Personal Responsibility and Individual Development for Everyone (PRIDE)

Title I - TANF

Section 101 - State Plans

Current Law

To receive block grant funds, a state must have submitted a TANF plan within the 27-month period that ends with the close of the 1st quarter of the fiscal year. This plan must include a description of the programs that the state will run to provide assistance to needy families and provide job preparation, work and support services to enable them to leave the program and describe how the state will ensure that parents and caretakers receiving assistance engage in work activities (within 24 months of receiving assistance, or earlier at state option). The plan must indicate whether the state intends to treat families migrating from another state differently from others (and, if so, how) and whether it intends to provide assistance to non-citizens (and, if so, to provide an overview of aid). It also must establish goals to reduce the rate of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the state. The plan must describe how the state will provide education and training on statutory rape to the law enforcement and educational systems, and it must include a number of certifications (for example, equitable access to Indians and establishment and enforcement of standards against program fraud and abuse). States have the option of including a certification regarding the treatment of individuals with a history of domestic violence.

Chairman's Mark

The mark requires the state plan to establish specific measurable performance objectives for pursuing TANF purposes, and to describe the methodology the state will use to measure performance in relation to each objective. The mark states that the performance objectives are to be consistent with criteria used by the Secretary in establishing performance measures for the employment achievement bonus (workforce attachment and advancement) and with such other criteria related to other (non-work) purposes of the program as the Secretary may establish, in consultation with the National Governor's Association and the American Public Human Services Association. The mark specifies that the plan must describe any strategies and programs that the state plans to use concerning employment retention and advancement; reduction of teen pregnancy; services for struggling and noncompliant families, and for clients with special problems; program integration, including provision of services through the One-Stop delivery system under WIA; and engagement of faith-based organizations in provision of services funded by TANF. It requires state plans to describe how the state intends to encourage equitable treatment of healthy, married, two-parent families under TANF. It deletes the requirement to indicate whether the state intends to treat incoming families differently from residents (found unconstitutional) and drops the rule that community service be required from adults who fail to work after two months of aid, unless the governor opts out. It requires the plan to include a report detailing progress toward full engagement. It adds a requirement that tribal governments

be consulted about the TANF plan and its service design. The mark directs the Secretary to develop a proposed Standard State Plan Form for use by states nine months from enactment and requires states, by October 1, 2004, to submit their fiscal year 2005 plans on the standard form. It requires states to make available to the public through an appropriate State-maintained Internet website and through other means the state deems appropriate several documents: the proposed state plan (with at least 45 days for comment), comments received concerning the plan (or, at the state's discretion, a summary of the comments), and proposed amendments to the plan. It also requires that state plans in effect for any fiscal year be available to the public by the means listed above. The mark requires the Secretary, in consultation with states, to develop uniform performance measures designed to evaluate TANF state programs.

Sections 109 and 110 of the mark contain other state TANF plan provisions. Section 109 requires plans to include criteria for deeming a single parent who provides care for a disabled child or dependent to be meeting all or part of the family's work requirements. Section 109 permits a State, if it includes in its TANF plan a description of policies for areas of Indian country or an Alaskan native village with high joblessness, to define countable work activities for persons complying with individual responsibility plans and living in these areas. Section 110 requires state plans to outline how the State intends to require parent or caretaker recipients to engage in work or alternative self-sufficiency activities, as defined by the State, and to require recipient families to engage in activities in accordance with family self-sufficiency plans.

Reason for Change:

The Chairman's mark includes provisions to clarify what states are doing to move welfare clients into self sufficiency and to make the plans more meaningful. The Chairman's mark would require states to establish performance objectives and encourage an ongoing review of these objectives while maintaining state flexibility.

Section 102 -- Family Assistance Grants

Current Law

The law appropriated $16.5 billion annually for family assistance grants to the states and the District of Columbia (D.C.) for FYs1997-2002. It also appropriated $77.9 million annually for family assistance grants to the territories (and, within overall ceilings, such sums as needed for matching grants to the territories). Family assistance grants have been extended at FY2002 funding levels through September 30, 2003, by three quarterly continuing appropriation laws and by P.L. 108-40. Basic state grants are based on federal expenditures for TANF's predecessor programs during FY1992 through FY1995.

Chairman's Mark

The mark appropriates family assistance grants, at current levels, for the states, the District of Columbia, and the territories for fiscal years 2004 through 2008. The mark also appropriates matching grants for the territories for fiscal years 2004 through 2008.

Reason for Change:

(No change)

Section 103 – Promotion of Family Formation and Healthy Marriage

Current Law

The purposes of TANF include encouraging the formation and maintenance of two-parent families, ending the dependence of needy parents on government benefits by promoting. . . marriage, and reducing the incidence of out-of-wedlock pregnancies. The law established a bonus (up to $100 million yearly for four years) for 5 jurisdictions with the greatest percentage decease in nonmarital birth ratios and a decline from 1995 levels in abortion rates.

Chairman's Mark

The mark repeals the bonus for reduction of the illegitimacy ratio. It appropriates $100 million a year for five years (FYs 2004-2008) for competitive grants (50 percent matching rate) to states, territories, and tribal organizations to develop and implement innovative programs to promote and support healthy, married, two-parent families and to encourage responsible fatherhood. Grant funds must to used to support any of the following: public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health; education in high schools on the value of marriage, relationship skills, and budgeting; marriage education, marriage skills, and relationship skills programs, which may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married expectant and recent mothers and fathers; pre-marital education and marriage skills training for engaged couples and for couples or persons interested in marriage; marriage enhancement and marriage skills training programs for married couples; divorce reduction programs that teach relationship skills; marriage mentoring programs which use married couples as role models and mentors; and programs to reduce the marriage disincentive in means-tested aid programs, if offered in conjunction with any activity described above. The mark exempts marriage promotion grants from the general rules governing use of TANF funds (Section 404), but not from the percentage cap on administrative costs. To be eligible for a grant, applicants must consult with experts in domestic violence or with relevant community domestic violence coalitions and must describe in their applications how their proposed programs or activities will deal with issues of domestic violence and what they will do, to the extent relevant, to ensure that participation in the programs is voluntary and to inform potential participants that participation is voluntary. The mark provides that marriage promotion funds appropriated for each of fiscal years 2003 through 2008 shall remain available to the Secretary until spent. The mark provides that TANF funds can be used as all or part of the required state match for marriage promotion grants, but that these funds cannot count towards a state's MOE. The mark also includes conforming language relative to the fourth purpose of TANF, specifying that it is to encourage the formation and maintenance of healthy, two-parent married families and to encourage responsible fatherhood.

Reason for Change:

Two of the four original purposes of PRWORA are directly related to ending out-of-wedlock births and encouraging the formation and maintenance of two-parent families. The bonus to reduce out of wedlock births was initially developed to enhance these purposes. This bonus has not proven to be an effective mechanism for motivating state action. A correlation between state action and a reduction in out of wedlock births and family formation has not been established.

The Chairman's mark would redirect the funding to address the underlying purposes of PRWORA. The Chairman's mark would provide optional grants to states to explore innovative and creative approaches to promote healthy family formation activities. The Chairman's mark stipulates that participation in these programs is voluntary and that program development must be coordinated with domestic violence experts.

The Chairman's mark also includes a provision (in Section 114) which would redirect a portion of the funds for research and demonstration programs and technical assistance related to healthy family formation activities. These funds would be in addition to grants to states for healthy family formation activities. Currently there is a 25 year body of research related to work activities and welfare. The Chairman's mark would encourage a focus on research centered on marriage and family assistance so that states can learn from rigorous evaluations of activities to promote marriage and family formation.

Section 104 – Supplemental Grant for Population Increases in Certain States

Current Law

The law provides supplemental grants for (17) states with exceptionally high population growth during the early 1990s, benefits lower than 35% of the national average, or a combination of above-average growth and below-average AFDC benefits. Grants were authorized for a total of $800 million over FYs 1998 through 2001, and annual grants grew from $79 million to $319.5 million over this period. Congress froze grants at the fiscal year 2001 level in making fiscal year 2002 and 2003 appropriations.

Chairman's Mark

The mark extends supplemental grants, at their FY 2001 level, for FYs 2004 through 2007.

Reason for Change:

The Chairman's mark-extends the supplemental grant program for certain states.

Section 105 – Bonus to Reward Employment Achievement

Current Law

The Secretary of HHS, in consultation with the National Governors Association (NGA) and the American Public Human Services Association (APHSA) was required to develop a formula for measuring state performance relative to block grant goals. Awards for performance years 1998-2000 were based on work-related measures (and were paid to 38 jurisdictions). For later years, non-work measures – including food stamp and medicaid coverage of low-income families – were added. States can receive a bonus based on their absolute score in the current (performance) year and/or their improvement from the previous year, but the bonus cannot exceed 5% of the family assistance grant. $200 million per year was available for performance bonuses, for a total of $1 billion between FYs 1999 and 2003.

Chairman's Mark

The mark appropriates $600 million for FYs 2004 through 2009) for bonuses to states that qualify as "employment achievement" states by meeting standards to be developed by the

Secretary in consultation with the states. Bonuses are to average $100 million per year. The mark specifies that the employment achievement formula is to measure absolute and relative progress toward the goals of job entry, job retention, and increased earnings as well as attachment to the workforce. It caps a state's bonus at 5% of its family assistance grant. For FY 2004, the employment achievement bonus may be based on three components of the repealed high performance bonus – job entry rate, job retention rate, and earnings gain rate. The mark makes tribal organizations eligible for the bonus and directs the Secretary to consult with tribal organizations in determining criteria for awards to them.

It provides that appropriated amounts unspent (as of the date of enactment) for high performance bonuses will be available through FY 2004 for payment of high performance bonuses for bonus year 2003 – on terms in effect before repeal of that bonus.

Reason for Change:

The Chairman's mark provides for states to continue their successful efforts to move welfare recipients into good jobs. States have directed considerable resources into moving welfare recipients into meaningful employment. The Chairman's mark would continue to provide incentives for states to focus on employment achievement and would continue the policy of rewarding states for doing so. The Chairman's mark would preserve the concept of the High Performance Bonus focused on employment achievement.

Section 106 – Contingency Fund

Current Law

The TANF law established a $2 billion contingency fund for matching grants at the Medicaid matching rate (which ranges from 50% to 77%) to "needy" states that expect during the fiscal year to spend under the TANF program (not counting child care) 100% of their FY1994 level of spending on TANF-predecessor programs (not counting child care). States can access the contingency fund by meeting one of two "needy" state triggers: 1) an unemployment rate for a 3-month period that is at least 6.5% and 110% of the rate for the corresponding period in either of the two preceding calendar years; or 2) a food stamp caseload increase of 10% over the FY 1994-1995 level (adjusted for the impact of immigrant and food stamp constraints in the 1996 welfare law). Contingency payments for any fiscal year are limited to 20% of the state's base grant, and a state can draw down no more than 1/12 of its maximum annual contingency fund amount in a given month. Under a final reconciliation process, a state's federal match rate (for drawing down contingency funds) is reduced if it received funds for fewer than 12 months in any year.

