (iv) the provisions made for child and day care and the extent to which limitations exist with respect to the availability of such care,
- (v) the institutional arrangements and operating procedures under which activities are offered in the different locations, and
- (vi) such other factors as the Secretary deems appropriate.

(C) There is authorized to be appropriated \$500,000 for each of the fiscal years 1989, 1990, and 1991 for the purpose of conducting the implementation study under this paragraph.

(2)(A) The Secretary shall conduct a study in accordance with this paragraph to determine the relative effectiveness of the different approaches for assisting long-term and potentially long-term recipients developed by States pursuant to the programs established under part F of title IV of the Social Security Act.

(B)(i) The study required under subparagraph (A) shall be based on data gathered from demonstration projects conducted in 5 States chosen by the Secretary from among applications submitted by interested States. Such projects shall be conducted for a period of not less than 3 years upon such terms and conditions (including those involving payments to the participating States) as the Secretary may provide.

(ii) A demonstration project conducted under this subparagraph shall use specific outcome measures to test the effectiveness of particular programs. Such measures shall include educational status, employment status, earnings, receipt of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act, receipt of other transfer payments, and, to the extent possible, the poverty status of participating families.

(iii) A demonstration project conducted under this subparagraph shall use experimental and control groups that are composed of a random sample of participants in the program established under part F of title IV of the Social Security Act. The Secretary shall assure that the experimental design is comparable among localities.

(C) Participating States shall provide to the Secretary in such form and with such frequency as he requires interim data from the demonstration projects conducted under this paragraph. The Secretary shall report to the Congress annually on the progress of such projects and shall, not later than one year after the date of final data collection, submit to the Congress the study required under subparagraph (A).

(D) There is authorized to be appropriated \$5,000,000 for each of the fiscal years 1990 and 1991 for the purpose of making payments to States conducting demonstration projects under this section.

(3) The Secretary shall establish such uniform reporting requirements as the Secretary determines are appropriate for the purpose of conducting the demonstration projects required under this section.

(4) Within 3 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall convene an advisory panel which may include representatives from the Office of Management and Budget, the

Congressional Budget Office, the Congressional Research Service, and the General Accounting Office, and such other individuals and organizations as the Secretary may determine. The panel shall meet periodically to design, implement, and monitor a series of implementation and evaluation studies to assess the methods and effects of the programs initiated under this Act. Insofar as possible, the panel shall work in a collegial fashion; but if consensus cannot be reached among panel members on particular decisions the Secretary of Health and Human Services is authorized to make all final decisions about program design, use of contractors, conduct of particular studies, and any other matters which may come before the panel.

(d) Study on Application of Jobs Programs to Indians.--The Secretary of Health and Human Services, in cooperation with the Secretary of the Interior, shall conduct a study of--

- (1) the effectiveness of such employment, training, and education programs for low-income individuals as are specifically directed toward Indians in responding to the needs of Indians on reservations;
- (2) the effectiveness of such programs as are not specifically directed toward Indians in responding to such needs;
- (3) the extent to which such needs are not met by such programs;
- (4) how such programs could be better coordinated in responding to such needs;
- (5) how such programs could be improved or restructured to more effectively meet such needs;
- (6) what sustainable job markets exist in Indian communities (assessed by tribe and region); and
- (7) the availability of such support services (as transportation and child care) as are necessary to assist Indians on reservations in participating in such programs and obtaining permanent employment.

The Secretary of Health and Human Services and the Secretary of the Interior shall report to the Congress on the results of the study under this subsection not later than October 1, 1989 (or, if later, one year after the date of the enactment of this Act).

SEC. 204. EFFECTIVE DATE.

(a) In General.--Except as provided in subsection (b), the amendments made by this title shall become effective on October 1, 1990.

(b) Special Rules.--(1)(A) If any State makes the changes in its State plan approved under section 402 of the Social Security Act that are required in order to carry out the amendments made by this title and formally notifies the Secretary of Health and Human Services of its desire to become subject to such amendments as of the first day of any calendar quarter beginning on or after the date on which the proposed regulations of the Secretary of Health and Human Services are published under section 203(a) (or, if earlier, the date on which such regulations are required to be published under such section) and before October 1, 1990, such amendments shall become effective with respect to that State as of such first day.

(B) In the case of any State in which the amendments made by this title become effective (in accordance with subparagraph (A)) with respect to any quarter of a fiscal year beginning before October 1, 1990, the limitation applicable to the State for the fiscal year under section 403(k)(2) of the Social Security Act (as added by section 201(c)(1) of this Act) shall be an amount that bears the same ratio to such limitation (as otherwise determined with respect to the State for the fiscal year) as the number of quarters in the fiscal year throughout which such amendments apply to the State bears to 4.

(2) Section 403(1)(3) of the Social Security Act (as added by section 201(c)(2) of this Act) is repealed effective October 1, 1995 (except that

subparagraph (A) of such section 403(1)(3) shall remain in effect for purposes of applying any reduction in payment rates required by such subparagraph for any of the fiscal years specified therein); and section 403(1)(4) of such Act (as so added) is repealed effective October 1, 1998.

(3) Subsections (a), (c), and (d) of section 203 of this Act, and section 486 of the Social Security Act (as added by section 201(b) of this Act), shall become effective on the date of the enactment of this Act.

TITLE III--SUPPORTIVE SERVICES FOR FAMILIES

SEC. 301. CHILD CARE DURING PARTICIPATION IN EMPLOYMENT, EDUCATION, AND TRAINING.

Section 402 of the Social Security Act is amended by adding at the end the following new subsection:

"(g)(1)(A) Each State agency must guarantee child care in accordance with subparagraph (B)--

"(i) for each family with a dependent child requiring such care, to the extent that such care is determined by the State agency to be necessary for an individual in the family to accept employment or remain employed; and

"(ii) for each individual participating in an education and training activity (including participation in a program that meets the requirements of subsection (a)(19) and part F) if the State agency approves the activity and determines that the individual is satisfactorily participating in the activity.

"(B) The State agency may guarantee child care by--

"(i) providing such care directly;

"(ii) arranging the care through providers by use of purchase of service contracts, or vouchers;

"(iii) providing cash or vouchers in advance to the caretaker relative in the family;

"(iv) reimbursing the caretaker relative in the family; or

"(v) adopting such other arrangements as the agency deems appropriate.

When the State agency arranges for child care, the agency shall take into account the individual needs of the child.

"(C)(i) Subject to clause (ii), the State agency shall make payment for the cost of child care provided with respect to a family in an amount that is the lesser of--

"(I) the actual cost of such care; and

"(II) the dollar amount of the child care disregard for which the family is otherwise eligible under subsection (a)(8)(A)(iii), or (if higher) an amount established by the State.

"(ii) The State agency may not reimburse the cost of child care provided with respect to a family in an amount that is greater than the applicable local market rate (as determined by the State in accordance with regulations issued by the Secretary).

"(D) The State may not make any change in its method of reimbursing child care costs which has the effect of disadvantaging families receiving aid under the State plan on the date of the enactment of this section, by reducing their income or otherwise.

"(E) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for the care) under this paragraph--

"(i) shall not be treated as income for purposes of any other Federal or federally-assisted program that bases eligibility for or the amount of benefits upon need, and

"(ii) may not be claimed as an employment-related expense for purposes

of the credit under section 21 of the Internal Revenue Code of 1986.

"(2) In the case of any individual participating in the program under part F, each State agency (in addition to guaranteeing child care under paragraph (1)) shall provide payment or reimbursement for such transportation and other work-related expenses (including other work-related supportive services), as the State determines are necessary to enable such individual to participate in such program.

"(3)(A) In the case of amounts expended for child care pursuant to paragraph (1)(A) by any State to which section 1108 does not apply, the applicable rate for purposes of section 403(a) shall be the Federal medical assistance percentage (as defined in section 1905(b)).

"(B) In the case of any amounts expended by the State agency for child care under this subsection, only such amounts as are within such limits as the State may prescribe (subject to the limitations of paragraph (1)(C)) shall be treated as amounts for which payment may be made to a State under this part and they may be so treated only to the extent that--

"(i) such amounts do not exceed the applicable local market rate (as determined by the State in accordance with regulations issued by the Secretary);

"(ii) the child care involved meets applicable standards of State and local law; and

"(iii) in the case of child care, the entity providing such care allows parental access.

"(4) The State must establish procedures to ensure that center-based child care will be subject to State and local requirements designed to ensure basic health and safety, including fire safety, protections. The State must also endeavor to develop guidelines for family day care. The State must provide the Secretary with a description of such State and local requirements and guidelines.

"(5) By October 1, 1992, the Secretary shall report to the Congress on the nature and content of State and local standards for health and safety.

"(6)(A) The Secretary shall make grants to States to improve their child care licensing and registration requirements and procedures, and to monitor child care provided to children receiving aid under the State plan approved under subsection (a).

"(B) Subject to subparagraph (C), the Secretary shall make grants to each State under subparagraph (A) in proportion to the number of children in the State receiving aid under the State plan approved under subsection (a).

"(C) The Secretary may not make grants to a State under subparagraph (A) unless the State provides matching funds in an amount that is not less than 10 percent of the amount of the grant.

"(D) For grants under this paragraph, there is authorized to be appropriated to the Secretary \$13,000,000 for each of the fiscal years 1990 and 1991.

"(7) Activities under this subsection shall be coordinated in each State with existing early childhood education programs in that State, including Head Start programs, preschool programs funded under chapter 1 of the Education Consolidation and Improvement Act of 1981, and school and nonprofit childcare programs (including community-based organizations receiving funds designated for preschool programs for handicapped children)."

SEC. 302. EXTENDED ELIGIBILITY FOR CHILD CARE.

(a) In General.--Section 402(g)(1)(A) of the Social Security Act (as added by section 301 of this Act) is amended--

(1) by inserting "(i)" after "(A)";

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

(3) by adding at the end the following new clause:

"(ii) Each State agency must guarantee child care, subject to the limitations described in this section, to the extent that such care is determined by the State agency to be necessary for an individual's employment in any case where a family has ceased to receive aid to families with dependent children as a result of increased hours of, or increased income from, such employment or by reason of subsection (a)(8)(B)(ii)(II)."

(b) Payment.--(1) Section 402(g)(3)(A) of such Act (as added by section 301 of this Act) is amended--

(A) by inserting "(i)" after "(A)"; and

(B) by adding at the end the following new clause:

"(ii) In the case of amounts expended for child care pursuant to paragraph (1)(A)(ii) (relating to the provision of child care for certain families which cease to receive aid under this part) by any State to which section 1108 applies, the applicable rate for purposes of section 403(a) shall be the Federal medical assistance percentage (as defined in section 1118)."

(2) Section 403(1)(1)(A) of such Act (as added by section 201(c)(2) of this Act) is amended by striking "402(g)(1)(A)" in the matter preceding clause (i) and inserting in lieu thereof "402(g)(1)(A)(i)".

(c) Limitations on Eligibility.--Section 402(g)(1)(A) of the Social Security Act (as added by section 301 of this Act and as amended by subsection (a)(3) of this section) is amended by adding after clause (ii) the following new clauses:

"(iii) A family shall only be eligible for child care provided under clause (ii) for a period of 12 months after the last month for which the family received aid to families with dependent children under this part.

"(iv) A family shall not be eligible for child care provided under clause (ii) unless the family received aid to families with dependent children in at least 3 of the 6 months immediately preceding the month in which the family became ineligible for such aid.

"(v) A family shall not be eligible for child care provided under clause (ii) unless the family includes a child who is (or, if needy, would be) a dependent child.

"(vi) A family shall not be eligible for child care provided under clause (ii) for any month beginning after the caretaker relative who is a member of the family has--

"(I) without good cause, terminated his or her employment; or

"(II) failed to cooperate with the State in establishing and enforcing his or her child support obligations.

"(vii) A family shall contribute to child care provided under clause (ii) in accordance with a sliding scale formula which shall be established by the State agency based on the family's ability to pay."

(d) Study of Welfare Requalification: Regulations Based on Results of Study.--The Secretary of Health and Human Services shall conduct a study to determine whether individuals who ceased receiving aid under the State program of aid to families with dependent children approved under this part have begun again to receive such aid in order to requalify for additional months of transition benefits, and if the study reveals that such is the case, the Secretary shall, not earlier than October 1, 1991, issue regulations which restrict such requalification.

(e) Study on Effects of Extending Eligibility for Child Care.--The Secretary of Health and Human Services shall conduct a study on the effectiveness of the amendments made by this section in reducing welfare dependence and assisting families in making the transition from welfare to employment, and such other effects of such amendments as the Secretary may find appropriate, and shall report the results of such study not later than September 30, 1997.

SEC. 303. EXTENDED ELIGIBILITY FOR MEDICAL ASSISTANCE.

(a) In General.--(1) Title XIX of the Social Security Act, as amended by section 303(a)(1) of the Medicare Catastrophic Coverage Act of 1988, is amended by redesignating section 1925 as section 1926 and by inserting after section 1924 the following new section:

"Extension of Eligibility for Medical Assistance

"Sec. 1925. (a) Initial 6-Month Extension.--

"(1) Requirement.--Notwithstanding any other provision of this title, each State plan approved under this title must provide that each family which was receiving aid pursuant to a plan of the State approved under part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family becomes ineligible for such aid, because of hours of, or income from, employment of the caretaker relative (as defined in subsection (e)) or because of section 402(a)(8)(B)(ii)(II) (providing for a time-limited earned income disregard), shall, subject to paragraph (3) and without any reapplication for benefits under the plan, remain eligible for assistance under the plan approved under this title during the immediately succeeding 6-month period in accordance with this subsection.

"(2) Notice of benefits.--Each State, in the notice of termination of aid under part A of title IV sent to a family meeting the requirements of paragraph (1)--

"(A) shall notify the family of its right to extended medical assistance under this subsection and include in the notice a description of the reporting requirement of subsection (b)(2)(B)(i) and of the circumstances (described in paragraph (3)) under which such extension may be terminated; and

"(B) shall include a card or other evidence of the family's entitlement to assistance under this title for the period provided in this subsection.

"(3) Termination of extension.--

"(A) No dependent child.--Subject to subparagraphs (B) and (C), extension of assistance during the 6-month period described in paragraph (1) to a family shall terminate (during such period) at the close of the first month in which the family ceases to include a child who is (or would if needy be) a dependent child under part A of title IV.

"(B) Notice before termination.--No termination of assistance shall become effective under subparagraph (A) until the State has provided the family with notice of the grounds for the termination.

"(C) Continuation in certain cases until redetermination.--With respect to a child who would cease to receive medical assistance because of subparagraph (A) but who may be eligible for assistance under the State plan because the child is described in clause (i) or (v) of section 1905(a), the State may not discontinue such assistance under such subparagraph until the State has determined that the child is not eligible for assistance under the plan.

"(4) Scope of coverage.--

"(A) In general.--Subject to subparagraph (B), during the 6-month extension period under this subsection, the amount, duration, and scope of medical assistance made available with respect to a family shall be the same as if the family were still receiving aid under the plan approved under part A of title IV.

"(B) State medicaid 'wrap-around' option.--A State, at its option, may pay a family's expenses for premiums, deductibles, coinsurance, and similar costs for health insurance or other health coverage

offered by an employer of the caretaker relative or by an employer of the absent parent of a dependent child. In the case of such coverage offered by an employer of the caretaker relative--

"(i) the State may require the caretaker relative, as a condition of extension of coverage under this subsection for the caretaker and the caretaker's family, to make application for such employer coverage, but only if--

"(I) the caretaker relative is not required to make financial contributions for such coverage (whether through payroll deduction, payment of deductibles, coinsurance, or similar costs, or otherwise), and

"(II) the State provides, directly or otherwise, for payment of any of the premium amount, deductible, coinsurance, or similar expense that the employee is otherwise required to pay; and

"(ii) the State shall treat the coverage under such an employer plan as a third party liability (under section 1902(a)(25)).

