

ACCELERATING INDIVIDUALS INTO THE WORKFORCE  
ACT

JUNE 28, 2016.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

Mr. BRADY of Texas, from the Committee on Ways and Means,  
submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 2990]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2990) to provide for the conduct of demonstration projects to test the effectiveness of subsidized employment for TANF recipients, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

|   | Page |
|---|------|
| I. SUMMARY AND BACKGROUND .....   | 3    |
| A. Purpose and Summary .....  | 3    |
| B. Background and Need for Legislation .....  | 4    |
| C. Legislative History .....  | 5    |
| II. EXPLANATION OF THE BILL .....   | 6    |
| Section 1: Short Title .....  | 6    |
| Section 2: Demonstration Projects to Support Subsidized Employ-<br>ment for TANF Recipients ..... | 6    |
| Section 3: Effective Date .....   | 8    |
| III. VOTES OF THE COMMITTEE .....   | 8    |
| IV. NEW BUDGET AUTHORITY AND TAX EXPENDITURES .....   | 9    |
| V. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET<br>OFFICE .....                             | 9    |
| VI. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF<br>THE HOUSE .....                           | 10   |
| A. Committee Oversight Findings and Recommendations .....   | 10   |
| B. Statement of General Performance Goals and Objectives .....                                    | 10   |

|   |    |
|---|----|
| C. Applicability of House Rule XXI 5(b) .....   | 11 |
| D. Congressional Earmarks, Limited Tax Benefits, and Limited<br>Tariff Benefits ..... | 11 |
| E. Duplication of Federal Programs .....  | 11 |
| F. Disclosure of Directed Rule Makings .....  | 11 |
| VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED .....                      | 11 |
| A. Text of Existing Law Amended or Repealed by the Bill, as<br>Reported .....         | 11 |
| B. Changes in Existing Law Proposed by the Bill, as Reported .....                    | 35 |
| VIII. ADDITIONAL VIEWS .....  | 62 |

The amendment is as follows:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Accelerating Individuals into the Workforce Act”.

#### SEC. 2. DEMONSTRATION PROJECTS TO SUPPORT SUBSIDIZED EMPLOYMENT FOR TANF RECIPIENTS.

Section 403 of the Social Security Act (42 U.S.C. 603) is amended by adding at the end the following:

##### “(c) SUBSIDIZED EMPLOYMENT DEMONSTRATION PROJECTS.—

“(1) IN GENERAL.—The Secretary shall make grants to States to conduct demonstration projects designed to implement and evaluate strategies that provide wage subsidies to enable low-income individuals to enter into and retain employment.

“(2) APPLICATION REQUIREMENTS.—The Secretary shall require each State that applies for a grant under this subsection to do the following:

“(A) Describe how wage subsidies will be provided (such as whether paid directly to the employer or the individual), the duration of the subsidies, the amount of the subsidies, the structure of the subsidies, and how employers will be recruited to participate in the subsidized employment program.

“(B) Describe how the State expects those participating in subsidized employment to be able to retain employment after the subsidy ends.

“(C) Describe how the State will coordinate subsidized employment funded under this subsection with other efforts to help low-income individuals enter work as conducted by the State.

##### “(3) USE OF FUNDS.—

“(A) IN GENERAL.—A State to which a grant is made under this subsection may use the grant to subsidize the wages of an eligible recipient for a period not exceeding 12 months, and only to the extent that the total of the funds paid under this project and any other Federal funds so used with respect to the recipient does not exceed 50 percent of the amount of the wages received by the recipient during the period.

“(B) ELIGIBLE RECIPIENT.—For purposes of subparagraph (A), an eligible recipient is—

“(i) (I) a recipient of assistance under the State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)); or

“(II) a noncustodial parent of a minor child who is receiving assistance referred to in subclause (I);

“(ii) who, at the time the subsidy begins, is unemployed; and

“(iii) whose income, at that time, is less than 200 percent of the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2))).

##### “(4) LIMITATIONS.—

“(A) NONDISPLACEMENT.—A State to which a grant is made under this subsection shall ensure that no participant in a subsidized job program funded in whole or in part under this subsection is employed or assigned to a job under the program—

“(i) when any other individual is on layoff from the same or any substantially equivalent job; or

“(ii) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

“(B) GRIEVANCE PROCEDURE.—A State with a program funded under this subsection shall establish and maintain a grievance procedure for resolving complaints of alleged violations of subparagraph (A).

“(C) NO PREEMPTION.—Nothing in this paragraph shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

“(5) REPORTS.—As a condition of receiving funds under this subsection for a fiscal year, a State shall submit to the Secretary, within 6 months after the end of the fiscal year, a report that—

“(A) specifies, for each month of the fiscal year, the number of individuals whose employment is subsidized with these funds;

“(B) describes the structure of the State activities to use the funds to subsidize employment, including the amount and duration of the subsidies provided;

“(C) specifies the percentage of eligible recipients who received a subsidy who are in unsubsidized employment during the 2nd quarter after the subsidy ended;

“(D) specifies the percentage of eligible recipients who received a subsidy who are in unsubsidized employment during the 4th quarter after the subsidy ended; and

“(E) specifies the median earnings of eligible recipients who received a subsidy who are in unsubsidized employment during the 2nd quarter after the subsidy ended.

“(6) EVALUATION.—The Secretary, in consultation with each State conducting a demonstration project, shall conduct a high-quality evaluation of the demonstration project, and may reserve funds made available under this subsection to conduct the evaluation in accordance with the following:

“(A) EVALUATOR QUALIFICATIONS.—The Secretary may not enter into a contract with an evaluator unless the evaluator has demonstrated experience in conducting rigorous evaluations of program effectiveness including, where available and appropriate, well-implemented randomized controlled trials.

“(B) METHODOLOGIES TO BE USED.—The evaluation of a demonstration project shall use experimental designs using random assignment or other reliable, evidence-based research methodologies that allow for the strongest possible causal inferences when random assignment is not feasible.

“(C) PUBLIC DISCLOSURE.—The Secretary shall publish the results of the evaluation on the website of the Department of Health and Human Services in a location easily accessible by the public.

“(7) RECOMMENDATIONS TO CONGRESS.—The Secretary shall submit recommendations to the Congress on how to increase the employment, retention, and advancement of individuals currently or formerly receiving assistance under a State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

“(8) FUNDING.—Of the amounts made available to carry out subsection (b) for fiscal year 2017, the Secretary shall reserve \$100,000,000 to carry out this subsection.

“(9) USE OF CERTAIN FUNDS FOR CAREER PATHWAYS PROGRAMS.—The Secretary shall use 15 percent of the amounts reserved to carry out this subsection, to fund programs that offer career pathway (as defined in section 3(7) of the Workforce Innovation and Opportunity Act) services.

“(10) AVAILABILITY OF FUNDS.—Funds provided to a State under this subsection in a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year.”.

#### **SEC. 3. EFFECTIVE DATE.**

The amendment made by this Act shall take effect on October 1, 2016.

## **I. SUMMARY AND BACKGROUND**

### **A. PURPOSE AND SUMMARY**

H.R. 2990 as amended, the “Accelerating Individuals into the Workforce Act,” as ordered reported by the Committee on Ways and Means on May 11, 2016, encourages employer-led partnerships to help people move from welfare to work.

## B. BACKGROUND AND NEED FOR LEGISLATION

In 1996, Republicans reformed the safety net to better support and reward work. As part of these reforms, the failed New Deal-era Aid to Families with Dependent Children (AFDC) program was replaced with today's Temporary Assistance for Needy Families program (TANF), which established strong requirements for states to help welfare recipients prepare for work and find jobs.