Chairman's Mark

The mark appropriates such sums as are needed for contingency fund grants, up to $2 billion over 5 years, FYs 2004-2008. It eliminates the requirement that states spent 100% of their historic level to qualify for contingency funds (instead applying the TANF MOE, 75%-80%). It entitles states to a contingency fund grant reflecting costs of TANF caseloads when they are "needy" under a revised definition. To trigger on as needy: (a) a state must have an increase of 5 percent in the monthly average unduplicated number of families receiving assistance under its TANF program in the most recently concluded 3-month period with data, compared with the corresponding period in either of the two most recent preceding fiscal years; (b) the TANF caseload increase must be due, in large measure, to economic conditions rather

than state policy changes, and (c) for the most recent three-month period with data, the average rate of seasonally adjusted total unemployment must be at least 1.5 percentage points or 50 percent higher than in the corresponding period in either of the two most recent preceding fiscal years; or, for the most recent 13 weeks with data, the average rate of insured unemployment must be at least 1 percentage point higher than in the corresponding period in either of the two most recent fiscal years; or, for the most recently concluded 3-months with national data, the monthly average number of food stamp recipient households, as of the last day of each month, exceeds by at least 15 percent the corresponding caseload number in the comparable period in either of the two most recent preceding fiscal years, provided the HHS Secretary and the Secretary of Agriculture agree that the increased caseload was due, in large measure, to economic conditions rather than to policy change. The mark provides that a state that initially qualifies as needy because of its TANF caseload plus its food stamp caseload shall continue to be considered needy as long as the state meets the original qualifying conditions. A state that initially qualifies as needy because of its TANF caseload plus its total or insured unemployment rate shall not trigger off until its rate falls below the original qualifying level.

The contingency fund grant is based on the maximum cash benefit level for a family of 3 persons (if the state has more than one maximum cash benefit level, the grant is based on the maximum benefit for the largest number of 3-person families) and is payable for TANF caseload increases above 5 percent. The grant equals the state's federal Medicaid matching rate times the benefit cost of an increase in the TANF family caseload above 5 percent in the most recently concluded 3-month period with data, compared with the corresponding period in either of the two most recent preceding fiscal years. A state's total contingency grant cannot exceed 10 percent of its family assistance grant. To receive a contingency fund grant, a state must have spent 70 percent of its TANF grants (excluding welfare-to-work funds from the Department of Labor). Unexpended balances are the total amount of TANF grants not yet spent by the state as of the end of the preceding fiscal year minus current year expenditures through the end of the most recent quarter that exceed the pro rata share of the current fiscal year TANF grant. The mark repeals the fiscal penalty for failure of a state that receives contingency funds to maintain 100% of its historic spending level (MOE), but provides that a state shall not be eligible for a contingency fund grant unless its MOE spending equals 75% (80%, if it fails work participation rates).

Reason for Change

Because of a "super" MOE provision in PRWORA, states have been unable to access contingency funds in the manner in which they were intended in times of economic downturn. The Chairman's mark would liberalize the contingency fund so that states are better able to draw down those dollars.

Section 107 – Use of Funds

Current Law

The law permits states or tribes to use TANF funds received for any fiscal year for "assistance" in any later year, without fiscal year limitation. Regulations define assistance as ongoing aid for basic needs, plus supportive services such as child care and transportation for families who are not employed. Federally funded assistance to a given family is time-limited (60 months, with some hardship extensions allowed).

Chairman's Mark

The mark permits carryover of TANF funds granted to the state or tribe for any fiscal year to provide any benefit or service under the state or tribal TANF program without fiscal year limitation. The mark also allows a state or tribe to designate a portion of the TANF grant as a contingency reserve, which may be used without fiscal year limitation, to provide any benefit or service. If the state or tribe designates reserve funds, it must include the amount in its annual report. The mark deletes authority (Section 404(c)) for differential treatment of families moving into a state (which was invalidated by the U.S. Supreme Court in 1999). The mark exempts marriage promotion grant funds from general rules (but not the administrative percentage cap) on use of TANF funds. The mark restores transferability of TANF funds to SSBG to 10%.

Reason for Change:

Currently, carry over funds can be spent only on cash assistance. The Chairman's mark would allow carry over funds to be spent on any activity authorized under PRWORA, including child care. This provides additional flexibility for the states.

Additionally, the mark would permit states to designate an amount of unused dollars in a contingency reserve fund. This clarifies that, while unspent, these funds have been earmarked for purposes associated with the legislation.

Section 108 – Repeal of Federal Loan for State Welfare Programs

Current Law

The law provides a $1.7 billion revolving and interest-bearing federal loan fund for state TANF programs.

Chairman's Mark

The mark repeals the loan fund.

Reason for Change:

The fund did not function effectively.

Section 109 – Work Participation Requirements

Participation standards.

Current Law

States must have a specified percentage of their adult recipients engaged in creditable work activities. Since FY 2002 the participation standard has been 50% for all families (and since FY 1999 it has been 90% for the two-parent component of the caseload). Participation standards are reduced by a caseload reduction credit (below). In tribal family assistance

programs, work participation standards are set by the HHS Secretary, with the tribe's participation.

Chairman's Mark

The mark increases the all-family standard from the current 50% level to the following levels: FY 2005, 55%; FY 2006, 60%; FY 2007, 65%; and FY 2008 and thereafter, 70%. The mark eliminates the separate rate for two parent families.

Reason for Change:

Currently, many states have an effective participation rate of 0%. The Chairman's mark increases work participation requirements to move towards universal engagement policies under which States actively engage all welfare recipients in moving towards self sufficiency.

Calculation of participation rates

Current Law

A state's monthly participation rate, expressed as a percentage, equals (a) the number of all recipient families in which an individual is engaged in work activities for the month, divided by (b) the number of recipient families with an adult recipient, but excluding families subject that month to a penalty for work refusal (provided they have not been penalized for more than 3 months), single-parent families with children under 1, if the state exempts them from work, and, at state option, families in tribal family assistance programs.

Chairman's Mark

The mark permits a state to exclude all families from work participation calculations during their first month of TANF assistance and to exclude families with a child under age 1 *(*subject to a 12 month in a lifetime limit) from work requirements and calculations of work participation rates on a case-by-case basis.

Reason for Change

This language recognizes that the initial assessment and development of a family self sufficiency plan takes some time, during which the family may not be participating in countable activities. In addition, it ensures that states receive credit for families with young children who are engaged in countable activities

Caseload reduction credit.

Current Law

For each percent decline in the caseload from the FY 1995 level (not attributable to policy changes), the work participation standard is lowered by l percentage point). (In FY 2001, caseload reduction credits cut required work rates of 28 states to zero.)

Chairman's Mark

The mark replaces the current caseload reduction credit with an employment credit but permits states to phase in the replacement. In a separate provision, it places the same limits on the extent to which any employment, caseload reduction, or other credit could reduce a state's required participation rate. Under these limitations, credits could not exceed 40 percentage points for fiscal year 2004; 35 percentage points for fiscal year 2005; 30 percentage points for fiscal year 2006; 25 percentage points for fiscal year 2007; and 20 percentage points for fiscal year 2008 or thereafter.

Reason for Change:

PRWORA included a credit states could take for purposes of establishing their work participation rate based on a state's caseload reduction. Because caseloads have fallen so dramatically, many states now have an effective participation threshold of 0. The cap on the employment credit ensures that while policy priorities relative to encouraging states to work to move clients into good paying jobs are achieved, participation rates are not undermined by the credit.

Employment credit

Current Law

No provision

Chairman's Mark

The mark establishes a percentage point credit against the work participation standard (subject to the limits described immediately below). Essentially, the credit equals the percentage of TANF families in a fiscal year who leave ongoing cash assistance with a job. It is calculated by dividing (a) twice the quarterly average unduplicated number of families (excluding child-only families) that received TANF assistance during the preceding fiscal year but who ceased to receive TANF – and did not receive cash assistance from a separate state-funded program– for at least two consecutive months following case closure during the applicable period (most recent 4 quarters with data) and were employed during the calendar quarter immediately after leaving TANF by (b) the average monthly number of families (again excluding child-only families) who received cash payments under TANF during the preceding fiscal year. At state option, calculations could include in the numerator: (1) twice the quarterly average number of families that received non-recurring short term benefits rather than ongoing cash and who earned at least $1,000 in the quarter after receiving the benefit, and (2) twice the quarterly average number of families that included an adult who received substantial child care or transportation assistance. If both these options were taken, the denominator would be increased by twice the number of families that received non-recurring short-term benefits during the year and by twice the quarterly average number of families with an adult who received substantial child care or transportation assistance. In consultation with directors of state TANF programs, the Secretary is to define substantial child care or transportation assistance, specifying a threshold for each type of aid –a dollar value or a time duration. The definition is to take account of large one-time transition payments.

Extra credit – as 1.5 families – would be given to a family whose earnings during the preceding fiscal year equaled at least 33 percent of the State's average wage.

Employment credits or caseload reduction credits or a combination of the two could not exceed 40 percentage points for fiscal year 2004; 35 percentage points for fiscal year 2005; 30 percentage points for fiscal year 2006; 25 percentage points for fiscal year 2007; and 20 percentage points for fiscal year 2008 or thereafter. (As a result, credits could not cut effective work participation rates below these floors: 10 percent for fiscal year 2004, 20 percent for fiscal year 2005; 30 percent for fiscal year 2006; 40 percent for fiscal year 2007, and 50 percent for fiscal year 2008 and thereafter.)

The mark authorizes and requires the HHS Secretary to use information in the National Directory of New Hires to calculate State employment credits. If the TANF leaver's employer is not required to report new hires, the Secretary must use quarterly wage information submitted by the state. To calculate employment credits for families who received non-recurring short term benefits and for those who received substantial child care and transportation assistance, the Secretary is to use other required data. The mark requires the Secretary by August 30 each year to determine – and to notify each state of – the amount of the employment credit that will be used in calculating participation rates for the immediately succeeding fiscal year.

The mark sets October 1, 2005 as the effective date for replacement of the caseload reduction credit by the employment credit, but permits states to elect to have a one-year delay. If a state makes this choice, its adjusted work participation standard for fiscal year 2005 shall be determined by using both the caseload reduction credit and the employment credit (one-half credit for each).

Reason for Change:

The current caseload reduction credit contains a flawed incentive under which a State may receive credit toward the work participation requirements for families who leave assistance but do not become employed. The mark substitutes an employment credit for families that leave assistance for gainful employment.

Work activities

Current Law

The law lists 12 activities that can be credited toward meeting participation standards . Nine activities have priority status: unsubsidized jobs, subsidized private jobs, subsidized public jobs, work experience, on-the-job training; job search (6 weeks usual maximum, with no more than 4 consecutive weeks), community service, vocational educational training (12 month limit), and providing child care for TANF recipients in community service). Three non-priority activities are countable: job skills training directly related to employment; and (for high-school dropouts only) education directly related to work and completion of secondary school. The 6-week time limit on countable job search is doubled during high unemployment. No more than 30% of persons credited with work may consist of persons engaged in vocational educational training and teen parents without high school diplomas who are deemed to be engaged in work through education. In tribal family assistance programs, work activities are set by the HHS Secretary, with the tribe's participation.

Chairman's Mark

The mark lists 17 activities that can be credited toward meeting participation standards. It continues the current law list of 12 work activities (treating the 9 priority activities above as direct work activities) and lists five "qualified activities" that may be counted under certain conditions (see below). The qualified activities are postsecondary education, adult literacy programs or activities, substance abuse counseling or treatment, programs or activities designed to remove work barriers, as defined by the state, and programs or activities authorized under a waiver approved for any state after August 22, 1996. The mark deletes the requirement that only four consecutive weeks of job search can be counted within the normal 6 week limit. It doubles the permissible length of job search if the state meets the unemployment rate or increased food stamp caseload criteria for a "needy state" under the contingency fund definition. The mark permits a state to define countable work activities for persons complying with a family self sufficiency plan and living in areas of Indian country or an Alaskan native village with high "joblessness." To qualify for this option, the state must include in its TANF plan a description of its policies for these areas.