Payments for premiums, deductibles, coinsurance, and similar expenses under this subparagraph shall be considered, for purposes of section 1903(a), to be payments for medical assistance.

"(b) Additional 6-Month Extension.--

"(1) Requirement.--Notwithstanding any other provision of this title, each State plan approved under this title shall provide that the State shall offer to each family, which has received assistance during the entire 6-month period under subsection (a) and which meets the requirement of paragraph (2)(B)(i), in the last month of the period the option of extending coverage under this subsection for the succeeding 6-month period, subject to paragraph (3).

"(2) Notice and reporting requirements.--

"(A) Notices.--

"(i) Notice during initial extension period of option and requirements.--Each State, during the 3rd and 6th month of any extended assistance furnished to a family under subsection (a), shall notify the family of the family's option for additional extended assistance under this subsection. Each such notice shall include (I) in the 3rd month notice, a statement of the reporting requirement under subparagraph (B)(i), and, in the 6th month notice, a statement of the reporting requirement under subparagraph (B)(ii), (II) a statement as to whether any premiums are required for such additional extended assistance, and (III) a description of other out-of-pocket expenses, benefits, reporting and payment procedures, and any pre-existing condition limitations, waiting periods, or other coverage limitations imposed under any alternative coverage options offered under paragraph (4)(D). The 6th month notice under this subparagraph shall describe the amount of any premium required of a particular family for each of the first 3 months of additional extended assistance under this subsection.

"(ii) Notice during additional extension period of reporting requirements and premiums.--Each State, during the 3rd month of any additional extended assistance furnished to a family under this subsection, shall notify the family of the reporting requirement under subparagraph (B)(ii) and a statement of the amount of any premium required for such extended assistance for the succeeding 3 months.

"(B) Reporting requirements.--

"(i) During initial extension period.--Each State shall require (as a condition for additional extended assistance under this subsection) that a family receiving extended assistance under subsection (a) report to the State, not later than the 21st day of the 4th month in the period of extended assistance under subsection (a), on the family's gross monthly earnings and on the family's costs for such child care as is necessary for the employment of the caretaker relative in each of the first 3 months of that period.

"(ii) During additional extension period.--Each State shall require that a family receiving extended assistance under this subsection report to the State, not later than the 21st day of the 1st month and of the 4th month in the period of additional extended assistance under this subsection, on the family's gross monthly earnings and on the family's costs for such child care as is necessary for the employment of the caretaker relative in each of the 3 preceding months.

"(3) Termination of extension.--

"(A) In general.--Subject to subparagraphs (B) and (C), extension of assistance during the 6-month period described in paragraph (1) to a family shall terminate (during the period) as follows:

"(i) No dependent child.--The extension shall terminate at the close of the first month in which the family ceases to include a child who is (or would if needy be) a dependent child under part A of title IV.

"(ii) Failure to pay any premium.--If the family fails to pay any premium for a month under paragraph (5) by the 21st day of the following month, the extension shall terminate at the close of that following month, unless the family has established, to the satisfaction of the State, good cause for the failure to pay such premium on a timely basis.

"(iii) Quarterly income reporting and test.--The extension under this subsection shall terminate at the close of the 1st or 4th month of the 6-month period if--

"(I) the family fails to report to the State, by the 21st day of such month, the information required under paragraph (2)(B)(ii), unless the family has established, to the satisfaction of the State, good cause for the failure to report on a timely basis;

"(II) the caretaker relative had no earnings in one or more of the previous 3 months, unless such lack of any earnings was due to an involuntary loss of employment, illness, or other good cause, established to the satisfaction of the State; or

"(III) the State determines that the family's average gross monthly earnings (less such costs for such child care as is necessary for the employment of the caretaker relative) during the immediately preceding 3-month period exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

Information described in clause (iii)(I) shall be subject to the restrictions on use and disclosure of information provided under section 402(a)(9). Instead of terminating a family's extension under clause (iii)(I), a State, at its option, may provide for suspension of the extension until the month after the month in which the family

reports information required under paragraph (2)(B)(ii), but only if the family's extension has not otherwise been terminated under subclause (II) or (III) of clause (iii). The State shall make determinations under clause (iii)(III) for a family each time a report under paragraph (2)(B)(ii) for the family is received.

"(B) Notice before termination.--No termination of assistance shall become effective under subparagraph (A) until the State has provided the family with notice of the grounds for the termination, which notice shall include (in the case of termination under subparagraph (A)(iii)(II), relating to no continued earnings) a description of how the family may reestablish eligibility for medical assistance under the State plan.

"(C) Continuation in certain cases until redetermination.--

"(i) Dependent children.--With respect to a child who would cease to receive medical assistance because of subparagraph (A)(i) but who may be eligible for assistance under the State plan because the child is described in clause (i) or (v) of section 1905(a), the State may not discontinue such assistance under such subparagraph until the State has determined that the child is not eligible for assistance under the plan.

"(ii) Medically needy.--With respect to an individual who would cease to receive medical assistance because of clause (ii) or (iii) of subparagraph (A) but who may be eligible for assistance under the State plan because the individual is within a category of person for which medical assistance under the State plan is available under section 1902(a)(10)(C) (relating to medically needy individuals), the State may not discontinue such assistance under such subparagraph until the State has determined that the individual is not eligible for assistance under the plan.

"(4) Coverage.--

"(A) In general.--During the extension period under this subsection--

"(i) the State plan shall offer to each family medical assistance which (subject to subparagraphs (B) and (C)) is the same amount, duration, and scope as would be made available to the family if it were still receiving aid under the plan approved under part A of title IV; and

"(ii) the State plan may offer alternative coverage described in subparagraph (D).

"(B) Elimination of most non-acute care benefits.--At a State's option and notwithstanding any other provision of this title, a State may choose not to provide medical assistance under this subsection with respect to any (or all) of the items and services described in paragraphs (4)(A), (6), (7), (8), (11), (13), (14), (15), (16), (18), (20), and (21) of section 1905(a).

"(C) State medicaid 'wrap-around' option.--At a State's option, the State may elect to apply the option described in subsection (a)(4)(B) (relating to 'wrap-around' coverage) for families electing medical assistance under this subsection in the same manner as such option applies to families provided extended eligibility for medical assistance under subsection (a).

"(D) Alternative assistance.--At a State's option, the State may offer families a choice of health care coverage under one or more of the following, instead of the medical assistance otherwise made available under this subsection:

"(i) Enrollment in family option of employer plan.--Enrollment of the caretaker relative and dependent children in a family

option of the group health plan offered to the caretaker relative.

"(ii) Enrollment in family option of state employee plan.--Enrollment of the caretaker relative and dependent children in a family option within the options of the group health plan or plans offered by the State to State employees.

"(iii) Enrollment in state uninsured plan.--Enrollment of the caretaker relative and dependent children in a basic State health plan offered by the State to individuals in the State (or areas of the State) otherwise unable to obtain health insurance coverage.

"(iv) Enrollment in hmo.--Enrollment of the caretaker relative and dependent children in a health maintenance organization (as defined in section 1903(m)(1)(A)) less than 50 percent of the membership (enrolled on a prepaid basis) of which consists of individuals who are eligible to receive benefits under this title (other than because of the option offered under this clause). The option of enrollment under this clause is in addition to, and not in lieu of, any enrollment option that the State might offer under subparagraph (A)(i) with respect to receiving services through a health maintenance organization in accordance with section 1903(m).

If a State elects to offer an option to enroll a family under this subparagraph, the State shall pay any premiums and other costs for such enrollment imposed on the family and may pay deductibles and coinsurance imposed on the family. A State's payment of premiums for the enrollment of families under this subparagraph (not including any premiums otherwise payable by an employer and less the amount of premiums collected from such families under paragraph (5)) and payment of any deductibles and coinsurance shall be considered, for purposes of section 1903(a)(1), to be payments for medical assistance.

"(E) Prohibition on cost-sharing for maternity and preventive pediatric care.--

"(i) In general.--If a State offers any alternative option under subparagraph (D) for families, under each such option the State must assure that care described in clause (ii) is available without charge to the families through--

"(I) payment of any deductibles, coinsurance, and other cost-sharing respecting such care, or

"(II) providing coverage under the State plan for such care without any cost-sharing.

or any combination of such mechanisms.

"(ii) Care described.--The care described in this clause consists of--

"(I) services related to pregnancy (including prenatal, delivery, and post partum services), and

"(II) ambulatory preventive pediatric care (including ambulatory early and periodic screening, diagnosis, and treatment services under section 1905(a)(4)(B)) for each child who meets the age and date of birth requirements to be a qualified child under section 1905(n)(2).

"(5) Premium.--

"(A) Permitted.--Notwithstanding any other provision of this title (including section 1916), a State may impose a premium for a family for additional extended coverage under this subsection for a premium payment period (as defined in subparagraph (D)(i)), but only if the family's average gross monthly earnings (less the average monthly costs for such child care as is necessary for the employment of the caretaker relative) for the premium base period exceed 100 percent of

the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

"(B) Level may vary by option offered.--The level of such premium may vary, for the same family, for each option offered by a State under paragraph (4)(D).

"(C) Limit on premium.--In no case may the amount of any premium under this paragraph for a family for a month in either of the premium payment periods described in subparagraph (D)(i) exceed 3 percent of the family's average gross monthly earnings during the premium base period (as defined in subparagraph (D)(ii)).

"(D) Definitions.--In this paragraph:

"(i) A 'premium payment period' described in this clause is a 3-month period beginning with the 1st or 4th month of the 6-month additional extension period provided under this subsection.

"(ii) The term 'premium base period' means, with respect to a particular premium payment period, the period of 3 consecutive months the last of which is 4 months before the beginning of that premium payment period.

"(c) Applicability in States and Territories.--

"(1) States operating under demonstration projects.--In the case of any State which is providing medical assistance to its residents under a waiver granted under section 1115(a), the Secretary shall require the State to meet the requirements of this section in the same manner as the State would be required to meet such requirement if the State had in effect a plan approved under this title.

"(2) Inapplicability in commonwealths and territories.--The provisions of this section shall only apply to the 50 States and the District of Columbia.

"(d) General Disqualification for Fraud.--

"(1) Ineligibility for aid.--This section shall not apply to an individual who is a member of a family which has received aid under part A of title IV if the State makes a finding that, at any time during the last 6 months in which the family was receiving such aid before otherwise being provided extended eligibility under this section, the individual was ineligible for such aid because of fraud.

"(2) General disqualifications.--For additional provisions relating to fraud and program abuse, see sections 1128, 1128A, and 1128B.

"(e) Caretaker Relative Defined.--In this section, the term 'caretaker relative' has the meaning of such term as used in part A of title IV.

"(f) Sunset.--This section shall not apply with respect to families that cease to be eligible for aid under part A of title IV after September 30, 1998."

(2) Section 1902(a) of such Act (42 U.S.C. 1396a(a)), as amended by section 303(e) of the Medicare Catastrophic Coverage Act of 1988, is amended--

(A) by striking "and" at the end of paragraph (50),

(B) by striking the period at the end of paragraph (51) and inserting "; and", and

(C) by inserting after paragraph (51) the following new paragraph:

"(52) meet the requirements of section 1925 (relating to extension of eligibility for medical assistance)."

(b) Conforming Amendments.--(i) Section 1902(e)(1) of such Act (42 U.S.C. 1396a(e)(1)) is amended--

(A) by inserting "subject to subparagraph (B)" after "January 1, 1974",

(B) by inserting "(A)" after "(e)(1)", and

(C) by adding at the end the following new subparagraph:

"(B) Subparagraph (A) shall not apply with respect to families that cease to be eligible for aid under part A of title IV during the period beginning on April 1, 1990, and ending on September 30, 1998. During such period, for provisions relating to extension of eligibility for medical assistance for certain families who have received aid pursuant to a State plan approved under part A of title IV and have earned income, see section 1925."

(2) Section 1905(a) of such Act (42 U.S.C. 1396d(a)) is amended by striking "or" at the end of clause (vii), by inserting "or" at the end of clause (viii), and by inserting after clause (viii) the following new clause:

"(ix) individuals provided extended benefits under section 1925,".

(3) Paragraph (37) of section 402(a) of such Act is amended to read as follows:

"(37) provide that if any family becomes ineligible to receive aid to families with dependent children because of hours of or income from employment of the caretaker relative or because of paragraph (8)(B)(ii)(II), having received such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1925, and that the family will be appropriately notified of such extension (in the State agency's notice to the family of the termination of its eligibility for such aid) as required by section 1925(a)(2);".

(c) Study and Report.--(1) The Secretary of Health and Human Services shall conduct a study of the impact of the medicaid extension provisions under section 1925 of the Social Security Act, with particular focus on the costs of such provisions and the impact on welfare dependency, and shall report to Congress on the results of such study not later than April 1, 1993.

(2) The study under paragraph (1) shall include an examination of--

(A) the extent to which the availability of extended medicaid benefits affects access to and use of medical services,

(B) the relative effectiveness of different types of coverage provided by States,

(C) the effect of requiring families to pay premiums or incur any other expenses with respect to such extended benefits, and

(D) whether individuals who have exhausted such benefits recycle onto welfare for short periods of time in order to requalify for such extended benefits.

(d) Conforming Amendment to Section 403 Amendments.--Section 1902(e) of the Social Security Act (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

"(10)(A) The fact that an individual, child, or pregnant woman may be denied aid under part A of title IV pursuant to section 402(a)(43) shall not be construed as denying (or permitting a State to deny) medical assistance under this title to such individual, child, or woman who is eligible for assistance under this title on a basis other than the receipt of aid under such part.

"(B) If an individual, child, or pregnant woman is receiving aid under part A of title IV and such aid is terminated pursuant to section 402(a)(43), the State may not discontinue medical assistance under this title for the individual, child, or woman until the State has determined that the individual, child, or woman is not eligible for assistance under this title on a basis other than the receipt of aid under such part."

(e) 1-Year Extension of Medicaid Eligibility Extension Due to Collection of Child or Spousal Support.--Section 20(b) of the Child Support Amendments of 1984 (Public Law 98-378) is amended by striking "October 1, 1988" and inserting "October 1, 1989".

(f) Effective Date.--(1) The amendments made by this section (other than subsections (b)(3), (d), and (e)) shall apply to payments under title XIX of the Social Security Act for calendar quarters beginning on or after April 1, 1990 (or, in the case of the Commonwealth of Kentucky, October 1, 1990) (without regard to whether regulations to implement such amendments are promulgated by such date), with respect to families that cease to be eligible for aid under part A of title IV of the Social Security Act on or after such date.

(2)(A) The amendment made by subsection (b)(3) shall become effective on April 1, 1990.

(B) Effective September 30, 1998, the amendment made by subsection (b)(3) is repealed.

(C) Section 402(a)(37) of the Social Security Act, as in effect immediately before April 1, 1990, shall become effective on September 30, 1998.

(3) The amendment made by subsection (d) shall become effective on the effective date of section 402(a)(43) of the Social Security Act, as inserted by section 403(a) of this Act.

(4) The amendment made by subsection (e) shall take effect on October 1, 1988.

SEC. 304. EFFECTIVE DATES.

(a) Child Care for Participants in Employment, Education, and Training.--The amendment made by section 301 shall become effective with respect to a State on the date the amendments made by title II become effective with respect to the State.

(b) Transitional Child Care.--(1) The amendments made by section 302 shall become effective on April 1, 1990.