The number of families receiving cash assistance under the TANF program fell by more than 50 percent, and has generally remained low over time. Employment rates of single mothers with children increased by 15 percent through 2007 compared with 1995; while their work rates declined as a result of the 2007–09 recession, they have risen again since 2011 and remain 10 percent higher than before. Child poverty also declined dramatically during this period as more people went to work and earnings increased, and poverty among African American households with children reached record lows. Poverty among female-headed households with children remains lower today than before the 1996 reforms—despite two intervening recessions.

The TANF program has helped shield American families from sinking deeper into poverty by providing temporary assistance that is also linked to stable employment. But it's been at least a decade since any meaningful changes have been made to this law.

While moving welfare recipients into employment is a central goal of TANF, some welfare recipients have a difficult time transitioning from welfare into a job. In some cases, employers may be reluctant to hire welfare recipients who may have limited work experience or other barriers to working, which can be better managed when the cost of hiring a TANF recipient is decreased.

H.R. 2990, as amended, would encourage the following:

- Employers would take the lead by partnering with state and local agencies to hire TANF recipients, providing recipients with highly-valued work experience and on-the-job training.
- Up to \$100 million (reserved from the TANF Contingency Fund in FY 2017) would be provided to subsidize the wages of TANF recipients for up to 12 months.
- No more than 50 percent of the wage for a TANF recipient could be subsidized using funds from this bill, while the other half of the wage would be paid by the employer, or with state or local funds.
- High-quality evaluations would be used to determine whether these public-private partnerships were effective in helping welfare recipients move into jobs and retain work.
- Based on what is learned from the projects, the Department of Health and Human Services would have to submit recommendations to Congress on how to increase the employment of TANF recipients, as well as how to help them retain their jobs and increase earnings over time.

## C. LEGISLATIVE HISTORY

*Background*

H.R. 2990, the “Accelerating Individuals into the Workforce Act,” was introduced on July 9, 2015, by Representative Robert J. Dold, and was referred to the Committee on Ways and Means.

*Committee hearings*

The Committee began a bipartisan, comprehensive review of the TANF program at the beginning of the 114th Congress, in early January 2015. Over the last fifteen months, the Human Resources Subcommittee held a series of hearings with witnesses ranging from current and former recipients to service providers to employers to researchers. Members of the Human Resources Subcommittee introduced a series of bills focused on smaller provisions within TANF, and then they were compiled into a larger, more comprehensive reauthorization draft bill. That bipartisan draft was distributed for public comment and dozens of stakeholders provided invaluable feedback, some incorporated in H.R. 2990.

Throughout the 114th Congress, the Human Resources Subcommittee held a series of hearings on reforms to the TANF program, including discussions focused on the need for private sector engagement, on-the-job training, and subsidized employment programs. Those hearings included:

- *Challenges Facing Low-Income Individuals and Families in Today's Economy*, February 11, 2015
- *Expanding Opportunity by Funding What Works: Using Evidence to Help Low-Income Individuals and Families Get Ahead*, March 17, 2015
- *Next Steps for Welfare Reform: Ideas to Improve TANF to Help More Families Find Work and Escape Poverty*, April 30, 2015
- *Protecting the Safety Net from Waste, Fraud, and Abuse*, June 3, 2015
- Joint Subcommittee Hearing on *How Our Welfare System Can Discourage Work*, June 25, 2015
- *Welfare Reform Proposals*, July 15, 2015
- *Better Coordinating Welfare Programs to Serve Families in Need*, November 3, 2015
- *Moving America's Families Forward: Lessons Learned from Welfare Reform in Other Countries*, November 17, 2015
- *Getting Incentives Right: Connecting Low-Income Individuals with Jobs*, March 1, 2016

*Committee action*

The Committee on Ways and Means marked up H.R. 2990, the “Accelerating Individuals into the Workforce Act,” on May 11, 2016. The bill, H.R. 2990, was ordered favorably reported to the House of Representatives as amended by a voice vote (with a quorum being present).

## II. EXPLANATION OF THE BILL

### SECTION 1: SHORT TITLE

#### *Present law*

No provision.

#### *Explanation of provision*

This section contains the short title of the bill, the “Accelerating Individuals into the Workforce Act.”

#### *Reason for change*

The Committee believes that the short title reflects the policy actions included in the legislation.

#### *Effective date*

The provision is effective on October 1, 2016.

### SECTION 2: DEMONSTRATION PROJECTS TO SUPPORT SUBSIDIZED EMPLOYMENT FOR TANF RECIPIENTS

#### *Present law*

The Temporary Assistance for Needy Families (TANF) block grant allows states to spend funds on activities that can be “reasonably calculated” to achieve the purpose of TANF, including the goal of ending dependence of needy parents on government benefits through work and job preparation. Federal TANF funds may be spent on employment subsidies. States may also count expenditures on employment subsidies toward the TANF state spending (maintenance of effort, or MOE) requirement. Employment subsidies are payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training.<sup>1</sup>

Additionally, TANF measures state performance through a “Work Participation Rate” (WPR) that measures the percent of families receiving assistance in the state who are considered “engaged in work.” To be considered “engaged in work,” a work-eligible individual in the family must participate in specific activities for a minimum number of hours per week in the month. Two of the specific activities creditable toward the WPR are subsidized private sector employment and subsidized public sector employment.

#### *Explanation of provision*

The Committee bill, as amended, would establish a subsidized employment demonstration program, administered by the Department of Health and Human Services (HHS). The Secretary of HHS would award grants to states for the development of subsidized employment demonstration projects that would evaluate strategies that provide wage subsidies to help low-income individuals obtain and retain employment. States applying for subsidized employment demonstration funds would be required to describe the wage subsidy program, how the state expects those participating in subsidized employment to retain employment after the subsidy ends, and how the state will coordinate subsidized employment funds

<sup>1</sup> This is a regulatory definition of work subsidies at 45 C.F.R. § 260.31(b)(2).

with other efforts to help low-income individuals enter the workforce.

The Committee bill, as amended, would provide that wage subsidies extend for no more than 12 months, and that federal funds account for no more than 50 percent of a participant's wage. It would require that those participating in the subsidized employment program:

1. be unemployed;
2. have income at the time of program entry of less than 200% of the federal poverty guidelines; and
3. be either recipients of assistance funded from TANF or state MOE dollars or noncustodial parents of children receiving such assistance.

States in the subsidized employment demonstration would be prohibited from displacing regular employees by placing participants in subsidized jobs. States are also prohibited from placing an individual with employers who have terminated the job of a regular employee or have involuntarily reduced their workforce to hire a subsidized employee. States would be required to have a grievance procedure in place for regular employees to resolve complaints of displacement. The non-displacement provisions and procedures for the subsidized employment demonstration would not pre-empt or supersede state or local laws that provide greater protections for employees.

States receiving subsidized employment funds would be required to report annually to HHS on the number of persons in subsidized employment, the structure of activities of the program, and the employment outcome measures following the end of subsidized employment. The outcome measures would be employment in the 2nd quarter and 4th quarter following exit and median earnings in the second quarter following exit.

The Committee bill, as amended, would require HHS to conduct an evaluation of the demonstration project using experimental designs using random assignment, unless such research design is not feasible. If a random assignment experiment is not feasible, the research would be conducted using other reliable evidence-based research methodologies.

HHS would be required to report to Congress recommendations on how to increase employment, retention, and advancement of individuals currently or formerly receiving TANF assistance.

The Committee bill, as amended, would require the Secretary to reserve \$100,000,000 of the Contingency Fund for State Welfare Programs for FY2017 to carry out the demonstration. Of that amount, 15 percent (\$15,000,000) is reserved for the operation of career pathways training programs. Career pathways programs are a combination of education, training, and other services that aligns with the skill needs of industries in the economy of the state or regional economy involved. They are designed to help an individual enter or advance within a specific occupation or occupational cluster.

