

103^D CONGRESS
2^D SESSION

H. R. 4983

To amend title IV of the Social Security Act by reforming the aid to families with dependent children program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 17, 1994

Mr. VOLKMER introduced the following bill; which was referred jointly to the Committees on Ways and Means, Education and Labor, Energy and Commerce, and Agriculture

A BILL

To amend title IV of the Social Security Act by reforming the aid to families with dependent children program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Welfare to Self-Sufficiency Act of 1994”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Amendments to Social Security Act.

TITLE I—FAMILY INVESTMENT PROGRAM AND OTHER WELFARE
REFORM

- Sec. 101. Family investment program.
- Sec. 102. Work incentives.
- Sec. 103. Optional State disregard of dependent child's income.
- Sec. 104. Family stability.
- Sec. 105. Work requirements for unemployed parents.
- Sec. 106. JOBS program.
- Sec. 107. Increased payments to States.
- Sec. 108. Assessment, monitoring, and evaluation.
- Sec. 109. Timely preventive health care for children.
- Sec. 110. Wage supplementation demonstration projects.
- Sec. 111. Delay in certain effective dates.

TITLE II—IMPROVEMENTS IN THE COLLECTION OF CHILD
SUPPORT

- Sec. 201. Transmission and assignment of certain child support orders to the IRS.
- Sec. 202. Collection of child support by Internal Revenue Service.
- Sec. 203. Publication of delinquent child support obligors.
- Sec. 204. Effective date.

TITLE III—WELFARE RESTRICTIONS FOR ALIENS

- Sec. 301. Eligibility of certain aliens for certain Federal benefits.
- Sec. 302. State AFDC agencies required to provide information on illegal aliens to the Immigration and Naturalization Service.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) The welfare system is failing recipients and
4 taxpayers and must be reformed.

5 (2) The aid to families with dependent children
6 program under title IV of the Social Security Act
7 (hereafter in this section referred to as "AFDC")
8 remains largely unchanged from its predecessor pro-
9 gram which was created in 1935, while society has
10 changed dramatically during the same period.

11 (3) The number of female-headed households
12 with children under the age of 18 increased by 146

1 percent from 1970 to 1990, and there are now more
2 children living in single-parent homes than at any
3 time in the Nation's history.

4 (4) Expenditures for AFDC increased 13 per-
5 cent (in inflation adjusted dollars) over a 12-year pe-
6 riod, from \$19,600,000,000 in 1980 to
7 \$22,200,000,000 in 1992.

8 (5) The number of families on AFDC has in-
9 creased 33 percent over a 12-year period, from
10 3,600,000 families in 1980 to 4,800,000 families in
11 1992.

12 (6) There were 2,000,000 more children receiv-
13 ing welfare in 1992 than there were in 1980 and 1
14 in 5 American children currently live in poverty.

15 (7) Many States are enacting sweeping changes
16 to welfare programs in an effort to curb expendi-
17 tures and reduce the number of dependent families.

18 (8) Welfare reform legislation must recognize
19 the individuality of each family and enact programs
20 that are consistent with this principle.

21 (9) Welfare reform legislation must also recog-
22 nize the importance of a holistic approach which
23 treats the family as a single unit and not as the sum
24 of its parts.

1 (10) Health care reform is essential to welfare
2 reform because many families remain on public as-
3 sistance simply because they cannot afford to lose
4 benefits under the medicaid program under title
5 XIX of the Social Security Act for themselves, and,
6 most importantly, for their children.

7 (11) Parents, including noncustodial parents,
8 have a responsibility to provide financial support for
9 their children and failure to provide child support in-
10 creases the need for AFDC payments.

11 (12) In 1991, the United States Commission on
12 Interstate Child Support reported that the collection
13 of child support fell far short of court awards, with
14 11,000,000 children being awarded \$15,000,000,000
15 in child support payments while approximately
16 \$5,000,000,000 in child support payments remained
17 unpaid.

18 **SEC. 3. AMENDMENTS TO SOCIAL SECURITY ACT.**

19 Except as otherwise specifically provided, wherever in
20 this Act an amendment is expressed in terms of an amend-
21 ment to or repeal of a section or other provision, the ref-
22 erence shall be considered to be made to that section or
23 other provision of the Social Security Act.

1 **TITLE I—FAMILY INVESTMENT**
2 **PROGRAM AND OTHER WEL-**
3 **FARE REFORM**

4 **SEC. 101. FAMILY INVESTMENT PROGRAM.**

5 (a) STATE PLAN TO INCLUDE FAMILY INVESTMENT
6 PROGRAM.—Section 402(a) (42 U.S.C. 602(a)) is amend-
7 ed by inserting after paragraph (28) the following new
8 paragraph:

9 “(29) except in the case of a State receiving a
10 waiver from the Secretary, provide that the State
11 has in effect a family investment program described
12 in subsection (j);”.

13 (b) FAMILY INVESTMENT PROGRAM.—Section 402
14 (42 U.S.C. 602) is amended by adding at the end the fol-
15 lowing new subsection:

16 “(j) For purposes of subsection (a)(29):

17 “(1) The term ‘family investment program’
18 means a program under which the State agency—

19 “(A) negotiates a family investment agree-
20 ment (as defined in section 406(i)) with each
21 family, and

22 “(B) offers a family the opportunity to
23 enter into a limited benefit agreement (as de-
24 fined in section 406(j)) in lieu of such family
25 investment agreement.

1 “(2)(A) Any agreement described in section
2 406(i) shall be entered into by each caretaker rel-
3 ative, any other relative with whom a dependent rel-
4 ative is living, and any other individual living in the
5 same home as such relative and the dependent child
6 whose needs are taken into account in making the
7 determination under section 402(a)(7).

8 “(B) An individual shall not be required to
9 enter into the agreement if such individual is—

10 “(i) a parent of a child who is less than 6
11 months of age, but if both parents are living in
12 the child’s home, only one parent shall be ex-
13 empt from entering into the agreement;

14 “(ii) employed for 30 or more hours per
15 week;

16 “(iii) ill, incapacitated, or of advanced age;
17 or

18 “(iv) needed in the home because of the ill-
19 ness or incapacity of another member of the
20 household.

21 “(3) The State agency shall ensure that—

22 “(A) any correspondence with an individ-
23 ual described in paragraph (2) relating to the
24 family investment program (including the initial
25 notice of the requirement to enter into a family

1 investment agreement) shall be in a format
2 which is designed to be easily understandable to
3 such individual;

4 “(B) the correspondence described in sub-
5 paragraph (A) shall be designed to be under-
6 standable to individuals who are not English
7 language speakers; and

8 “(C) employees of the State agency are
9 readily available to assist individuals in com-
10 pleting any documents required for participa-
11 tion in the family investment program.

12 “(4) The State agency shall establish a dispute
13 resolution procedure for disputes related to partici-
14 pation in the family investment agreement that pro-
15 vides the opportunity for a hearing consistent with
16 the hearing requirement under section 482(h).

17 “(5)(A) A State shall be treated as meeting the
18 requirements of paragraph (1) for fiscal years 1995
19 through 2002 if it enters into family investment
20 agreements with at least the implementation per-
21 centage of the applicable population.

22 “(B) For purposes of subparagraph (A), the
23 implementation percentage is equal to—

24 “(i) 10 percent in fiscal year 1995;

25 “(ii) 15 percent in fiscal year 1996;

1 “(iii) 20 percent in fiscal year 1997;

2 “(iv) 30 percent in fiscal year 1998;

3 “(v) 40 percent in fiscal year 1999;

4 “(vi) 60 percent in fiscal year 2000;

5 “(vii) 70 percent in fiscal year 2001; and

6 “(viii) 90 percent in fiscal year 2002.

7 “(C) For purposes of subparagraph (A), the ap-
8 plicable population is the average total number of in-
9 dividuals in the State during the fiscal year who—

10 “(i) receive aid to families with dependent
11 children; and

12 “(ii) are not exempt from entering a family
13 investment agreement under clauses (i) through
14 (iv) of paragraph (2)(B).”.

15 (c) FAMILY INVESTMENT AGREEMENT AND LIMITED
16 BENEFIT PLAN.—Section 406 (42 U.S.C. 606) is amend-
17 ed by adding at the end the following new subsections:

18 “(i) The term ‘family investment agreement’ means
19 a social contract between the State and each family receiv-
20 ing aid to families with dependent children which—

21 “(1) outlines the steps a family will take to ob-
22 tain self-sufficiency;

23 “(2) specifies a negotiated time-limited period
24 of eligibility for receipt of aid to families with de-
25 pendent children that is consistent with unique fam-

1 ily circumstances and is based on a reasonable plan
2 to facilitate the transition of the family to self-suffi-
3 ciency;

4 “(3)(A) contains a requirement that each rel-
5 ative and any other individual entering into the
6 agreement (except those determined to need child
7 care assistance but for whom the State does not
8 guarantee such assistance in accordance with section
9 402(g)), participate in one or more of the following
10 activities providing such relative or individual with a
11 significant level of commitment up to the level re-
12 quired for full-time employment:

13 “(i) Full-time or part-time employment.

14 “(ii) Job-search activities.

15 “(iii) Participation in a job opportunities
16 and basic skills training program which meets
17 the requirements of part F.