(2) Effective September 30, 1998, the amendments made by section 302 are repealed.

TITLE IV--RELATED AFDC AMENDMENTS

SEC. 401. BENEFITS FOR TWO-PARENT FAMILIES.

(a) Mandatory Expansion of Coverage.--(1) Section 402(a) of the Social Security Act (as amended by section 201(a) of this Act) is amended--

(A) by striking "and" after the semicolon at the end of paragraph (39);

(B) by striking the period at the end of paragraph (40) and inserting in lieu thereof "; and"; and

(C) by inserting immediately after paragraph (40) the following new paragraph:

"(41) provide that aid to families with dependent children will be provided under the plan with respect to dependent children of unemployed parents in accordance with section 407."

(2)(A) Section 402(a)(38)(B) of such Act is amended by striking "(if such section is applicable to the State)".

(B) Section 407(b) of such Act is amended by striking "(b) The provisions" and all that follows through "(1) requires" and inserting in lieu thereof the following:

"(b) In providing for the provision of aid to families with dependent children under the State's plan approved under section 402, in the case of families that include dependent children within the meaning of subsection (a) of this section, as required by section 402(a)(41), the State's plan--

"(1) shall require".

(C) Section 407(b)(2) of such Act is amended by striking "provides--" and inserting in lieu thereof "shall provide--".

(b) State Flexibility in Structuring Two-Parent Family Program.--(1) Section

407(b) of such Act (as amended by subsection (a) of this section) is amended--

(A)(i) by inserting "(1)" after "(b)";

(ii) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(iii) by redesignating subparagraphs (A), (B), and (C) of such paragraph (1) as clauses (i), (ii), and (iii), respectively;

(iv) by redesignating subparagraphs (A), (B), (C), and (D) of such paragraph (2) as clauses (i), (ii), (iii), and (iv), respectively; and

(v) by redesignating clauses (i) and (ii) of subparagraph (C) of both such paragraphs (1) and (2) as subclauses (I) and (II), respectively;

(B) in paragraph (1)(A) (as so redesignated by subparagraph (A) of this paragraph, and as amended by subsection (a)(2)(A) of this section before such redesignation), by inserting "subject to paragraph (2)," before "shall require"; and

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

"(2)(A) In carrying out the program under this section, a State may design its program to reflect the individual needs of the State and to emphasize education, training, and employment services for unemployed parents and their spouses who are eligible for aid to families with dependent children by reason of this section, to the extent provided under this paragraph.

"(B)(i) Subject to clauses (ii) and (iii), with respect to the requirement under section 402(a)(41), a State may, at its option, limit the number of months with respect to which a family receives aid to families with dependent children to the extent determined appropriate by the State for the operation of its program under this section.

"(ii)(I) A State may not limit the number of months under clause (i) for which a family may receive aid to families with dependent children unless it provides in its plan assurances to the Secretary that it has a program (that meets such requirements as the Secretary may in regulation prescribe) for providing education, training, and employment services (including any activity authorized under section 402(a)(19) or under part F) in order to assist parents of children described in subsection (a) in preparing for and obtaining employment.

"(II) In exercising the option under clause (i), a State plan may not provide for the denial of aid to families with dependent children to a family otherwise eligible for such aid for any month unless the family has received such aid (on the basis of the unemployment of the parent who is the principal earner) in at least 6 of the preceding 12 months.

"(iii) Each State which, on September 26, 1988, has a program in effect under this section shall continue to operate such program without a time limitation.

"(C) With respect to the participation in the program under section 402(a)(19) and part F of a family eligible for aid to families with dependent children by reason of this section, a State may, at its option--

"(i) except as otherwise provided in such section and such part, require that any parent participating in such program engage in program activities for up to 40 hours per week; and

"(ii) provide for the payment of aid to families with dependent children at regular intervals of no greater than one month but after the performance of assigned program activities."

(2) Section 402(a)(19)(B)(i)(II) of such Act (as added by the amendment made by section 201(a) of this Act) is amended by inserting "(and individuals who would be recipients of such aid if the State had not exercised the option under section 407(b)(2)(B)(i))" after "children".

(3)(A) Section 407(b)(1)(B) of such Act (as so redesignated by paragraph (1)(A) of this subsection) is amended by striking "paragraph (1)(A)" each

place it appears and inserting in lieu thereof "subparagraph (A)(i)".

(B) Section 407(c) of such Act is amended--

(i) by striking "subparagraph (A) of subsection (b)(1)" and inserting in lieu thereof "subsection (b)(1)(A)(i)";

(ii) by striking "subparagraph (B) of such subsection" and inserting in lieu thereof "subsection (b)(1)(A)(ii)"; and

(iii) by striking "subparagraph (A) of subsection (b)(2)" and inserting in lieu thereof "subsection (b)(1)(B)(i)".

(C) Section 407(d)(3) of such Act is amended by striking "section 407(b)(1)(C)" and inserting in lieu thereof "subsection (b)(1)(A)(iii)".

(c) Participation in Training and Education Programs as a Quarter of Work.--(1) Section 407(d)(1) of such Act is amended--

(A) by inserting "(A)" after "means a calendar quarter"; and

(B) by inserting before the semicolon at the end the following: ", or (B) at the option of the State, a calendar quarter in which such individual attended, full-time, an elementary school, a secondary school, or a vocational or technical training course (approved by the Secretary) that is designed to prepare the individual for gainful employment, or in which such individual participated in an education or training program established under the Job Training Partnership Act".

(2) Section 407(d) of such Act is amended by adding at the end the following new sentence:

"Notwithstanding section 402(a)(1), a State that chooses to exercise the option provided under paragraph (1)(B) may provide that the definition of calendar quarter under such option apply in one or more political subdivisions of the State."

(3) Section 407(b)(1)(A)(iii)(I) of such Act (as so redesignated by subsection (b)(1)(A) of this section) is amended by inserting ", no more than 4 of which may be quarters of work defined in subsection (d)(1)(B)," after "(d)(1)".

(4)(A) Section 407(b)(2)(B)(ii) of such Act (as added by the amendment made by subsection (b)(1)(C) of this section) is amended by adding at the end the following new subclause:

"(III) Any family that is otherwise eligible for aid to families with dependent children that does not receive such aid in any month solely by reason of the State exercising the option under clause (i) shall be deemed, for purposes of determining the period under paragraph (1)(A)(iii)(I), to be receiving such aid in such month."

(B) Section 407(d)(1) of such Act (as amended by paragraph (1) of this subsection) is amended by striking "a community work experience" and all that follows through the semicolon and inserting in lieu thereof "the program under section 402(a)(19) and part F;"

(d) Expansion of Medicaid Coverage for Two-Parent Families.--(1) Section 1902(a)(10)(A)(i) of such Act is amended--

(A) by striking "or" at the end of subclause (III),

(B) by adding "or" at the end of subclause (IV), and

(C) by adding at the end the following new subclause:

"(V) who are qualified family members as defined in section 1905(m)(1);"

(2) Section 1905 of such Act is amended by inserting after subsection (1) the following new subsection:

"(m)(1) Subject to paragraph (2), the term 'qualified family member' means an individual (other than a qualified pregnant woman or child, as defined in subsection (n)) who is a member of a family that would be receiving aid under the State plan under part A of title IV pursuant to section 407 if the State had not exercised the option under section 407(b)(2)(B)(i).

"(2) No individual shall be a qualified family member for any period after September 30, 1998."

(e) Evaluation and Report.--(1) The Secretary of Health and Human Services shall evaluate the time-limited and conventional State programs conducted under section 407 of the Social Security Act (as amended by this section), including the effects of the work requirement applicable to families receiving benefits under such section.

(2) The Secretary shall, not later than July 1, 1996, submit to the Congress an interim report containing the findings of such evaluation together with recommendations for any changes in such program, and shall, not later than July 1, 1998, submit to the Congress a final report containing such findings and recommendations.

(f) Section 402(a) of such Act (as amended by sections 201(a) and 401(a) of this Act) is amended--

(1) by striking "and" at the end of paragraph (40);

(2) by striking the period at the end of paragraph (41) and inserting "; and"; and

(3) by inserting immediately after paragraph (41) the following new paragraph:

"(42) provide that if, under section 407(b)(2)(B)(i), the State limits the number of months for which a family may receive aid to families with dependent children, the State shall provide medical assistance to all members of the family under the State's plan approved under title XIX, without time limitation.

(g) Effective Date.--(1) Except as provided in paragraph (2), and in section 1905(m)(2) of the Social Security Act (as added by subsection (d)(2) of this section), the amendments made by this section shall become effective on October 1, 1990.

(2) The amendments made by this section shall not become effective with respect to Puerto Rico, American Samoa, Guam, or the Virgin Islands, until October 1, 1992.

(h) Termination.--Effective September 30, 1998, the amendments made by this section (other than by subsection (d)) are repealed, and the provisions of law so amended (as in effect immediately before the effective date of such amendments) shall apply as if such amendments had never been made.

SEC. 402. CHANGES IN EARNED INCOME DISREGARDS.

(a) Limit on Disregard of Child Care Costs Increased; Child Care Disregard To Be Applied Last.--Section 402(a)(8)(A)(iii) of the Social Security Act is amended--

(1) by inserting "after applying the other clauses of this subparagraph," before "shall disregard";

(2) by striking "\$160" and inserting in lieu thereof "\$175"; and

(3) by inserting before the semicolon ", or, in the case such child is under age 2, \$200".

(b) Standard Disregard Increased.--Section 402(a)(8)(A)(ii) of such Act is amended by striking "\$75" and inserting in lieu thereof "\$90".

(c) Disregard of Advance Payments or Refund of Earned Income Tax Credit.--(1) Section 402(a)(8)(A) of such Act is amended--

(A) by striking "and" at the end of clause (vi); and

(B) by adding at the end the following new clause:

"(viii) shall disregard any refund of Federal income taxes made to a family receiving aid to families with dependent children by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to such a family by an employer under section 3507 of such Code (relating to advance payment of earned income credit); and".

(2)(A) Section 402(d) of such Act is repealed.

(B) Section 402(a)(30) of such Act is amended by striking "subsection (d)" and inserting in lieu thereof "subsection (e)".

(d) Effective Date.--The amendments made by this section shall become effective on October 1, 1989.

SEC. 403. HOUSEHOLDS HEADED BY MINOR PARENTS.

(a) In General.--Section 402(a) of the Social Security Act (as amended by sections 201(a), 401(a), and 401(f) of this Act) is amended--

(1) by striking "and" at the end of paragraph (41);

(2) by striking the period at the end of paragraph (42) and inserting "; and"; and

(3) by inserting immediately after paragraph (42) the following new paragraph:

"(43) as the option of the State, provide that--

"(A) subject to subparagraph (B), in the case of any individual who is under the age of 18 and has never married, and who has a dependent child in his or her care (or is pregnant and is eligible for aid to families with dependent children under the State plan)--

"(i) such individual may receive aid to families with dependent children under the plan for the individual and such child (or for herself in the case of a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home, or reside in a foster home, maternity home, or other adult-supervised supportive living arrangement; and

"(ii) such aid (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child; and

"(B) subparagraph (A) does not apply in the case where--

"(i) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

"(ii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(iii) the State agency determines that the physical or emotional health or safety of such individual or such dependent child would be jeopardized if such individual and such dependent child lived in the same residence with such individual's own parent or legal guardian;

"(iv) such individual lived apart from his or her own parent or legal guardian for a period of at least one year before either the birth of any such dependent child or the individual having made application for aid to families with dependent children under the plan; or

"(v) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that there is good cause for waiving such subparagraph."

(b) Effective Date.--The amendments made by this section shall become effective on the first day of the first calendar quarter to begin one year or more after the date of the enactment of this Act.

SEC. 404. PERIODIC REEVALUATION OF NEED AND PAYMENT STANDARDS.

(a) In General.--Section 402 of the Social Security Act (as amended by section 301 of this Act) is amended by adding at the end the following new subsection:

"(h)(1) Each State shall reevaluate the need standard and payment standard

under its plan at least once every 3 years, in accordance with a schedule established by the Secretary, and report the results of the reevaluation to the Secretary and the public at such time and in such form and manner as the Secretary may require.

"(2) The report required by paragraph (1) shall include a statement of--

"(A) the manner in which the need standard of the State is determined.

"(B) the relationship between the need standard and the payment standard (expressed as a percentage or in any other manner determined by the Secretary to be appropriate), and

"(C) any changes in the need standard or the payment standard in the preceding 3-year period.

"(3) The Secretary shall report promptly to the Congress the results of the reevaluations required by paragraph (1)."

(b) Effective Date.--The amendment made by subsection (a) shall become effective on the date of the enactment of this Act.

SEC. 405. CBO STUDY ON IMPLEMENTATION OF NATIONAL MINIMUM PAYMENT STANDARD.

(a) In General.--The Congressional Budget Office shall conduct a study on the implementation of the amendments proposed by section 101 of the bill introduced in the Senate of the United States during the 100th Congress and designated S. 862 (relating to the requirement of a minimum payment standard under part A of title IV of the Social Security Act with a Federal matching rate of 90 percent).

(b) Description of Study.--The study conducted under subsection (a) shall assess the extent to which--

(1) the goal of budget neutrality may be preserved by repealing the programs included in, but not limited to, the programs described in the amendments proposed by section 301 of the bill described in subsection (a) over a more gradual period of time in conjunction with corresponding increases (up to 90 percent) in the Federal matching rates under part A of title IV, and title XIX, of the Social Security Act; and

(2) the effects on local governments of repealing Federal programs could be mitigated by providing, over a period of time that corresponds with more gradual increases in the Federal matching rates under such part A and title XIX, general revenue supplements to those localities with the lowest levels of fiscal capacity and pass-throughs to units of local government.

(c) Report to Congress.--The Congressional Budget Office shall report on the results of the study conducted under this section not later than 12 months after the date of the enactment of this Act.

(d) Authorization of Appropriations.--There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 406. STUDY OF NEW NATIONAL APPROACHES TO WELFARE BENEFITS FOR LOW-INCOME FAMILIES WITH CHILDREN.

(a) In General.--The Secretary of Health and Human Services shall enter into a contract or arrangement with the National Academy of Sciences for the study of a new national system of welfare benefits for low-income families with children, giving particular attention to what an appropriate national minimum benefit might be and how it should be calculated. The study shall give consideration to alternative minimum benefit proposals including proposals for benefits based on a family living standard, on weighted national median income, on State median income, and on the poverty level, and shall take into account the probable impact of a national minimum benefit on individuals and on State and local governments.

(b) Methodology.--(1) The study under this section shall include the development of a uniform national methodology which could be used to calculate State-specific family living standards and benefits based on other minimum benefit proposals.

(2) The methodology so developed shall be designed to identify a single uniform measure suitable for application in each State, and shall--

(A) take into account actual living costs in each State while permitting variances in such costs as between the different geographic areas of the State;

(B) take into account variations in actual living costs in each State for families of different sizes and composition; and

(C) specify an effective process for reassessing and updating both the methodology and the resulting family living standards and benefits based on other minimum benefit policies at least once every 4 years.

(3) The methodology so developed shall reflect the costs of basic necessities including housing, furnishings, food, clothing, transportation, utilities, and other maintenance items; and the study shall take into account variations in costs for different geographic areas of the State where such costs may be substantially different, and variations in costs for families of different sizes and composition.