Reason for Change:

The mark includes activities proposed to maintain all the flexibility of current law and adds new flexibility in countable activities. Expanding the list of allowable activities would permit states to provide up-front job preparedness for families who need specialized services. It would allow states to engage recipients in short-term "barrier removal" activities. Many states have such programs and some have done these under "waivers. Hours in such activities would now count toward the federal participation standards.

Required work hours.

Current Law

Generally, to count toward the all-family rate, participation of 30 hours (20 hours in priority work activities) is required. For two-parent families the standard is 35 hours (30 in priority work activities), but increases to 55 hours (50 in priority activities) if the family receives federally-subsidized child care. For a single parent caring for a child under age 6, 20 hours of participation satisfies the standard. States may exempt single parents of children under age 1 from work and exclude them from the calculation of work participation rates. Teen parents are deemed to meet the weekly hour participation standard by maintaining satisfactory attendance in secondary school (or the equivalent in the month) or by participating in education directly related to employment for an average of 20 hours weekly. On one occasion per person, participation in job search for 3 or 4 days during a week must be treated as a week of participation.) In tribal family assistance programs, required work hours are set by the HHS Secretary, with the tribe's participation. [**Note**: except for teen parents, single parents with a child under 6, and participants in a tribal program with different hour requirements, families must work an average of at least 30 hours weekly to be counted as working.]

Chairman's Mark

The mark adopts a standard work week of 24 hours for a single parent with a child under age 6; 34 hours for a single parent with a child over 6; 39 hours for a two-parent family (but 55 hours for a two-parent family that receives child care. Families meeting or exceeding the standard are counted as 1.0 family in calculating the state's work participation rate. All schedules provide partial credit – provided sufficient hours are spent on direct work -- for hours below the standard, as follows:

Partial/full work credit	Single-parent family		Two-parent family	
				With child care
	Child under 6	No child under 6		
.675 of a family	20-23 hours	20-23 hours	26-29 hours	40-44 hours
.75 of a family	--	24-29 hours	30-34 hours	45-50 hours
.875 of a family	--	30-33 hours	35-38 hours	51-54 hours
1.0 family	24+ hours	34+ hours	39+ hours	55+ hours

Generally, to receive any credit for hours at or below 24, a single-parent family must engage for all of these hours in one of the nine direct work activities --unsubsidized job, subsidized private job, subsidized public job, work experience, on-the-job training; job search and job readiness assistance, community service, vocational educational training , and providing child care for TANF recipients in community service. For work credit, a two-parent family generally must spend all hours at or below 34 weekly in a direct work activity (50 hours if the family receives federally funded child care and has no disabled member). However, for three months in any 24-month period, a state may give work credit for any hours spent in one of the five "qualified activities"– postsecondary education, adult literacy programs or activities, substance abuse counseling or treatment, programs or activities designed to remove work barriers, as defined by the state, and programs or activities authorized under a waiver approved for any state after August 22, 1996. Once a family has reached the direct work hours threshold, it may receive credit for unlimited job search or vocational educational training or any of the five "qualified activities."

Teen parents who maintain satisfactory secondary school attendance or participate in education directly related to work for an average of 20 hours weekly are deemed to count as 1 family. A single parent who provides continuous care for a child or dependent with a physical or mental impairment may receive credit as engaged in work under certain conditions. The qualifying conditions include: the state must determine that the child or dependent has an impairment that requires that he/she have substantial continuous care, that the parent is the only reasonable provider of the care, that the recipient is in compliance with her self-sufficiency plan. The state must conduct regular periodic evaluations of the recipient's family and regularly update her self-sufficiency plan. Further, the state TANF plan must set forth criteria for deeming the single parent providing care for a disabled child or dependent to be meeting all or part of that family's work requirements. The mark retains the (30 percent) limitation on persons who may be credited with work by virtue of vocational educational training (for no more than 12 months) or (if teen parents) by high school attendance or work directly related to education.

Reason for Change:

The Chairman's mark recognizes that the success achieved by TANF and Work First programs are a result of a sustained emphasis on adult attachment to the workforce. The mark attempts to the build on the success of the past by increasing work and reducing the welfare rolls. Successes thus far come primarily from experiments and initiatives undertaken at the state level under waivers or TANF to move recipients from welfare-to-work. The mark establishes clearly defined goals and benchmarks for hours of participation.

Under the mark, states would have flexibility to engage single moms with pre-schoolers at fewer hours than the overall "standard" and to offset this by engaging others full time.

The Chairman's mark would expand the list of activities that count after a recipient has engaged in core work activities for 24 hours – allowing states to count "supplemental" hours spent in post-secondary education, vocational education beyond 1 year; and other education and barrier removal activities.

It would encourage states to provide post-employment activities, particularly education or additional job search, for working recipients to help recipients enhance their job skills and training to advance and leave welfare.

The Chairman's mark would provide a "Tiered Approach" to calculating hours of work activity counted towards meeting the participation rate.

"Partial credit" recognizes that some recipients might not meet the full-time standard; for example, persons in unsubsidized employment might be employed part-time or part of the month.

The mark recognizes that parents who must engage in substantial, continuous care of a disabled child or family member are engaged in meaningful activity. States should work with these families to monitor their progress and development.

Section 110 – Universal Engagement and Family Self Sufficiency Plan Requirements; Other Prohibitions and Requirements

Universal engagement.

Current Law

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

Chairman's Mark

The mark deletes the 24-month work trigger provision. It requires that state plans outline how they intend to require parents and caretakers to engage in work or alternative sufficiency activities, as defined by the state – while observing the prohibition against penalizing work refusal by a single parent of a preschool child if she has a demonstrated inability to obtain needed child care for specified reasons.

Reason for Change

By requiring states to outline how they intend to engage in self-sufficiency efforts all TANF families – not just those included in the work participation rate – the mark would promote movement of all families from dependence to self-sufficiency.

Family self-sufficiency plan requirements

Current Law

Within 30 days, states must make an initial assessment of the skills, work experience, and employability of each recipient 18 or older or those who have not completed high school. States may, but need not, establish an individual responsibility plan for each family.

Chairman's Mark

The mark requires states to make an initial screening and assessment, in a manner they deem appropriate, of the skills, work experience, education, work readiness, work barriers and employability of each adult or minor child head of household recipient who has attained age 18 or who has not completed high school and to assess, in a manner they deem appropriate, the work support and other assistance and family support services for which families are eligible and the well-being of the family's children and, where appropriate, activities or resources to improve their well being The mark requires states, in a manner they deem appropriate, to establish a self-sufficiency plan for each family. Required plan contents: activities designed to assist the family achieve their maximum degree of self-sufficiency, requirement that the recipient participate in activities in accordance with the plan, supportive services that the state intends to provide, steps to promote child well-being and, when appropriate, adolescent well-being , information about work support assistance for which the family may be eligible (such as food stamps, medicaid, SCHIP, federal or state funded child care — including that provided under the Child Care and Development Block Grant and the Social Services Block Grant, EITC, low-income home energy assistance, WIC, WIA program, and housing assistance). The state must monitor the participation of adults and minor child household heads in the self-sufficiency plans and regularly review the family's progress and revise the plan when appropriate. States must comply with self-sufficiency plan requirements within 1 year after enactment (for families then receiving TANF). For families not enrolled on the date of enactment, the deadline for self-sufficiency plans is the later of: 60 days after the family first receives assistance on the basis of its most recent application, or 1 year after enactment. The mark provides that nothing in the self-sufficiency plan subsection or amendments made be it shall be construed to establish a private right or cause of action against a state for failure to comply with the provisions or to limit claims that might be available under other federal or state laws. The General Accounting Office is required to submit a report to the Ways and Means and Finance Committees evaluating the

implementation of the universal engagement provisions of the bill. See Section 111 (Penalties) below for penalty on failure to comply with self-sufficiency plan requirements.

Reason for Change

The Chairman's mark would require states to make families on assistance aware of additional work supports and assistance for which they are eligible.

Prohibitions and requirements

Transitional compliance for teen parents

Current Law

The law makes an unmarried teenage parent (under age 18) ineligible for federally funded TANF assistance if she has a minor child at least 12 weeks old and no high school diploma unless she participates in a high school diploma program (or equivalent) or in an alternative educational or training program approved by the state. To receive TANF, she also must live with her child in an adult-supervised setting (a residence maintained by her parent, legal guardian, or other adult relative). If the teen parent has no available relative or guardian with whom to live, or if the state determines that the relative's home might be harmful, the state must provide, or assist the teen mother in locating, a second chance home, maternity home, or other appropriate adult-supervised living arrangement. TANF funds may be used to help operate second-chance homes.

Chairman's Mark

The mark would allow 60 days for a teen parent to comply with these requirements – permitting states to give federally funded TANF for up to 60 days to a teen parent not yet participating in education or training or not yet living in an adult-supervised arrangement. It also would add to allowable living arrangements transitional living youth projects funded under section 321 of the Runaway and Homeless Youth Act.

Reason for change:

The Chairman's mark includes a "transitional compliance" period for minor parents, so that income-eligible minor parents who at the time of application are having trouble meeting the rules and eligibility conditions related to education and living arrangements (such as school dropouts and homeless youth) are brought into the program where they can get the case management they need to meet the requirements.

Section 111 –Penalties Against States

Failure to meet the fiscal maintenance of effort requirement

Current Law

To receive a full TANF grant, state spending under all state programs in the previous year on behalf of TANF-eligible families (defined to include those ineligible because of the 5-year time limit or the federal ban on benefits to new immigrants) must equal at least 75% of the state's historic level (sum spent in FY1994 on AFDC and related programs). If a state fails work participation requirements, the required spending level rises to 80%. State expenditures that qualify for maintenance-of-effort credit are cash aid, child care, educational activities designed to increase self-sufficiency, job training, and work (but not generally available to non-TANF families) administrative costs (15% limit), child support collection passed through to the family without benefit reduction, and any other use of funds reasonably calculated to accomplish a TANF purpose.

Chairman's Mark

The mark extends the requirement that states maintain their own funding at 75 percent of its historic level (80% in case of failure to satisfy work standards) to cover FYs 2003 through 2009. It also specifies that a state's required MOE percentage for a given year is to be based on its meeting or failing the work requirement for the preceding fiscal year.

Reason for Change:

By basing the MOE requirement on the state's work performance in the preceding year, the Chairman's Mark ensures that states know the MOE requirement they will need to meet at the start of the year.

Penalties for failure to comply with self-sufficiency plan requirements

Current Law

No provision

Chairman's Mark

The mark (in section 110) adds failure to comply with family self-sufficiency plan requirements to the penalty paragraph regarding failure to comply with minimum participation standards (see above for penalty schedule). For fiscal year 2005 and later, it provides that the penalty shall be based on the degree of *substantial* noncompliance. The Secretary must take into account factors such as the number or percentage of families for whom a plan is not established in a timely fashion, the duration of delays, whether the failure are isolated and nonrecurring, and the existence of systems to ensure establishment and monitoring of plans. The Secretary may reduce the penalty if the noncompliance is due to circumstances that made the state needy under the contingency fund definition or due to extraordinary circumstances such as a natural disaster or regional recession.