18 “(iv) Participation in education or training
19 programs.

20 “(v) Unpaid community service (subject to
21 the provisions of subparagraph (B)), only as
22 part of a plan to improve the employability of
23 the individual and leading to the eventual self-
24 sufficiency of the family.

1 “(vi) Placement in a community work ex-
2 perience program in accordance with section
3 482(f).

4 “(vii) High school completion activities (or
5 the equivalent) for a parent under the age of
6 20; and

7 “(B)(i) provides that an individual who partici-
8 pates in unpaid community service under subpara-
9 graph (A)(v) shall not be required to perform such
10 unpaid community service for a greater number of
11 hours per month than the maximum number of
12 hours an individual may be required to work in any
13 month under the community work experience pro-
14 gram as determined under section 482(f)(1)(B)(i);

15 “(ii) requires any sponsor of unpaid community
16 service to comply with the rules described in sub-
17 sections (b), (c), (d), and (g) of section 484 of the
18 Social Security Act (42 U.S.C. 684); and

19 “(iii) provides that an individual’s participation
20 in unpaid community service may not exceed 3
21 months;

22 “(4) provides each relative and any other indi-
23 vidual entering into the agreement with the supple-
24 mental services required to obtain self-sufficiency
25 and comply with the terms of the family investment

1 agreement, including health care, transportation,
2 child care, education, and training;

3 “(5) if the State agency and a relative or other
4 individual entering into the agreement agree, pro-
5 vides that the relative or other individual participate
6 in—

7 “(A) a substance abuse treatment pro-
8 gram, or other social service program that the
9 State agency determines necessary to increase
10 the employability of such relative or individual;

11 “(B) programs and support services to
12 strengthen parenting skills and assure family
13 stability; and

14 “(C) programs that lead to improved
15 school readiness for preschool children and on-
16 grade performance for school age children;

17 “(6) provides that the State agency shall pro-
18 vide the family with reasonable support and case
19 management in the creation, monitoring, and adap-
20 tation of a family investment agreement to respond
21 to changes in family circumstances and factors out-
22 side family control;

23 “(7) provides that the State agency shall re-
24 negotiate the family investment agreement—

1 “(A) during the period of the agreement,
2 to reflect substantial changes in family cir-
3 cumstances or needs; and

4 “(B) at the conclusion of the original
5 agreement, if each relative and any other indi-
6 vidual entering into the agreement has made a
7 good faith effort to comply with the agreement
8 but were unable to reach self-sufficiency be-
9 cause of factors outside of the control of the
10 relative or other individual;

11 “(8) provides that the family will automatically
12 enter into a limited benefit plan (as described in
13 subsection (j)) if a relative or other individual who
14 has entered into the family investment agreement
15 fails to comply with the agreement; and

16 “(9) provides that the agreement shall be in-
17 valid if the State agency fails to comply with the
18 agreement.

19 “(j) The term ‘limited benefit plan’ means a plan
20 which, notwithstanding any other provision of this title,
21 provides that—

22 “(1)(A) during the first 3-month period in
23 which a family receives aid under the plan, the fam-
24 ily shall receive benefits as normally determined
25 under this title;

1 “(B) during the second 3-month period in
2 which the family receives aid under the plan, the
3 needs of the caretaker relative, any other relative
4 with whom a dependent child is living, and any other
5 individual living in the same home as such relative
6 and the dependent child whose needs are taken into
7 account in making the determination under section
8 402(a)(7), shall not be taken into account in making
9 the determination with respect to the family for pur-
10 poses of paragraph (7) and in the case of a family
11 which is eligible by reason of section 407, both par-
12 ents shall not be taken into account into making
13 such a determination; and

14 “(C) after the expiration of a 6-month period
15 beginning on the date on which the family enter into
16 the limited benefit plan, the family shall be ineligible
17 for benefits under this title and may not reapply for
18 such benefits within a 6 month period beginning on
19 the date of such expiration;

20 “(2) during the duration of a limited benefit
21 plan, a third-party counselor shall inquire as to the
22 well being of the dependent children; and

23 “(3) within a 45-day period beginning on the
24 date that the family automatically enters a limited
25 benefit plan by reason of the family investment

1 agreement provision described in subsection (i)(8) or
2 elects to enter a limited benefit plan under section
3 402(j)(1), the family shall have the option to void
4 the limited benefit plan by regaining compliance with
5 the negotiated family investment agreement or if no
6 agreement has been negotiated, negotiate an agree-
7 ment.”.

8 (d) COORDINATION BETWEEN DEPARTMENTS.—

9 (1) IN GENERAL.—The Secretary of Health and
10 Human Services, the Secretary of Labor, and the
11 Secretary of Education shall ensure appropriate co-
12 ordination in the planning, development, and oper-
13 ation of the programs described in paragraph (2) in
14 order to—

15 (A) improve the quality and effectiveness
16 of services provided by the Department of
17 Health and Human Services, the Department of
18 Labor, and the Department of Education;

19 (B) reduce the overlap of such programs;
20 and

21 (C) reduce the administrative costs of such
22 programs.

23 (2) PROGRAMS DESCRIBED.—The programs de-
24 scribed in this paragraph are as follows:

1 (A) The family investment program under
2 section 402(j) of the Social Security Act (42
3 U.S.C. 602(j)).

4 (B) The JOBS program under part F of
5 title IV of the Social Security Act (42 U.S.C.
6 681 et seq.).

7 (C) Job training programs.

8 (D) Child care programs.

9 (E) Educational programs.

10 (F) Any other program administered by
11 the Department of Health and Human Services,
12 the Department of Labor, or the Department of
13 Education which has the effect of promoting
14 self-sufficiency among recipients of aid to fami-
15 lies with dependent children under title IV of
16 the Social Security Act (42 U.S.C. 601 et seq.).

17 (e) EFFECTIVE DATE.—Except as provided in section
18 111, the amendments made by this section shall take ef-
19 fect on the first day of the first fiscal year beginning after
20 the date of the enactment of this Act.

21 **SEC. 102. WORK INCENTIVES.**

22 (a) INCREASE IN WORK EXPENSE DISREGARD.—Sec-
23 tion 402(a)(8)(A)(ii) (42 U.S.C. 602(a)(8)(A)(ii)) is
24 amended by inserting “, or at the option of the State (on
25 a statewide basis or in a defined area of the State), the

1 greater of the first \$90, or up to the first 20 percent of
2 the total of such earned income for such month” after
3 “such month”.

4 (b) INCREASE IN EARNED INCOME INCENTIVE.—

5 (1) IN GENERAL.—Section 402(a)(8)(A)(iv) (42
6 U.S.C. 602(a)(8)(A)(iv)) is amended—

7 (A) by striking “(II)”;

8 (B) by inserting “, or (II) at the option of
9 the State (on a statewide basis or in a defined
10 area of the State), up to one-half of the total
11 of such earned income not disregarded under
12 any other clause of this subparagraph if such
13 amount is greater than the amount disregarded
14 under subclause (I)” before the semicolon at
15 the end.

16 (2) NO TIME LIMITATION.—Section
17 402(a)(8)(B) (42 U.S.C. 602(a)(8)(B)) is amended
18 to read as follows:

19 “(B) provide that (with respect to any month)
20 the State agency shall not disregard under clause
21 (ii), (iii), or (iv) of subparagraph (A) any earned in-
22 come of any one of the individuals specified in sub-
23 paragraph (A)(ii) if such individual—

24 “(i) terminated the individual’s employ-
25 ment or reduced the individual’s earned income

1 without good cause within such period (of not
2 less than 30 days) preceding such month as
3 may be prescribed by the Secretary;

4 “(ii) refused without good cause, within
5 such period preceding such month as may be
6 prescribed by the Secretary, to accept employ-
7 ment in which the individual is able to engage
8 which is offered through the public employment
9 offices of the State, or is otherwise offered by
10 an employer if the offer of such employer is de-
11 termined by the State or local agency admin-
12 istering the State plan, after notification by the
13 employer, to be a bona fide offer of employ-
14 ment; or

15 “(iii) failed without good cause to make a
16 timely report (as prescribed by the State plan
17 pursuant to paragraph (14)) to the State agen-
18 cy of earned income received in such month;
19 and”.

20 (c) WORK TRANSITION PERIOD.—

21 (1) IN GENERAL.—Section 402(a)(8)(A) (42
22 U.S.C. 602(a)(8)(A)) is amended—

23 (A) by striking “and” at the end of clause
24 (vii); and

1 (B) by inserting after clause (viii) the fol-
2 lowing new clause:

3 “(ix) at the option of the State (on a state-
4 wide basis or in a defined area of the State),
5 may disregard up to the first 4 months of
6 earned income due to new employment of any
7 child or relative receiving aid to families with
8 dependent children, or of any other individual
9 (living in the same home as such relative and
10 child) whose needs are taken into account in
11 making such a determination not disregarded
12 under any other clause of this subparagraph,
13 if—

14 “(I) such individual earned less than
15 \$1,200 in the 12-month period preceding
16 the new employment; and

17 “(II) such individual timely reports
18 the earnings to the State agency; and”.