(c) Other Considerations; Progression to Proposed Minimum Benefit Levels.--In order to assess the implications of States moving to a new system of welfare benefits, the study shall include an analysis of the relationship between a State's fiscal capacity and other circumstances and constraints and the application of a full family living standard or other minimum benefit policy. The study shall propose a formula designed to achieve a uniform progression from the level of assistance currently being provided for low-income families with children under the AFDC program, the food stamp program, and the low-income energy assistance program, by each State, to a level based on the full family living standard or other minimum benefit policy for that State. For this purpose the Secretary shall define the term "low-income families with children" in a manner which reflects all families that include dependent children as defined for purposes of the AFDC program.

(d) Report and Recommendations.--The Academy shall report its recommendations resulting from the study under this section to the Secretary no later than 24 months after the date of the enactment of this Act; and the Secretary shall promptly transmit such recommendations to the Congress.

(e) Authorization of Funds.--There are authorized to be appropriated such sums as may be necessary to carry out this section.

TITLE V--DEMONSTRATION PROJECTS

SEC. 501. FAMILY SUPPORT DEMONSTRATION PROJECTS.

(a) Demonstration Projects To Test the Effect of Early Childhood Development Programs.--(1) In order to test the effect of in-home early childhood development programs and pre-school center-based development programs (emphasizing the use of volunteers and including academic credit for student volunteers) on families receiving aid under State plans approved under section 402 of the Social Security Act and participating in the job opportunities and basic skills training program under part F of title IV of such Act, up to 10 States may undertake and carry out demonstration projects utilizing such development programs to enhance the cognitive skills and linguistic ability of children under the age of 5, to improve the communications skills of such children, and to develop their ability to read, write, and speak the English language effectively. Such projects may include parents along with their eligible children in family-centered education programs that assist children directly in achieving the goals stated in the preceding sentence and also help parents contribute to the proper development and education of their young children. Demonstration projects under this subsection shall meet such conditions and requirements as the Secretary of Health and Human Services in

this section referred to as the "Secretary") shall prescribe, and no such project shall be conducted for a period of more than 3 years.

(2) The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this subsection, shall approve up to 10 applications involving projects which appear likely to contribute significantly to the achievement of the purpose of this subsection, and shall make grants to the States whose applications are approved to assist them in carrying out such projects.

(3) The Secretary shall submit to the Congress with respect to each project undertaken by a State under this subsection, after such project has been carried out for one year and again when such project is completed, a detailed evaluation of the project and of its contribution to the achievement of the purpose of this subsection.

(b) State Demonstration Projects To Encourage Innovative Education and Training Programs for Children.--In order to encourage States to develop innovative education and training programs for children receiving aid under State plans approved under section 402 of the Social Security Act, any State may establish and conduct one or more demonstration projects, targeted to such children, designed to test financial incentives and interdisciplinary approaches to reducing school dropouts, encouraging skill development, and avoiding welfare dependence; and the Secretary may make grants to States to assist in financing such projects. Demonstration projects under this subsection shall meet such conditions and requirements as the Secretary shall prescribe, and no such project shall be conducted for a period of less than one year or more than 5 years.

(c) Demonstrations To Ensure Long Term Family Self-Sufficiency Through Community-Based Services.--Any State, using funds made available to it from appropriations made pursuant to subsection (d) in conjunction with its other resources, may conduct demonstrations to test more effective methods of providing coordination and services to ensure long term family self-sufficiency through community-based comprehensive family support services involving a partnership between the State agency administering or supervising the administering of the State's plan under section 402 of the Social Security Act and community-based organizations having experience and demonstrated effectiveness in providing services.

(d) Authorization of Appropriations.--For the purpose of making grants to States to conduct demonstration projects under this section, there is authorized to be appropriated not to exceed \$6,000,000 for each of the fiscal years 1990, 1991, and 1992.

SEC. 502. DEMONSTRATION PROJECTS TO ENCOURAGE STATES TO EMPLOY PARENTS RECEIVING AFDC AS PAID CHILD CARE PROVIDERS.

(a) In General.--In order to encourage States to employ or arrange for the employment of parents of dependent children receiving aid under State plans approved under section 402(a) of the Social Security Act as providers of child care for other children receiving such aid, up to 5 States may undertake and carry out demonstration projects designed to test whether such employment will effectively facilitate the conduct of the job opportunities and basic skills training program under part F of title IV of such Act by making additional child care services available to meet the requirements of section 402(g)(1)(A) of such Act while affording significant numbers of families receiving such aid a realistic opportunity to avoid welfare dependence through employment as a child care provider.

(b) Consideration of Applications.--The Secretary of Health and Human Services shall consider all applications received from States desiring to conduct demonstration projects under this section, shall approve up to 5 applications involving projects which appear likely to contribute

significantly to the achievement of the purpose of this section, and shall make grants to those States the applications of which are approved to assist them in carrying out such projects. Each project conducted under this section shall meet such conditions and requirements as the Secretary shall prescribe.

(c) Limitation on Authorization of Appropriations.--For the purpose of making grants to States to carry out demonstration projects under this section, there is authorized to be appropriated not to exceed \$1,000,000 for each of the fiscal years 1990, 1991, and 1992.

(d) Effective Date.--This section shall become effective on October 1, 1989.

SEC. 503. DEMONSTRATION PROJECTS TO TEST ALTERNATIVE DEFINITIONS OF UNEMPLOYMENT.

Section 1115 of the Social Security Act is amended by adding at the end the following new subsection:

"(d)(1)(A) The Secretary shall enter into agreements with up to 8 States submitting applications under this subsection for the purpose of conducting demonstration projects in such States to test and evaluate the use, with respect to individuals who received aid under part A of title IV in the preceding month (on the basis of the unemployment of the parent who is the principal earner), of a number greater than 100 for the number of hours per month that such individuals may work and still be considered to be unemployed for purposes of section 407. If any State submits an application under this subsection for the purpose of conducting a demonstration project to test and evaluate the total elimination of the 100-hour rule, the Secretary shall approve at least one such application.

"(B) If any State with an agreement under this subsection so requests, the demonstration project conducted pursuant to such agreement may test and evaluate the complete elimination of the 100-hour rule and of any other durational standard that might be applied in defining unemployment for purposes of determining eligibility under section 407.

"(2) Notwithstanding section 402(a)(1), a demonstration project conducted under this subsection may be conducted in one or more political subdivisions of the State.

"(3) An agreement under this subsection shall be entered into between the Secretary and the State agency designated under section 402(a)(3). Such agreement shall provide for the payment of aid under the applicable State plan under part A of title IV as though section 407 had been modified to reflect the definition of unemployment used in the demonstration project but shall also provide that such project shall otherwise be carried out in accordance with all of the requirements and conditions of section 407 (and, except as provided in paragraph (2), any related requirements and conditions under part A of title IV).

"(4) A demonstration project under this subsection may be commenced any time after September 30, 1990, and shall be conducted for such period of time as the agreement with the Secretary may provide; except that, in no event may a demonstration project under this section be conducted after September 30, 1995.

"(5)(A) Any State with an agreement under this subsection shall evaluate the comparative cost and employment effects of the use of the definition of unemployment in its demonstration project under this section by use of experimental and control groups comprised of a random sample of individuals receiving aid under section 407 and shall furnish the Secretary with such information as the Secretary determines to be necessary to evaluate the results of the project conducted by the State.

"(B) The Secretary shall report the results of the demonstration projects conducted under this subsection to the Congress not later than 6 months after all such projects are completed."

SEC. 504. DEMONSTRATION PROJECTS TO ADDRESS CHILD ACCESS PROBLEMS.

(a) In General.--Any State may establish and conduct one or more demonstration projects (in accordance with such terms, conditions, and requirements as the Secretary of Health and Human Services shall prescribe, except that no such project may include the withholding of aid to families with dependent children pending visitation) to develop, improve, or expand activities designed to increase compliance with child access provisions of court orders.

(b) Activities Under Project.--Activities that may be funded by a grant under this section include (whether conducted through the executive, legislative, or judicial branches of the State) the development of systematic procedures for enforcing access provisions of court orders, the establishment of special staffs to deal with and mediate disputes involving access (both before and after a court order has been issued), and the dissemination of information to parents.

(c) Other Requirements.--In the case of any experimental, pilot, or demonstration project undertaken under this section, the project--

(1) must be designed to improve the financial well-being of families with children or otherwise improve the operation of the program or programs involved; and

(2) may not permit modifications in any program which would have the effect of disadvantaging children in need.

(d) Authorization of Appropriations.--For the purpose of making grants to States to assist in financing the projects established under this section, there is authorized to be appropriated not to exceed \$4,000,000 for each of the fiscal years 1990 and 1991.

(e) Report.--Not later than July 1, 1992, the Secretary of Health and Human Services shall submit to the Congress a report on the effectiveness of the demonstration projects established under this section in--

(1) decreasing the time required for the resolution of disputes related to child access,

(2) reducing litigation relating to access disputes, and

(3) improving compliance with court-ordered child support payments.

SEC. 505. DEMONSTRATION PROJECTS TO EXPAND THE NUMBER OF JOB OPPORTUNITIES AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS.

(a) In General.--The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall enter into agreements with not less than 5 nor more than 10 nonprofit organizations (including community development corporations) submitting applications under this section for the purpose of conducting demonstration projects in accordance with subsection (b) to create employment opportunities for certain low-income individuals.

(b) Nature of Project.--(1) Each nonprofit organization conducting a demonstration project under this section shall provide technical and financial assistance to private employers in the community to assist them in creating employment and business opportunities for those individuals eligible to participate in the projects as described in this subsection.

(2) For purposes of this section, a nonprofit organization is any organization (including a community development corporation) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986 by reason of paragraph (3) or (4) of section 501(c) of such Code.

(3) A low-income individual eligible to participate in a project conducted under this section is any individual eligible to receive aid to families with dependent children under part A of title IV of the Social Security Act and any other individual whose income level does not exceed 100 percent of the official poverty line as defined by the Office of Management and Budget and revised in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981.

(c) Content of Applications: Selection Priority.--(1) Each nonprofit organization submitting an application under this section shall, as part of such application, describe--

(A) the technical and financial assistance that will be made available under the project conducted under this section;

(B) the geographic area to be served by the project;

(C) the percentage of low-income individuals (as described in subsection (b)) and individuals receiving aid to families with dependent children under title IV of the Social Security Act in the area to be served by the project; and

(D) unemployment rates in the geographic areas to be served and (to the extent practicable) the jobs available and skills necessary to fill those vacancies in such areas.

(2) In approving applications under this section, the Secretary shall give priority to applications proposing to serve those areas containing the highest percentage of individuals receiving aid to families with dependent children under title IV of such Act.

(d) Administration.--Each nonprofit organization participating in a demonstration project conducted under this section shall provide assurances in its agreement with the Secretary that it has or will have a cooperative relationship with the agency responsible for administering the job opportunities and basic skills training program (as provided for under title IV of the Social Security Act) in the area served by the project.

(e) Duration.--Each demonstration project conducted under this section shall be commenced not later than September 30, 1989, and shall be conducted for a 3-year period; except that the Secretary may terminate a project before the end of such period if he determines that the nonprofit organization conducting the project is not in substantial compliance with the terms of the agreement entered into with the Secretary under this section.

(f) Evaluation and Report.--(1) The Secretary shall conduct an evaluation of the success of each demonstration project conducted under this section in creating job opportunities and may require each nonprofit organization conducting such a project to provide the Secretary with such information as the Secretary determines is necessary to prepare the report described in paragraph (2).

(2) Not later than January 1, 1993, the Secretary shall submit to the Congress a report containing a summary of the evaluations conducted under paragraph (1), together with such recommendations as the Secretary determines are appropriate.

(g) Authorization of Appropriations.--For the purpose of making grants to conduct demonstration projects under this section, there is authorized to be appropriated not to exceed \$6,500,000 for each of the fiscal years 1990, 1991, and 1992.

SEC. 506. DEMONSTRATION PROJECTS TO PROVIDE COUNSELING AND SERVICES TO HIGH-RISK TEENAGERS.

(a) Findings and Purpose.--(1) The Congress finds that--

(A) the incidences of teenage pregnancy, suicide, substance abuse, and school dropout are increasing;

(B) research to date has established a link between low self-esteem, perceived limited life options and the risk of teenage pregnancy, suicide, substance abuse, and school dropout;

(C) little data currently exists on how to improve the self-image of and expand the life options available to high-risk teenagers; and

(D) there currently is no Federal program in place to address the unique and significant problems faced by today's teenagers.

(2) It is the purpose of the demonstration projects conducted under this

section to provide programs in which a range of non-academic services (sports, recreation, the arts) and self-image counseling are provided to high-risk teenagers in order to reduce the rates of pregnancy, suicide, substance abuse, and school dropout among such teenagers.

(b) In General.--The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall enter into an agreement with each of 4 States submitting applications under this section for the purpose of conducting demonstration projects in accordance with this section to provide counseling and services to certain high-risk teenagers.

(c) Nature of Project.--Under each demonstration project conducted under this section--

(1) The State shall establish a "Teen Care Plan" that shall consist of the following:

(A) A clearing house where high-risk teenagers will be referred to and encouraged to participate in non-academic activities (arts, recreation, sports) which are already in place in the community.

(B) A survey of the area to be targeted by the project to determine the need to fund and create new non-academic activities in the area.

(C) Counseling services utilizing qualified, locally licensed psychologists, social psychologists, or other mental health professionals or related experts to provide individual and group counseling to participating high-risk teenagers.

(D) A program to provide participants in the project (to the extent practicable) with such transportation, child care, and equipment as is necessary to carry out the purposes of the project.

(2) The State shall designate two geographical areas within the State to be targeted by the project. One area will serve as the "home base" for the project, where services will be concentrated and in which a local school system will be selected to receive services and provide facilities for resource referral and counseling. The second geographical area will serve as a "peripheral" participant, receiving assistance and services from the home base.

(3) A high-risk teenager is any male or female who has reached the age of 10 years and whose age does not exceed 20 years, and who--

(A) has a history of academic problems;

(B) has a history of behavioral problems both in and out of school;

(C) comes from a one-parent household; or

(D) is pregnant or is a mother of a child.

(d) Applications; Selection Criteria.--(1) In selecting States to conduct demonstration projects under this section, the Secretary--

(A) shall consult with the Consortium on Adolescent Pregnancy;

(B) shall consider--

(i) the rate of teenage pregnancy in each State,

(ii) the teenage school dropout rate in each State,

(iii) the incidence of teenage substance abuse in each State, and

(iv) the incidence of teenage suicide in each State; and

(C) shall give priority to States whose applications--

(i) demonstrate a current strong State commitment aimed at reducing teenage pregnancy, suicide, drug abuse, and school dropout;

(ii) contain a "State support agreement" signed by the Governor, the State School Commissioner, the State Department of Human Services, and the State Department of Education, pledging their commitment to the project;

(iii) describe facilities and services to be made available by the State to assist in carrying out the project; and

(iv) indicate a demonstrably high rate of alcoholism among its

residents.

(2) Of the States selected to participate in the demonstration projects conducted under this section--

(A) one shall be a geographically small State with a population of less than 1,250,000;

(B) one shall be a State with a population of over 20,000,000; and

(C) two shall be States with populations of more than 1,000,000 but less than 20,000,000.

(e) Evaluation and Report.--(1) Each State conducting a demonstration project under this section shall submit to the Secretary for his approval an evaluation plan that provides for examining the effectiveness of the project in both the home base and peripheral area of the State.

(2) Not later than October 1, 1992, the Secretary shall submit to the Congress a report containing a summary of the evaluations conducted by States pursuant to the plans described in paragraph (1).

(f) Funding.--(1) Three-fifths of the total amount appropriated pursuant to this section for any fiscal year for each State conducting a demonstration project shall be expended by such State for the provision of services and facilities within the State's designated project home base, and 5 percent of such three-fifths shall be set aside for the conduct of the State's evaluation as provided for in subsection (e).