Funds for this demonstration must be expended by the end of FY2018. The provisions in this bill would be effective October 1, 2016.

*Reason for change*

The Committee believes that while moving welfare recipients into employment is a central goal of TANF, some welfare recipients have a difficult time transitioning from welfare into a job. In some cases, employers may be reluctant to hire welfare recipients who may have limited work experience or other barriers to working, which can be better managed when the cost of hiring a TANF recipient is decreased. This provision will enhance employer engagement, strengthen public-private partnerships, and help move more individuals from welfare to work quickly.

*Effective date*

The provision is effective on October 1, 2016.

## SECTION 3: EFFECTIVE DATE

*Present law*

No provision.

*Explanation of provision*

This section includes an effective date of October 1, 2016.

*Reason for change*

The Committee believes it is appropriate to have an effective date of October 1, 2016, i.e. the start of the next fiscal year.

*Effective date*

The provision is effective on October 1, 2016.

**III. VOTES OF THE COMMITTEE**

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 2990, the “Accelerating Individuals into the Workforce Act,” on May 11, 2016.

The amendment by Mr. Doggett to the amendment in the nature of a substitute to H.R. 2990, which would provide a preference for applicants that have spent substantial amounts of TANF funds on certain benefits and services, was not agreed to by a roll call vote of 13 yeas to 22 nays (with a quorum being present). The vote was as follows:

| Representative       | Yea | Nay | Present | Representative       | Yea | Nay   | Present |
|----------------------|-----|-----|---------|----------------------|-----|-------|---------|
| Mr. Brady .....      |     | X   | .....   | Mr. Levin .....      | X   | ..... | .....   |
| Mr. Johnson .....    |     | X   | .....   | Mr. Rangel .....     | X   | ..... | .....   |
| Mr. Nunes .....      |     | X   | .....   | Mr. McDermott .....  |     | ..... | .....   |
| Mr. Tiberi .....     |     | X   | .....   | Mr. Lewis .....      | X   | ..... | .....   |
| Mr. Reichert .....   |     | X   | .....   | Mr. Neal .....       | X   | ..... | .....   |
| Mr. Boustany .....   |     | X   | .....   | Mr. Becerra .....    |     | ..... | .....   |
| Mr. Roskam .....     |     | X   | .....   | Mr. Doggett .....    | X   | ..... | .....   |
| Mr. Price .....      |     | X   | .....   | Mr. Thompson .....   | X   | ..... | .....   |
| Mr. Buchanan .....   |     | X   | .....   | Mr. Larson .....     | X   | ..... | .....   |
| Mr. Smith (NE) ..... |     | X   | .....   | Mr. Blumenauer ..... | X   | ..... | .....   |
| Ms. Jenkins .....    |     | X   | .....   | Mr. Kind .....       | X   | ..... | .....   |
| Mr. Paulsen .....    |     | X   | .....   | Mr. Pascrell .....   | X   | ..... | .....   |
| Mr. Marchant .....   |     | X   | .....   | Mr. Crowley .....    | X   | ..... | .....   |
| Ms. Black .....      |     | X   | .....   | Mr. Davis .....      | X   | ..... | .....   |



| Representative       | Yea   | Nay   | Present | Representative    | Yea | Nay   | Present |
|----------------------|-------|-------|---------|-------------------|-----|-------|---------|
| Mr. Reed .....       | ..... | ..... | .....   | Ms. Sanchez ..... | X   | ..... | .....   |
| Mr. Young .....      | ..... | X     | .....   |                   |     |       |         |
| Mr. Kelly .....      | ..... | ..... | .....   |                   |     |       |         |
| Mr. Renacci .....    | ..... | X     | .....   |                   |     |       |         |
| Mr. Meehan .....     | ..... | X     | .....   |                   |     |       |         |
| Ms. Noem .....       | ..... | X     | .....   |                   |     |       |         |
| Mr. Holding .....    | ..... | X     | .....   |                   |     |       |         |
| Mr. Smith (MO) ..... | ..... | X     | .....   |                   |     |       |         |
| Mr. Dold .....       | ..... | X     | .....   |                   |     |       |         |
| Mr. Rice .....       | ..... | X     | .....   |                   |     |       |         |

The amendment by Mr. Doggett to the amendment in the nature of a substitute to H.R. 2990, which would apply the same non-displacement requirements to subsidized employment demonstrations as are currently applied in other TANF-funded employment programs, was agreed to by a voice vote (with a quorum being present).

The amendment by Mr. Davis to the amendment in the nature of a substitute to H.R. 2990, which would set aside 15 percent of the total funding provided for career pathways, was agreed to by a voice vote (with a quorum being present).

The Committee on Ways and Means marked up H.R. 2990, the “Accelerating Individuals into the Workforce Act,” on May 11, 2016. The bill, H.R. 2990, was ordered favorably reported to the House of Representatives as amended by a voice vote (with a quorum being present).

#### IV. NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new budget authority or tax expenditure budget authority.

#### V. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the Committee sets forth the following estimate and comparison prepared by the Director of the Congressional Budget Office.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, May 16, 2016.*

Hon. KEVIN BRADY,  
*Chairman, Committee on Ways and Means,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2990, the Accelerating Individuals into the Workforce Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susanne S. Mehlman.

Sincerely,

KEITH HALL.

Enclosure.

*H.R. 2990—Accelerating Individuals into the Workforce Act*

H.R. 2990 would amend title IV of the Social Security Act to enable the Department of Health and Human Services (HHS) to provide grants to states to conduct demonstration projects that would support subsidized employment for individuals who receive aid under the Temporary Assistance for Needy Families (TANF) program. Specifically, states could use grants to subsidize up to 50 percent of the wages provided to a TANF recipient for up to 12 months. HHS would be required to conduct evaluations of those demonstration projects. This legislation also would require HHS to fund programs that offer career pathways to individuals receiving assistance under TANF. H.R. 2990 would reserve \$100 million of the \$608 million already appropriated for the TANF contingency fund for 2017 to fund the demonstration projects and their evaluations. States would have up to two years to spend any grant money provided by HHS.

Based on information from HHS, CBO estimates that direct spending from the contingency fund under this legislation would mostly follow similar patterns as spending from the fund under current law. Thus, any net effect on direct spending would be insignificant. Because enacting the legislation would affect direct spending, pay-as-you-go procedures apply.

Enacting H.R. 2990 would not affect revenues. CBO estimates that enacting H.R. 2990 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 2990 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. Any costs to states that result from implementing the demonstration project authorized by the bill would be incurred voluntarily as a condition of federal assistance.

The CBO staff contact for this estimate is Susanne S. Mehlman. This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

## **VI. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE**

### **A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS**

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee advises that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the description portions of this report.

### **B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES**

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of this legislation encourages employer-led partnerships to help people move from welfare to work.

### C. APPLICABILITY OF HOUSE RULE XXI 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that “A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present.” The Committee has carefully reviewed the bill, and states that the bill does not involve any Federal income tax rate increases within the meaning of the rule.

### D. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

### E. DUPLICATION OF FEDERAL PROGRAMS

In compliance with Sec. 3(g)(2) of H. Res. 5 (114th Congress), the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

### F. DISCLOSURE OF DIRECTED RULE MAKINGS

In compliance with Sec. 3(i) of H. Res. 5 (114th Congress), the following statement is made concerning directed rule makings: The Committee estimates that the bill requires no directed rule makings within the meaning of such section.

## VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

### A. TEXT OF EXISTING LAW AMENDED OR REPEALED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

### SOCIAL SECURITY ACT

\* \* \* \* \*

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO  
NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WEL-  
FARE SERVICES

**PART A—BLOCK GRANTS TO STATES FOR TEM-  
PORARY ASSISTANCE FOR NEEDY FAMILIES**

\* \* \* \* \*

**SEC. 403. GRANTS TO STATES.**

(a) GRANTS.—

(1) FAMILY ASSISTANCE GRANT.—

(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for fiscal year 2012, a grant in an amount equal to the State family assistance grant.

(B) STATE FAMILY ASSISTANCE GRANT.—The State family assistance grant payable to a State for a fiscal year shall be the amount that bears the same ratio to the amount specified in subparagraph (C) of this paragraph (as in effect just before the enactment of the Welfare Integrity and Data Improvement Act) as the amount required to be paid to the State under this paragraph (as so in effect) for fiscal year 2002 (determined without regard to any reduction pursuant to section 409 or 412(a)(1)) bears to the total amount required to be paid under this paragraph for fiscal year 2002 (as so determined).

(C) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 2012 \$16,566,542,000 for grants under this paragraph.

(2) HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD GRANTS.—

(A) IN GENERAL.—

(i) USE OF FUNDS.—Subject to subparagraphs (B), (C), and (E), the Secretary may use the funds made available under subparagraph (D) for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribes and tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under another provision of this part.

(ii) LIMITATIONS.—The Secretary may not award funds made available under this paragraph on a non-competitive basis, and may not provide any such funds to an entity for the purpose of carrying out healthy marriage promotion activities or for the purpose of carrying out activities promoting responsible fatherhood unless the entity has submitted to the Secretary an application (or, in the case of an entity seeking funding to carry out healthy marriage promotion activities and activities promoting responsible fatherhood, a combined application that contains assurances that the entity will carry out such activities under sep-

arate programs and shall not combine any funds awarded to carry out either such activities) which—

(I) describes—

(aa) how the programs or activities proposed in the application will address, as appropriate, issues of domestic violence; and

(bb) what the applicant will do, to the extent relevant, to ensure that participation in the programs or activities is voluntary, and to inform potential participants that their participation is voluntary; and

(II) contains a commitment by the entity—

(aa) to not use the funds for any other purpose; and

(bb) to consult with experts in domestic violence or relevant community domestic violence coalitions in developing the programs and activities.

(iii) **HEALTHY MARRIAGE PROMOTION ACTIVITIES.**—In clause (ii), the term “healthy marriage promotion activities” means the following:

(I) Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.

(II) Education in high schools on the value of marriage, relationship skills, and budgeting.

(III) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement.

(IV) Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.

(V) Marriage enhancement and marriage skills training programs for married couples.

(VI) Divorce reduction programs that teach relationship skills.

(VII) Marriage mentoring programs which use married couples as role models and mentors in at-risk communities.

(VIII) Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.

(B) **LIMITATION ON USE OF FUNDS FOR DEMONSTRATION PROJECTS FOR COORDINATION OF PROVISION OF CHILD WELFARE AND TANF SERVICES TO TRIBAL FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.**—

(i) **IN GENERAL.**—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than \$2,000,000 on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare

services and services under tribal programs funded under this part.

(ii) LIMITATION ON USE OF FUNDS.—A grant made pursuant to clause (i) to such a project shall not be used for any purpose other than—

(I) to improve case management for families eligible for assistance from such a tribal program;

(II) for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and

(III) for prevention services and assistance to tribal families at risk of child abuse and neglect.

(iii) REPORTS.—The Secretary may require a recipient of funds awarded under this subparagraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this subparagraph.

(C) LIMITATION ON USE OF FUNDS FOR ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—

(i) IN GENERAL.—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than \$75,000,000 on a competitive basis to States, territories, Indian tribes and tribal organizations, and public and nonprofit community entities, including religious organizations, for activities promoting responsible fatherhood.

(ii) ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—In this paragraph, the term “activities promoting responsible fatherhood” means the following:

(I) Activities to promote marriage or sustain marriage through activities such as counseling, mentoring, disseminating information about the benefits of marriage and 2-parent involvement for children, enhancing relationship skills, education regarding how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, including improving a family’s ability to effectively manage family business affairs by means such as education, counseling, or mentoring on matters related to family finances, including household management, budgeting, banking, and handling of financial transactions and home maintenance, and divorce education and reduction programs, including mediation and counseling.

(II) Activities to promote responsible parenting through activities such as counseling, mentoring, and mediation, disseminating information about good parenting practices, skills-based parenting

education, encouraging child support payments, and other methods.

(III) Activities to foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods.

(IV) Activities to promote responsible fatherhood that are conducted through a contract with a nationally recognized, nonprofit fatherhood promotion organization, such as the development, promotion, and distribution of a media campaign to encourage the appropriate involvement of parents in the life of any child and specifically the issue of responsible fatherhood, and the development of a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood.

(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 2012 for expenditure in accordance with this paragraph—

(i) \$75,000,000 for awarding funds for the purpose of carrying out healthy marriage promotion activities; and

(ii) \$75,000,000 for awarding funds for the purpose of carrying out activities promoting responsible fatherhood.

If the Secretary makes an award under subparagraph (B)(i) for fiscal year 2012, the funds for such award shall be taken in equal portion from the amounts appropriated under clauses (i) and (ii).

(E) PREFERENCE.—In awarding funds under this paragraph for fiscal year 2011, the Secretary shall give preference to entities that were awarded funds under this paragraph for any prior fiscal year and that have demonstrated the ability to successfully carry out the programs funded under this paragraph.

(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—

(i) for fiscal year 1998 a grant in an amount equal to 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

(ii) for each of fiscal years 1999, 2000, and 2001, a grant in an amount equal to the sum of—

(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

(II) 2.5 percent of the sum of—

(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

(bb) the amount (if any) required to be paid to the State under this paragraph for the fiscal year preceding the fiscal year for which the grant is to be made.

(B) PRESERVATION OF GRANT WITHOUT INCREASES FOR STATES FAILING TO REMAIN QUALIFYING STATES.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

(C) QUALIFYING STATE.—

(i) IN GENERAL.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

(I) the level of welfare spending per poor person by the State for the immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

(II) the population growth rate of the State (as determined by the Bureau of the Census) for the most recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

(ii) STATE MUST QUALIFY IN FISCAL YEAR 1998.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1998 by reason of clause (i) if the State is not a qualifying State for fiscal year 1998 by reason of clause (i).

(iii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1998, 1999, 2000, and 2001 if—

(I) the level of welfare spending per poor person by the State for fiscal year 1994 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1994; or

(II) the population of the State increased by more than 10 percent from April 1, 1990 to July 1, 1994, according to the population estimates in publication CB94-204 of the Bureau of the Census.



## (D) DEFINITIONS.—As used in this paragraph:

(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term “level of State welfare spending per poor person” means, with respect to a State and a fiscal year—

(I) the sum of—

(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

(II) the number of individuals, according to the 1990 decennial census, who were residents of the State and whose income was below the poverty line.

(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term “national average level of State welfare spending per poor person” means, with respect to a fiscal year, an amount equal to—

(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

(iii) STATE.—The term “State” means each of the 50 States of the United States and the District of Columbia.

(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph, in a total amount not to exceed \$800,000,000.

(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year (or portion of a fiscal year) is less than the total amount of payments otherwise required to be made under this paragraph for the fiscal year (or portion of the fiscal year), then the amount otherwise payable to any State for the fiscal year (or portion of the fiscal year) under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2001.

(H) REAUTHORIZATION.—Notwithstanding any other provision of this paragraph—

(i) any State that was a qualifying State under this paragraph for fiscal year 2001 or any prior fiscal year shall be entitled to receive from the Secretary for each of fiscal years 2002 and 2003 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year in which the State was a qualifying State;

(ii) subparagraph (G) shall be applied as if “fiscal year 2011” were substituted for “fiscal year 2001”;

(iii) out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2002 and 2003 such sums as are necessary for grants under this subparagraph.