19 (2) AFDC QUALITY CONTROL.—Section
20 408(c)(3) (42 U.S.C. 608(c)(3)) is amended—

21 (A) by striking “or” at the end of subpara-
22 graph (D);

23 (B) by striking the period at the end of
24 subparagraph (E) and inserting “; or”; and

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

3 “(F) the State’s reliance on the best infor-
4 mation available in determining eligibility for
5 the earned income disregard described in sec-
6 tion 402(a)(8)(A)(ix).”.

7 (d) RETROSPECTIVE BUDGETING PROCEDURES.—
8 Section 402(a)(13) (42 U.S.C. 602(a)(13)) is amended—

9 (1) by striking “subparagraph (B)” in subpara-
10 graph (A) and inserting “subparagraphs (B) and
11 (C)”;

12 (2) by striking “and” at the end of subpara-
13 graph (A);

14 (3) by adding “and” at the end of subpara-
15 graph (B); and

16 (4) by adding at the end the following new sub-
17 paragraph:

18 “(C) in the case of the termination of a
19 source of income of an individual whose income
20 is taken into account in making a determination
21 under paragraph (7), the State agency shall
22 consider the loss of income in making a deter-
23 mination regarding the amount of aid, begin-
24 ning in the first month such loss of income oc-
25 curs, but only if the termination is timely re-

1 ported and, in the case of earned income, the
2 individual shows good cause for the termination
3 of employment;”.

4 (e) DISREGARD OF INTEREST INCOME.—Section
5 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by
6 subsection (c) of this section, is amended—

7 (1) by striking “and” at the end of clause (viii);

8 and

9 (2) by inserting after clause (ix) the following
10 new clause:

11 “(x) at the option of the State (on a state-
12 wide basis or in a defined area of the State),
13 may disregard all interest income of any child
14 or relative applying for or receiving aid to fami-
15 lies with dependent children, or of any other in-
16 dividual (living in the same home as such rel-
17 ative and child) whose needs are taken into ac-
18 count in making such a determination; and”.

19 (f) DISREGARD OF INCOME AND RESOURCES DES-
20 IGNATED FOR EDUCATION, TRAINING, AND EMPLOY-
21 ABILITY.—

22 (1) DISREGARD AS RESOURCE.—Section
23 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is amend-
24 ed—

25 (A) by striking “or” before “(iv)”; and

1 (B) by inserting “, or (v) at the option of
2 the State (on a statewide basis or in a defined
3 area of the State), in the case of a family re-
4 ceiving aid under the State plan (and a family
5 not receiving such aid but which received such
6 aid in at least 1 of the preceding 4 months or
7 became ineligible for such aid during the pre-
8 ceding 12 months because of excessive earn-
9 ings), any amount not to exceed \$10,000 in a
10 qualified asset account (as such term is defined
11 in section 406(k)) of such family, reduced by
12 the amount (if any) excluded from the resources
13 of the family pursuant to paragraph (46)(A)(i)”
14 before “; and”.

15 (2) DISREGARD AS INCOME.—

16 (A) NONRECURRING LUMP SUM EXEMPT
17 FROM LUMP-SUM RULE.—Section 402(a)(17)
18 (42 U.S.C. 602(a)(17)) is amended by adding
19 at the end the following: “; at the option of the
20 State (on a statewide basis or in a defined area
21 of the State), that this paragraph shall not
22 apply to earned or unearned income received in
23 a month on a nonrecurring basis to the extent
24 that such income is placed in a qualified asset
25 account (as defined in section 406(k)) the total

1 amounts in which, after such placement, does
2 not exceed \$10,000;”.

3 (B) TREATMENT AS INCOME.—Section
4 402(a)(7) (42 U.S.C. 602(a)(7)) is amended—

5 (i) by striking “and” at the end of
6 subparagraph (B);

7 (ii) by striking the semicolon at the
8 end of subparagraph (C) and inserting “;
9 and”; and

10 (iii) by adding at the end the follow-
11 ing new subparagraph:

12 “(D) shall treat as income any distribu-
13 tions from a qualified asset account (as defined
14 in section 406(k)(1)) which do not meet the
15 definition of a qualified distribution under sec-
16 tion 406(k)(2);”.

17 (3) QUALIFIED ASSET ACCOUNTS.—Section 406
18 (42 U.S.C. 606), as amended by section 101(b) of
19 this Act, is amended by adding at the end the fol-
20 lowing new subsection:

21 “(k)(1) The term ‘qualified asset account’ means a
22 mechanism approved by the State (such as individual re-
23 tirement accounts, escrow accounts, or savings bonds) that
24 allows savings of a family receiving aid to families with
25 dependent children to be used for qualified distributions.

1 “(2) The term ‘qualified distributions’ means dis-
2 tributions for expenses directly related to 1 or more of
3 the following purposes:

4 “(A) The attendance of a member of the family
5 at any education or training program.

6 “(B) The improvement of the employability (in-
7 cluding self-employment) of a member of the family
8 (such as through the purchase of an automobile).

9 “(C) The purchase of a home for the family.

10 “(D) A change of the family residence.”.

11 (g) DISREGARD OF INCOME AND RESOURCES RELAT-
12 ED TO SELF-EMPLOYMENT.—

13 (1) STATE PLAN REQUIREMENTS.—Section
14 402(a) (42 U.S.C. 602(a)) is amended—

15 (A) by striking “and” at the end of para-
16 graph (44);

17 (B) by striking the period at the end of
18 paragraph (45) and inserting “; and”; and

19 (C) by inserting after paragraph (45) the
20 following new paragraph:

21 “(46) at the option of the State (on a statewide
22 basis or in a defined area of the State), provide that
23 the State agency for a period not to exceed 2
24 years—

1 “(A)(i) shall not include as a resource of
2 the family of which a child referred to in para-
3 graph (7)(A) is a member, for purposes of
4 paragraph (7)(B), the lesser of—

5 “(I) the first \$10,000 of the net
6 worth (assets reduced by liabilities with re-
7 spect thereto) of all microenterprises (as
8 defined in section 406(l)(1)) owned, in
9 whole or in part, by the child or by a rel-
10 ative or other individual referred to in
11 paragraph (7)(A), or

12 “(II) such net worth attributable to
13 such ownership; and

14 “(ii) shall take into consideration as
15 earned income of the family of which the child
16 is a member, only the net profits (as defined in
17 section 406(l)(2)) of such microenterprises; and

18 “(B) shall ensure that caseworkers are
19 able to properly advise recipients of aid under
20 the State plan of the option of microenterprise
21 as a legitimate route toward self-sufficiency,
22 and that caseworkers encourage recipients of
23 such aid who are interested in starting a
24 microenterprise to participate in a program de-
25 signed to assist them in such effort.”.

1 (2) DEFINITIONS.—Section 406 (42 U.S.C.
2 606), as amended by section 101(b) of this Act and
3 subsection (f)(3) of this section, is amended by add-
4 ing at the end the following new subsection:

5 “(l)(1) The term ‘microenterprise’ means a commer-
6 cial enterprise which has 5 or fewer employees, 1 or more
7 of whom owns the enterprise.

8 “(2) The term ‘net profits’ means, with respect to
9 a microenterprise, the gross receipts of the business,
10 minus—

11 “(A) payments of principal or interest on a loan
12 to the microenterprise;

13 “(B) transportation expenses;

14 “(C) inventory costs;

15 “(D) expenditures to purchase capital equip-
16 ment;

17 “(E) cash retained by the microenterprise for
18 future use by the business;

19 “(F) taxes paid by reason of the business;

20 “(G) if the business is covered under a policy
21 of insurance against loss—

22 “(i) the premiums paid for such insurance;

23 and

24 “(ii) the losses incurred by the business
25 that are not reimbursed by the insurer solely by

1 reason of the existence of a deductible with re-
2 spect to the insurance policy;

3 “(H) the reasonable costs of obtaining 1 motor
4 vehicle necessary for the conduct of the business;
5 and

6 “(I) the other expenses of the business.”.

7 (3) INCLUSION OF MICROENTERPRISE TRAINING
8 AND ACTIVITIES IN THE JOBS PROGRAM.—

9 (A) IN GENERAL.—Section 482(d)(1) (42
10 U.S.C. 682(d)(1)) is amended by adding at the
11 end the following new subparagraph:

12 “(C) The services and activities referred to in sub-
13 paragraph (A)—

14 “(i) in the case of a State in which at least 3
15 percent of the adult recipients of aid under the State
16 plan approved under part A (as of the close of the
17 immediately preceding fiscal year) elect to partici-
18 pate in microenterprise activities, shall include pro-
19 grams described in paragraph (4); or

20 “(ii) in the case of a State in which less than
21 3 percent of the adult recipients of such aid (as of
22 such time) elect to participate in microenterprise ac-
23 tivities, may include programs described in para-
24 graph (4).”.

1 (B) MICROENTERPRISE PROGRAMS.—Sec-
2 tion 482(d) (42 U.S.C. 682(d)) is amended by
3 adding at the end the following:

4 “(4) The programs described in this paragraph are
5 programs of public and private organizations, agencies,
6 and other entities (including nonprofit and for-profit enti-
7 ties) to enable such entities to facilitate economic develop-
8 ment by—

9 “(A) providing technical assistance, advice, and
10 business support services (including assistance, ad-
11 vice, and support relating to business planning, fi-
12 nancing, marketing, and other microenterprise devel-
13 opment activities) to owners of microenterprises and
14 persons developing microenterprises; and

15 “(B) providing general support (such as peer
16 support and self-esteem programs) to owners of
17 microenterprises and persons developing
18 microenterprises.”.