Reason for Change

The Chairman's mark adds a penalty provision to enforce the new requirement that states develop family self-sufficiency plans for recipients, while stipulating that states will not be subject to penalty unless they are in substantial noncompliance with the law.

Section 112 – Data Collection and Reporting

Current Law

The law requires states to collect monthly, and report quarterly, disaggregated case record information (sample case record information may be used) about families who receive assistance under the state TANF program (except for information relating to activities carried out with welfare-to-work grants from the Department of Labor [DOL]). Required information includes ages of family members, size of family, employment status and earnings of the employed adult, marital status of adults, race and educational level of each adult and child, whether the family received subsidized housing, Medicaid, food stamps, or subsidized child care (and if the latter two, the amount). Also required are the number of hours per week that an adult participated in specified activities, information needed to calculate participation rates, type and amount of assistance received under TANF, unearned income received, and citizenship of family members.

Quarterly reports also must include the percentage of funds used for administrative costs or overhead, the total amount spent on programs for needy families, the number of noncustodial parents who participated in work activities, and the total amount spent on transitional services (with separate accounting for welfare-to-work grants). Quarterly reports also must provide the number of families and persons who received assistance each month and the total value of this assistance (with a breakdown for welfare-to-work grants). From a sample of closed cases, the report must provide the number of case closures attributed to employment, marriage, time limit sanction or state policy. The law requires the Secretary to submit annual reports to Congress that include state progress in meeting TANF objectives, demographic and financial characteristics of applicants, recipients, and ex-recipients, characteristics of each TANF-funded program, and trends in employment and earnings of needy families with children.

Chairman's Mark

The mark extends quarterly reporting requirements to cover families in MOE-funded separate state programs. It requires monthly reports from states on the TANF and separate state program caseload and annual reports from states on the characteristics of their state TANF program and their MOE separate state programs. Annual state reports must include names of programs, their activities and purpose, eligibility criteria, funding sources, number of beneficiaries, sanction policies, and work requirements, if any. The mark qualifies the use of samples to provide disaggregated case record information, permitting the Secretary to designate core data elements that must be reported for all families. The mark also changes some of the data elements required in the quarterly reports. For instance, it adds the race and educational level of each minor parent, deletes the educational level of each child, and adds the reason for receipt of assistance for a total of more than 60 months. It specifies that reported work experience be *supervised*. It also requires information needed to calculate progress toward universal engagement of each family, the date the family first received TANF, whether a self-sufficiency plan is established for the family; the marital status of the parents at the birth of each child in the family, and whether paternity has been established for those who were unwed. Quarterly reports must include information on families that became ineligible for assistance during the month, broken down by reason (earnings, changes in family composition that result in increased

earnings, sanctions, time limits, or other specified reasons). The mark requires the Secretary to prescribe regulations needed to collect data and to consult with the NGA, APHSA, and the National Conference of State Legislatures (as well as the Secretary of Labor) in defining data elements for required reports. The mark changes the requirements for the Secretary's annual TANF reports to Congress by setting July 1 as the deadline, deleting the requirement for information about applicants and requiring that the report include information about separate state MOE programs. It requires states to report to the Secretary annually, beginning with FY2005, on achievement and improvement during the past fiscal year under the state's performance goals and measures.

Reason for Change

The Chairman's Mark extends quarterly reporting requirements to ensure consistent data reporting and monitoring of all qualified State programs. Annual reports on all TANF and MOE programs are needed to provide information (e.g., number of beneficiaries) that is not otherwise available on non-cash assistance programs. Designation of a few core data elements for universal reporting would facilitate performance measurement and accountability. These elements are already submitted by states as part of the High Performance Bonus data collection. Data elements that have been difficult for the TANF agency to collect and report, or are not used to any significant extent, would be dropped to reduce burden on state agencies. A few data elements would be added to monitor compliance with universal engagement requirements.

Section 113 – Direct Funding and Administration by Indian Tribes

Current Law

The law earmarks some TANF funds – an amount equal to federal pre-TANF payments received by the state attributable to Indians – for administration by tribes with approved tribal family assistance plans. It deducts these sums ($115 million in FY2003) from state TANF grants. It also appropriates $7.6 million annually for work and training activities (now known as Native Employment Works [NEW]) to tribes that operated a pre-TANF work and training program.

Chairman's Mark
OPEN ISSUE

Section 114 – Research, Evaluations, and National Studies

Current Law

The 1996 welfare law required the HHS Secretary to conduct research on effects, costs, and benefits of state programs. It provides that the Secretary might help states develop innovative approaches to employing TANF recipients and increasing the well-being of their children and directed the Secretary to evaluate these innovative projects. For 6 years (FYs 1997 through 2002) it appropriated $15 million yearly, half for TANF research and novel approaches cited above and half for the federal share of state-initiated TANF studies and the completion and evaluation of pre-TANF waiver projects. (However, in subsequent appropriation acts, Congress has rescinded these provisions and appropriated research funds on a less prescriptive basis under

Section 1110 of the Social Security Act – which deals with cooperative research and demonstration projects.) Section 413 of the Social Security Act also requires the Secretary to rank annually the states to which family assistance grants are paid, in the order of their placing recipients into long-term private sector jobs, reducing the overall welfare caseload, and (when a practicable calculation method becomes available) diverting persons from formally applying for TANF assistance.

Chairman's Mark

The mark appropriates $100 million yearly for FYs 2004 through 2008, of which 80% must be spent on marriage promotion activities (described in the section establishing marriage grants). It makes these funds available to the HHS Secretary for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to states, Indian tribal organization, and such other TANF grantees as the Secretary may specify. It authorizes the Secretary to conduct these studies and demonstrations directly or through grants, contracts, or interagency agreements. In addition, for 5 years (FYs 2004 through 2008) it extends the current law annual appropriation of $15 million and its designated 50-50 allocation). The mark amends the factors to be used for annual ranking of states, by deleting the modifier "long term" from private sector job placement and adding new ranking factors: success of recipients in retaining work, ability of recipients to increase wages, and the degree to which recipients have workplace attachment and advancement.

Would establish a demonstration program for up to 10 states to enhance or to provide for improved program integration coordination and delivery across various workforce and public assistance programs. States would need to include a plan for evaluation to demonstrate the improved effectiveness of programs included. The Secretary or Secretaries overseeing programs proposed under this demonstration would need to approve the state's plan.

Reason for Change:

Healthy marriages are critically important to the well-being of children, a point recognized in the purposes of the original TANF law. The TANF program works with families to help them overcome great difficulties and barriers, so they can become stronger and self-sufficient. One important way we can help many families is to help them build the skills and knowledge that will enable them to form and sustain healthy marriages.

There is much, however that we do not yet know about how states and communities can effectively promote healthy marriages. The Secretary's Fund for Research Demonstrations and Technical Assistance serves several purposes. Just as current welfare to work programs are built on the foundation of considerable research and experience, the ability of states and communities to provide effective assistance to families in the future will depend on a strong base of research and examined experience.

This section would fund research on the operation and impact of various promising healthy marriage promotion services and strategies. Funds would also be used to support demonstration projects intended to examine how various comprehensive community based strategies and programs can help to promote the development and strength of healthy marriages.

Funds would be available for HHS to make technical assistance available to program operators, in particular, by helping states, tribes and local administrators learn from each other.

Effective service delivery is often inhibited by poor coordination and inefficiencies inherent to providing complementary services through different programs. Through these demonstrations, states could explore ways to build truly seamless services and substantially improve the quality of services for families.

Section 115 – Study by the Census Bureau

Current Law

The 1996 welfare law appropriated $10,000,000 annually for 7 years (FYs 1996 through 2002) to expand the Survey of Income and Program Participation (SIPP) so as to obtain data with which to evaluate TANF's impact on a random national sample of recipients and, as appropriate, other low-income working families.

Chairman's Mark

The mark appropriates $10 million annually for FYs 2004 through 2008 for continued and enhanced study by the Census Bureau of TANF and other low-income families with children.

Reason for Change

Reauthorization of TANF provides an opportunity to strengthen the SIPP and build upon the Census Bureau's federal-state partnership, linking state cross-program administrative data and survey data to meet the requirements in the enhanced SIPP to understand how low-income families are faring under TANF.

Section 116 – Funding for Child Care

Current Law

The 1996 welfare law created a mandatory child care block grant and appropriated $13.9 billion for it over 6 years ($2.7 billion for FY2002, the final year) and authorized $1 billion annually through FY2002 in discretionary funding under an expanded Child Care and Development Block Grant (CCDBG). FY2003 appropriations totaled $4.8 billion – $2.7 billion in mandatory funds and $2.1 billion in discretionary funds. (In addition, the welfare law permits states to transfer some TANF funds to the CCDBG.)

Chairman's Mark

The Chairman's mark increases mandatory child care funding by $1 billion over five years, providing $2.9 billion annually.

Reason for Change

The need for additional childcare resources to assist families.

Section 117 – Definitions

Current Law

The law does not define the term "assistance," but regulations define it as cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (food clothing, shelter, utilities, household goods, personal care items, and general incidental expenses) plus supportive services such as transportation and child care provided to families who are not employed. It does not include nonrecurrent, short-term benefits that are not intended to meet recurrent or ongoing needs and will not extend beyond four months.

Chairman's Mark

The mark defines assistance to mean payment, by cash, voucher, or other means, to or for a person or family for the purpose of meeting a subsistence need (including food, clothing, shelter, and related items, but not including costs of transportation or child care) and not including a payment for a subsistence need made on a short-term, nonrecurring basis, as defined by the state in accordance with regulations prescribed by the HHS Secretary.

Reason for Change

The Chairman's Mark affirms the flexibility of states to provide assistance and services to low-income families, including temporarily unemployed families, and clarifies that rules tied to state spending on "assistance" will not apply to child care and other non-cash work support services provided to the unemployed.

Section 118 – Responsible Fatherhood Program

Current Law

No provision.

Chairman's Mark

The Responsible Fatherhood Program would be added to the Social Security Act as a new Part C to Title IV. The mark amends Title 1 of P.L. 104-193 which would make the responsible fatherhood program subject to the charitable choice provisions. The mark also includes a list of findings with respect to the impact of fathers being absent from the home and the purposes of a responsible fatherhood program.

The mark establishes four components for the responsible fatherhood program. It authorizes (1) a $20 million grant program for up to 10 eligible states to conduct demonstration programs; (2) a $30 million grant for eligible entities to conduct demonstration programs; (3) $5 million for a nationally recognized nonprofit fatherhood promotion organization to develop and

promote a responsible fatherhood media campaign; and (4) a $20 million block grant to states for states to conduct responsible fatherhood media campaigns.

Grants to States to Conduct Demonstration Programs

The mark authorizes a $20 million appropriation that gives the HHS Secretary the authority to award grants to up to 10 eligible states to conduct demonstration programs that carry out the purposes described below. An eligible state is a state that submits to the Secretary an application for a grant, at such time, in such manner, and containing the information required by the Secretary. An eligible state must give the Secretary a state plan that describes the types of programs or activities that the state will fund under the grant, including a good faith estimate of the number and characteristics of clients to be served under the projects and how the state intends to achieve at least two of the purposes described below. The state plan also must include a description of how the state will coordinate and cooperate with state and local entities responsible for carrying out other programs that relate to the purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families. In addition, the state plan must include an agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary to provide oversight of the demonstration program.