(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

(B) AMOUNT OF GRANT.—

(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Secretary, in consultation with the National Governors’ Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).

(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

(ii) prescribe a performance threshold in such a manner so as to ensure that—

(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals \$200,000,000; and

(II) the total amount of grants to be made under this paragraph for all bonus years equals \$1,000,000,000.

(E) DEFINITIONS.—As used in this paragraph:

(i) BONUS YEAR.—The term “bonus year” means fiscal years 1999, 2000, 2001, 2002, and 2003.

(ii) HIGH PERFORMING STATE.—The term “high performing State” means, with respect to a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 \$1,000,000,000 for grants under this paragraph.

(5) WELFARE-TO-WORK GRANTS.—

(A) FORMULA GRANTS.—

(i) ENTITLEMENT.—A State shall be entitled to receive from the Secretary of Labor a grant for each fiscal year specified in subparagraph (H) of this paragraph for which the State is a welfare-to-work State, in an amount that does not exceed the lesser of—

(I) 2 times the total of the expenditures by the State (excluding qualified State expenditures (as defined in section 409(a)(7)(B)(i)) and any expenditure described in subclause (I), (II), or (IV) of section 409(a)(7)(B)(iv)) during the period permitted under subparagraph (C)(vii) of this paragraph for the expenditure of funds under the grant for activities described in subparagraph (C)(i) of this paragraph; or

(II) the allotment of the State under clause (iii) of this subparagraph for the fiscal year.

(ii) WELFARE-TO-WORK STATE.—A State shall be considered a welfare-to-work State for a fiscal year for purposes of this paragraph if the Secretary of Labor determines that the State meets the following requirements:

(I) The State has submitted to the Secretary of Labor and the Secretary of Health and Human Services (in the form of an addendum to the State plan submitted under section 402) a plan which—

(aa) describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year;

(bb) specifies the formula to be used pursuant to clause (vi) to distribute funds in the State, and describes the process by which the formula was developed;

(cc) contains evidence that the plan was developed in consultation and coordination with appropriate entities in sub-State areas;

(dd) contains assurances by the Governor of the State that the private industry council (and any alternate agency designated by the Governor under item (ee)) for a service delivery area in the State will coordinate the expenditure of any funds provided under this

subparagraph for the benefit of the service delivery area with the expenditure of the funds provided to the State under section 403(a)(1);

(ee) if the Governor of the State desires to have an agency other than a private industry council administer the funds provided under this subparagraph for the benefit of 1 or more service delivery areas in the State, contains an application to the Secretary of Labor for a waiver of clause (vii)(I) with respect to the area or areas in order to permit an alternate agency designated by the Governor to so administer the funds; and

(ff) describes how the State will ensure that a private industry council to which information is disclosed pursuant to section 403(a)(5)(K) or 454A(f)(5) has procedures for safeguarding the information and for ensuring that the information is used solely for the purpose described in that section.

(II) The State has provided to the Secretary of Labor an estimate of the amount that the State intends to expend during the period permitted under subparagraph (C)(vii) of this paragraph for the expenditure of funds under the grant (excluding expenditures described in section 409(a)(7)(B)(iv) (other than subclause (III) thereof) pursuant to this paragraph.

(III) The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

(IV) The State is an eligible State for the fiscal year.

(V) The State certifies that qualified State expenditures (within the meaning of section 409(a)(7)) for the fiscal year will be not less than the applicable percentage of historic State expenditures (within the meaning of section 409(a)(7)) with respect to the fiscal year.

(iii) ALLOTMENTS TO WELFARE-TO-WORK STATES.—

(I) IN GENERAL.—Subject to this clause, the allotment of a welfare-to-work State for a fiscal year shall be the available amount for the fiscal year, multiplied by the State percentage for the fiscal year.

(II) MINIMUM ALLOTMENT.—The allotment of a welfare-to-work State (other than Guam, the Virgin Islands, or American Samoa) for a fiscal year shall not be less than 0.25 percent of the available amount for the fiscal year.

(III) PRO RATA REDUCTION.—Subject to subclause (II), the Secretary of Labor shall make pro rata reductions in the allotments to States under

this clause for a fiscal year as necessary to ensure that the total of the allotments does not exceed the available amount for the fiscal year.

(iv) AVAILABLE AMOUNT.—As used in this subparagraph, the term “available amount” means, for a fiscal year, the sum of—

(I) 75 percent of the sum of—

(aa) the amount specified in subparagraph (H) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (E), (F), and (G) for the fiscal year; and

(bb) any amount reserved pursuant to subparagraph (E) for the immediately preceding fiscal year that has not been obligated; and

(II) any available amount for the immediately preceding fiscal year that has not been obligated by a State, other than funds reserved by the State for distribution under clause (vi)(III) and funds distributed pursuant to clause (vi)(I) in any State in which the service delivery area is the State.

(v) STATE PERCENTAGE.—As used in clause (iii), the term “State percentage” means, with respect to a fiscal year,  $\frac{1}{2}$  of the sum of—

(I) the percentage represented by the number of individuals in the State whose income is less than the poverty line divided by the number of such individuals in the United States; and

(II) the percentage represented by the number of adults who are recipients of assistance under the State program funded under this part divided by the number of adults in the United States who are recipients of assistance under any State program funded under this part.

(vi) PROCEDURE FOR DISTRIBUTION OF FUNDS WITHIN STATES.—

(I) ALLOCATION FORMULA.—A State to which a grant is made under this subparagraph shall devise a formula for allocating not less than 85 percent of the amount of the grant among the service delivery areas in the State, which—

(aa) determines the amount to be allocated for the benefit of a service delivery area in proportion to the number (if any) by which the population of the area with an income that is less than the poverty line exceeds 7.5 percent of the total population of the area, relative to such number for all such areas in the State with such an excess, and accords a weight of not less than 50 percent to this factor;

(bb) may determine the amount to be allocated for the benefit of such an area in proportion to the number of adults residing in the area who have been recipients of assistance under the State program funded under

this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) for at least 30 months (whether or not consecutive) relative to the number of such adults residing in the State; and

(cc) may determine the amount to be allocated for the benefit of such an area in proportion to the number of unemployed individuals residing in the area relative to the number of such individuals residing in the State.

(II) DISTRIBUTION OF FUNDS.—

(aa) IN GENERAL.—If the amount allocated by the formula to a service delivery area is at least \$100,000, the State shall distribute the amount to the entity administering the grant in the area.

(bb) SPECIAL RULE.—If the amount allocated by the formula to a service delivery area is less than \$100,000, the sum shall be available for distribution in the State under subclause (III) during the fiscal year.

(III) PROJECTS TO HELP LONG-TERM RECIPIENTS OF ASSISTANCE ENTER UNSUBSIDIZED JOBS.—The Governor of a State to which a grant is made under this subparagraph may distribute not more than 15 percent of the grant funds (plus any amount required to be distributed under this subclause by reason of subclause (II)(bb)) to projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) enter unsubsidized employment.

(vii) ADMINISTRATION.—

(I) PRIVATE INDUSTRY COUNCILS.—The private industry council for a service delivery area in a State shall have sole authority, in coordination with the chief elected official (as defined in section 3 of the Workforce Innovation and Opportunity Act) of the area, to expend the amounts distributed under clause (vi)(II)(aa) for the benefit of the service delivery area, in accordance with the assurances described in clause (ii)(I)(dd) provided by the Governor of the State.