19 (h) EXTENSION OF TRANSITIONAL CHILD CARE.—
20 Section 402(g)(1)(A)(iii) (42 U.S.C. 602(g)(1)(A)(iii)) is
21 amended by striking “12 months” and inserting “24
22 months”.

23 (i) EFFECTIVE DATE.—Except as provided in section
24 111, the amendments made by this section shall take ef-

1 fect on the first day of the first fiscal year beginning after
2 the date of the enactment of this Act.

3 **SEC. 103. OPTIONAL STATE DISREGARD OF DEPENDENT**
4 **CHILD'S INCOME.**

5 (a) IN GENERAL.—Section 402(a)(8) (42 U.S.C.
6 602(a)(8)), as amended by subsections (c) and (e) of sec-
7 tion 102 of this Act, is amended—

8 (1) by striking “and” at the end of clause (ix);

9 (2) by striking the semicolon at the end of
10 clause (x) and inserting “; and”; and

11 (3) by inserting after clause (x) the following
12 new clause:

13 “(xi) at the option of the State (on a state-
14 wide basis or in a defined area of the State),
15 may disregard all or any part of the earned in-
16 come of a dependent child; and”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on the first day of the first
19 fiscal year beginning after the date of the enactment of
20 this Act.

21 **SEC. 104. FAMILY STABILITY.**

22 (a) EQUIVALENT TREATMENT OF STEPPARENT IN-
23 COME AND PARENT INCOME.—Section 402(a)(31) (42
24 U.S.C. 602(a)(31)) is amended—

1 (1) in subparagraph (A), by inserting “, or at
2 the option of the State (on a statewide basis or in
3 a defined area of the State), the greater of \$90, or
4 the first 20 percent of such total” before the comma
5 at the end;

6 (2) by striking “and” at the end of subpara-
7 graph (C); and

8 (3) by striking the semicolon at the end of sub-
9 paragraph (D) and inserting “, (E) an amount equal
10 to the expenditure for care in such month for a de-
11 pendent child of the stepparent who is living in the
12 same home as the stepparent, not receiving aid to
13 families for dependent children, and requiring care
14 for such month to the extent that such amount (for
15 each such dependent child) does not exceed \$175 (or
16 such lesser amount as the Secretary may prescribe
17 in the case of an individual not engaged in full-time
18 employment, or not employed throughout the
19 month), or, in the case such child is under age 2,
20 \$200, and (F) at the option of the State (on a state-
21 wide basis or in a defined area of the State), up to
22 one-half of the total of such earned income not dis-
23 regarded under any other subparagraph of this para-
24 graph;”.

25 (b) UNEMPLOYED PARENT HOUSEHOLDS.—

1 (1) ELIMINATION OF PRINCIPAL EARNER RE-
2 QUIREMENT.—

3 (A) IN GENERAL.—Section 407 (42 U.S.C.
4 607) is amended—

5 (i) by striking “of the parent who is
6 the principal earner” in subsection (a) and
7 inserting “of either parent in a home in
8 which both parents of such child are liv-
9 ing”;

10 (ii) by striking “the parent who is the
11 principal earner” in subsection
12 (b)(2)(B)(ii)(II) and inserting “either par-
13 ent”;

14 (iii) by striking “; and” at the end of
15 paragraph (3) of subsection (d) and insert-
16 ing a period; and

17 (iv) by striking paragraph (4) of sub-
18 section (d).

19 (B) CONFORMING AMENDMENT.—Section
20 402(a)(19)(D) (42 U.S.C. 602(a)(19)(D)) is
21 amended by striking “the parent who is the
22 principal earner” and inserting “either parent”.

23 (2) MODIFICATION OF OTHER REQUIRE-
24 MENTS.—Subparagraph (A) of section 407(b)(1) (42
25 U.S.C. 607(b)(1)) is amended to read as follows:

1 “(A) subject to paragraph (2), shall require the
2 payment of aid to families with dependent children
3 with respect to a dependent child as defined in sub-
4 section (a) when—

5 “(i) for at least 30 days—

6 “(I) prior to the receipt of aid, either
7 parent has been employed for less than a
8 monthly cap specified by the State plan
9 (not to exceed 100 hours), and at the time
10 of the application for aid, both parents are
11 employed for less than such monthly cap;
12 or

13 “(II) after the application for aid, one
14 or both parents are employed for less than
15 the monthly cap established under
16 subclause (I),

17 “(ii) either such parent has not without
18 good cause, within such period (of not less than
19 30 days) as may be prescribed by the Secretary,
20 refused a bona fide offer of employment or
21 training for employment, and

22 “(iii) notwithstanding the number of hours
23 either such parent is working after the initial
24 determination of eligibility, such family remains

1 otherwise eligible for payment under this sec-
2 tion; and”.

3 (c) INCREASE IN ASSET LIMITS.—Section
4 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is amended in the
5 matter preceding clause (i) by inserting “(or, at the option
6 of the State (on a statewide basis or in a defined area
7 of the State), exceeds an amount prescribed by the State
8 not to exceed \$2,000 for applicant families and \$5,000
9 for recipient families)” after “may determine”.

10 (d) INCREASE IN MOTOR VEHICLE LIMIT.—Section
11 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by
12 section 102(f) of this Act, is amended—

13 (1) in clause (i), by striking “and so much of
14 the family member’s ownership interest in one auto-
15 mobile as does not exceed such amount as the Sec-
16 retary may prescribe”;

17 (2) by striking “or” at the end of clause (iv);
18 and

19 (3) by striking “; and” at the end of clause (v)
20 and inserting “, or (vi) the greater of so much of the
21 family member’s ownership interest in 1 automobile
22 as does not exceed (I) such amount as the Secretary
23 may prescribe, or (II) at the option of the State (on
24 a statewide basis or in a defined area of the State),
25 an amount not to exceed \$3,000, adjusted on Octo-

1 ber 1 of each year (beginning in 1994) to equal the
2 amount determined under this subclause for the pre-
3 vious fiscal year plus the product of such amount
4 and the increase in the Consumer Price Index for
5 used vehicles during such fiscal year; and”.

6 (e) EFFECTIVE DATE.—Except as provided in section
7 111, the amendments made by this section shall take ef-
8 fect on the first day of the first fiscal year beginning after
9 the date of the enactment of this Act.

10 **SEC. 105. WORK REQUIREMENTS FOR UNEMPLOYED PAR-**
11 **ENTS.**

12 (a) ELIMINATION OF REQUIRED PARTICIPATION OF
13 ONE PARENT IN WORK COMPONENT OF JOBS PRO-
14 GRAM.—Section 403(l) (42 U.S.C. 603(l)) is amended by
15 striking paragraph (4).

16 (b) REQUIRED PARTICIPATION OF BOTH PAR-
17 ENTS.—Section 407(b)(2)(A) (42 U.S.C. 607(b)(2)(A)) is
18 amended to read as follows:

19 “(2)(A)(i) In carrying out the program under this
20 section, a State may condition continued eligibility for aid
21 to families with dependent children by reason of the unem-
22 ployment of either parent, on the participation of both
23 parents in a program established by the State agency
24 which shall include job search activities, counseling, and
25 training services when the State agency determines that

1 such participation is required, except as provided in clause
2 (ii).

3 “(ii) A parent shall not be subject to the requirement
4 under subparagraph (A), if such parent is employed at
5 least 30 hours per week, is needed in the home to care
6 for a child under 6 months of age, or if the State agency
7 determines the existence of other good cause.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect on the first day of the first
10 fiscal year beginning after the date of the enactment of
11 this Act.

12 **SEC. 106. JOBS PROGRAM.**

13 (a) REQUIREMENT OF JOBS PARTICIPATION OF
14 PREGNANT INDIVIDUALS.—Section 402(a)(19)(C) (42
15 U.S.C. 602(a)(19)(C)) is amended—

16 (1) by inserting “or” at the end of clause (v);

17 (2) by striking clause (vi); and

18 (3) by redesignating clause (vii) as clause (vi).

19 (b) NO LIMITATION ON LENGTH OF JOB SEARCH
20 PROGRAM.—Section 482(g)(2) (42 U.S.C. 682(g)(2)) is
21 amended by striking “402(a)(19)(D) applies” through the
22 end of subparagraph (B) and inserting “402(a)(19)(D)
23 applies.”.

24 (c) PROTECTION OF EXISTING WORKERS.—

1 (1) NONDISPLACEMENT.—Section 484(c) (42
2 U.S.C. 684(c)) is amended by—

3 (A) by striking “or” at the end of para-
4 graph (2);

5 (B) by striking the period at the end of
6 paragraph (3) and inserting “; or”; and

7 (C) by inserting after paragraph (3) the
8 following new paragraph:

9 “(4) the employment or assignment of a partici-
10 pant or the filling of a position if such participant
11 will perform any services or duties, or engage in ac-
12 tivities, that—

13 “(A) will supplant the hiring of employed
14 workers;

15 “(B) are services, duties, or activities with
16 respect to which an individual has recall rights
17 pursuant to a collective bargaining agreement
18 or applicable personnel procedures; or

19 “(C) had been performed by or were as-
20 signed to any employee who—

21 “(i) is subject to a reduction in force;

22 or

23 “(ii) has recall rights pursuant to a
24 collective bargaining agreement or applica-
25 ble personnel procedures.”.