The mark requires the chief executive officer of the state to certify to the HHS Secretary that the state will use the demonstration funds to promote at least two of the purposes described below; the state will return any unused funds to the Secretary; and that the funds provided under the grant will be used for programs and activities that target low-income participants and that at least 50 percent of the participants in each program or activity funded must be parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a state program funded under Title IV-D or Title IV-A, foster care (Title IV-E), Medicaid (Title XIX), or food stamps; or parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150% of the poverty line. In addition, the chief executive officer of the state must certify to the Secretary that programs or activities funded under the demonstration grant will be provided with information about the prevention of domestic violence and that the state will consult with representatives of state and local domestic violence centers. The state must also certify that funds provided to the state for demonstration grants must not be used to supplement or supplant other federal, state, or local funds that are used to support programs or activities that are related to the purposes of the demonstration grants.

In determining which states to award responsible fatherhood demonstration grants, the HHS Secretary must attempt to achieve a balance among the eligible states with respect to the size, urban or rural location, and use of differing or unique methods of the entities that states intend to use to conduct the programs and activities funded by the demonstration grants. The Secretary must give priority to eligible states that have demonstrated progress in achieving at least one of the stated purposes through previous state initiatives or that have demonstrated need with respect to reducing the incidence of out-of-wedlock births or absent fathers in the state.

The mark stipulates the purposes of the demonstration grants are to promote responsible fatherhood through (1) marriage promotion (through counseling, mentoring, disseminating

information about the advantages of marriage and two-parent involvement for children, enhancing relationship skills, teaching how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, skills-based marriage education, financial planning seminars, and divorce education and reduction programs, including mediation and counseling); (2) parenting activities (through counseling, mentoring, mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods); and (3) fostering economic stability of fathers (through work first services, job search, job training, subsidized employment, education, including career-advancing education, job retention, job enhancement, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods).

The mark prohibits the use of responsible fatherhood demonstration grants for court proceedings on matters of child visitation or child custody, or legislative advocacy.

The mark prohibits a state from being awarded a grant unless the state consults with experts of domestic violence or with relevant community domestic violence coalitions in developing programs or activities funded by the grant. The state also must describe in the grant application how the proposed programs or activities will address, as appropriate, issues of domestic violence and what the state will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary and to inform potential participants that their involvement is voluntary.

The mark requires that each eligible state that receives a grant must return any unused portion of the grant for a fiscal year back to the HHS Secretary not later than the last day of the second succeeding fiscal year, together with any earnings from interest on the unused portion. The Secretary is required to establish an appropriate procedure for redistributing to eligible states that have expended the entire amount of their grant for a fiscal year any amount that is returned to the Secretary by eligible states.

The mark authorizes a $20 million appropriation for each of the fiscal years 2004 through 2008 for responsible fatherhood demonstration grants. The mark stipulates that the amount of each responsible fatherhood demonstration grant awarded must be an amount sufficient to implement the state plan submitted by the state, subject to a minimum amount of $1 million per fiscal year in the case of the 50 states and the District of Columbia, and $500,000 in the case of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

Grants to Eligible Entities to Conduct Demonstration Programs

The mark authorizes a $30 million appropriation that gives the HHS Secretary the authority to award grants to eligible entities to conduct demonstration programs that carry out the purposes described above. An eligible entity is a local government, local private agency, community-based or nonprofit organization, or private entity, including any charitable or faith-based organization that submits to the Secretary an application for a grant, at such time, in such manner, and containing the information required by the Secretary. An eligible entity must give the Secretary a description of the programs and activities that the entity will fund under the grant, including a good faith estimate of the number and characteristics of clients to be served

under the projects and how the entity intends to achieve at least two of the purposes described above. The project description also must include a description of how the entity will coordinate and cooperate with state and local entities responsible for carrying out other programs that relate to the purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families. In addition, the project description must include an agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary to provide oversight of the demonstration program.

The mark requires a certification that the entity will use the demonstration funds to promote at least two of the purposes described above; the entity will return any unused funds to the Secretary; and that the funds provided under the grant will be used for programs and activities that target low-income participants and that at least 50 percent of the participants in each program or activity funded must be parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a state program funded under Title IV-D or Title IV-A, foster care (Title IV-E), Medicaid (Title XIX), or food stamps; or parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150% of the poverty line. In addition, the mark requires a certification that the entity will consult with representatives of state and local domestic violence centers. The entity must also certify that funds provided to the state for demonstration grants must not be used to supplement or supplant other federal, state, or local funds provided to the entity that are used to support programs or activities that are related to the purposes of the demonstration grants.

In determining which entities to which to award responsible fatherhood demonstration grants, the HHS Secretary must attempt to achieve a balance among the eligible entities with respect to the size, urban or rural location, and use of differing or unique methods of the entities.

The mark prohibits the use of responsible fatherhood demonstration grants awarded to entities for court proceedings on matters of child visitation or child custody, or legislative advocacy.

The mark stipulates that the HHS Secretary may not award a grant to an eligible entity unless the entity, as a condition of receiving the grant, consults with experts in domestic violence or with relevant community domestic violence coalitions in developing the programs or activities funded by the grant; and describes in the grant application how the programs or activities will address issues of domestic violence and what the entity will do to ensure that participation in the programs or activities funded is voluntary and to inform potential participants that their involvement is voluntary.

The mark requires that each eligible entity that receives a grant must return any unused portion of the grant for a fiscal year back to the HHS Secretary not later than the last day of the second succeeding fiscal year, together with any earnings from interest on the unused portion. The Secretary is required to establish an appropriate procedure for redistributing to eligible entities that have expended the entire amount of their grant for a fiscal year any amount that is returned to the Secretary by eligible entities.

The mark authorizes a $30 million appropriation for each of the fiscal years 2004 through 2008 for responsible fatherhood demonstration grants to eligible entities.

National Clearinghouse for Responsible Fatherhood Programs

The mark authorizes an appropriation of $5 million for the HHS Secretary to contract with a nationally recognized, nonprofit fatherhood promotion organization to (1) develop, promote and distribute to interested states, local governments, public agencies, and private entities a media campaign that encourages appropriate involvement of both parents in the life of their children (with an emphasis on responsible fatherhood); and (2) develop a national clearinghouse to assist states and communities in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to other states information on state-sponsored media campaigns.

The mark requires the HHS Secretary to ensure that the selected nationally recognized nonprofit fatherhood promotion organization coordinate the media campaign and national clearinghouse that are developed with grant funds with a national, state, or local domestic violence program.

The nationally recognized nonprofit fatherhood promotion organization must have at least four years of experience in designing and disseminating a national public education campaign, and in providing consultation and training to community-based organizations interested in implementing fatherhood programs.

The mark authorizes a $5 million appropriation for each of the fiscal years 2004 through 2008 to establish a national clearinghouse for responsible fatherhood programs.

Block Grants to States to Encourage Media Campaigns

The mark authorizes the HHS Secretary to provide a $20 million block grant to states for media campaigns for each of the fiscal years 2004 through 2008.

Not later than October 1 of each of the fiscal years for which a state wants to receive an allotment of block grant funds, the mark requires the chief executive officer of the state to certify to the HHS Secretary that the state will use grant funds to promote the formation and maintenance of married two-parent families, strengthen fragile families, and promote responsible fatherhood through media campaigns. The executive officer also must certify that the state will return any unused funds to the Secretary and comply with the stipulated reporting requirements.

States have the option of establishing media campaigns via radio or television, air-time challenge programs (under which the state may purchase air time only if it obtains non-federal contributions to purchase additional similar air time), or through the distribution of printed or other advertisements. A state may administer media campaigns directly or through grants, contracts, or cooperative agreements with public agencies, local governments, or private entities (including charitable and faith-based organizations). In developing broadcast and printed advertisements for media campaigns, the state or other entity administering the campaign must consult with representative of state and local domestic violence centers. The mark defines

broadcast advertisement, child at risk, poverty line, printed or other advertisement, state, and young child.

Each state's allotment is based on its proportion of poor children in the nation, and its portion of children under age 5 in the nation. Each state and the District of Columbia would receive no less than the minimum allotment of $200,000; Guam, Puerto Rico, the Virgin Islands, American Samoa, and the Northern Mariana Islands would receive no less than $100,000 per year for FY2004-2008.

The mark requires that each eligible entity that receives a grant must return any unused portion of the grant for a fiscal year back to the HHS Secretary not later than the last day of the second succeeding fiscal year, together with any earnings from interest on the unused portion. The Secretary is required to establish an appropriate procedure for redistributing to states that have expended the entire amount of their grant for a fiscal year any amount that is returned to the Secretary by states, or not allotted to states because the state did not submit a certification by October 1 of a fiscal year.

The mark requires each state that receives an allotment to monitor and evaluate the media campaigns conducted using the allotted grant funds and submit an annual report to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

The mark authorizes the HHS Secretary to provide a $20 million block grant to states for media campaigns for each of the fiscal years 2004 through 2008. The Secretary must conduct an evaluation of the impact of the media campaigns and report to Congress the results of the evaluation no later than December 31, 2006. The mark authorizes a $1 million appropriation for FY2004 to conduct the evaluation (the evaluation funding is to remain available until expended).

Reason for Change

Children do better academically, emotionally and socially when raised by their married biological parents. This provision in the bill provides states and faith based and community organizations and local governments with resources to find innovative ways to promote responsible fatherhood through marriage promotion and divorce reduction, parenting skill building, and where appropriate, expanded opportunities for strengthening the employment opportunities of low-income fathers. The provision is targeted on families, many of whom are unmarried at the time of the birth of their child, who have received TANF, Food Stamps or Medicaid Services or who have incomes below 150% of poverty. The provision requires all grantees to ensure that program participation is voluntary and that domestic violence experts and coalitions are consulted.

Section 119 – Grants to Capitalize and Develop Sustainable Social Services

Current Law

No provision in TANF law.

Chairman's Mark

The mark appropriates $40 million for each of FYs 2004-2008 for grants to be made by the HHS Secretary to entities for the purpose of capitalizing and developing the role of sustainable social services that are critical to the success of moving TANF recipients to work. Applicants would be required to describe the capitalization strategy they intend to follow to develop a program that generates its own source of on-going revenue while assisting TANF recipients. Administrative costs could not exceed 15 percent (except for computerization and information technology needed for tracking or monitoring required by TANF), but none of the other statutory rules regarding use of TANF funds would apply. The mark requires the Secretary to conduct an evaluation of the programs developed by these grants.

Reason for Change

The provision would support efforts to develop the role of self-sustainable social services which are critical in the success of moving welfare recipients into work.

Section 120 – Technical Corrections

TITLE II – ABSTINENCE EDUCATION

Section 201 – Extension of Abstinence Education Program

Current Law

The law appropriated $50 million annually for FYs 1998-2002 for matching grants to states to provide abstinence education and, at state option, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on groups that are most likely to bear children out-of-wedlock. Funding was extended through June September 30, 2003 by continuing appropriations. Funds must be requested by states when they apply for Maternal and Child Health (MUCH) block grant funds and must be used exclusively for the teaching of abstinence. States must match every $4 in federal funds with $3 in state funds.

Chairman's Mark

The mark appropriates $50 million annually for the program through fiscal year 2008.

Reason for Change:

The mark continues the program with no change.

