

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

SCR 2 cont. 559

150

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

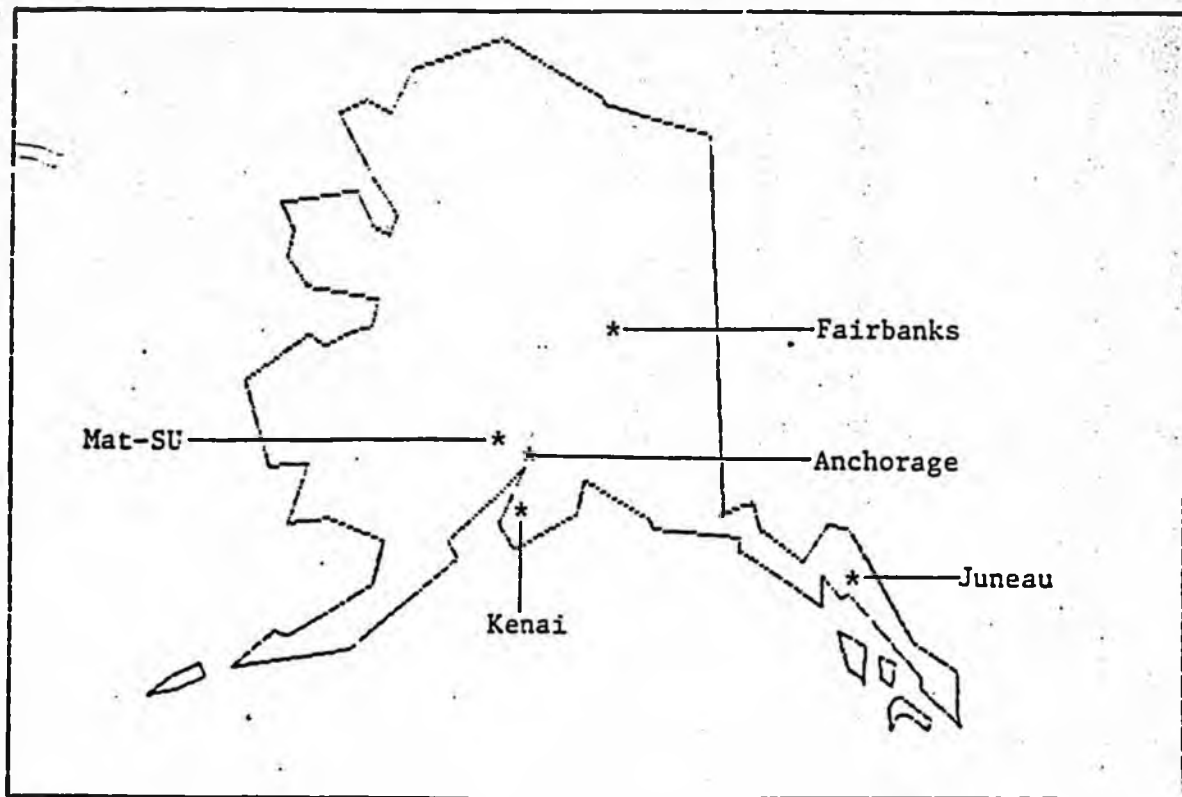
JOBS provides funding for child care costs incurred during JOBS participation and guarantees child care for 12 months after a family leaves welfare for work. Present Work Programs are not funded to permit payment of child care needs for many participants and only allow up to 90 days of child care after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

**\$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.

## 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											

**SCR**

**2**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 21, 1989

FURTHER REFERRALS:

Date of Committee Action: 5/3/89

5/3  
*(Handwritten initials)*

The FINANCE Committee considered:

CSSCR 2 (FINANCE)

CS FOR SENATE CONCURRENT RESOLUTION NO. 2 (Finance)  
[FAMILY SUPPORT LAW TASK FORCE]  
Establishing a Family Support Task Force.