1 (2) CONCURRENCE OF LOCAL LABOR ORGANIZA-
2 TION.—Section 484 (42 U.S.C. 684) is amended by
3 adding at the end the following new subsection:

4 “(g) No work assignment under the program shall
5 be made until the State agency has obtained from an em-
6 ployer with whom a participant is placed, the written con-
7 currence of any local labor organization representing em-
8 ployees of the employer who are engaged in the same or
9 substantially similar work as that proposed to be carried
10 out.”.

11 (d) GRIEVANCE PROCEDURE.—Section 484(d)(1) (42
12 U.S.C. 684(d)(1) is amended to read as follows:

13 “(d)(1)(A) The State shall establish and maintain a
14 grievance procedure for resolving complaints by regular
15 employees or such employees’ representatives that the
16 work assignment of an individual under the program vio-
17 lates any of the prohibitions described in subsection (c).

18 “(B) Except for a grievance that alleges fraud or
19 criminal activity, a grievance shall be made not later than
20 1 year after the date of the alleged occurrence of the event
21 that is the subject of the grievance.

22 “(C)(i) A hearing on any grievance conducted under
23 this paragraph shall be conducted not later than 30 days
24 after the filing of such grievance.

1 “(ii) A decision on any such grievance shall be made
2 not later than 60 days after the filing of such grievance.

3 “(D)(i)(I) In the event of a decision on a grievance
4 that is adverse to the party who filed such grievance, or
5 60 days after the filing of such grievance if no decision
6 has been reached, such party shall be permitted to submit
7 such grievance to binding arbitration before a qualified ar-
8 bitrator who is jointly selected and independent of the in-
9 terested parties.

10 “(II) If the parties cannot agree on an arbitrator, the
11 Governor shall appoint an arbitrator from a list of quali-
12 fied arbitrators within 15 days after receiving a request
13 for such appointment from one of the parties to the griev-
14 ance.

15 “(ii) An arbitration proceeding shall be held not later
16 than 45 days after the request for such arbitration pro-
17 ceeding, or, if the arbitrator is appointed by the Governor
18 in accordance with clause (i)(II), not later than 30 days
19 after the appointment of such arbitrator.

20 “(iii) A decision concerning a grievance shall be made
21 not later than 30 days after the date such arbitration pro-
22 ceeding begins.

23 “(iv)(I) Except as provided in subclause (II), the cost
24 of an arbitration proceeding shall be divided evenly be-
25 tween the parties to the arbitration.

1 “(II) If a regular employee or such employee’s rep-
2 resentative prevails under a binding arbitration proceed-
3 ing, the State agency shall pay the total cost of such pro-
4 ceeding and the attorneys’ fees of such employee or rep-
5 resentative.

6 “(E) Remedies for a grievance filed under this para-
7 graph include—

8 “(i) prohibition of the work assignment in the
9 program under this part; and

10 “(ii)(I) reinstatement of the displaced employee
11 to the position held by such employee prior to dis-
12 placement;

13 “(II) payment of lost wages and benefits of the
14 displaced employee;

15 “(III) reestablishment of other relevant terms,
16 conditions, and privileges of employment of the dis-
17 placed employee; and

18 “(IV) such equitable relief as is necessary to
19 make the displaced employee whole.

20 “(F) Suits to enforce arbitration awards under this
21 paragraph may be brought in any district court of the
22 United States having jurisdiction of the parties, without
23 regard to the amount in controversy and without regard
24 to the citizenship of the parties.”.

1 (e) EFFECTIVE DATE.—Except as provided in section
2 111, the amendments made by this section shall take ef-
3 fect on the first day of the first fiscal year beginning after
4 the date of the enactment of this Act.

5 **SEC. 107. INCREASED PAYMENTS TO STATES.**

6 (a) CHANGES TO JOBS PAYMENT FORMULA.—

7 (1) IN GENERAL.—Section 403(l)(1)(A) (42
8 U.S.C. 603(l)(1)(A)) is amended—

9 (A) by striking “and” at the end of clause
10 (i);

11 (B) in clause (ii), in the matter preceding
12 subclause (I), by striking “described in clause
13 (i)” and inserting “described in clause (i) but
14 do not exceed the amount of such expenditures
15 in fiscal year 1994”;

16 (C) by striking the period at the end of
17 clause (ii) and inserting “; and”; and

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

20 “(iii) with respect to so much of the expendi-
21 tures in a fiscal year that exceed the sum of the
22 amounts described in clauses (i) and (ii)—

23 “(I) 50 percent in the case of expenditures
24 described in clause (i)(II), and

1 “(II) in the case of expenditures made by
2 a State in operating such a program for a fiscal
3 year (other than for costs described in
4 subclause (I)), the greater of—

5 “(aa) 70 percent, or

6 “(bb) the Federal medical assistance
7 percentage (as defined in section 1118 in
8 the case of any State to which section
9 1108 applies, or as defined in section
10 1905(b) in the case of any other State).”.

11 (2) EFFECTIVE DATE.—The amendments made
12 by paragraph (1) shall apply with respect to pay-
13 ments made on and after October 1, 1994.

14 (b) INCREASE IN JOBS PROGRAM AUTHORIZA-
15 TION.—Section 403(k)(3) (42 U.S.C. 603(k)(3)) is
16 amended—

17 (1) by striking subparagraphs (E) and (F); and

18 (2) by inserting after subparagraph (D) the fol-
19 lowing new subparagraphs:

20 “(E) \$1,500,000,000 in the case of fiscal year
21 1995,

22 “(F) \$2,000,000,000 in the case of fiscal year
23 1996,

24 “(G) \$2,500,000,000 in the case of fiscal year
25 1997,

1 “(H) \$3,000,000,000 in the case of fiscal year
2 1998, and

3 “(I) \$3,500,000,000 in the case of fiscal year
4 1999.”.

5 (c) INCREASE IN CHILD CARE PAYMENT FOR-
6 MULA.—

7 (1) IN GENERAL.—

8 (A) INCREASED PERCENTAGE.—Section
9 402(g)(3)(A)(i) of the Social Security Act (42
10 U.S.C. 602(g)(3)(A)(i)) is amended to read as
11 follows:

12 “(3)(A)(i) In the case of expenditures in any fiscal
13 year for child care pursuant to paragraph (1)(A) by any
14 State to which section 1108 does not apply, the applicable
15 rate for purposes of section 403(a) shall be—

16 “(I) with respect to so much of such expendi-
17 tures as does not exceed the State’s expenditures in
18 the fiscal year 1994, the Federal medical assistance
19 percentage (as defined in section 1905(b)), and

20 “(II) with respect to so much of such expendi-
21 tures as exceed the amount described in subclause
22 (I), the sum of—

23 “(aa) the Federal medical assistance per-
24 centage (as defined in section 1905(b)), and

1 “(bb) one-half of the difference between
2 100 percent and such Federal medical assist-
3 ance percentage.”.

4 (B) EFFECTIVE DATE.—The amendments
5 made by subparagraph (A) shall apply with re-
6 spect to payments made on and after October
7 1, 1994.

8 (2) CONFORMING AMENDMENTS.—

9 (A) IN GENERAL.—Section 402(g)(3)(A)(i)
10 of the Social Security Act (42 U.S.C.
11 602(g)(3)(A)(i)), as amended by paragraph
12 (1)(A) of this subsection, is amended—

13 (i) by striking “(i)” after “(A)”;

14 (ii) by striking “subclause (I)” in
15 subclause (II) and inserting “clause (i)”;

16 (iii) by redesignating subclauses (I)
17 and (II) as clauses (i) and (ii), respec-
18 tively; and

19 (iv) by redesignating items (aa) and
20 (bb) as subclauses (I) and (II), respec-
21 tively.

22 (B) EFFECTIVE DATE.—The amendments
23 made by subparagraph (A) shall take effect on
24 September 30, 1998.