Title III–Child Support

Section 301 - Distribution of child support collect by state on behalf of children receiving certain welfare benefits

Assignment of child support rights

Current Law

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

Any assignment of rights to unpaid child support that was in effect on Sept. 30, 1997 must remain in effect. This means that any child support collected as a result of the assignment must go the state and the federal government.

Chairman's Mark

The mark stipulates that the assignment covers only child support that accrues during the period that the family receives TANF. (In other words, pre-assistance arrearages would be eliminated). In addition, the mark gives states the option to discontinue pre-assistance assignments in effect on Sept. 30, 1997. If a state chooses to discontinue the child support assignment, the state may distribute collections from such assignment to the family. States also would have the option to discontinue pre-assistance arrearage assignments in effect before 2003. If a state chooses to discontinue the child support assignment, the state may distribute collections from such assignment to the family.

Reason for Change:

The Chairman's mark would support family self-sufficiency by allowing families to keep more of the child support collected on their behalf. It would also prevent TANF families from losing access to lump sum collections of past-due pre-assistance support that may help them exit TANF.

Distribution of child support to TANF families

Current Law

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

Child support payments collected on behalf of TANF families that are passed through to the family and disregarded by the state count toward the TANF MOE (maintenance of effort) expenditure requirement.

Chairman's Mark

For families which include an adult that has received TANF benefits for not more than 5 years after enactment of this bill, the mark requires the federal government to waive its share of child support collections passed through to TANF families by the state and disregarded by the

state–up to an amount equal to $400 per month in the case of a family with one child, and up to $600 per month in the case of a family with two or more children. Like current law, disregarded pass through amounts count as TANF MOE expenditures.

The mark includes a provision that allows states with section 1115 demonstration waivers (on or before October 1, 1997) related to the child support pass-through provisions to continue to pass through payments to families in accordance with the terms of the waiver.

Reason for Change:

The Chairman's mark promotes family self-sufficiency by providing an incentive for states to allow families to keep more of the child support collected on their behalf. No such incentive currently exist. This option would also allow noncustodial parents who pay child support to know that their support payments are being received by their children.

Distribution of child support to former TANF families

Current Law

With respect to former TANF families: Current child support payments must be paid to the family. Since October 1, 1997, child support arrearages that accrue *after* the family leaves TANF also are required to be paid to the family before any monies may be retained by the state. Further since October 1, 2000, child support arrearages that accrued *before* the family began receiving TANF also are required to be distributed to the family first.

However, if child support arrearages are collected through the *federal income tax refund offset program*, the family *does not* have first claim on the arrearage payments. Such arrearage payments are retained by the state and the federal government.

Chairman's Mark

As mentioned above, the mark eliminates the assignment of pre-assistance arrearages. The mark also eliminates the special treatment of child support arrearages collected through the federal income tax refund offset program. Such collections also would go the family first.

To the extent that the arrearage amount payable to a former TANF family in any given month under the mark exceeds the amount that would have been payable to the family under current law, the state can elect to have the amount paid to the family considered an expenditure for Maintenance-of-Effort (MOE) purposes. In addition, the mark amends the Child Support Enforcement State Plan to include an election by the state to include whether it is using the new option to pass through all arrearage payments to former TANF families without paying the federal government its share of such collections or whether it chooses to maintain the current law distribution method. Further, the mark stipulates that no later than 6 months after the date of enactment of this legislation, the HHS Secretary, in consultation with the states, must establish the procedures to be used to make estimates of excess costs associated with new funding option.

Reason for Change:

The Chairman's mark supports self-sufficiency by providing former TANF families with more of the child support collected on their behalf, regardless of how it is collected. It allows states to use the federal tax refund offset remedy to get more collections to families. Providing MOE for additional money to families provides further incentive for states to exercise this option and is consistent with MOE policy on the pass through of child support collections to current TANF families.

Distribution of child support to families that never received assistance

Current Law

The entire amount of the child support collection is distributed to families that never received TANF assistance.

Chairman's Mark

Same as current law.

Reason for Change:

No change

Distribution of child support to families under certain agreements

Current Law

In the case of a family receiving TANF assistance from an Indian tribe or tribal organization, the child support collection is to be distributed according to the cooperative agreement specified in the Child Support Enforcement State Plan.

Chairman's Mark

Same as current law.

Reason for Change:

No change.

Effective date

Current Law

Not applicable.

Chairman's Mark

The amendments made by this section of the bill would take effect on October 1, 2007, and would apply to payments under parts A and D of Title IV of the Social Security Act for calendar quarters beginning on or after such date. States could elect to have the amendments take effect earlier–at any date that is after enactment of the bill and before October 1, 2007.

Reason for Change:

This effective date will allow states sufficient time to implement required and optional changes in child support distribution and assignment, while also allowing states to choose to proceed more quickly.

Section 302 - Mandatory review and adjustment of child support orders for families receiving TANF

Current Law

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

Chairman's Mark

The mark requires states to review and, if appropriate, adjust child support orders in TANF cases every 3 years. The provision would take effect on October 1, 2005.

Reason for Change:

The mandatory review and, if necessary, modification of child support orders will make award amounts more appropriate. In some cases this will increase the amount of payment required, which will in turn increase collections, and in other cases it will reduce the amount of payment required, therefore limiting the accumulation of uncollectible arrears.

Section 303 - Report on undistributed child support payments

Current Law

No provision.

Chairman's Mark

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

Reason for Change:

Undistributed collections are a significant new issue that merits further analysis and may require further state or federal action in order to ensure that families are receiving the support paid on their behalf, as appropriate.

Section 304 - Use of new hire information to assist in administration of unemployment compensation programs

Current Law

Federal law requires all employers in the nation to report basic information on every newly-hired employee to the state. States are then required to collect all this information in the State Directory of New Hires, to use this information to locate noncustodial parents who owe child support and to send a wage withholding order to their employer, and to (within 3 business days) report all information in their State Directory of New Hires to the National Directory of New Hires. Information in the State Directory of New Hires is used by State Employment Security Agencies (the agency that operates the State Unemployment Compensation program) to match against unemployment compensation records to determine whether people drawing unemployment compensation benefits are actually working. (Note that states currently have access to the new hire information only in their own state.)

Chairman's Mark

The mark authorizes State Employment Security Agencies (which are responsible for administering the Unemployment Compensation program) to request and receive information from the National Directory of New Hires (which includes information from all of the state directories as well as federal employers) via the HHS Secretary in order to help detect fraud in the unemployment compensation system.

The mark requires state agencies to have in effect data security and control policies that the HHS Secretary finds adequate to ensure the security of the information and to ensure that access to such information is restricted to authorized persons for purposes of authorized uses and disclosures. An officer or employee of a state agency who fails to comply with security requirements would be subject to current law penalties related to misuse of information. The mark requires the Secretary to establish uniform procedures that govern information requests and data matching. The mark requires the state agency to reimburse the HHS Secretary for cost incurred by the Secretary in furnishing requested information.

The provision would take effect on October 1, 2004.

Reason for Change:

The Chairman's mark will improve the Unemployment Compensation Program by allowing State Employment Security Agencies to determine whether people drawing unemployment compensation benefits are actually working in another state or for the federal government. Current data matches do not allow SESAs to identify this kind of employment.

Section 305 - Decrease in amount of child support arrearage triggering passport denial

Current Law

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

Chairman's Mark

The mark authorizes the denial, revocation, or restriction of passports to noncustodial parents whose child support arrearages exceed $2,500, rather than $5,000 as under current law. The provision would take effect on October 1, 2004.

Reason for Change:

This provision will increase the success of the passport denial program and provide more collections to families. Fewer arrears will have to build up before this effective enforcement tool can be utilized.

Section 306 - Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors

Current Law

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

Chairman's Mark

The mark permits the federal income tax refund offset program to be used to collect arrearages on behalf of non-welfare children who are no longer minors. The provision would take effect on October 1, 2005.

Reason for Change:

This will increase support to families by removing a barrier to collecting past due child support on behalf of children who are no longer minors.

Section 307 - Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations

Current Law

The disability compensation benefits of veterans are treated differently than most forms of government payment for purposes of paying child support. Whereas most government payments are subject to being automatically withheld to pay child support, veterans disability compensation is not subject to intercept. The only exception occurs when veterans have elected to forego some of their retirement pay in order to collect additional disability payments. The advantage of veterans replacing retirement pay with disability pay is that the disability pay is not subject to taxation. With this exception, which occurs rarely, the only way to obtain child support payments from veterans' disability compensation is to request that the Secretary of the Veterans Administration intercept the disability compensation and make the child support payments.

Chairman's Mark

The mark allows veterans' disability compensation benefits to be intercepted (withheld) and paid on a routine basis to the custodial parent if the veteran is 60 days or more in arrears on child support payments. This provision prohibits the garnishment of any veteran's disability compensation in order to collect alimony and no more than 50% of any particular disability payment can be withheld. The provision would take effect on October 1, 2005.

Reason for Change:

This proposals will provide more child support collections to families of veterans and make the child support intercept of veterans's disability payments more consistent with other forms of government payment.

Section 308 - Improving federal debt collection practices

Current Law

Federal law stipulates that any *federal agency* that is owed a nontax debt (that is more than 180 days past-due) may notify the Secretary of the Treasury to obtain an administrative offset of the debt. Currently, states have the authority to garnish Social Security benefits (except SSI) for child support payments, but they cannot use the federal administrative offset process to

do so. However, Social Security payments can only be offset for federal debt recovery. (Federal law exempts $9,000 annually ($750 per month) from the administrative offset.

Chairman's Mark

The mark expands the federal administrative offset program by allowing certain Social Security benefits to be offset to collect past-due child support (on behalf of families receiving CSE [Title IV-D of the Social Security Act] services) in appropriate cases selected by the states. The provision would take effect on October 1, 2004.

Reason for Change:

The Chairman's mark will increase child support collections to the families of benefit recipients by allowing offset of additional benefits, while maintaining an adequate benefit level for the recipient.

Section 309 - Maintenance of technical assistance funding

Current Law

Federal law authorizes the HHS Secretary to use 1% of the federal share of child support collected on behalf of TANF families the preceding year to provide to the states – information dissemination and technical assistance, training of state and federal staff, staffing studies, and related activities needed to improve CSE programs (including technical assistance concerning state automated CSE systems), and research demonstration and special projects of regional or national significance relating to the operation of CSE programs. Such funds are available until they are expended.

Chairman's Mark

The mark authorizes the HHS Secretary to use 1% of the federal share of child support collected on behalf of TANF families the preceding year, or the amount appropriated for FY2002, whichever is greater, to provide to the states – information dissemination and technical assistance, training of state and federal staff, staffing studies, and related activities needed to improve CSE programs (including technical assistance concerning state automated CSE systems), and research demonstration and special projects of regional or national significance relating to the operation of CSE programs. Such funds are available until they are expended.

Reason for Change:

Since the child support assignment and distribution changes in the Chairman's mark will allow TANF and former TANF families to keep more of the child support collected on their behalf, TANF collections retained by the federal government will be reduced. This provision freezes technical assistance funding at least at FY2002 levels to ensure that sufficient funding is available for important child support technical assistance functions, even as the federal share of collections falls.