(II) ENFORCEMENT OF COORDINATION OF EXPENDITURES WITH OTHER EXPENDITURES UNDER THIS PART.—Notwithstanding subclause (I) of this clause, on a determination by the Governor of a State that a private industry council (or an alternate agency described in clause (ii)(I)(dd)) has used funds provided under this subparagraph in a

manner inconsistent with the assurances described in clause (ii)(I)(dd)—

(aa) the private industry council (or such alternate agency) shall remit the funds to the Governor; and

(bb) the Governor shall apply to the Secretary of Labor for a waiver of subclause (I) of this clause with respect to the service delivery area or areas involved in order to permit an alternate agency designated by the Governor to administer the funds in accordance with the assurances.

(III) AUTHORITY TO PERMIT USE OF ALTERNATE ADMINISTERING AGENCY.—The Secretary of Labor shall approve an application submitted under clause (ii)(I)(ee) or subclause (II)(bb) of this clause to waive subclause (I) of this clause with respect to 1 or more service delivery areas if the Secretary determines that the alternate agency designated in the application would improve the effectiveness or efficiency of the administration of amounts distributed under clause (vi)(II)(aa) for the benefit of the area or areas.

(viii) DATA TO BE USED IN DETERMINING THE NUMBER OF ADULT TANF RECIPIENTS.—For purposes of this subparagraph, the number of adult recipients of assistance under a State program funded under this part for a fiscal year shall be determined using data for the most recent 12-month period for which such data is available before the beginning of the fiscal year.

(ix) REVERSION OF UNALLOTTED FORMULA FUNDS.—If at the end of any fiscal year any funds available under this subparagraph have not been allotted due to a determination by the Secretary that any State has not met the requirements of clause (ii), such funds shall be transferred to the General Fund of the Treasury of the United States.

(B) COMPETITIVE GRANTS.—

(i) IN GENERAL.—The Secretary of Labor shall award grants in accordance with this subparagraph, in fiscal years 1998 and 1999, for projects proposed by eligible applicants, based on the following:

(I) The effectiveness of the proposal in—

(aa) expanding the base of knowledge about programs aimed at moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment.

(bb) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment; and

(cc) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employ-

ment, even in labor markets that have a shortage of low-skill jobs.

(II) At the discretion of the Secretary of Labor, any of the following:

(aa) The history of success of the applicant in moving individuals with multiple barriers into work.

(bb) Evidence of the applicant's ability to leverage private, State, and local resources.

(cc) Use by the applicant of State and local resources beyond those required by subparagraph (A).

(dd) Plans of the applicant to coordinate with other organizations at the local and State level.

(ee) Use by the applicant of current or former recipients of assistance under a State program funded under this part as mentors, case managers, or service providers.

(ii) ELIGIBLE APPLICANTS.—As used in clause (i), the term “eligible applicant” means a private industry council for a service delivery area in a State, a political subdivision of a State, or a private entity applying in conjunction with the private industry council for such a service delivery area or with such a political subdivision, that submits a proposal developed in consultation with the Governor of the State.

(iii) DETERMINATION OF GRANT AMOUNT.—In determining the amount of a grant to be made under this subparagraph for a project proposed by an applicant, the Secretary of Labor shall provide the applicant with an amount sufficient to ensure that the project has a reasonable opportunity to be successful, taking into account the number of long-term recipients of assistance under a State program funded under this part, the level of unemployment, the job opportunities and job growth, the poverty rate, and such other factors as the Secretary of Labor deems appropriate, in the area to be served by the project.

(iv) CONSIDERATION OF NEEDS OF RURAL AREAS AND CITIES WITH LARGE CONCENTRATIONS OF POVERTY.—In making grants under this subparagraph, the Secretary of Labor shall consider the needs of rural areas and cities with large concentrations of residents with an income that is less than the poverty line.

(v) FUNDING.—For grants under this subparagraph for each fiscal year specified in subparagraph (H), there shall be available to the Secretary of Labor an amount equal to the sum of—

(I) 25 percent of the sum of—

(aa) the amount specified in subparagraph (H) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (E), (F), and (G) for the fiscal year; and



(bb) any amount reserved pursuant to subparagraph (E) for the immediately preceding fiscal year that has not been obligated; and

(II) any amount available for grants under this subparagraph for the immediately preceding fiscal year that has not been obligated.

(C) LIMITATIONS ON USE OF FUNDS.—

(i) ALLOWABLE ACTIVITIES.—An entity to which funds are provided under this paragraph shall use the funds to move individuals into and keep individuals in lasting unsubsidized employment by means of any of the following:

(I) The conduct and administration of community service or work experience programs.

(II) Job creation through public or private sector employment wage subsidies.

(III) On-the-job training.

(IV) Contracts with public or private providers of readiness, placement, and post-employment services, or if the entity is not a private industry council or workforce investment board, the direct provision of such services.

(V) Job vouchers for placement, readiness, and postemployment services.

(VI) Job retention or support services if such services are not otherwise available.

(VII) Not more than 6 months of vocational educational or job training.

Contracts or vouchers for job placement services supported by such funds must require that at least  $\frac{1}{2}$  of the payment occur after an eligible individual placed into the workforce has been in the workforce for 6 months.

(ii) GENERAL ELIGIBILITY.—An entity that operates a project with funds provided under this paragraph may expend funds provided to the project for the benefit of recipients of assistance under the program funded under this part of the State in which the entity is located who—

(I) has received assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first apply to the State) for at least 30 months (whether or not consecutive); or

(II) within 12 months, will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 408(a)(7)(C) that may apply to the individual.

(iii) NONCUSTODIAL PARENTS.—An entity that operates a project with funds provided under this paragraph may use the funds to provide services in a form

described in clause (i) to noncustodial parents with respect to whom the requirements of the following subclauses are met:

(I) The noncustodial parent is unemployed, underemployed, or having difficulty in paying child support obligations.

(II) At least 1 of the following applies to a minor child of the noncustodial parent (with preference in the determination of the noncustodial parents to be provided services under this paragraph to be provided by the entity to those noncustodial parents with minor children who meet, or who have custodial parents who meet, the requirements of item (aa)):

(aa) The minor child or the custodial parent of the minor child meets the requirements of subclause (I) or (II) of clause (ii).

(bb) The minor child is eligible for, or is receiving, benefits under the program funded under this part.

(cc) The minor child received benefits under the program funded under this part in the 12-month period preceding the date of the determination but no longer receives such benefits.

(dd) The minor child is eligible for, or is receiving, assistance under the Food and Nutrition Act of 2008, benefits under the supplemental security income program under title XVI of this Act, medical assistance under title XIX of this Act, or child health assistance under title XXI of this Act.

(III) In the case of a noncustodial parent who becomes enrolled in the project on or after the date of the enactment of this clause, the noncustodial parent is in compliance with the terms of an oral or written personal responsibility contract entered into among the noncustodial parent, the entity, and (unless the entity demonstrates to the Secretary that the entity is not capable of coordinating with such agency) the agency responsible for administering the State plan under part D, which was developed taking into account the employment and child support status of the noncustodial parent, which was entered into not later than 30 (or, at the option of the entity, not later than 90) days after the noncustodial parent was enrolled in the project, and which, at a minimum, includes the following:

(aa) A commitment by the noncustodial parent to cooperate, at the earliest opportunity, in the establishment of the paternity of the minor child, through voluntary acknowledgement or other procedures, and in the establishment of a child support order.

(bb) A commitment by the noncustodial parent to cooperate in the payment of child support for the minor child, which may include a modification of an existing support order to take into account the ability of the noncustodial parent to pay such support and the participation of such parent in the project.

(cc) A commitment by the noncustodial parent to participate in employment or related activities that will enable the noncustodial parent to make regular child support payments, and if the noncustodial parent has not attained 20 years of age, such related activities may include completion of high school, a general equivalency degree, or other education directly related to employment.