1 **SEC. 108. ASSESSMENT, MONITORING, AND EVALUATION.**

2 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
3 602(a)), as amended by section 102(g)(1) of this Act, is
4 amended—

5 (1) by striking “and” at the end of paragraph
6 (45);

7 (2) by striking the period at the end of para-
8 graph (46) and inserting “; and”; and

9 (3) by inserting after paragraph (46) the fol-
10 lowing new paragraph:

11 “(47) at the option of the State (on a statewide
12 basis or in a defined area of the State), provide that
13 the State agency (in order to increase the percentage
14 of families moving from welfare to self-sufficiency)—

15 “(A) shall conduct an assessment, in con-
16 sultation with State and local elected officials,
17 current recipients of aid to families with de-
18 pendent children, recipients of community-based
19 service systems, and individuals with expertise
20 in business, education, child welfare, juvenile
21 justice, mental health, substance addiction,
22 housing, and labor—

23 “(i) of the barriers which families that
24 receive aid to families with dependent chil-
25 dren face in achieving self-sufficiency, in-
26 cluding noneconomic barriers such as fam-

1 ily functions, parenting capacity, child de-
2 velopment, housing, substance abuse, and
3 mental illness;

4 “(ii) of the capacity within the State
5 to provide employment opportunities to
6 families that receive aid to families with
7 dependent children and to address other
8 barriers such families face to achieving
9 self-sufficiency; and

10 “(iii) of the number and skills of
11 workers needed to develop the family in-
12 vestment program under paragraph (29),
13 monitor progress, and adapt goals to meet
14 new challenges;

15 “(B) shall establish a system to monitor
16 and evaluate both the economic gains related to
17 employment of individuals in households receiv-
18 ing aid to families with dependent children and
19 the social, health, educational, and developmen-
20 tal impact on children in such households that
21 result from efforts to achieve self-sufficiency;
22 and

23 “(C) shall establish a system to determine
24 the number of individuals who achieve self-suffi-
25 ciency through the family investment program

1 under paragraph (29) and the rate of recidi-
2 vism.”.

3 (b) EFFECTIVE DATE.—Except as provided in sec-
4 tion 111, the amendments made by this section shall take
5 effect on the first day of the first fiscal year beginning
6 after the date of the enactment of this Act.

7 **SEC. 109. TIMELY PREVENTIVE HEALTH CARE FOR CHIL-**
8 **DREN.**

9 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
10 602(a)), as amended by section 102(g)(1) and 108(a) of
11 this Act, is amended—

12 (1) by striking “and” at the end of paragraph
13 (46);

14 (2) by striking the period at the end of para-
15 graph (47) and inserting “; and”; and

16 (3) by inserting after paragraph (47) the fol-
17 lowing new paragraph:

18 “(48) provide that (unless the State agency
19 provides the Secretary with adequate certification
20 that the care described in subparagraph (A)(i)(I) is
21 not accessible in the area in which a family re-
22 sides)—

23 “(A)(i) the State shall decrease the
24 amount of aid paid to a family under this part
25 (determined without regard to subparagraph

1 (B)) by a percentage amount determined appro-
2 priate by the Secretary beginning in the month
3 following any month in which the State agency
4 has failed to receive—

5 “(I) written verification that each
6 child in the family under 6 years of age
7 has been immunized and has received well-
8 baby and well-child care in accordance with
9 guidelines issued by the Surgeon General
10 of the Public Health Service; or

11 “(II) notice of a medical justification
12 that would exempt the child or children
13 from receiving such care; and

14 “(ii) the State shall end the reduction of
15 payment under clause (i) beginning in the
16 month following the month in which the State
17 agency receives the required verification; and

18 “(B) aid under the plan to a family shall
19 be increased by a bonus payment equal to the
20 percentage amount determined by the Secretary
21 under subparagraph (A) in the month following
22 a month in which the State agency receives ver-
23 ification that each such child has received the
24 immunizations and care described in subpara-
25 graph (A)(i).”.

1 (b) EFFECTIVE DATE.—Except as provided in sec-
2 tion 111, the amendments made by this section shall take
3 effect on the first day of the first fiscal year beginning
4 after the date of the enactment of this Act.

5 **SEC. 110. WAGE SUPPLEMENTATION DEMONSTRATION**
6 **PROJECTS.**

7 (a) IN GENERAL.—The Secretary of Health and
8 Human Services (hereafter in this section referred to as
9 the “Secretary”) shall establish demonstration projects for
10 the purpose of developing a wage supplementation pro-
11 gram under which—

12 (1) certain individuals eligible for aid to fami-
13 lies with dependent children under title IV of the So-
14 cial Security Act (42 U.S.C. 601 et seq.) would be
15 given an incentive to work; and

16 (2) the State would use funds available to pay
17 benefits described in paragraph (1) and food stamp
18 benefits under the Food Stamp Act of 1977 (7
19 U.S.C. 2011 et seq.) to make monthly incentive pay-
20 ments (in lieu of such benefits) to such individuals.

21 Each such program shall meet the requirements of sub-
22 section (b).

23 (b) WAGE SUPPLEMENTATION DEMONSTRATION
24 PROJECT.—

1 (1) IN GENERAL.—A demonstration project
2 conducted under this section shall provide the follow-
3 ing:

4 (A) INCENTIVES TO WORK.—The project
5 shall—

6 (i) require as a condition of participa-
7 tion in the project that an eligible individ-
8 ual be employed by a participating em-
9 ployer;

10 (ii) provide that the State shall make
11 monthly incentive payments to any eligible
12 individual for each month of employment
13 in an amount equal to the benefits de-
14 scribed in subsection (a)(2) which would
15 otherwise be payable to the individual, de-
16 termined as of the first day of the first full
17 month of employment of such individual by
18 a participating employer; and

19 (iii) provide that such payments be in
20 lieu of such benefits.

21 (B) PERIOD OF PARTICIPATION.—A
22 project shall not permit an eligible individual to
23 participate in the demonstration project for a
24 period in excess of the lesser of—

1 (i) an aggregate period of 48 months,

2 or

3 (ii) a period consisting of the number
4 of months in which such individual was
5 employed by a participating employer.

6 (C) INCOME IN EXCESS OF LIMIT.—The
7 project shall set a limit (to be determined by
8 the State) on the monthly income (including
9 payments under subparagraph (A)(ii)) of the
10 family of an eligible individual and shall permit
11 the State to—

12 (i) reduce payments under subpara-
13 graph (A)(ii) in excess of the limit; or

14 (ii) determine an individual ineligible
15 for participation in the project if such in-
16 come is in excess of the limit.

17 (2) SPECIAL RULES FOR TREATMENT UNDER
18 FEDERAL PROGRAMS.—Notwithstanding any other
19 provision of law, the following special rules shall
20 apply to an eligible individual participating in the
21 project:

22 (A) WAGES AS EARNED INCOME.—Wages
23 paid to an eligible individual by a participating
24 employer (but not payments under the project)
25 shall be considered earned income.

1 (B) TREATED AS ELIGIBLES.—Except for
2 purposes of determining eligibility for benefits
3 for which payments under the project are in
4 lieu of, an eligible individual participating in the
5 project shall be treated as eligible—

6 (i) for aid to families with dependent
7 children under part A of title IV of the So-
8 cial Security Act (42 U.S.C. 601 et seq.);
9 and

10 (ii) for food stamp benefits under the
11 Food Stamp Act of 1977 (7 U.S.C. 2011
12 et seq.) if such individual was otherwise el-
13 igible for food stamp benefits, determined
14 as of the first day of the first full month
15 of the employment of such individual by a
16 employer.

17 (C) ADDITIONAL CHILD SUPPORT
18 AMOUNTS.—An eligible individual who partici-
19 pates in the demonstration project shall remain
20 eligible for the project notwithstanding the re-
21 ceipt of any amounts paid to the family of the
22 individual under section 457(b)(4)(B) of the
23 Social Security Act (42 U.S.C. 657(b)(4)(B)).

24 (D) HOUSING.—Any wages paid to an eli-
25 gible individual by a participating employer dur-

1 ing the period of time that an eligible individual
2 participates in the demonstration project shall
3 not be taken into account in determining—

4 (i) the monthly rent under section
5 3(a) of the United States Housing Act of
6 1937 for any family residing in a dwelling
7 unit assisted under such Act; and

8 (ii) the monthly assistance payment
9 for any family under section 8(o)(2) of
10 such Act.

11 (3) ELIGIBLE INDIVIDUAL AND PARTICIPATING
12 EMPLOYER.—

13 (A) ELIGIBLE INDIVIDUAL.—For purposes
14 of this section, an individual is an eligible indi-
15 vidual if the individual is in a category of indi-
16 viduals which the State determines should be el-
17 igible to participate in the demonstration
18 project, and who would, at the time of place-
19 ment in the job involved, be eligible for aid to
20 families with dependent children under an ap-
21 proved State plan under title IV of the Social
22 Security Act (42 U.S.C. 601 et seq.).

23 (B) PARTICIPATING EMPLOYER.—

24 (i) IN GENERAL.—For purposes of
25 this section, an employer is a participating

1 employer, with respect to an eligible indi-
2 vidual, if the employer provides the State
3 with a written agreement certifying—

4 (I) that the employment of the
5 eligible individual complies with the
6 rules described in subsections (b), (c),
7 (d), and (g) of section 484 of the So-
8 cial Security Act (42 U.S.C. 684);

9 (II) that the gross wages (as de-
10 fined in section 209 of the Social Se-
11 curity Act (42 U.S.C. 609) deter-
12 mined without regard to any dollar
13 limitation) paid to such eligible indi-
14 vidual by the employer during any
15 month will not be less than the prod-
16 uct of—

17 (aa) the greater of the Fed-
18 eral minimum wage or the appli-
19 cable State minimum wage, and

20 (bb) the number of hours
21 worked by such individual;

22 (III) that the employer will not
23 receive any wage subsidy under any
24 other provision of Federal law, includ-
25 ing part F of title IV of the Social Se-

1 curity Act with respect to the employ-
2 ment of such eligible individual; and

3 (IV) that the eligible individual
4 receives the same employer-provided
5 benefits (other than health care bene-
6 fits) that other employees of the em-
7 ployer receive.