**RECOMMENDATIONS:**

- be replaced with HCS CSSCR 2 (HESS)  the same title
- have attached amendment(s)  a new title
- 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 HESS
- zero fiscal note REV.
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**  
(Check approp. column)

Do Not  
Pass      No Rec      Amend

*Lyman Hoff* HOFFMAN  
*Raymond Barnes* BARNES  
*Paul J. Larson* LARSON  
*Cliff Swackhammer* SWACKHAMMER  
*Robert E. Phillips* PHILLIPS  
*John LaRonen* LARONEN

<u><i>Tay Brown</i></u> BROWN		X	
<u><i>Alan Rieger</i></u> RIEGER		X	

*Paul J. Larson*  
Chairman's Signature  
*Lyman Hoff*

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
<b>OPERATING</b>						
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
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	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 Langston  
Division: Child Support Enforcement Division  
Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Phone: 276-3441  
Date: March 14, 1989  
Date: 3/14/89

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

## 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-	12.5	-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-	12.5	-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-	6.3	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	6.2	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	12.5	-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)

SEE ATTACHED

Prepared by: John R. Taber, Director  
 Division: Public Assistance

Phone: 465-3347  
 Date: 5/1/89

Approved by Commissioner: [Signature]  
 Agency: Department of Health & Social Services

Date: 5/2/89

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

HCS CSSCR 2  
Fiscal Note  
PAGE 2

Department of Health & Social Services  
Division of Public Assistance

Given the absolute need for an integrated approach to welfare reform the proposed Family Support Task Force would serve to strengthen and complement the activity of the Welfare Reform Team within the Department of Health and Social Services.

In order to fully coordinate development and implementation of welfare reform the sub-committee members and other designated individuals will need to meet for public problem solving sessions and resolution of welfare reform design options. This fiscal note budgets a one-time allocation for travel of 12.5 to fund transportation and per diem for sub-committee members.

The proposed travel allocation does not include legislative travel and assumes approval of the Division of Public Assistance (DPA) reform team increment included in the FY90 Governor's budget. This fiscal note does not duplicate funding identified in the DPA FY90 increment.

One-time travel allocation for welfare reform sub-committee activity:

Transportation for welfare reform sub-committee meetings Six participants to four meetings at \$366 per trip	8,784
Per Diem for participants at \$90 per day	<u>3,690</u>
TOTAL Travel Allocation	\$12,474

Original sponsors: Uehling, Sturgulewski,  
and Pearce

1 IN THE SENATE BY THE HEALTH, EDUCATION  
AND SOCIAL SERVICES COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE CONCURRENT RESOLUTION NO. 2 (HESS)  
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 other sources; and be it

4 FURTHER RESOLVED that the task force shall consist of three members of  
5 the House of Representatives appointed by the Speaker of the House; three  
6 members of the Senate appointed by the President of the Senate; 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 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 task force shall establish a formal subcom-  
18 mittee structure to facilitate public participation, to examine the options  
19 available to the state under the Family Support Act, and to make recommen-  
20 dations to the task force; and be it

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

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

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

29 (2) recommendations for future legislative, judicial, and

1 executive actions in response to the Act; and

2           (3) specific legislative proposals to implement the changes  
3 required or allowed by the Act or to otherwise implement a comprehensive  
4 and cost effective policy related to family support issues in the state;  
5 and be it

6           FURTHER RESOLVED that the administrative and legal services of the  
7 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.

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:

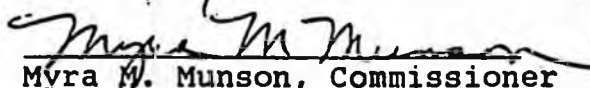


John R. Taber, Director  
Division of Public Assistance

Date:

2/21/89

Approved by:



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

Date:

2/24/89

# W-Memo

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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>
<b>I. <u>Child Support and Paternity Establishment</u></b>		
<b>A. Guidelines</b>		
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>B. Establishment of Paternity</b>		
1. Performance Standards	Upon enactment	HHS 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. <b>Enhanced match for Paternity Establishment</b>	<b>Retroactive to 10/1/88</b>	<b>Provides 90% federal match for paternity laboratory tests.</b>
4. <b>Civil Process</b>	<b>Upon enactment</b>	<b>States encouraged to adopt simple civil procedures for voluntarily acknowledging paternity.</b>
5. <b>Paternity Establishment for children under 18</b>	<b>Upon enactment</b>	<b>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 effective. Effective retroactively to August 16, 1984.</b>
C. <b>Visitation/Custody Demonstrations</b>	<b>Upon enactment</b>	<b>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.</b>
D. <b>Prompt State Response</b>	<b>Upon enactment</b>	<b>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>
E. <b>Requirement for Automated Tracking and Monitoring Systems</b>	<b>Upon enactment</b>	<b>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.</b>

**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 Internet**

1st calendar quarter  
1 year after enactment

IIHS and DOL 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**

- |                                  |                       |   |
|----------------------------------|-----------------------|---|
| <b>A. Effective Date</b>         | <b>Upon enactment</b> | <b>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>  |
| <b>B. Regulations</b>            | <b>Upon enactment</b> | <b>Proposed regulations must be issued by HHS within six months after enactment. Final regulations must be issued by one year after enactment.</b>  |
| <b>C. Statewide Program</b>      | <b>Upon enactment</b> | <b>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).</b> |
| <b>D. Federal Administration</b> | <b>Upon enactment</b> | <b>By February 1, 1989, the administration of JOBS, child support, and AFDC would be administered by a new Assistant Secretary of HHS.</b>  |
| <b>E. State Administration</b>   | <b>Upon enactment</b> | <b>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.</b>  |
| <b>F. Performance Standards</b>  | <b>Upon enactment</b> | <b>No later than 3 years after the mandatory effective date of JOBS (FY94), HHS must develop and submit to Congress performance standards for JOBS.</b>   |

### III. Supportive Services and Transitional Benefits

- |   |                 |  |
|---|-----------------|--|
| A. Child Care Luring 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.<br><br>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.<br><br>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.  |
| E. 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. AFDC Provisions

##### A. AFDC-UP

###### 1. Effective Date

October 1, 1990

Effective 10/1/90 (FY91) states would be required to implement an AFDC-UP program. States beginning the AFDC-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. AFDC-UP provision terminates (sunsets) September 30, 1998. Effective date for AFDC-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 AFDC-UP mandate and report to Congress by July 1, 1997.

###### 3. AFDC-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 Partnership

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

Carol Collins - Finance Committee House 465-2155  
 S.R.-2 (Hess) Family Support Task Force

My great concern is that ~~the~~ Citizens be able to influence Family Law <sup>directly</sup>, and through their elected representatives offer some checks and balances to the <sup>overwhelming</sup> power of the Court system that affects ~~the~~ Mothers and Fathers and children.

This is why I favored Public input on the Task Force which <sup>will</sup> determine future support, custody and ~~the~~ dissolution legislation of the Family Unit.

House Bill 195 was passed without Public comment; ~~therefore, Father's interests~~ ~~the state~~ It is considered to have sexist stereotypes and further expose the public to a success of the Judiciary when there is a crying need for bipartisan and non-dualistic reforms.

John Grames

P.O. Box 100827

Anch 99510

277-5321

Carol Collins - Finance Committee House 465-2156  
 SCR-2 (Hess) Family Support Task Force

My great concern is that ~~the~~ Citizens be  
 able to influence Family Law, directly, and  
 through their elected representatives  
 offer some checks and balances to the

overriding power of the Court system that affects  
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 and non-dualistic reform.

THE FOLLOWING DOCUMENT HAS  
NOT BEEN FILMED BUT IS  
AVAILABLE IN THE ORIGINAL  
FILE

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

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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

## 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.

"(B) 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) Power.. 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;

"(ii) 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 4J3(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, and that 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.

1396a(a)(10)(A)(i)(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 disregarded 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 child care 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 Catastrophes 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.--(1) 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