(dd) A description of the services to be provided under this paragraph, and a commitment by the noncustodial parent to participate in such services, that are designed to assist the noncustodial parent obtain and retain employment, increase earnings, and enhance the financial and emotional contributions to the well-being of the minor child.

In order to protect custodial parents and children who may be at risk of domestic violence, the preceding provisions of this subclause shall not be construed to affect any other provision of law requiring a custodial parent to cooperate in establishing the paternity of a child or establishing or enforcing a support order with respect to a child, or entitling a custodial parent to refuse, for good cause, to provide such cooperation as a condition of assistance or benefit under any program, shall not be construed to require such cooperation by the custodial parent as a condition of participation of either parent in the program authorized under this paragraph, and shall not be construed to require a custodial parent to cooperate with or participate in any activity under this clause. The entity operating a project under this clause with funds provided under this paragraph shall consult with domestic violence prevention and intervention organizations in the development of the project.

(iv) TARGETING OF HARD TO EMPLOY INDIVIDUALS WITH CHARACTERISTICS ASSOCIATED WITH LONG-TERM WELFARE DEPENDENCE.—An entity that operates a project with funds provided under this paragraph may expend not more than 30 percent of all funds provided to the project for programs that provide assistance in a form described in clause (i)—

(I) to recipients of assistance under the program funded under this part of the State in which the entity is located who have characteristics associ-

ated with long-term welfare dependence (such as school dropout, teen pregnancy, or poor work history), including, at the option of the State, by providing assistance in such form as a condition of receiving assistance under the State program funded under this part;

(II) to children—

(aa) who have attained 18 years of age but not 25 years of age; and

(bb) who, before attaining 18 years of age, were recipients of foster care maintenance payments (as defined in section 475(4)) under part E or were in foster care under the responsibility of a State;

(III) to recipients of assistance under the State program funded under this part, determined to have significant barriers to self-sufficiency, pursuant to criteria established by the local private industry council; or

(IV) to custodial parents with incomes below 100 percent of the poverty line (as defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section, applicable to a family of the size involved).

To the extent that the entity does not expend such funds in accordance with the preceding sentence, the entity shall expend such funds in accordance with clauses (ii) and (iii) and, as appropriate, clause (v).

(v) **AUTHORITY TO PROVIDE WORK-RELATED SERVICES TO INDIVIDUALS WHO HAVE REACHED THE 5 YEAR LIMIT.**—An entity that operates a project with funds provided under this paragraph may use the funds to provide assistance in a form described in clause (i) of this subparagraph to, or for the benefit of, individuals who (but for section 408(a)(7)) would be eligible for assistance under the program funded under this part of the State in which the entity is located.

(vi) **RELATIONSHIP TO OTHER PROVISIONS OF THIS PART.**—

(I) **RULES GOVERNING USE OF FUNDS.**—The rules of section 404, other than subsections (b), (f), and (h) of section 404, shall not apply to a grant made under this paragraph.

(II) **RULES GOVERNING PAYMENTS TO STATES.**—The Secretary of Labor shall carry out the functions otherwise assigned by section 405 to the Secretary of Health and Human Services with respect to the grants payable under this paragraph.

(III) **ADMINISTRATION.**—Section 416 shall not apply to the programs under this paragraph.

(vii) **PROHIBITION AGAINST USE OF GRANT FUNDS FOR ANY OTHER FUND MATCHING REQUIREMENT.**—An entity to which funds are provided under this paragraph shall not use any part of the funds, nor any part of

State expenditures made to match the funds, to fulfill any obligation of any State, political subdivision, or private industry council to contribute funds under section 403(b) or 418 or any other provision of this Act or other Federal law.

(viii) DEADLINE FOR EXPENDITURE.—An entity to which funds are provided under this paragraph shall remit to the Secretary of Labor any part of the funds that are not expended within 5 years after the date the funds are so provided.

(ix) REGULATIONS.—Within 90 days after the date of the enactment of this paragraph, the Secretary of Labor, after consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, shall prescribe such regulations as may be necessary to implement this paragraph.

(x) REPORTING REQUIREMENTS.—The Secretary of Labor, in consultation with the Secretary of Health and Human Services, States, and organizations that represent State or local governments, shall establish requirements for the collection and maintenance of financial and participant information and the reporting of such information by entities carrying out activities under this paragraph.

(D) DEFINITIONS.—

(i) INDIVIDUALS WITH INCOME LESS THAN THE POVERTY LINE.—For purposes of this paragraph, the number of individuals with an income that is less than the poverty line shall be determined for a fiscal year—

(I) based on the methodology used by the Bureau of the Census to produce and publish intercensal poverty data for States and counties (or, in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa, other poverty data selected by the Secretary of Labor); and

(II) using data for the most recent year for which such data is available before the beginning of the fiscal year.

(ii) PRIVATE INDUSTRY COUNCIL.—As used in this paragraph, the term “private industry council” means, with respect to a service delivery area, the private industry council or local workforce development board established for the local workforce development area pursuant to title I of the Workforce Innovation and Opportunity Act, as appropriate.

(iii) SERVICE DELIVERY AREA.—As used in this paragraph, the term “service delivery area” shall have the meaning given such term for purposes of the Job Training Partnership Act or.

(E) FUNDING FOR INDIAN TRIBES.—1 percent of the amount specified in subparagraph (H) for fiscal year 1998 and \$15,000,000 of the amount so specified for fiscal year 1999 shall be reserved for grants to Indian tribes under section 412(a)(3).

(F) FUNDING FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—0.6 percent of the amount specified in subparagraph (H) for fiscal year 1998 and \$9,000,000 of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to carry out section 413(j).

(G) FUNDING FOR EVALUATION OF ABSTINENCE EDUCATION PROGRAMS.—

(i) IN GENERAL.—0.2 percent of the amount specified in subparagraph (H) for fiscal year 1998 and \$3,000,000 of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to evaluate programs under section 510, directly or through grants, contracts, or interagency agreements.

(ii) AUTHORITY TO USE FUNDS FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—Any such amount not required for such evaluations shall be available for use by the Secretary to carry out section 413(j).

(iii) DEADLINE FOR OUTLAYS.—Outlays from funds used pursuant to clause (i) for evaluation of programs under section 510 shall not be made after fiscal year 2005.

(iv) INTERIM REPORT.—Not later than January 1, 2002, the Secretary shall submit to the Congress an interim report on the evaluations referred to in clause (i).

(H) APPROPRIATIONS.—

(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for grants under this paragraph—

(I) \$1,500,000,000 for fiscal year 1998; and

(II) \$1,400,000,000 for fiscal year 1999.

(ii) AVAILABILITY.—The amounts made available pursuant to clause (i) shall remain available for such period as is necessary to make the grants provided for in this paragraph.

(I) WORKER PROTECTIONS.—

(i) NONDISPLACEMENT IN WORK ACTIVITIES.—

(I) GENERAL PROHIBITION.—Subject to this clause, an adult in a family receiving assistance attributable to funds provided under this paragraph may fill a vacant employment position in order to engage in a work activity.

(II) PROHIBITION AGAINST VIOLATION OF CONTRACTS.—A work activity engaged in under a program operated with funds provided under this paragraph shall not violate an existing contract for services or a collective bargaining agreement, and such a work activity that would violate a collective bargaining agreement shall not be undertaken without the written concurrence of the labor organization and employer concerned.

(III) OTHER PROHIBITIONS.—An adult participant in a work activity engaged in under a program operated with funds provided under this paragraph shall not be employed or assigned—

(aa) when any other individual is on layoff from the same or any substantially equivalent job;

(bb) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction in its workforce with the intention of filling the vacancy so created with the participant; or

(cc) if the employer has caused an involuntary reduction to less than full time in hours of any employee in the same or a substantially equivalent job.