8 (ii) CONTINUING CERTIFICATION RE-
9 QUIREMENT.—A participating employer
10 shall be required to submit a monthly re-
11 port to the State (in a form and in such
12 manner as the State requires) certifying
13 that the employer has complied with the
14 requirements of subclauses (I), (II), (III),
15 and (IV) of clause (i) with respect to an el-
16 igible individual during the period such in-
17 dividual participates under the project.

18 (c) DURATION.—A demonstration project under this
19 Act shall be conducted for not more than 5 years (includ-
20 ing any time necessary for final evaluation and reporting).
21 The Secretary may terminate a project if the Secretary
22 determines that the State conducting the project is not
23 in substantial compliance with the terms of the application
24 approved by the Secretary under this section.

25 (d) APPLICATIONS.—

1 (1) IN GENERAL.—Each State desiring to con-
2 duct a demonstration project under this section shall
3 prepare and submit to the Secretary an application,
4 at such time, in such manner, and containing such
5 information as the Secretary may require, including
6 an explanation of a plan for evaluating the project.

7 (2) APPROVAL OF APPLICATIONS.—A State that
8 submits an application under paragraph (1) may
9 begin a demonstration project under this section—

10 (A) upon approval of such application by
11 the Secretary; or

12 (B) at the end of the 60-day period begin-
13 ning on the date such application is submitted,
14 unless the Secretary denies the application dur-
15 ing such period.

16 (3) NOTICE AND COMMENT.—A State shall
17 issue a public notice on the date the State submits
18 an application under paragraph (1) which contains
19 a general description of the proposed demonstration
20 project. Any interested party may comment on the
21 proposed demonstration project to the State or the
22 Secretary during the 30-day period beginning on the
23 date the public notice is issued.

24 (e) EVALUATIONS.—Each State conducting a dem-
25 onstration project under this section shall submit to the

1 Secretary an annual and final evaluation that determines
2 the success of the State's demonstration project under this
3 section in moving people from welfare dependency to self-
4 sufficiency.

5 (f) FUNDING FOR DEMONSTRATION PROJECTS.—For
6 each State that conducts a demonstration project under
7 this section—

8 (1) the portion of the monthly payments that
9 the State makes to a participant in the project
10 under subsection (b)(1)(A)(ii) that is attributable to
11 aid to families with dependent children under part A
12 of title IV of the Social Security Act (42 U.S.C. 601
13 et seq.) shall be considered expenditures under the
14 State plan for such aid;

15 (2) the expenses incurred by the State in the
16 administration of the demonstration project shall be
17 considered expenditures by the State for administra-
18 tive costs in operating a program under part F of
19 title IV of the Social Security Act (42 U.S.C. 601
20 et seq.); and

21 (3) the portion of the monthly payments that
22 the State makes to a participant in the project that
23 is attributable to the cash value of food stamp bene-
24 fits under the Food Stamp Act of 1977 (7 U.S.C.

1 2011 et seq.) shall be considered to be expenditures
2 for food stamp benefits under such Act.

3 (g) MAINTENANCE OF EFFORT.—Any funds available
4 for the activities covered by a demonstration project con-
5 ducted under this section shall supplement, and shall not
6 supplant, funds that are expended for similar purposes
7 under any State, regional, or local program.

8 **SEC. 111. DELAY IN CERTAIN EFFECTIVE DATES.**

9 In the case of a State that the Secretary of Health
10 and Human Services determines requires State legislation
11 (other than legislation appropriating funds) in order to
12 meet the additional requirements imposed by the amend-
13 ments made by section 101, 102, 104, 106, and 108, the
14 State shall not be regarded as failing to comply with the
15 requirements of such amendments before the first day of
16 the first calendar quarter beginning after the close of the
17 first regular session of the State legislature that begins
18 after October 1, 1994, if such State legislature did not
19 meet in a regular session after the date of the enactment
20 of this Act and before October 1, 1994. For purposes of
21 this subsection, in the case of a State that has a 2-year
22 legislative session, each year of the session shall be treated
23 as a separate regular session of the State legislature.

1 **TITLE II—IMPROVEMENTS IN**
2 **THE COLLECTION OF CHILD**
3 **SUPPORT**

4 **SEC. 201. TRANSMISSION AND ASSIGNMENT OF CERTAIN**
5 **CHILD SUPPORT ORDERS TO THE IRS.**

6 Section 466(a) (42 U.S.C. 666(a)) is amended by in-
7 serting after paragraph (11) the following new paragraph:

8 “(12)(A) Procedures which require any State
9 court or administrative agency that issues or modi-
10 fies (or has issued or modified) a child support order
11 (including an order for the payment of past-due sup-
12 port) to transmit a copy of the order to the Internal
13 Revenue Service upon the completion of a 12-month
14 period during which less than 50 percent of the
15 court-ordered child support amount for such period
16 has been paid.

17 “(B) Procedures which—

18 “(i) require any individual with the right
19 to collect child support pursuant to an order is-
20 sued or modified in the State (whether before
21 or after the effective date of this paragraph) to
22 be presumed to have assigned to the Internal
23 Revenue Service the right to collect such sup-
24 port (including any past-due support) pursuant
25 to subparagraph (A), unless the individual af-

1 firmatively elects to retain such right at any
2 time; and

3 “(ii) allow any individual who has made
4 the election referred to in clause (i) to rescind
5 or revive such election at any time.”.

6 **SEC. 202. COLLECTION OF CHILD SUPPORT BY INTERNAL**
7 **REVENUE SERVICE.**

8 (a) IN GENERAL.—Chapter 77 of the Internal Reve-
9 nue Code of 1986 (relating to miscellaneous provisions)
10 is amended by adding at the end the following new section:

11 **“SEC. 7524. COLLECTION OF CHILD SUPPORT.**

12 “(a) IN GENERAL.—The Secretary shall establish a
13 program to collect child support (including past-due sup-
14 port) pursuant to child support orders which are assigned
15 to the Internal Revenue Service under section 466(a)(12)
16 of the Social Security Act.

17 “(b) USE OF WAGE WITHHOLDING, ETC.—Such pro-
18 gram shall provide for the collection of child support re-
19 quired to be paid for any period through increases in wage
20 withholding under chapter 24 and estimated tax payments
21 under section 6654 during such period. Amounts required
22 to be paid through such withholding and payments shall
23 be treated as tax for purposes for this subtitle.

24 “(c) ANNUAL RECKONING OF OBLIGATION.—

1 “(1) IN GENERAL.—The entire amount of child
2 support required to be paid by any individual to the
3 Internal Revenue Service during any taxable year
4 shall be paid—

5 “(A) not later than the last date (deter-
6 mined without regard to extensions) prescribed
7 for filing such individual’s return of tax im-
8 posed by chapter 1 for such taxable year, and

9 “(B)(i) if such return is filed not later
10 than such date, with such return, or

11 “(ii) in any case not described in subpara-
12 graph (A), in such manner as the Secretary
13 may by regulations prescribe.

14 “(2) CREDIT FOR PERIODIC PAYMENTS.—The
15 amount required to be paid under paragraph (1)
16 shall be reduced by the aggregate payments of child
17 support made under subsection (b) by such individ-
18 ual through increases in wage withholding and esti-
19 mated tax payments.

20 “(d) FAILURE TO PAY AMOUNT OWING.—If an indi-
21 vidual fails to pay the full amount required to be paid on
22 or before the last date described in subsection (c)(1), the
23 Secretary shall assess and collect the unpaid amount in
24 the same manner, with the same powers, and subject to
25 the same limitations applicable to a tax imposed by sub-

1 title C the collection of which would be jeopardized by
2 delay, except that—

3 “(1) for such purposes, paragraphs (4), (6),
4 and (8) of section 6334(a) (relating to property ex-
5 empt from levy) shall not apply, and

6 “(2) there shall be exempt from levy so much
7 of the salary, wages, or other income of an individ-
8 ual as is being withheld therefrom in garnishment
9 pursuant to a judgment entered by a court of com-
10 petent jurisdiction for the support of the individual’s
11 minor children.

12 “(e) COLLECTIONS DISPERSED TO INDIVIDUAL
13 SPECIFIED IN ORDER.—

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), amounts collected under this section pur-
16 suant to any child support order shall be paid to the
17 individual entitled to such amounts under such order
18 as quickly as possible. Any penalties and interest
19 collected with respect to such amounts also shall be
20 paid to such individual.

21 “(2) FAMILIES RECEIVING STATE ASSIST-
22 ANCE.—In the case of an individual with respect to
23 whom—

24 “(A) an assignment of child support pay-
25 ments to a State under section 402(a)(26) or

1 471(a)(17) of the Social Security Act is in ef-
2 fect, or

3 “(B) an application for State assistance
4 under section 454(6) is in effect,
5 amounts collected under this section shall be paid to
6 such State pursuant to section 457 of such Act.

7 “(f) COORDINATION WITH UNDERPAYMENT PROVI-
8 SIONS.—If the Secretary is collecting—

9 “(1) unpaid child support pursuant to an as-
10 sessment under this section, and

11 “(2) unpaid tax pursuant to an assessment
12 under section 6203,

13 all amounts collected shall be treated as collected pursuant
14 to the assessment under this section to the extent of the
15 amount of such unpaid child support.