(2) Two-fifths of the total amounts appropriated pursuant to this section for any fiscal year for each State conducting a demonstration project shall be expended by such State for the provision of services and facilities within the State's designated peripheral area, and 5 percent of such two-fifths shall be set aside for the conduct of the State's evaluation as provided for in subsection (e).

(g) Duration.--A demonstration project conducted under this section shall be commenced not later than September 30, 1989, and shall be conducted for a 3-year period; except that the Secretary may terminate a project before the end of such period if he determines that the State conducting the project is not in substantial compliance with the terms of the agreement entered into with the Secretary under this section.

(h) Authorization of Appropriations.--For the purpose of funding in equal amounts each State demonstration project conducted under this section, there is authorized to be appropriated not to exceed \$1,500,000 for each of the fiscal years 1990, 1991, and 1992.

SEC. 507. EXTENSION OF MINNESOTA PREPAID MEDICAID DEMONSTRATION PROJECT.

Upon application by the State of Minnesota, the Secretary of Health and Human Services shall extend until June 30, 1990, the waiver granted to such State under section 1115(a) of the Social Security Act to conduct a prepaid medicaid demonstration project.

TITLE VI--MISCELLANEOUS PROVISIONS

SEC. 601. INCLUSION OF AMERICAN SAMOA AS A STATE UNDER TITLE IV.

(a) In General.--The last sentence of section 1101(a)(1) of the Social Security Act (42 U.S.C. 1301(a)(1)) is amended to read as follows: "Such term when used in title IV also includes American Samoa."

(b) Limitation on Payments to American Samoa.--Section 1108 of such Act (42 U.S.C. 1308) is amended--

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

"(d) The total amount certified by the Secretary under parts A and E of title IV with respect to a fiscal year for payment to American Samoa (exclusive of any amounts on account of services and items to which, in the case of part A of such title, section 403(k) applies) shall not exceed

\$1,000,000."

(c) Conforming Amendments.--(1) Section 403 of such Act (42 U.S.C. 603) is amended--

(A) in paragraphs (1) and (2) of subsection (a), by striking "and Guam," each place it appears and inserting in lieu thereof "Guam, and American Samoa,"; and

(B) in subsections (i)(4) and (j), by striking "or the Virgin Islands" and inserting in lieu thereof "the Virgin Islands, or American Samoa".

(2) The heading of section 108 of such Act (42 U.S.C. 1308) is amended to read as follows:

"Limitation on Payments to Puerto Rico, the Virgin Islands, Guam, and American Samoa".

(3) The last sentence of section 1118 of such Act (42 U.S.C. 1318) is amended by inserting before the period the following: ", and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV".

(d) Effective Date.--The amendments made by this section shall become effective on October 1, 1988.

SEC. 602. INCREASE IN AMOUNT AVAILABLE FOR PAYMENT TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM.

(a) In General.--Section 1108(a) of the Social Security Act (42 U.S.C. 1308(a)) is amended--

(1) in paragraph (1)--

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

(B) by striking subparagraph (F) and inserting in lieu thereof the following:

"(F) \$72,000,000 with respect to each of the fiscal years 1979 through 1988, or

"(G) \$82,000,000 with respect to the fiscal year 1989 and each fiscal year thereafter;"

(2) in paragraph (2)--

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

(B) by striking subparagraph (F) and inserting in lieu thereof the following:

"(F) \$2,400,000 with respect to each of the fiscal years 1979 through 1983, or

"(G) \$2,800,000 with respect to the fiscal year 1989 and each fiscal year thereafter;"

(3) in paragraph (3)--

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

(B) by striking subparagraph (F) and inserting in lieu thereof the following:

"(F) \$3,300,000 with respect to each of the fiscal years 1979 through 1988, or

"(G) \$3,800,000 with respect to the fiscal year 1989 and each fiscal year thereafter."

(b) Effective Date.--The amendments made by subsection (a) shall become effective on October 1, 1988.

SEC. 603. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

(a) In General.--Part A of title IV of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end the following new section:

"Assistant Secretary for Family Support

"Sec. 418. The programs under this part, part D, and part F shall be administered by an Assistant Secretary for Family Support within the

Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law."

(b) Compensation:--Section 5315 of title 5, United States Code, is amended by striking "(4)" at the end of the item relating to Assistant Secretaries of Health and Human Services and inserting in lieu thereof "(5)".

(c) Effective Date.--The amendments made by this section shall become effective on February 1, 1989.

SEC. 604. RESPONSIBILITIES OF THE STATE.

(a) In General.--Section 402(a) of the Social Security Act (as amended by sections 201(a), 401(a), 401(f), and 403(a) of this Act) is amended--

(1) by striking "and" at the end of paragraph (42);

(2) by striking the period at the end of paragraph (43) and inserting in lieu thereof "; and"; and

(3) by inserting immediately after paragraph (43) the following new paragraph:

"(44) provide that the State agency shall--

"(A) be responsible for assuring that the benefits and services under the programs under this part, part D, and part F are furnished in an integrated manner, and

"(B) consistent with the provisions of this title, ensure that all applicants for and recipients of aid to families with dependent children are encouraged, assisted, and required to cooperate in the establishment of paternity and the enforcement of child support obligations, and are notified of the paternity establishment and child support services for which they may be eligible."

(b) Effective Date.--The amendments made by subsection (a) shall become effective on July 1, 1989.

SEC. 605. ESTABLISHMENT OF PREELIGIBILITY FRAUD DETECTION MEASURES.

(a) In General.--Section 402(a) of the Social Security Act (as amended by sections 201(a), 401(a), 401(f), 403(a), and 604(a) of this Act) is amended--

(1) by striking "and" at the end of paragraph (43);

(2) by striking the period at the end of paragraph (44) and inserting in lieu thereof "; and"; and

(3) by inserting immediately after paragraph (44) the following new paragraph:

"(45) provide (in accordance with regulations issued by the Secretary) for appropriate measures to detect fraudulent applications for aid to families with dependent children prior to the establishment of eligibility for such aid."

(b) Effective Date; Regulations.--(1) The amendments made by subsection (a) shall become effective on October 1, 1989.

(2) The Secretary of Health and Human Services shall issue final regulations with respect to the requirement added by the amendment made by subsection (a) not later than 6 months after the date of the enactment of this Act.

SEC. 606. UNIFORM REPORTING REQUIREMENTS.

Section 403 of the Social Security Act is amended by inserting immediately before subsection (f) the following new subsection:

"(e) In order to assist in obtaining the information needed to carry out subsection (b)(1) and otherwise to perform his duties under this part, the Secretary shall establish uniform reporting requirements under which each State will be required periodically to furnish such information and data as the Secretary may determine to be necessary to ensure that sections 402(a)(37), 402(a)(43), and 402(g)(1)(A), are being effectively implemented.

including at a minimum the average monthly number of families assisted under each such section, the types of such families, the amounts expended with respect to such families, and the length of time for which such families are assisted. The information and data so furnished with respect to families assisted under section 402(g) shall be separately stated with respect to families who have earnings and those who do not, and with respect to families who are receiving aid under the State plan and those who are not."

SEC. 607. STATE REPORTS ON EXPENDITURE AND USE OF SOCIAL SERVICES FUNDS.

Section 2006 of the Social Security Act is amended--

(1) by striking that part of the second sentence of subsection (a) which precedes "as the State finds necessary" and inserting in lieu thereof "Reports shall be prepared annually, covering the most recently completed fiscal year, and shall be in such form and contain such information (including but not limited to the information specified in subsection (c))";

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following new subsection:

"(c) Each report prepared and transmitted by a State under subsection (a) shall set forth (with respect to the fiscal year covered by the report)--

"(1) the number of individuals who received services paid for in whole or in part with funds made available under this title, showing separately the number of children and the number of adults who received such services, and broken down in each case to reflect the types of services and circumstances involved;

"(2) the amount spent in providing each such type of service, showing separately for each type of service the amount spent per child recipient and the amount spent per adult recipient;

"(3) the criteria applied in determining eligibility for services (such as income eligibility guidelines, sliding fee scales, the effect of public assistance benefits, and any requirements for enrollment in school or training programs); and

"(4) the methods by which services were provided, showing separately the services provided by public agencies and those provided by private agencies, and broken down in each case to reflect the types of services and circumstances involved.

The Secretary shall establish uniform definitions of services for use by the States in preparing the information required by this subsection, and make such other provision as may be necessary or appropriate to assure that compliance with the requirements of this subsection will not be unduly burdensome on the States."

SEC. 608. MISCELLANEOUS TECHNICAL CORRECTIONS TO MEDICARE CATASTROPHIC COVERAGE ACT OF 1988.

(a) Modification of Provisions Relating to Employment Maintenance of Effort.--Section 421 of the Medicare Catastrophic Coverage Act of 1988 is amended--

(1) in subsection (a)(1)--

(A) by striking "(c)(1)" and inserting "(c)(1)(A)", and

(B) by striking "during the period described in subsection (c)(1)(A)" and inserting "(determined as if they were provided in that period)";

(2) in subsection (a)(2)--

(A) by striking "(c)(2)" and inserting "(c)(1)(B)", and

(B) by striking "during the period described in subsection (c)(1)(B)" and inserting "(determined as if they were provided in that period)";

(3) in subsections (a)(3)(A) and (a)(3)(B), by inserting "provided as of

the date of the enactment of this Act" after "means benefits":

(4) in subsection (b)(1)--

(A) by inserting "1989" after "50 percent of the", and

(B) by striking "of the duplicative part A benefits" and inserting "of the benefits under part A of title XVIII of the Social Security Act (as amended by this Act as of January 1, 1989) which were not covered under part A of title XVIII of the Social Security Act as such part was in effect on the day before the date of the enactment of this Act":

(5) in subsection (b)(2)--

(A) by inserting "1990" after "50 percent of the", and

(B) by striking "of the duplicative part B benefits" and inserting "of the benefits under part B of title XVIII of the Social Security Act (as amended by this Act as of January 1, 1990, but excluding any such benefits with respect to covered outpatient drugs) which were not covered under part B of title XVIII of the Social Security Act as such part was in effect on the day before the date of the enactment of this Act."; and

(6) in subsection (b)(3)--

(A) in subparagraph (A), by striking "the actuarial value of duplicative part A benefits and duplicative part B benefits" and inserting "the amount of the additional benefits or refunds to be provided under subsections (a)(1) and (a)(2)";

(B) in subparagraph (A)(i), by striking "on the basis of" and inserting "as being equal to the respective national";

(C) in subparagraph (B), by striking "Computation of actuarial value" and inserting "Publication of guidelines and national average actuarial values for minimum additional benefits and refunds": and

(D) by striking clause (i) of subparagraph (B) and all that follows through "shall include instructions" and inserting the following:

"(i) calculate and publish--

"(I) the national average actuarial value for the following year of the benefits under part A of title XVIII of the Social Security Act (as amended by this Act as of January 1, 1989) which were not covered under such part as such part was in effect before the date of the enactment of this Act, and

"(II) the national average actuarial value for the following year of the benefits under part B of title XVIII of the Social Security Act (as amended by this Act as of January 1, 1990, but excluding any such benefits with respect to covered outpatient drugs) which were not covered under such part as such part was in effect before the date of the enactment of this Act,

to be used by employers who exercise the option under subparagraph (A)(i) in determining the minimum amount of additional benefits or refunds to be provided under subsections (a)(1) and (a)(2), respectively; and

"(ii) publish guidelines to be used by employers who exercise the option under subparagraph (A)(ii) in determining the minimum amount of additional benefits or refunds to be provided under subsections (a)(1) and (a)(2), respectively.

The Secretary shall publish, before the beginning of 1989 with respect to part A benefits and before the beginning of 1990 with respect to part B benefits, guidelines".

(b) Inclusion of Provisions Repealing Authority to Administer Proficiency Examinations.--The Medicare Catastrophic Coverage Act of 1988 is amended by

inserting after section 429 the following new section (and by inserting a corresponding item in the table of contents of such Act):

SEC. 430. REPEAL OF AUTHORITY TO ADMINISTER PROFICIENCY EXAMINATIONS.

"(a) Repeal.--Section 1123 of the Social Security Act (42 U.S.C. 1320a-2) is repealed.

"(b) Effect of Repeal.--Nothing in the amendment made by subsection (a) shall be construed as affecting the qualification of any individual, who has been determined under the program established under section 1123 of the Social Security Act to be qualified to perform the duties and functions of a health care specialty, to perform such duties and functions."

(c) Continuation of Cost Pass-Through for Certified Registered Nurse Anesthetists.--Section 9320 of the Omnibus Budget Reconciliation Act of 1986 is amended--

(1) in subsection (i), by striking "The amendments" and inserting "Except as provided in subsection (k), the amendments", and

(2) by adding at the end the following new subsection:

"(k) Authorization of Continuation of Pass-Through.--

"(1) Subject to paragraph (2), the amendments made by this section shall not apply during 1989, 1990, and 1991 to a hospital located in a rural area (as defined for purposes of section 1886(d) of the Social Security Act) if the hospital establishes, before April 1, 1989, to the satisfaction of the Secretary of Health and Human Services that--

"(A) as of January 1, 1988, the hospital employed or contracted with a certified registered nurse anesthetist (but not more than one full-time equivalent certified registered nurse anesthetist),

"(B) in 1987 the hospital had a volume of surgical procedures (including inpatient and outpatient procedures) requiring anesthesia services that did not exceed 250 (or such higher number as the Secretary determines to be appropriate), and

"(C) each certified registered nurse anesthetist employed by, or under contract with, the hospital has agreed not to bill under part B of title XVIII of such Act for professional services furnished by the anesthetist at the hospital.

(2) Paragraph (1) shall not apply in 1990 or 1991 to a hospital unless the hospital establishes, before the beginning of each respective year, that the hospital has had a volume of surgical procedures (including inpatient and outpatient procedures) requiring anesthesia services in the previous year that did not exceed 250 (or such higher number as the Secretary determines to be appropriate).

"(3) The Secretary shall implement this subsection in such a manner as to maintain budget neutrality consistent with section 1833(1)(3) of the Social Security Act."

(d) Miscellaneous Technical Corrections to Various Provisions in the Medicare Catastrophic Coverage Act of 1988 ("MCCA").--

(1) Abbreviations used.--In this subsection:

(A) The term "MCCA" refers to the Medicare Catastrophic Coverage Act of 1988 (Public Law 100-360).

(B) The term "OBRA" refers to the Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203).

(2) Section 103.--The second sentence of section 1818(d)(1) of the Social Security Act, as amended by section 103 of MCCA, is amended by striking "entire".

(3) Section 104.--Section 104 of MCCA is amended--

(A) in subsection (a)(1), by striking "paragraphs (2) and (3)" and inserting "paragraph (2) and subsection (b)";

(B) in subsection (b)(1)--

(i) by striking "(1) the amendment made to section 1813(a)(1) of such Act" and inserting "(1)(A) section 1813(a)(1) of such Act (as amended by this subtitle)", and

(ii) by adding at the end the following new subparagraph:

"(B) if that individual begins a period of hospitalization (as defined in such section) during 1989 or 1990 after the end of that spell of illness, the first period of hospitalization during 1989 or 1990 that begins after that spell of illness shall be considered to be (for purposes of such section) the first period of hospitalization that begins during that year; and";

(C) in subsections (c)(1) and (c)(2), by striking "by medicare beneficiaries" and inserting "by (or on behalf of) medicare beneficiaries";

(D) in subsection (c)(2), by striking "cost reporting periods beginning on or after October 1, 1988" and inserting "portions of cost reporting periods occurring on or after January 1, 1989";

(E) in subsection (c)(2), by inserting before the period at the end the following: ", without regard to whether such a hospital is paid on the basis described in subparagraph (A) or (B) of section 1886(b)(1) of such Act";

(F) in subsection (d)(5), by striking "each place it appears"; and

(G) by adding at the end of subsection (d) the following new paragraph:

"(7) Section 1833(b) (42 U.S.C. 13951(b)) is amended by adding at the end the following new sentence: 'The deductible under the previous sentence for blood or blood cells furnished an individual in a year shall be reduced to the extent that a deductible has been imposed under section 1813(a)(2) to blood or blood cells furnished the individual in the year.'";

(4) Section 201.--Section 201(a)(1)(A) of MCCA is amended by striking "subsection" and inserting "subsections".