Section 310 - Maintenance of federal parent locator service funding

Current Law

Federal law authorizes the HHS Secretary to use 2% of the federal share of child support collected on behalf of TANF families the preceding year for operation of the Federal Parent Locator Service to the extent that the costs of the Federal Parent Locator Service are not recovered by user fees. Federal law allows only such funds that were appropriated for FY1997-FY2001 to remain available until expended.

Chairman's Mark

The mark authorizes the HHS Secretary to use 2% of the federal share of child support collected on behalf of TANF families the preceding year, or the amount appropriated for FY2002, whichever is greater, for operation of the Federal Parent Locator Service to the extent that the costs of the Federal Parent Locator Service are not recovered by user fees. Allows amounts appropriated for the Federal Parent Locator Service to remain available until they are expended.

Reason for Change:

Since the child support assignment and distribution changes in the Chairman's mark will allow TANF and former TANF families to keep more of the child support collected on their behalf, TANF collections retained by the federal government will be reduced. This provision freezes Federal Parent Locator Service funding at least at FY2002 levels to ensure that sufficient funding is available for the operation of the Federal Parent Locator Service, which is a key child support enforcement tool, even as the federal share of collections falls.

Section 311 - Identification and seizure of assets held by multi-state financial institutions

Current Law

The 1996 welfare reform law required states to enter into agreements with financial institutions conducting business within their state for the purpose of conducting a quarterly data match. The data match is intended to identify financial accounts (in banks, credit unions, money-market mutual funds, etc.) belonging to parents who are delinquent in the payment of their child support obligation. When a match is identified, state CSE agencies may issue liens or levies on the account(s) of the delinquent parent to collect the past-due child support. In some cases, state law prohibits the placement of liens or levies on accounts outside of the state and some financial institutions only accept liens and levies from the state where the account is located. In 1998, Congress made it easier for multi-state financial institutions to match records by permitting the Federal Parent Locator Service (FPLS) to help them coordinate their information.

Chairman's Mark

The mark authorizes the HHS Secretary, via the Federal Parent Locator Service, to assist states to perform data matches comparing information from states and participating multi-state financial institutions with respect to persons owing past-due child support. The mark authorizes

the Secretary via the Federal Parent Locator Service to seize assets, held by such financial institutions, of noncustodial parents who owe child support arrearage payments, by issuing a notice of a lien or levy and requiring the financial institution to freeze and seize assets in accounts in multi-state financial institutions to satisfy child support obligations. The Secretary would be required to transmit any assets seized under the procedure to the state for accounting and distribution. The mark stipulates that the Secretary must inform affected account holders/ asset holders of their due process rights.

Reason for Change:

After HHS identifies assets held in multi-state financial institutions by persons who owe past due support, many states cannot take action to seize financial assets when they are located in another state. Therefore, the Chairman's mark authorizes the Secretary to take administrative action on behalf of a state to freeze and seize assets in accounts in multi-state financial institutions, identified through the multi-state financial institution data match. This will make full use of this existing enforcement mechanism and increase the collection of past-due child support.

Section 312 - Information comparisons with insurance data

Current Law

No provision.

Chairman's Mark

The mark authorizes the HHS Secretary, via the Federal Parent Locator Service, to compare information of noncustodial parents who owe past-due child support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments; and to furnish any information resulting from a match to the appropriate state CSE agency in order to secure settlements, awards, etc. for payment of past-due child support.

Reason for Change:

States must have in effect laws requiring the use of procedures authorizing intercepting or seizing periodic or lump-sum payments from settlements to satisfy current support obligations. Often states are unable to access the databases that contain insurance and settlement information, especially when the information is related to an interstate case or when an insurance company is located in another state. In order to assist states, the Chairman's mark permits the Secretary to administer an insurance claims matching program. Under the proposal, the Federal Offset File (individuals who owe past-due support) would be matched against insurance databases to identify individuals who have pending insurance claims and settlements. The Secretary would notify states if delinquent obligors have pending insurance claims and settlements so that states could take enforcement actions to freeze and seize these payments. Participation by insurance companies would be voluntary.

Section 313 - Tribal access to the federal parent locator service

Current Law

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

Chairman's Mark

The mark includes Indian tribes and tribal organizations that operate a child support enforcement program as "authorized persons."

Reason for Change:

The Chairman's mark will give tribal child support enforcement programs access to the Federal Parent Locator Service, to which state child support enforcement agencies currently have access, so that they can use it to locate noncustodial parents to establish paternity and collect child support. This will increase child support collections to families, especially tribal families.

Section 314 - Reimbursement of Secretary's costs of information comparisons and disclosure for enforcement of obligations on higher education act loans and grants

Current Law

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

Chairman's Mark

The mark amends the reimbursement of costs provision by eliminating the word additional. Thus, the Secretary of Education is to reimburse the HHS Secretary for any costs incurred by the HHS Secretary in providing requested new hires information.

Reason for Change:

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

Section 315 - Technical amendment relating to cooperative agreements between states and Indian tribes

Current Law

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

Chairman's Mark

The mark deletes the reference to child welfare programs.

Reason for Change:

This reference incorrectly refers to the child welfare program rather than the child support enforcement program.

Section 316 - Claims upon longshore and harbor workers' compensation for child support

Current Law

The Longshore and Harbor Worker's Compensation Act is the federal worker's compensation law for maritime workers and persons working in shipyards and on docks, ships, and offshore drilling platforms. The Act exempts benefits paid by longshore or harbor employers or their insurers from all claims of creditors. Thus, Longshore and Harbor Worker's Compensation Act benefits that are paid by longshore or harbor employers or their insurers are not subject to attachment for payment of child support obligations.

Chairman's Mark

The mark amends the Longshore and Harbor Workers' Compensation Act to ensure that longshore or harbor workers benefits that are provided by the federal government or by private insurers are subject to garnishment for purposes of paying child support obligations.

Reason for Change

The Federal Longshore and Harbor Worker's Compensation Act (LHWCA) benefits that are paid by a self-insured entity or private insurer are not subject to attachment for payment of

child support obligations. The Chairman's mark would allow garnishment of all LHWCA benefits for purpose of child support enforcement, thereby increasing child support collections.

Section 317 - State option to use statewide automated data processing and information retrieval system for interstate cases

Current Law

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

Chairman's Mark

The mark allows an assisting state to establish a child support interstate case based on another state's request for assistance; and thereby an assisting state may use the CSE statewide automated data processing and information retrieval system for interstate cases.

Reason for Change:

The Chairman's mark allows states that cannot now use their automated systems to provide high-volume automated administrative enforcement services in interstate cases to choose to open a case in order to assist other states in collecting child support. This will increase interstate child support collections.

Section 318 - Interception of gambling winnings for child support

Current Law

Federal law requires states to establish expedited processes within the state judicial system or under administrative processes for obtaining and enforcing child support orders and determining paternity. These expedited procedures include giving states authority to secure assets to satisfy payment of past-due support by seizing or attaching lumpsum payments from unemployment compensation, workers' compensation, judgments, settlements, lotteries, assets held in financial institutions, and public and private retirement funds.

Chairman's Mark

The mark authorizes the HHS Secretary via the Federal Parent Locator Service to intercept gambling winnings of noncustodial parents who owe past-due child support and transmit those winnings to the appropriate state CSE agency for distribution. The mark defines

gambling winnings as the proceeds of a wager that are subject to federal tax (e.g., winnings from casinos, horse racing, dog racing, jai alai, sweepstakes, parimutuel pools, lotteries, etc.). The Secretary must compare information obtained from gambling establishments with information on persons who owe past-due support and direct the gambling establishment to withhold from the person's net winnings (i.e., the amount left after withholding amounts for federal taxes) all amounts not exceeding the total amount owed in past-due child support. In addition to the child support arrearage, a processing fee (not to exceed 2% of the child support arrearage amount withheld) would be deducted from the non-custodial parent's winnings. These procedures would only affect persons who won enough so that an IRS Form W2-G must be issued to report their winnings to the IRS and who owe a child support arrearage payments.

The mark stipulates that gambling establishments must not pay certain individuals any gambling winnings until the gambling establishment has furnished the HHS Secretary certain information so that a data match can be performed to determine if the individuals owes past-due child support. If a data match occurs, the gambling establishment is to withhold specified winnings and transfer them to the Secretary at the same time and in the same manner as amounts withheld for federal income tax purposes would be transferred to the IRS. The mark requires the Secretary to promptly transfer gambling winnings to the appropriate state CSE agency.

The mark requires gambling establishments to provide written notice to the gambler regarding the amount of the withholding, the reason and authority for the withholding, and an explanation of the individual's due process rights, including how the individual can appeal the withholding or the amount of the withholding to the state CSE agency. The mark includes non-liability protections for gambling establishments who comply with the provisions related to the withholding of gambling winnings for child support purposes. Gambling establishments that do not comply with the aforementioned requirements would be liable for the amount that should have been withheld by the establishment.

Indian tribes and tribal organizations would have to agree to comply with the aforementioned requirements in order to receive direct child support enforcement funding.

Reason for Change:

The Chairman's mark requires the Secretary to provide the necessary information and assistance to state and tribal child support enforcement agencies in order to increase child support collections by withholding child support from gaming winnings while maintaining the security and privacy of child support data and ensuring that due process requirements are met.

Section 319 - State law requirement concerning the uniform interstate family support act (UIFSA)

Current Law

The 1996 welfare reform law (P.L. 104-193) required that on and after January 1, 1998, each state must have in effect the Uniform Interstate Family Support Act (UIFSA), as approved by the American Bar Association on February 9, 1993, and as in effect on August 22, 1996, including any amendments officially adopted as of such date by the National Conference of Commissioners on Uniform State Laws.

Federal law requires states to treat past-due child support obligations as final judgments that are entitled to full faith and credit in every state. This means that a person who has a child support order in one state does not have to obtain a second order in another state to obtain child support due should the noncustodial parent move from the issuing court's jurisdiction. P.L. 103-383 restricts a state court's ability to modify a child support order issued by another state unless the child and the custodial parent have moved to the state where the modification is sought or have agreed to the modification. The 1996 welfare reform law (P.L. 104-193) clarified the definition of a child's home state, makes several revisions to ensure that the full faith and credit laws can be applied consistently with UIFSA, and clarifies the rules regarding which child support orders states must honor when there is more than one order.

Chairman's Mark

The mark requires that each state's Uniform Interstate Family Support Act (UIFSA) must include any amendments officially adopted as of August 2001 by the National Conference of Commissioners on Uniform State Laws.

In addition, the mark clarifies current law by stipulating that a court of a state that has established a child support order has continuing, exclusive jurisdiction to modify its order if the order is the controlling order and the state is the child's state or the residence of any individual contestant; or if the state is not the residence of the child or an individual contestant, the contestant's consent in a record or in open court that the court may continue to exercise jurisdiction to modify its order. It also modifies the current rules regarding the enforcement of modified orders.

Reason for Change:

The Chairman's mark updates an outdated reference to an older version of UIFSA.

Section 320 - Grants to states for access and visitation programs

Current Law

The 1996 welfare reform law (P.L. 104-193) authorized grants to states (via CSE funding) to establish and operate access and visitation programs. The purpose of the grants is to facilitate noncustodial parents' access to and visitation of their children. An annual entitlement of $10 million from the federal CSE budget account is available to states for these grants. Eligible activities include but are not limited to mediation, counseling, education, development of parenting plans, visitation enforcement, and development of guidelines for visitation and alternative custody arrangements. The allotment formula is based on the ratio of the number of children in the state living with only one biological parent in relation to the total number of such children in all states. The amount of the allotment available to a state will be this same ratio to $10 million. The allotments are to be adjusted to ensure that there is a minimum allotment amount of $50,000 per state for FY1997 and FY1998, and a minimum of $100,000 for any year after FY1998. States may use the grants to create their own programs or to fund programs operated by courts, local public agencies, or nonprofit organizations. The programs do not need to be statewide. States must monitor, evaluate, and report on their programs in accord with regulations issued by the HHS Secretary.