16 “(g) LIMITATION ON JUDICIAL REVIEW.—No court
17 of the United States shall have jurisdiction to hear any
18 action, whether legal or equitable, brought to restrain or
19 review any assessment or collection authorized by this sec-
20 tion, nor shall any such assessment or collection be subject
21 to review by the Secretary in an administrative proceeding.
22 This subsection shall not preclude any legal, equitable, or
23 administrative action against the State by an individual
24 in any State court or before any State agency to determine
25 his liability for any amount assessed against him and col-

1 lected, or to recover any such amount collected from him,
2 under this section.

3 “(h) REGULATIONS.—The Secretary shall prescribe
4 such regulations as may be appropriate to carry out the
5 purposes of this section.”.

6 (b) ESTIMATE OF INCREASED INTERNAL REVENUE
7 FUNDING.—Within 1 year of the date of the enactment
8 of this Act, the Secretary of the Treasury shall submit
9 to the Congress an estimate of the additional cost per fis-
10 cal year for administering the program described in sec-
11 tion 7524 of the Internal Revenue Code of 1986 (as added
12 by this section).

13 (c) CLERICAL AMENDMENT.—The table of sections
14 for chapter 77 of the Internal Revenue Code of 1986 is
15 amended by adding at the end the following new item:

“Sec. 7524. Collection of child support.”

16 **SEC. 203. PUBLICATION OF DELINQUENT CHILD SUPPORT**
17 **OBLIGORS.**

18 Section 454 (42 U.S.C. 654) is amended by striking
19 “and” at the end of paragraph (23), by striking the period
20 at the end of paragraph (24) and inserting “; and”, and
21 by inserting after paragraph (24) the following new para-
22 graph:

23 “(25) at the option of the State, provide that
24 with respect to any child support order enforced by
25 the State under this part in which no payment has

1 been made during a preceding 3-month period, the
2 State make available for publication on a semi-an-
3 nual basis a listing of all such orders by name of the
4 support obligor, verified city and State address of
5 such obligor, and any other information deemed ap-
6 propriate by the State, and publicize the existence of
7 such listing to such support obligors.”.

8 **SEC. 204. EFFECTIVE DATE.**

9 (a) IN GENERAL.—Except as provided in subsection
10 (b), the amendments made by this title shall take effect
11 on the first day of the first fiscal year beginning after the
12 date of the enactment of this Act.

13 (b) EXCEPTION.—In the case of a State that the Sec-
14 retary of Health and Human Services determines requires
15 State legislation (other than legislation appropriating
16 funds) in order to meet the additional requirements im-
17 posed by the amendments made by this title, the State
18 shall not be regarded as failing to comply with the require-
19 ments of such amendments before the first day of the first
20 calendar quarter beginning after the close of the first reg-
21 ular session of the State legislature that begins after Octo-
22 ber 1, 1994, if such State legislature did not meet in a
23 regular session after the date of the enactment of this Act
24 and before October 1, 1994. For purposes of this sub-
25 section, in the case of a State that has a 2-year legislative

1 session, each year of the session shall be treated as a sepa-
2 rate regular session of the State legislature.

3 **TITLE III—WELFARE**
4 **RESTRICTIONS FOR ALIENS**

5 **SEC. 301. ELIGIBILITY OF CERTAIN ALIENS FOR CERTAIN**
6 **FEDERAL BENEFITS.**

7 (a) PROVISIONS RELATING TO UNLAWFUL
8 ALIENS.—

9 (1) DIRECT FEDERAL FINANCIAL BENEFITS.—

10 (A) IN GENERAL.—On and after the date
11 of the enactment of this Act, notwithstanding
12 any other provision of law, no benefits shall be
13 available under the programs described in sub-
14 paragraph (B) to an unlawful alien (as defined
15 in subsection (c)(2)) except pursuant to a provi-
16 sion of the Immigration and Nationality Act.

17 (B) PROGRAMS DESCRIBED.—The pro-
18 grams described in this subparagraph are the
19 following:

20 (i) The aid to families with dependent
21 children program under title IV of the So-
22 cial Security Act.

23 (ii) The medicaid program under title
24 XIX of the Social Security Act (except for
25 care and services for the treatment of an

1 emergency medical condition under section
2 1903(v) of the Social Security Act).

3 (iii) The food stamp program under
4 the Food Stamp Act of 1977.

5 (iv) The supplemental security income
6 program under title XVI of the Social Se-
7 curity Act.

8 (v) Any Federal unemployment com-
9 pensation program.

10 (2) NOTIFICATION OF ALIENS.—The Federal
11 agency administering a program referred to in para-
12 graph (1)(B) shall, directly or through the States,
13 notify any unlawful alien (as defined in subsection
14 (c)(2)) who is receiving benefits under the program
15 on the date of the enactment of this Act and whose
16 eligibility for the program is or will be terminated by
17 reason of this subsection.

18 (b) PROVISIONS RELATING TO LAWFUL ALIENS.—

19 (1) REPORTING BY FEDERAL AGENCIES.—On
20 and after the date of the enactment of this Act, not-
21 withstanding any other provision of law, any lawful
22 alien (as defined in subsection (c)(1)) who receives
23 benefits under a program described in subsection
24 (a)(1)(B) for more than 12 months shall be reported
25 to the Immigration and Naturalization Service and

1 shall be treated as a public charge for purposes of
2 section 241(a)(5) of the Immigration and National-
3 ity Act.

4 (2) ATTRIBUTION OF SPONSOR'S INCOME AND
5 RESOURCES TO FAMILY PREFERENCE ALIENS.—On
6 and after the date of the enactment of this Act, not-
7 withstanding any other provision of law, for pur-
8 poses of determining eligibility of, and the amount
9 of benefits for, a lawful alien (as defined in sub-
10 section (c)(1)) under a program described in sub-
11 section (a)(1)(B)—

12 (A) the income and resources of any per-
13 son who, as a sponsor of such alien's entry into
14 the United States, executed an affidavit of sup-
15 port or similar agreement with respect to such
16 alien, and

17 (B) the income and resources of such
18 sponsor's spouse,

19 shall be deemed to be the unearned income and re-
20 sources of such alien until such time as the alien
21 achieves United States citizenship through natu-
22 ralization pursuant to chapter 2 of title 3 of the Im-
23 migration and Nationality Act.

24 (c) DEFINITIONS.—For the purposes of this section:

25 (1) LAWFUL ALIEN.—

1 (A) IN GENERAL.—The term “lawful
2 alien” means an individual who is described in
3 subparagraph (B) at the time the individual ap-
4 plies for, receives, or attempts to receive any
5 Federal benefit.

6 (B) INDIVIDUALS DESCRIBED.—An indi-
7 vidual described in this subparagraph is—

- 8 (i) a national of the United States,
9 (ii) an alien lawfully admitted for per-
10 manent residence,
11 (iii) an asylee,
12 (iv) a refugee,
13 (v) an alien whose deportation has
14 been withheld under section 243(h) of the
15 Immigration and Nationality Act, or
16 (vi) a parolee who has been paroled
17 for a period of 1 year or more.

18 (2) UNLAWFUL ALIEN.—The term “unlawful
19 alien” means an individual who is not—

- 20 (A) a United States citizen; or
21 (B) an individual described in paragraph
22 (1)(B) at the time the individual applies for, re-
23 ceives, or attempts to receive any Federal bene-
24 fit.

1 **SEC. 302. STATE AFDC AGENCIES REQUIRED TO PROVIDE**
2 **INFORMATION ON ILLEGAL ALIENS TO THE**
3 **IMMIGRATION AND NATURALIZATION SERV-**
4 **ICE.**

5 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
6 602(a)), as amended by sections 102(g)(1), 108(a), and
7 109(a) of this Act, is amended—

8 (1) by striking “and” at the end of paragraph
9 (47);

10 (2) by striking the period at the end of para-
11 graph (48) and inserting “; and”; and

12 (3) by inserting after paragraph (48) the fol-
13 lowing new paragraph:

14 “(49) require the State agency to provide to the
15 Immigration and Naturalization Service the name,
16 address, and other identifying information that the
17 agency has with respect to any individual unlawfully
18 in the United States any of whose children is a citi-
19 zen of the United States.”.

20 (b) EFFECTIVE DATE.—

21 (1) IN GENERAL.—Except as provided in para-
22 graph (2), the amendment made by subsection (a)
23 shall take effect on the first day of the first fiscal
24 year beginning after the date of the enactment of
25 this Act.

1 (2) DELAY PERMITTED IF STATE LEGISLATION
2 REQUIRED.—In the case of a State plan approved
3 under section 402(a) of the Social Security Act
4 which the Secretary of Health and Human Services
5 determines requires State legislation (other than leg-
6 islation appropriating funds) in order for the plan to
7 meet the additional requirement imposed by the
8 amendment made by subsection (a) of this section,
9 the State plan shall not be regarded as failing to
10 comply with the requirements of such section 402(a)
11 solely on the basis of the failure of the plan to meet
12 such additional requirement before the end of the 2-
13 year period that begins with the date of the enact-
14 ment of this Act.

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