(5) Section 202.--(A) Section 1842(o)(1) of the Social Security Act, as added by section 202(c)(1)(C) of MCCA, is amended--

(i) in subparagraph (A)(i), by striking "subparagraph (D)(i)" and inserting "paragraph (4)", and

(ii) in subparagraph (B)(ii), by inserting "an" before "eligible organization".

(B) Section 1842(f)(3) of the Social Security Act, as added by section 202(e)(1) of MCCA, is amended by inserting ", including claims processing functions" after "and related functions".

(C) Section 1842(b)(3)(K) of the Social Security Act, as inserted by section 202(e)(2)(B) of MCCA, is amended by inserting ", including claims processing functions," after "and for related functions".

(D) Section 1842(c)(1)(A)(ii) of the Social Security Act, as added by section 202(e)(3)(A)(iii) of MCCA, is amended by inserting ", including claims processing functions" after "and related functions".

(E) Section 202(e)(3)(B) of MCCA is amended by inserting ", including claims processing functions" after "and related functions".

(F) Section 202(e)(3)(C) of MCCA is amended by striking "Section 1842(b)(2)" and inserting "Section 1842(b)(2)(A)".

(G) Section 1842(b)(2)(A) of the Social Security Act, as amended by section 202(e)(3)(C) of MCCA, as revised by the previous amendment, is amended by inserting ", including claims processing functions" after "and related functions".

(H) Section 202(e)(5)(A) of MCCA is amended by--

(i) by striking "paragraph (3)" and inserting "paragraph (4)", and
(ii) by adding "and" after the semicolon at the end.

(I) Section 1847(b)(3) of the Social Security Act, as added by section 202(j) of MCCA, is amended by striking "the contingency margin (established under section 1841A(d) for the following year)" and inserting "the contingency margin required for the following year".

(6) Section 203.--(A) Section 1861 of the Social Security Act is amended by adding immediately before subsection (jj), as added by section 203(b) of MCCA, the following new heading:

"Home Intravenous Drug Therapy Services".

(B) Section 203(c)(3) of MCCA is amended by adding at the end the following new sentence: "Chapter 35 of title 44, United States Code, shall not apply to information required for purposes of carrying out this paragraph."

(7) Section 205.--Section 205(e)(1)(A) of MCCA is amended by redesignating clause (iv) as clause (iii).

(8) Section 208.--The second sentence of section 208(b) of MCCA is amended by striking "shall include in the report" and inserting "shall report, not later than 2 years after the date of the enactment of this Act,".

(9) Section 211.--(A) Section 1839(g) of the Social Security Act, as added by section 211(a) of MCCA, is amended--

(i) in paragraph (1)(B)(iii)(I), by striking "and" and inserting "over",

(ii) in paragraph (1)(B)(iii)(II), by inserting "premium" after "supplemental", and

(iii) in paragraph (7)(A)(ii), by inserting "each" before "such year."

(B) Section 1839(f) of the Social Security Act, as amended by section 211(b) of MCCA, is amended by striking "for that January below the amount of benefits payable to that individual for that December" and inserting "for that December below the amount of benefits payable to that individual for that November".

(10) Section 212.--(A) Section 1841A(a)(1) of the Social Security Act, as inserted by section 212(a) of MCCA, is amended by striking "1841(j)" and inserting "1840(i)".

(B) Section 1840(i) of the Social Security Act, as added by section 212(b)(1) of MCCA, is amended by striking "Supplemental" and inserting "Supplementary".

(11) Section 213.--Section 213 of MCCA is amended by striking "(a) In General.--".

(12) Section 221.--Section 221(g)(2) of MCCA is amended by striking "subsection (c)" and inserting "subsection (d)".

(13) Section 222.--Section 222 of MCCA is amended--

(A) in paragraph (1), by striking "sections 1833(a)(1)(A) and 1876" and inserting "section 1876", and

(B) in paragraph (2), by inserting "and organizations paid under section 1833(a)(1)(A) of such Act" after "organizations".

(14) Section 301.--Section 301 of MCCA is amended--

(A) in subsection (b)(1), by striking "clause (ii)" and inserting "subparagraph (B)" and by adding "and" at the end;

(B) by striking paragraph (2) of subsection (b) and by redesignating paragraph (3) of such subsection as paragraph (2);

(C) in subsection (b)(2), as so redesignated, by striking "by adding at the end the following new clause" and inserting "by striking

subparagraph (B) and inserting the following":

(D) in the matter inserted by subsection (b)(2), as so redesignated and amended--

(i) by redesignating subclauses (I) through (IV) of clause (ii) and subclauses (I) through (V) of clause (iii) as clauses (i) through (iv) of subparagraph (B) and clauses (i) through (vi) of subparagraph (C), respectively;

(ii) in subparagraph (B), as so redesignated, by striking "in clause (iii)" and inserting "in subparagraph (C)"; and

(iii) in subparagraph (C), as so redesignated, by striking "under clause (ii)" and inserting "under subparagraph (B)";

(E) in subsection (c)--

(i) by adding "and" at the end of paragraph (1),

(ii) by striking "; and" at the end of paragraph (2), and inserting a period, and

(iii) by striking paragraph (3);

(F) in subsection (d)(2), in the subparagraph (C) amended by such paragraph, by inserting "section" before "1833(b)";

(G) in subsection (d)--

(i) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively, and

(ii) by inserting before paragraph (2), as so redesignated, the following new paragraph:

'(1) in paragraph (3), by inserting ', without regard to whether the costs incurred were for items and services for which medical assistance is otherwise available under the plan' after 'qualified medicare beneficiary' the first place it appears;";

(H) in subsection (e)(1)--

(i) by inserting "(A)" before "Section", and

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

"(B) Subsection (h)(1) of such section is further amended by inserting '(A)' after 'include' and by inserting before the period at the end the following: ', or (B) qualified medicare beneficiaries (as defined in section 1905(p)(1))'.

"(C) The second sentence of subsection (h)(2) of such section is amended by inserting '(except in the case of qualified medicare beneficiaries, as defined in section 1905(p)(1))' after 'shall be applied' the second place it appears.";

(I) in subsection (e)(2)--

(i) in subparagraph (C), by striking "and" at the end and by redesignating such subparagraph as subparagraph (D);

(ii) in subparagraph (D), by striking the period at the end and inserting ", and" and by redesignating such subparagraph as subparagraph (E); and

(iii) by inserting after subparagraph (B) the following new subparagraph:

"(C) in subsection (a), by striking paragraph (15);";

(J) in paragraph (5)(B) of the matter added by subsection (g)(2)--

(i) by striking "paragraph (2)(A)" and inserting "paragraph (2)", and

(ii) by striking "clause (ii)" and inserting "subparagraph (B)"; and

(K) in subsection (h)(2), by inserting "first calendar quarter beginning after the close of the" after "additional requirements before the first day of the".

(15) Section 302.--(A) Section 302(a)(2)(B) of MCCA is amended--

- (i) in clause (i), by striking "not more" the first place it appears and inserting "(not more", and
- (ii) in clause (iii), by striking "clause" and inserting "clauses".
- (B) Section 1902(1)(2)(A) of the Social Security Act, as amended by section 302(a)(2)(B)(iii) of MCCA, is amended--
- (i) in clause (i)--
- (I) by striking "Subject to clause (iii), the" and inserting "The".
- (II) in subclause (I), by inserting "or, if greater, the percentage provided under clause (iii)," after "75 percent,"; and
- (ii) in clause (iii), by striking "(ii)" each place it appears and inserting "(i)(I)".
- (C) Section 1923(a)(2) of the Social Security Act is amended by indenting the subparagraph (C) added by section 302(b)(2) of MCCA 2 ems.
- (16) Section 303.--(A) Section 1924 of the Social Security Act, as inserted by section 303(a)(1)(B) of MCCA, is amended--
- (i) in the last sentence of subsection (c)(1)(B), by striking "has right to a fair hearing" and all that follows through "needs allowance" and inserting "will have a right to a fair hearing under subsection (e)(2)";
- (ii) in subsection (c)(2)(B), by striking "resources shall not" and all that follows through "does not exceed" and inserting "resources shall be considered to be available to an institutionalized spouse, but only to the extent that the amount of such resources exceeds";
- (iii) in subsection (d)(3)(A)(i), by striking "nonfarm";
- (iv) in subsection (d)(4), by striking "subparagraph (C)" and inserting "subparagraph (B)";
- (v) in the first sentence of subsection (e)(2)(A), by inserting before the period at the end the following: "if an application for benefits under this title has been made on behalf of the institutionalized spouse";
- (vi) in subsection (f)(1)--
- (I) by striking "to the community spouse (or to another for the sole benefit of the community spouse)", and
- (II) by striking "pacticable" and inserting "practicable"; and
- (vii) in subsection (f)(3), by striking "spouse of a family member" and inserting "spouse or a family member".
- (B) Section 1917(c) of the Social Security Act, as amended by section 303(b) of MCCA, is amended--
- (i) in paragraph (1)--
- (I) by inserting "for nursing facility services and for a level of care in a medical institution equivalent to that of nursing facility services and for services under section 1915(c)" after "period of ineligibility" the first place it appears,
- (II) by inserting "or after" after "during", and
- (III) by striking "the individual's application for medical assistance under the State plan" and inserting "the date the individual becomes an institutionalized individual (if the individual is entitled to medical assistance under the State plan on such date) or, if the individual is not so entitled, the date the individual applies for such assistance while an institutionalized individual";
- (ii) in paragraph (2)(A)(ii), by inserting "(I)" after "who" and by inserting "(II)" after "or" the first place it appears;
- (iii) in paragraph (2)(A)(iii), by striking "of the individual's admission to the medical institution or nursing facility" and

inserting "the individual becomes an institutionalized individual";
 (iv) in paragraph (2)(A)(iv), by striking "of such individual's admission to the medical institution or nursing facility" and inserting "the individual becomes an institutionalized individual";
 (v) in paragraph (2)(B)--

(I) by inserting "(i)" after "transferred", and

(II) by striking "or the individual's child who is blind or permanently and totally disabled" and inserting ", (ii) to the individual's child described in subparagraph (A)(ii)(II), or (iii) to (or to another for the sole benefit of) the individual's spouse if such spouse does not transfer such resources to another person other than the spouse for less than fair market value";

(vi) in paragraph (3), by striking "in a medical institution or nursing facility" and inserting "in a nursing facility, who is an inpatient in a medical institution and with respect to whom payment is made based on a level of care provided in a nursing facility, or who is described in section 1902(a)(10)(A)(ii)(VI)"; and

(vii) by adding at the end the following new paragraph:

"(5) In this subsection, the term 'resources' has the meaning given such term in section 1613, without regard to the exclusion described in subsection (a)(1) thereof."

(C) Section 1902(r)(2)(A) of the Social Security Act, as added by section 303(e)(5)(C) of MCCA, is amended by striking "or under subsection (f)" and inserting "or (f) or under section 1905(p)".

(D) Section 303(g) of MCCA is amended--

(i) in paragraph (2)(B), by inserting before the period at the end the following: ", except that such section shall not apply with respect to inter-spousal transfers occurring before October 1, 1989";

(ii) in paragraph (2)(C), by inserting before the period at the end the following: ", and the laws and policies established by the State as of June 30, 1988, or provided for before July 1, 1988, shall continue to apply through September 30, 1989, (and may, at a State's option continue after such date) to inter-spousal transfers occurring before October 1, 1989"; and

(iii) in paragraph (5), by striking "other than subsection (e)" and inserting "other than paragraphs (1) and (5) of subsection (e)".

(17) Section 411(a).--Section 1842(n)(1)(A) of the Social Security Act, as clarified by section 411(a)(3)(C) of MCCA, is amended by striking "the the supplier's" and inserting "the supplier's".

(18) Section 411(b).--(A) Subclauses (III) and (IV) of section 1886(b)(3)(B)(i) of the Social Security Act, as amended by section 411(b)(1)(A) of MCCA, are amended by striking "for for hospitals" and inserting "for hospitals".

(B) Section 411(b)(1)(E) of MCCA is amended by designating subparagraph (E) as clause (ii) and by inserting immediately before such subparagraph the following:

"(E)(i) Section 1886(d)(3)(A)(i) of the Social Security Act, as amended by section 4002(c)(1)(B)(i) of OBRA, is amended by striking 'occurring' and inserting 'occurring'."

(C) Section 411(b)(4) of MCCA is amended by adding at the end the following new subparagraph:

"(E) Section 4005(b)(3)(B) of OBRA is amended by striking 'on' after '(B)'."

(19) Section 411(b)(6)(C) of MCCA is amended--

(i) in clause (ix)(II), by striking "payers" and inserting "payers",

(ii) in clause (ix)(III), by striking "and" before "other persons".

and

(iii) in clause (x)(II), by striking "operation" and inserting "operations".

(E) Section 411(b)(8)(A)(i) of MCCA is amended, in paragraph (1)(A)(ii) of the amendment inserted by such section, by inserting "the" immediately before "previous".

(19) Section 411(c).--Section 411(c) of MCCA is amended--

(A) in paragraph (2), by adding at the end the following new subparagraph:

"(C) Section 1366(a)(1) of the Social Security Act, as amended by section 4012(a) of OBRA, is amended--

"(i) by striking 'and' at the end of subparagraph (M), and

"(ii) by striking the period at the end of subparagraph (N) and inserting ', and'.";

(B) in paragraph (4)--

(i) by striking "and" at the end of subparagraph (A),

(ii) by redesignating subparagraph (B) as subparagraph (C), and

(iii) by inserting after subparagraph (A) the following new subparagraph:

"(B) in subparagraph (B)(i), by inserting 'of such subparagraph' after '(v)(I)', and"; and

(C) by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) Section 4015.--Section 4015(a) of OBRA is amended--

"(A) in the first sentence of paragraph (7) by striking 'the the' and inserting 'the', and

"(B) in paragraph (10), by striking 'affect' and inserting 'effect'.".

(20) Section 411(d).--(A) Section 411(d)(2)(A) of MCCA is amended by striking "by inserting" and all that follows and inserting the following: "to read as follows: 'The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under this paragraph in the same manner as such provisions apply to a penalty or proceeding under section 1128A.'".

(B) Section 411(d)(4)(A) of MCCA is amended--

(i) in clause (i)--

(I) by striking "accreditation" the first place it appears and inserting "certification", and

(II) by striking "accreditation survey conducted by a State agency or" and inserting "certification survey conducted by a State agency or accreditation survey conducted by a"; and

(ii) in clause (ii), amend subclause (II) to read as follows:

"(II) by striking 'pursuant to an agreement with the Secretary under section 1864' and inserting 'utilized by the Secretary under section 1865'.".

(C) Section 411(d)(4)(A)(ii)(I) of MCCA is amended by striking "such".

(D) The subsection inserted by section 411(d)(4)(B)(ii) of MCCA is amended by striking "agency" and inserting "agency)".