Chairman's Mark

The mark increases funding for Assess and Visitation grants from $10 million annually to $12 million in FY2004, $14 million in FY2005, $16 million in FY2006, and $20 million annually in FY2007 and each succeeding fiscal year. The mark extends the Access and Visitation program to Indian tribes and tribal organizations that have received direct child support enforcement payments from the federal government for at least one year. The mark includes a specified amount to be set aside for Indian tribes and tribal organizations: $250,000 for FY2004; $600,000 for FY2005; $800,000 for FY2006; and $1.670 million for FY2007 or any succeeding fiscal year.

The mark increases the minimum allotment to states from $100,000 in fiscal years 1999-2003 to $120,000 in FY2004, $140,000 in FY2005, $160,000 in FY2006, and $180,000 in FY2007 or any succeeding fiscal year. The minimum allotment for Indian tribes and tribal organizations is $10,000 for a fiscal year. The tribal allotment cannot exceed the minimum state allotment for any given fiscal year.

The allotment formula for Indian tribes and tribal organizations that operate child support enforcement programs is based on the ratio of the number of children in the tribe or tribal organization living with only one parent in relation to the total number of children living with only one parent in all Indian tribes or tribal organizations. The amount of the allotment available to an Indian tribe or tribal organization would be this same ratio to the maximum allotment for Indian tribes and tribal organizations (i.e., $250,000 for FY2004; $600,000 for FY2005; $800,000 for FY2006; and $1.670 million for FY2007 or any succeeding fiscal year). (Pro rata reductions are to be made if they are necessary.)

Reason for Change:

The Chairman's mark provides additional funding for the Access and Visitation Grant Program so that more families can benefit from these services. Increasing a child's access to both parents may improve child well-being and is associated with increased compliance in the payment of child support.

Section 321 - Disclosure of certain income tax return information to child support enforcement agencies and agents (including contractors) to administer title IV-D programs

Current Law

Federal law authorizes the Secretary of the Treasury, upon written request, to disclose to appropriate federal, state, and local child support enforcement agencies certain tax return information from the Internal Revenue Service (IRS) files. This information includes the social security number, address, filing status, amounts and nature of income, and the number of dependents reported on any return filed by a noncustodial parent owing child support or a custodial parent who is owed child support. It also allows the Treasury Secretary to disclose to appropriate federal, state, and local child support enforcement agencies the gross income, and the names and addresses of employers, if such information is not reasonably available from any other source. The Treasury Secretary is required to disclose the tax return information only for purpose of establishing and collecting child support obligations from, and locating, individuals owing child support.

The disclosed information may include the social security number or numbers, address, filing status, amounts and nature of income, and the number of dependents reported on any return filed by a noncustodial parent owing child support or a custodial parent who is owed child support. It also allows the Treasury Secretary to disclose to appropriate federal, state, and local child support enforcement agencies the gross income of the tax filer, and the names and addresses of the filer's employers.

Chairman's Mark

The mark requires the Secretary of the Treasury, upon written request, to disclose to appropriate federal, state, tribal, and local child support enforcement agencies certain tax return information pertaining to a noncustodial parent who owes child support or a custodial parent who is owed child support. The disclosed information may include: the social security number or numbers; address; amounts and nature of income (including gross income); the names, addresses, and taxpayer identification numbers of the tax filer's employers; the names, addresses, and taxpayer identification numbers of the trustees or issuers of any IRA or Roth IRA accounts held by the tax filer; the names, addresses, and taxpayer identification numbers of the mortgage lenders, and amount of mortgage interest received from the tax filer.

The mark requires the Commissioner of Social Security, upon written request, to disclose to appropriate federal, state, tribal, and local child support enforcement agencies certain tax return information pertaining to a noncustodial parent who owes child support or a custodial parent who is owed child support. The disclosed information may include the social security number, net earnings from self-employment, and wages.

The mark allows the Secretary of the Treasury, upon written request, to disclose to appropriate federal, state, tribal, and local child support enforcement agencies that are seeking to intercept child support through the federal income tax refund offset program, and to appropriate officers and employees of the Department of Treasury certain tax return information. The disclosed information may include: taxpayer identification information pertaining to the noncustodial parent and anyone who files a joint return with such noncustodial parent; the fact that a reduction was made or was not made; the amount of any reduction; whether the taxpayer filed a joint return; whether an injured spouse claim was filed at the time the joint return was filed; whether an injured spouse claim was paid, and if paid, the amount of the payment to the spouse of the taxpayer.

The mark allows information that was disclosed to the various child support enforcement agencies to be redisclosed by a state, local, or tribal child support enforcement agency to any agent/contractor of the agency for use by the agent or contractor in carrying out its child support enforcement duties, or redisclosed by the Federal Office of Child Support Enforcement to an agent under a contract or cooperative agreement with respect to the administration of the child support enforcement program.

The mark stipulates that return information that is disclosed to a child support enforcement agency or redisclosed to an agent/contractor must only be used by the agent/contractor for purposes of, and to the extent necessary in, establishing and collecting child support obligation from, and locating, persons owing child support. Moreover, agents/contractors of the Federal Office of Child Support Enforcement must only use redisclosed

information to administer the child support enforcement program. The mark allows the return information to be shared only with the taxpayer to whom the information pertains. The mark stipulates that independently obtained information that verifies or confirms return information is not considered return information. The mark stipulates that return information that is disclosed for purposes of the income tax refund offset program must only be used for the purpose of, and to the extent necessary in, accomplishing the collection of past-due child support via the federal income tax refund offset program. Information concerning name, address, and social security number of the taxpayer against whom the offset was made, the fact that the offset was made, and the amount of the offset may be used by the agent/contractor in connection with judicial proceedings pertaining to establishing and collecting child support obligations.

The mark defines the following terms: federal child support enforcement agency; state child support enforcement agency; local child support enforcement agency; tribal child support enforcement agency; agent; child support obligation; and payment history record.

According to the mark, return information must not be disclosed to an agent/contractor unless the child support enforcement agency has requirements in effect which require the agent/contractor to protect the confidentiality of the return information. The agency must monitor the agent/contractor and certify to the Treasury Secretary that agent/contractor is in compliance with the confidentiality requirements. The mark applies the same confidentiality requirement provisions to tribal child support enforcement agencies.

Reason for Change:

The Chairman's mark ensures that child support enforcement programs (state and tribal) and their contractors have access to the IRS data that is critical to their success in collecting child support, and ensures that appropriate safeguards are in place to protect the confidentiality of the data.

Section 322 - Timing of corrective action year for state noncompliance with child support enforcement program requirements

Current Law

Federal law requires that audits be conducted at least every 3 years to determine whether the standards and requirements prescribed by law and regulations have been met by the child support program of every state. If a state fails the audit, federal TANF funds must be reduced by an amount equal to at least 1 but not more than 2 percent for the first failure to comply, at least 2 but not more than 3 percent for the second failure, and at least 3 but not more than 5 percent for the third and subsequent failures.

The HHS Secretary also must review state reports on compliance with federal requirements and provide states with recommendations for corrective action. The purpose of the audits is to assess the completeness, reliability, and security of data reported for use in calculating the performance indicators and to assess the adequacy of financial management of the state program. Federal law calls for penalties to be imposed against states that fail to comply with a corrective action plan in the *succeeding* fiscal year.

Chairman's Mark

The mark changes the timing of the corrective action year for states that are found to be in noncompliance of child support enforcement program requirements. The mark changes the corrective action year in which the sanction is imposed to the *fiscal year following the fiscal year* in which the Secretary makes a finding of noncompliance and recommends a corrective action plan. The change is made retroactively in order to allow the Secretary to treat all findings of noncompliance consistently.

Reason for Change:

Current language does not recognize the time necessary to conduct federal audits and that those audits now occur during what is, under current law, a state's corrective action year. This technical correction will give states a full year to correct identified deficiencies.

TITLE IV – CHILD WELFARE

Current law

Permits the HHS Secretary to conduct demonstration projects that are likely to promote the objectives of the child welfare programs authorized under Title IV-B and Title IV-E. This authority is granted for FY1998 through FY2002.

Chairman's Mark

Extends this authority through FY2008.

Current law

States that the HHS Secretary may not waive compliance with certain provisions under Title IV-B and IV-E, including those provisions under "Section 422(b)(9)".

Chairman's Mark

Changes this reference to Section 422(b)(10). This technical correction is necessary because the cited language was renumbered in 1997 (P.L.105-33) without the necessary conforming amendment to this section.

TITLE V – SUPPLEMENTAL SECURITY INCOME

Section 501–Review of State Agency Blindness and Disability Determinations

Current Law

The law has no provision requiring review by the Social Security Commissioner of state agency determinations of SSI eligibility on grounds of blindness or disability. It does require review of blindness or disability determinations for Disability Insurance (DI).

Chairman's Mark

The mark requires the Social Security Commissioner to review state agency blindness and disability determinations for SSI. It calls for review of at least 20 percent of determinations made in FY2004; 40% in FY2005; and 50% in FY2006 or thereafter.

TITLE VI – TRANSITIONAL MEDICAL ASSISTANCE

Section 601– Transitional Medical Assistance

Current Law

The law requires transitional medical assistance (TMA) – from 6 to 12 months – for those whose lose Medicaid eligibility because of increased income arising from work (higher wages or more hours of work). Authorization for 6-12 months of TMA expired on September 30, 2002, but was extended by continuing appropriations through September 30, 2003. (Permanent provisions of law require 4 months of transitional medical benefits to families who lose Medicaid eligibility because of income from child or spousal support or from earnings.)

Chairman's Mark

The mark, effective October 1, 2003, continues extended TMA until September 30, 2008.

Reason for Change:

The Chairman's Mark recognizes that Medicaid is an important part of the safety net for needy families, and that health care is a critical support for low-income families as they transition from welfare to work and self-sufficiency, particularly for families with entry-level employment.

Section 602 – Covering Childless Adults with SCHIP Funds

Current Law

In 1997, when the State Children Health Insure Program (SCHIP) was created, Congress specified that SCHIP allocations only could be used, "to enable [States] to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner."

Chairman's Mark

In the past, the Secretary of Health and Human Services has approved waivers that spend SCHIP dollars to cover childless adults. The proposal clarifies the intent of Congress: specifically stating that SCHIP funds cannot be spent on childless adults. It will no longer be legal for the Secretary to approve a waiver providing health insurance coverage through SCHIP to childless adults.

Reason for change:

The use of funds dedicated by Congress to low-income uninsured children or childless adults is an inappropriate implementation of the SCHIP statute.

TITLE VII – EFFECTIVE DATE

Chairman's Mark

Provisions take effect on the date of enactment. However, if the Secretary determines that state legislation is required for a State TANF or Child Support plan to conform with the Act, the effective date is delayed to three months after the first day of the first calendar quarter beginning after the close of the first regular session of the legislature that begins after enactment of this Act If the state has a 2-year legislative session, each year is to be considered a separate regular session.