(21) Section 411(f).--(A) Section 1842(i)(3) of the Social Security Act, as redesignated by section 4042(b)(1)(C)(iii) of OBRA as amended by section 411(f)(2)(C) of MCCA, is amended by striking "paragraph (3)" and inserting "subsection (b)(3)".

(B) Section 411(f)(2)(F)(i) of MCCA is amended, in the matter inserted by such section--

(i) by striking "139u(b)(4)(A)" and inserting "1395u(b)(4)(A)", and

(ii) by striking the closing single quotation mark and the period

that follows it.

(C) Section 411(f)(8)(D) of MCCA is amended by redesignating clauses (ii) through (v) as clauses (iii) through (vi), respectively, and by inserting after clause (i) the following new clause:

"(ii) in paragraph (4)(C), by striking 'Radiologist' and inserting 'For radiologist'. and by striking '1842(b)(4)(E)(ii)' and inserting '1842(i)(3)';".

(D) Section 411(f)(9)(B) of MCCA is amended by inserting "and inserting '(or other applicable limit)' " before the semicolon at the end.

(E) Section 411(f)(10)(A)(iii) of MCCA is amended by striking "physician" and inserting "individual".

(F) Section 411(f)(10)(C)(i) of MCCA is amended--

(i) by striking "and" at the end of subclause (V),

(ii) by striking the period at the end of subclause (VI) and inserting ". and". and

(iii) by adding at the end the following new subclause:

"(VII) in subsection (d)(2), by striking 'continued' and inserting 'continues'."

(G) Subclause (II) of section 411(f)(10)(C)(i) of MCCA is amended to read as follows:

"(II) by striking 'physician' and 'a physician' each place either appears (other than the third place either appears in subsection (a)(4)) and inserting 'individual' and 'an individual', respectively;".

(H) Section 411(f)(10)(C)(i)(IV) of MCCA is amended--

(i) by striking "paragraph (1)(A)" and inserting "subsection (a)(1)(A)". and

(ii) by striking the comma after "Loan Program".

(22) Section 411(g).--(A) Section 411(g)(1)(B) of MCCA is amended--

(i) by amending clause (xi) to read as follows:

"(xi) in paragraphs (8)(B) and (9)(B), by striking '(as defined in section 1886(d)(2)(D))' and inserting '(as defined by the Secretary)' and, in clause (i) of such paragraphs, by striking the comma after '1991':" and

(ii) by amending clause (xv) to read as follows:

"(xv) in paragraph (12), by striking 'for each region (as defined in section 1886(d)(2)(D))' and inserting 'for one or more entire regions defined for purposes of paragraphs (8)(B) and (9)(B)'; and".

(B) Section 1833(i)(6) of the Social Security Act, as added by section 4063(e)(1) of OBRA as amended by section 411(g)(2)(E) of MCCA, is amended by striking "other than" the first place it appears and inserting "including".

(C) Section 411(g)(3)(G)(i)(I) of MCCA is amended by striking "and 'certification' " and by striking "and 'approval', respectively".

(D) Section 411(g)(4)(C)(i) of MCCA is amended by striking the comma after "1988" the first place it appears.

(23) Section 411(h).--(A) Section 411(h)(3)(B) of MCCA is amended by redesignating clauses (i) and (ii) as clauses (ii) and (iii), respectively, and by inserting before clause (ii), as so redesignated, the following new clause:

"(i) by striking '1395' and inserting '13951'."

(B) Section 1861(s)(2)(K)(i)(I) of the Social Security Act, as designated by the amendment made by section 411(h)(6) of MCCA, is amended by striking "intermediate care facility (as defined in section 1905(c))" and inserting "nursing facility (as defined in section 1919(a))".

(24) Section 411(i).--(A) Section 411(i)(1)(E) of MCCA is amended by striking the comma after "1988".

- (B) The paragraph (26) added by section 411(i)(4)(C)(vi) of MCCA is amended--
- (i) by striking "and" at the end of subparagraph (A),
 - (ii) by adding "and" at the end of clause (i) of subparagraph (B), and
 - (iii) by redesignating clause (iii) of subparagraph (B) as subparagraph (C) and by moving the indentation of such subparagraph 2 ems to the left.
- (C) Section 411(i)(4) of MCCA is amended--
- (i) in subparagraph (D)(i)(I), by striking ", 1842(j)(2), or 1867(d)" and inserting "or 1842(j)(2)", and
 - (ii) in subparagraph (D)(ii)--
 - (I) by inserting "and" at the end of subclause (III),
 - (II) by striking subclause (IV), and
 - (III) by redesignating subclause (V) as subclause (IV).
- (25) Section 411(j).--(A) Section 411(j)(3) of MCCA is amended by adding at the end the following new subparagraph:
"(C) Section 4094(e) of OBRA is amended by striking 'feasability' and inserting 'feasibility'".
- (B) Section 411(j)(4)(C) of MCCA is amended by striking "before paragraph (2)".
- (26) Section 411(k).--(A) Section 411(k)(6)(A)(vi)(IV) of MCCA is amended by striking "the election made by a State under" and inserting "whether the hospital is described in subparagraph (A) or (E) of".
- (B) Section 411(k)(6)(A)(vii)(II) of MCCA is amended by inserting "the first place it appears" before the comma.
- (C) The paragraph added by section 411(k)(6)(A)(vii)(III) of MCCA is amended by striking "Statewide" and inserting "statewide".
- (D) Section 1923(b)(3)(B)(i) of the Social Security Act, as designated by section 411(k)(6)(B)(i) of MCCA and as amended by section 411(k)(6)(A)(v) of MCCA, is amended by inserting "of subparagraph (A)" after "clause (i)(II)".
- (E) Section 1923(c) of the Social Security Act, as designated by section 411(k)(6)(B)(i) of MCCA, by striking "subsection (c)" and inserting "this subsection".
- (F) Section 411(k)(6)(B)(vi) of MCCA is amended by striking "(c)" and inserting "(d)".
- (G) Section 411(k)(9) of MCCA is amended by striking "(A)" immediately after ".--".
- (H) Section 411(k)(10)(B)(ii)(II) of MCCA is amended by striking "1128(a)" and "1320a-7(a)" and inserting "1128A(a)" and "1320a-7a(a)", respectively.
- (I) Section 1128A(l) of the Social Security Act, as added by section 4118(e)(1)(B) of OBRA and as amended by section 411(k)(10)(B)(ii)(III) of MCCA, is amended by inserting "for penalties, assessments, and an exclusion" after "liable".
- (J) Section 4118(e)(10)(C) of OBRA, as inserted by section 411(k)(10)(D) of MCCA, is amended by inserting "of subsection (i)" after "at the end".
- (K) Section 411(k)(10)(D) of MCCA is amended--
- (i) in the paragraph (6)(B) inserted by such section, by striking "or section 1867(d)(2)", and
 - (ii) in subparagraphs (A) and (B) of the paragraph (11) inserted by such section and in the paragraphs (12) and (13) inserted by such section, by striking "1842(j)(2), or 1867(d)(2)" and inserting "or 1842(j)(2)".
- (L) Section 411(k)(16)(B) of MCCA is amended--

(i) by striking "and" at the end of clause (ii),
(ii) by redesignating clause (iii) as clause (iv), and
(iii) by inserting after clause (ii) the following new clause:
"(iii) in clause (iii), by striking the period at the end and
inserting '; or, and'".

(M) Section 411(k)(17)(A)(iv) of MCCA is amended by inserting a comma immediately before "(d)" the second place it appears.

(27) Section 411(l).--(A) Section 411(l)(1)(A) of MCCA is amended by redesignating clauses (iv) through (xi) as clauses (v) through (xii), respectively, and by inserting after clause (ii') the following new clause:
"(iv) in subsection (c)(1), by adding at the end the following new subparagraph:

"(D) Use of psychopharmacologic drugs.--Psychopharmacologic drugs may be administered only on the orders of a physician and only as part of a plan (included in the written plan of care described in paragraph (1)) designed to eliminate or modify the symptoms for which the drugs are prescribed and only if, at least annually, an independent, external consultant reviews the appropriateness of the drug plan of each resident receiving such drugs.'";

(B) Section 411(l)(1) of MCCA is amended by adding at the end the following new subparagraph:

"(C) Section 4201(d) of OBRA, as amended by subparagraph (B), is further amended by adding at the end the following new paragraphs:

"(3) Section 1883(f) of such Act (42 U.S.C. 1395tt(f)) is amended by striking "section 1861(j)(15)" and inserting "section 1819".

"(4) The third sentence of section 1864(a) of such Act (42 U.S.C. 1395aa(a)) is amended by striking "1861(j)" and inserting "1819(a)".

"(5) Section 1861(n) of such Act (42 U.S.C. 1395x(n)) is amended by striking "or (j)(1) of this section" and inserting "of this section or section 1819(a)(1)".

(C) Section 411(l)(2)(A) of MCCA is amended by inserting a comma immediately after "this title" and immediately after "title XVIII".

(D) Section 411(l)(2)(D)(i) of MCCA is amended by striking "care".

(E) Section 411(l)(3)(C) of MCCA is amended by inserting "(i)" after "(C)" and by adding at the end the following new clauses:

"(ii) Section 4211 of OBRA (101 Stat. 1330-196) is amended by striking the following (and the immediately preceding quotation marks and period):

"(c) State Requirements Relating to Nursing Facility Requirements.--Section 1919 of such Act is further amended by adding at the end the following new subsection:'

"(iii) Section 1919(c)(2)(B)(iii)(III) of the Social Security Act, as inserted by section 4211(a)(3) of OBRA, is amended by striking 'responsible' and inserting 'responsible'".

(F) Section 411(l)(3)(H)(i) of MCCA is amended by striking "each place it appears".

(G) Section 411(l)(3)(H)(iii) of MCCA is amended by inserting "services" immediately after "nursing facility" the first place it appears.

(H) Section 411(l)(3) of MCCA is amended by adding at the end the following new subparagraph:

"(J) Section 4211(h)(2)(B) of OBRA is amended by inserting a comma before 'nursing facility,' the second place it appears."

(I) Section 411(l)(5) of MCCA is amended by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively, and by inserting after subparagraph (E) the following new subparagraph:

"(F) in paragraph (2)(B)(ii), by striking 'practical' and inserting 'practicable';".

(J) Section 411(1)(6) of MCCA is amended by adding at the end the following new subparagraph:

"(F) Section 1910(b)(1) of the Social Security Act, as redesignated by section 4212(e)(3)(C) of OBRA, is amended by inserting 'or section 1919' after '1902(a)(28)'."

(K) Section 411(1)(9)(B)(ii) of MCCA is amended by striking "(c) as subsection (d)" and inserting "(b) as subsection (c)".

(L) Section 411(1) of MCCA is further amended by adding at the end the following new paragraph:

"(11) Section 4203.--Section 1819(h)(5) of the Social Security Act, as added by section 4203(a)(2) of OBRA, is amended by striking '(iii), and (iv) of paragraph (2)(A)' and inserting 'and (iii) of paragraph (2)(B)'."

(28) Section 411(n).--Section 411(n) of MCCA is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) Section 9116.--Subsection (d) of section 9116 of OBRA is amended to read as follows:

"(d) Conforming Amendment.--Section 1923(a)(2) of the Social Security Act, as amended by section 4118(p)(9) of this Act, is amended by adding at the end the following new subparagraph:

"(E) Section 1634(d) of this Act (relating to individuals who lose eligibility for SSI benefits due to entitlement to early widow's or widower's insurance benefits under section 202 (e) or (f) of this Act)."

(29) Section 411(p).--Section 411 of MCCA is amended by adding at the end the following new subsection:

"(p) Miscellaneous.--Section 2312(c) of the Deficit Reduction Act of 1984, as amended by section 9320(a) of the Omnibus Budget Reconciliation Act of 1986, is amended by striking 'end' and inserting 'ends'."

(30) Section 428.--(A) Subsection (c)(1) of section 1140 of the Social Security Act, as added by section 428(a) of MCCA, is amended to read as follows:

"(c)(1) The provisions of section 1128A (other than subsections (a), (b), (f), (h), and (i)) shall apply to civil money penalties under subsection (b) in the same manner as such provisions apply to a penalty or proceeding under section 1128A(a)."

(B) Section 428(b) of MCCA is amended by striking "Medical" and inserting "Medicare".

(e) Extension of Pilot Program.--The Secretary of Health and Human Services shall extend through December 31, 1989, the pilot test program, being conducted by States under the Annual Grant Award Study established by the Joint State/Federal Cash Management Reform Task Force, on the same terms and conditions that existed as of September 30, 1988.

(f) Miscellaneous Corrections.--

(1) Section 1866 of the Social Security Act (42 U.S.C. 1395cc) is amended by striking subsection (f).

(2) Section 1915(a)(2) of the Social Security Act, as amended by section 8(h)(2) of Public Law 100-93, is amended by striking "Restricts" and inserting "restricts".

(3) Section 1905(o) of the Social Security Act is amended by moving the indentation of paragraph (3), as added by section 9435(b)(2) of Public Law 99-509, 2 ems to the left.

(4) Section 1903(m)(2)(B)(i)(II) of the Social Security Act is amended by striking "1902(a)(13)(A)(ii)" and inserting "1902(a)(10)(D)".

(5) Effective as of the date of the enactment of Public Law 95-292, section 226(a) of the Social Security Act (42 U.S.C. 426(a)) is amended by

striking "condition specified in paragraph (1)" and inserting "condition specified in paragraph (2)".

(g) Effective Date.--(1) The amendments made by subsections (a), (b), and (d) shall be effective as if included in the enactment of the Medicare Catastrophic Coverage Act of 1988.

(2) The amendments made by subsection (c) and subsection (f) (other than paragraph (5)) shall take effect on the date of the enactment of this Act.

(h) Quality Control Transition.--There shall not be taken into account, for purposes of section 1903(u) of the Social Security Act, payments and expenditures for medical assistance which are made on or after January 1, 1989, and before July 1, 1989, and which are attributable to medicare-cost sharing for qualified medicare beneficiaries (as defined in section 1905(b) of such Act).

SEC. 609. EXTENSION OF QUALITY CONTROL PENALTY MORATORIUM.

(a) Moratorium Extended.--Section 403 of the Social Security Act (as amended by section 201(c)(2) of this Act) is further amended by adding at the end the following new subsection:

"(m)(1) During the 12-month period beginning on July 1, 1988 (in this subsection referred to as the 'moratorium period'), the Secretary shall not impose any reductions in payments to States pursuant to subsection (i) (or prior regulations), or pursuant to any comparable provision of law relating to the programs under this part in Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Northern Mariana Islands.

"(2) During the moratorium period--

"(A) the Secretary and the States shall continue to operate the quality control systems in effect under this part, and to calculate the error rates under the provisions referred to in paragraph (1), including the process of requesting and reviewing waivers; and

"(B) the Departmental Grant Appeals Board shall, notwithstanding paragraph (1), review disallowances for fiscal year 1981 and thereafter and hear appeals with respect thereto (but collection of disallowances owed as a result of Departmental Grant Appeals Board decisions shall not occur)."

(b) Conforming Amendments.--(1) Subparagraph (A) of section 12301(c)(1) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272) is amended by striking "titles IV-A and" and inserting in lieu thereof "title".

(2) Paragraph (2) of section 12301(c) of such Act is amended by inserting "under title XIX" before ", and shall reduce payments".

(c) Effective Date.--The amendments made by subsections (a) and (b) shall take effect on July 1, 1988.

TITLE VII--FUNDING PROVISIONS

SEC. 701. TEMPORARY EXTENSION OF PROVISIONS RELATING TO COLLECTION OF NONTAX DEBTS OWED TO FEDERAL AGENCIES.

(a) General Rule.--Subsection (c) of section 2653 of the Deficit Reduction Act of 1984 is amended by striking "before July 1, 1988" and inserting "on or before January 10, 1994".

(b) Coordination of Disclosure Provisions.--

(1) In general.--Paragraph (10) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of certain information to agencies requesting a reduction under section 6402(c) or 6402(d)) is amended to read as follows:

"(10) Disclosure of certain information to agencies requesting a reduction under section 6402(c) or 6402(d).--

"(A) Return information from internal revenue service.--The Secretary may, upon receiving a written request, disclose to officers

and employees of any agency seeking a reduction under subsection (c) or (d) of section 6402--

"(i) taxpayer identity information with respect to the taxpayer against whom such a reduction was made or not made and with respect to any other person filing a joint return with such taxpayer.

"(ii) the fact that a reduction has been made or has not been made under such subsection with respect to such taxpayer.

"(iii) the amount of such reduction.

"(iv) whether such taxpayer filed a joint return, and

"(v) the fact that a payment was made (and the amount of the payment) to the spouse of the taxpayer on the basis of a joint return.

"(B) Restriction on use of disclosed information.--Any officers and employees of an agency receiving return information under subparagraph (A) shall use such information only for the purposes of, and to the extent necessary in, establishing appropriate agency records, locating any person with respect to whom a reduction under subsection (c) or (d) of section 6402 is sought for purposes of collecting the debt with respect to which the reduction is sought, or in the defense of any litigation or administrative procedure ensuing from a reduction made under subsection (c) or (d) of section 6402."

(2) Conforming amendments.--

(A) Subsection (1) of section 6103 of such Code is amended by striking paragraph (11) and by redesignating paragraph (12) as paragraph (11).

(B) Paragraphs (3)(A) and (4) of section 6103(p) of such Code are each amended by striking "(10), (11), or (12)" each place it appears and inserting "(10), or (11)".

(C) Paragraph (2) of section 7213(a) of such Code is amended by striking "(9), (10), or (11)" and inserting "(9), or (10)".

(3) Effective dates.--

(A) In general.--The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(B) Special rule.--Nothing in section 2653(c) of the Deficit Reduction Act of 1984 shall be construed to limit the application of paragraph (10) of section 6103(1) of the Internal Revenue Code of 1986 (as amended by this subsection).

SEC. 702. LIMITATION ON USE OF REIMBURSEMENT ARRANGEMENTS TO AVOID 2-PERCENT FLOOR.

(a) General Rule.--Section 62 of the Internal Revenue Code of 1986 (defining adjusted gross income) is amended by adding at the end thereof the following new subsection:

"(c) Certain Arrangements Not Treated as Reimbursement Arrangements.--For purposes of subsection (a)(2)(A), an arrangement shall in no event be treated as a reimbursement or other expense allowance arrangement if--

"(1) such arrangement does not require the employee to substantiate the expenses covered by the arrangement to the person providing the reimbursement, or

"(2) such arrangement provides the employee the right to retain any amount in excess of the substantiated expenses covered under the arrangement.

The substantiation requirements of the preceding sentence shall not apply to any expense to the extent that substantiation is not required under section 274(d) for such expense by reason of the regulations prescribed under the 2nd sentence thereof."

(b) Effective Date.--The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1988.

SEC. 703. MODIFICATIONS TO DEPENDENT CARE CREDIT AND EXCLUSION FOR DEPENDENT CARE ASSISTANCE.

(a) Reduction in Maximum Age of Nonhandicapped Qualifying Individual.--Subsections (b)(1)(A) and (e)(5)(B) of section 21 of the Internal Revenue Code of 1986 are each amended by striking "age of 15" and inserting "age of 13".

(b) Limitation on Credit Reduced by Amount of Exclusion.--Subsection (c) of section 21 of such Code is amended by adding at the end thereof the following new sentence:

"The amount determined under paragraph (1) or (2) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year."

(c) Requirement of Furnishing Identifying Information With Respect to Service Provider.--

(1) Credit.--Subsection (e) of section 21 of such Code is amended by adding at the end thereof the following new paragraph:

"(9) Identifying information required with respect to service provider.--No credit shall be allowed under subsection (a) for any amount paid to any person unless--

"(A) the name, address, and taxpayer identification number of such person are included on the return claiming the credit, or

"(B) if such person is an organization described in section 501(c)(3) and exempt from tax under section 501(a), the name and address of such person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence shall not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information so required."

(2) Exclusion.--Subsection (e) of section 129 of such Code is amended by adding at the end thereof the following new paragraph:

"(9) Identifying information required with respect to service provider.--No amount paid or incurred by an employer for dependent care assistance provided to an employee shall be excluded from the gross income of such employee unless--

"(A) the name, address, and taxpayer identification number of the person performing the services are included on the return to which the exclusion relates, or

"(B) if such person is an organization described in section 501(c)(3) and exempt from tax under section 501(a), the name and address of such person are included on the return to which the exclusion relates.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence shall not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information so required."

(3) Conforming amendment.--Paragraph (2) of section 6109(a) of such Code is amended by striking "shall furnish" and inserting "or whose identifying number is required to be shown on a return of another person shall furnish".

(d) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 1988.

SEC. 704. TAXPAYER IDENTIFICATION NUMBER REQUIRED FOR DEPENDENTS WHO HAVE ATTAINED AGE 2.

(a) General Rule.--Paragraph (2) of section 6109(e) of the Internal Revenue

Code of 1986 (relating to furnishing number for certain dependents) is amended by striking "age of 5" and inserting "age of 2".

(b) Effective Date.--The amendment made by subsection (a) shall apply to returns the due date for which (determined without regard to extensions) is after December 31, 1989.

Speaker of the House of Representatives.

Vice President of the United States and
President of the Senate.

VALLEY CHILD SUPPORT GROUP
POB 521155
BIG LK., AK. 99652

Mr. John Taber, Director
Div. of Public Assistance
Dept. of Health and Social Services
POB H-07
Juneau, AK. 99811

Dear Mr. Taber,

We would like to inform you that a new group formed in Wasilla recently for the purpose of working on child support reform. We started in October, 1988, and are known as the Valley Child Support Group. Our organization is affiliated with the Juneau based DADS group.

At present we are working on the review of Civil Rule 90.3. We have submitted written comments to Mr. Bill Cotton, Rules Attorney, regarding changes we would like to see in the Rule, see attached. Robert Rickson, (DADS Anchorage Coordinator), and I attend the Rules Committee meetings.

Another major issue is the Family Support Task Force that I understand you are organizing. Our group and thousands of other parents will be affected by the policies that the task force makes, consequently, we request that: 1. Sandy Armstrong of DADS be included in the task force as a public member. Sandy has expertise that the state can benefit from, and we fully support her membership because we believe she will represent our concerns. 2. That the task force allow public input into the policy making process via teleconference or direct testimony.

We understand that a welfare recipient will be a member of the task force, and we support that action. We have read Senate Concurrent Resolution No. 2 which does not include public members. In our opinion, it is imperative that public members be appointed so that the program will meet the needs of the public.

After reviewing Title I of HR 1720 we have the following comments for the task force to consider:

1. The Act requires states to implement immediate wage withholding of child support from an absent parents paycheck for ALL new and MODIFIED support orders being enforced by the state CSED and that states have the option to make all other orders being enforced subject to immediate wage withholding at any time after 1 Nov. 1990. While we agree that in some cases noncustodial parents wages should be withheld for child support purposes, it is our opinion that if a parent demonstrates a pattern of full payments, on time, each month, there is no justification for that action other than expediency for CSED. Fortunately, the Act has a provision that states can waive the wage withholding requirement if (1) one parent demonstrates and the court finds that there is good cause not to require wage withholding, or if

(2) both parents sign a written agreement providing an alternative arrangement. We request that the task force leave the court system and CSED the option to allow a waiver of the wage withholding requirement, if a parent shows good cause. Good cause can be demonstrated by a pattern of consistent payments in full for a specific period of time, such as 12 months.

Across the board wage withholding without good cause is regarded as punishment. It takes away our dignity to support our children ourselves. The stress created by unjustified wage garnishments will be felt by the children.

Employers routinely mail in payments late to CSED resulting in late payments to the children and interest charges to be paid by the obligor.

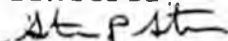
Private enterprises do not want to employ those with garnishment requirements, especially owner operated businesses. The procedure requires businesses to do extra paperwork with no compensation for it, and therefore will be a threat to jobs.

Failure of the task force to allow those of who do pay our child support obligations to prove ourselves and not have our paychecks garnished will result in unnecessary hostility toward the system. State government does not need any new enemies.

We cannot see how mandatory wage garnishments will result in any increase in revenue to CSED, since the agency already has the power to garnish wages. Those of us who are paying on schedule would already be on a wage garnishment program if it were necessary.

In conclusion, we appreciate the opportunity to comment on this important issue, and we hope that our comments will be considered by the task force. If we can help in any way, please contact me. To date, the only benefit I see to this wage garnishment program would be that CSED can justify more employees to keep track of employers payments, and that DHSS will hand out more food stamps to fathers who are laid off because their wages must be garnished.

Sincerely



Steven P. Strube, Chairman
(907) 892-7760

cc Governor Cowper	Sen. Kurtula
Commissioner, DHSS	Sen. Uehling
Rep. Larson	Sen. Sturgulewski
Rep. Leman	Sen. Pearce
Rep. Gruenberg	Sen. Szymanski
Rep. Ellis	Sen. Faiks
Rep. Hudson	Linda Langston, CSED
Sen. Murkowski	Rep. Young
Sen. Stevens	Commissioner, Revenue
Bill Coston	DADS
	Sen. Fischer

VALLEY CHILD SUPPORT GROUP
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NEWSLETTER

Volume 1 Issue 4

16 March 89

Greetings!

We have good news! There will be a public member on the Family Security Task Force. The task force will be meeting later this spring to write policy to implement The Family Security Act of 1988. Ms. Gretchen Mannix has been hired to coordinate the efforts of the task force, her ph. # is 465-3247. We EACH need to contact her and state that when the task force writes the Mandatory Wage Garnishment Policy, that the provision that allows a waiver of wage garnishments be retained, that we need to be able to show good cause for a waiver without going to court, and what specifically, good cause is. Written comments can be sent to her at: Division of Public Services, POC H-07 Juneau 99811.

In order to get a public member on the force, we each need to send a letter of request to: Sheila Gottenner, Governor's Office, POC A Juneau 99811. See attached.

The Child Support Guidelines Committee will meet on March 23 to continue the review of Civil Rule 90.3. We each need to send comments on the rule to Bill Cotton, Rules Attorney, 303 K. St. Anch. 99501. The rule is not working and the committee needs to know why. There will be a teleconference on the rule later this summer. The rule will become law if Senate Bill 54 is passed. Stay tuned.

There is a lot of abuse of CSED'S system by parents use of the agency that do not need the collection services. We have requested that CSED start charging user fees on parents who use their system, to discourage unnecessary use by custodial parents. SB 117 has provisions for that purpose. Our position is that if a noncustodial parent has a good track record of monthly payments, they should be allowed to pay the obligee directly, and not through CSED. This action will allow CSED to concentrate their efforts on collections from those who will not pay. By law, an obligee can approve that action, but an obligor cannot.

There was a statewide teleconference today regarding SB54. It is a bad bill because it will, in effect, make Civil Rule 90.3 the law of the land. Civil Rule 90.3 has many flaws and is unacceptable for use as written. Our position is that an issue as substantial as child support awards deserves due process of law that only the legislative process provides.

Over 100,000 Alaskans are affected by the rule, 20% of our population. There was an overwhelming response against SB 54 today! The bill is stopped in Senator Fair's Senate Judiciary Committee by our united effort. We showed the committee that we

are united, feel strongly about the issue, and that we are willing to work with the state to improve the child support system. Thanks to everyone who sent POM'S, called in, and testified. Senators Venning and Pearce sponsored SB54. They can be and should be contacted at 465-4921 and 465-4993. Call collect.

All of us need to tell them how we feel about this treacherous bill. Send written comments to them at POB V Juneau 99811. Please send copies to Senator Jan Faiks. She gets our sincere thanks.

I will be on KNBC Radio, FM, Wasilla, on April 1 to talk about child support reform at 9:00 AM. The media is interested in our movement, Channel 13 News called me today- they want to do a story about child support problems.

DADS is planning monthly meetings in Anch. at the Northway Mall on the last Thursday of each month, from 5:00 P.M. to 8:30 P.M. For more info call 780 4684.

I have sent a written request to CSED requesting that their computer word processing system be used to print child support related messages on monthly payment and receipt forms. Use of their system will help CSED and us "get the word out" to their customers regarding happenings in the child support industry so that we are not caught by surprise like we were with review of Civil Rule 90.3. One of our members who works for CSED says it can be done with very little effort by CSED, especially if we help them. The Governor's Office and various Legislators have expressed positive interest in the project. I await Director Linda Langston's reply. If we get this project going it will improve our working relationship with CSED. We need to show that we willingly pay support and that our goals are the same as CSED'S goals- to support our children.

On Saturday, March 11 I met with Reps. Larson and Menard regarding our groups efforts. I plan to talk with Sen. Ezzanaki on April 1. We ALL need to contact our Legislators and voice our concerns! They want to help. We are votes. We have members in Anch., Fairbanks, Juneau, Wasilla, Palmer, Eagle River, Chugiak, Big Lx., Sutton, Douglas, and Copper Center, and we are growing! Parents are joining out of desperation and anger. Contact your Legislators and set up a meeting when they come to town.

As we proceed to reform the system, we must remember that CSED is not the enemy. It is OUR agency! Certain individuals within that agency need to be reminded that THEY work for US. It is our elected officials jobs to do the necessary tuneup at CSED, but first, WE THE PEOPLE must make our Legislators aware of the problem.

It is our duty as individuals to improve the system and it is our aim to rebel. Not against the nation or the state but against the kind of authority that is contrary to the interests of the people. Although CSED'S authority may be legal, if they betray the interests of the people they cannot hide behind legality, because they have awakened us to the fact that we have been betrayed.

As people become aware that they have been betrayed they are joining our struggle. The momentum is carrying forth the cause. As we look our Legislators in the eyes and they see and feel our spirit and commitment to our cause they are beginning to support us.

John Grames needs to hear from you if you were mistreated in Superior court. Contact him at 276-2336. POB 100827 Anch. 99510.

Our next meeting is March 27 at Cottonwood Cr. Mall, 6:00 to 9:00 P.M., in community room #1. Hope to see you there!

This child support business can make you wish you'd of married your second wife first.

Steven P. Strube, Chairman

VALLEY CHILD SUPPORT GROUP

Ms. Stella Johnson,
Attorney at Law
1000
Juneau, Alaska

March 10, 1966

Dear Ms. Johnson:

I have pleasure in recommending that you be named as the
public member of the Task Force on Child Support. I have known
you for some time. Ms. Nancy Aronson, a resident of Juneau,
preferred you for the position. She is uniquely qualified for the
duties of the public member because she has been active in the
legislative process both in Oregon and Alaska, and she can
represent, by personal experience, the needs of the
public support.

The Valley Child Support Group has worked with Ms. Aronson in
the past on child support issues and we consider her to be
knowledgeable and competent. She can offer the task force
insight into the matter to be considered because she has been
active in the legislative process. We hope you will be able to
offer your own insights.

Thank you for your consideration of my request. Our group would
be pleased to continue working with the task force on this most important
issue that affects the lives of so many families.

Sincerely,
Steve P. Strub

Steve P. Strub