(ii) **HEALTH AND SAFETY.**—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of other participants engaged in a work activity under a program operated with funds provided under this paragraph.

(iii) **NONDISCRIMINATION.**—In addition to the protections provided under the provisions of law specified in section 408(c), an individual may not be discriminated against by reason of gender with respect to participation in work activities engaged in under a program operated with funds provided under this paragraph.

(iv) **GRIEVANCE PROCEDURE.**—

(I) **IN GENERAL.**—Each State to which a grant is made under this paragraph shall establish and maintain a procedure for grievances or complaints from employees alleging violations of clause (i) and participants in work activities alleging violations of clause (i), (ii), or (iii).

(II) **HEARING.**—The procedure shall include an opportunity for a hearing.

(III) **REMEDIES.**—The procedure shall include remedies for violation of clause (i), (ii), or (iii), which may continue during the pendency of the procedure, and which may include—

(aa) suspension or termination of payments from funds provided under this paragraph;

(bb) prohibition of placement of a participant with an employer that has violated clause (i), (ii), or (iii);

(cc) where applicable, reinstatement of an employee, payment of lost wages and benefits, and reestablishment of other relevant terms, conditions and privileges of employment; and

(dd) where appropriate, other equitable relief.

(IV) **APPEALS.**—

(aa) **FILING.**—Not later than 30 days after a grievant or complainant receives an adverse decision under the procedure established pursuant to subclause (I), the grievant or complainant may appeal the decision to a State

agency designated by the State which shall be independent of the State or local agency that is administering the programs operated with funds provided under this paragraph and the State agency administering, or supervising the administration of, the State program funded under this part.

(bb) FINAL DETERMINATION.—Not later than 120 days after the State agency designated under item (aa) receives a grievance or complaint made under the procedure established by a State pursuant to subclause (I), the State agency shall make a final determination on the appeal.

(v) RULE OF INTERPRETATION.—This subparagraph shall not be construed to affect the authority of a State to provide or require workers' compensation.

(vi) NONPREEMPTION OF STATE LAW.—The provisions of this subparagraph shall not be construed to preempt any provision of State law that affords greater protections to employees or to other participants engaged in work activities under a program funded under this part than is afforded by such provisions of this subparagraph.

(J) INFORMATION DISCLOSURE.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing to a private industry council the names, addresses, telephone numbers, and identifying case number information in the State program funded under this part, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under this paragraph.

(b) CONTINGENCY FUND.—

(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the "Contingency Fund for State Welfare Programs" (in this section referred to as the "Fund").

(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 2013 and 2014 such sums as are necessary for payment to the Fund in a total amount not to exceed \$612,000,000 for each fiscal year, of which \$2,000,000 shall be reserved for carrying out the activities of the commission established by the Protect our Kids Act of 2012 to reduce fatalities resulting from child abuse and neglect.

(3) GRANTS.—

(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eligible month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appro-



priated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

(C) LIMITATIONS.—

(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a month shall not exceed  $\frac{1}{12}$  of 20 percent of the State family assistance grant.

(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal year 2011 and 2012, respectively, shall not exceed the total amount appropriated pursuant to paragraph (2) for each such fiscal year.

(4) ELIGIBLE MONTH.—As used in paragraph (3)(A), the term “eligible month” means, with respect to a State, a month in the 2-month period that begins with any month for which the State is a needy State.

(5) NEEDY STATE.—For purposes of paragraph (4), a State is a needy State for a month if—

(A) the average rate of—

(i) total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent; and

(ii) total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; or

(B) as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the supplemental nutrition assistance program in the State in the then most recently concluded 3-month period for which data are available exceeds by not less than 10 percent the lesser of—

(i) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the supplemental nutrition assistance program in the corresponding 3-month period in fiscal year 1994 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1994; or

(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the supplemental nutrition assistance program in the corresponding 3-month period in fiscal year 1995 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1995.

(6) ANNUAL RECONCILIATION.—

(A) IN GENERAL.—Notwithstanding paragraph (3), if the Secretary makes a payment to a State under this subsection in a fiscal year, then the State shall remit to the Secretary, within 1 year after the end of the first subsequent period of 3 consecutive months for which the State is not a needy State, an amount equal to the amount (if any) by which—

- (i) the total amount paid to the State under paragraph (3) of this subsection in the fiscal year; exceeds
- (ii) the product of—

- (I) the Federal medical assistance percentage for the State (as defined in section 1905(b), as such section was in effect on September 30, 1995);

- (II) the State's reimbursable expenditures for the fiscal year; and

- (III)  $\frac{1}{12}$  times the number of months during the fiscal year for which the Secretary made a payment to the State under such paragraph (3).

(B) DEFINITIONS.—As used in subparagraph (A):

- (i) REIMBURSABLE EXPENDITURES.—The term “reimbursable expenditures” means, with respect to a State and a fiscal year, the amount (if any) by which—

- (I) countable State expenditures for the fiscal year; exceeds

- (II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994.

- (ii) COUNTABLE STATE EXPENDITURES.—The term “countable expenditures” means, with respect to a State and a fiscal year—

- (I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i) (other than the expenditures described in subclause (I)(bb) of such section)) under the State program funded under this part for the fiscal year; plus

- (II) any amount paid to the State under paragraph (3) during the fiscal year that is expended by the State under the State program funded under this part.

(C) ADJUSTMENT OF STATE REMITTANCES.—

- (i) IN GENERAL.—The amount otherwise required by subparagraph (A) to be remitted by a State for a fiscal year shall be increased by the lesser of—

- (I) the total adjustment for the fiscal year, multiplied by the adjustment percentage for the State for the fiscal year; or

- (II) the unadjusted net payment to the State for the fiscal year.

- (ii) TOTAL ADJUSTMENT.—As used in clause (i), the term “total adjustment” means—

- (I) in the case of fiscal year 1998, \$2,000,000;

- (II) in the case of fiscal year 1999, \$9,000,000;

(III) in the case of fiscal year 2000, \$16,000,000;  
and

(IV) in the case of fiscal year 2001, \$13,000,000.

(iii) ADJUSTMENT PERCENTAGE.—As used in clause (i), the term “adjustment percentage” means, with respect to a State and a fiscal year—

(I) the unadjusted net payment to the State for the fiscal year; divided by

(II) the sum of the unadjusted net payments to all States for the fiscal year.

(iv) UNADJUSTED NET PAYMENT.—As used in this subparagraph, the term, “unadjusted net payment” means with respect to a State and a fiscal year—

(I) the total amount paid to the State under paragraph (3) in the fiscal year; minus

(II) the amount that, in the absence of this subparagraph, would be required by subparagraph (A) or by section 409(a)(10) to be remitted by the State in respect of the payment.

(7) STATE DEFINED.—As used in this subsection, the term “State” means each of the 50 States and the District of Columbia.

(8) ANNUAL REPORTS.—The Secretary shall annually report to the Congress on the status of the Fund.

\* \* \* \* \*

#### B. CHANGES IN EXISTING LAW PROPOSED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

### **SOCIAL SECURITY ACT**

\* \* \* \* \*

#### **TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WEL- FARE SERVICES**

#### **PART A—BLOCK GRANTS TO STATES FOR TEM- PORARY ASSISTANCE FOR NEEDY FAMILIES**

\* \* \* \* \*

**SEC. 403. GRANTS TO STATES.****(a) GRANTS.—****(1) FAMILY ASSISTANCE GRANT.—**

(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for fiscal year 2012, a grant in an amount equal to the State family assistance grant.

(B) STATE FAMILY ASSISTANCE GRANT.—The State family assistance grant payable to a State for a fiscal year shall be the amount that bears the same ratio to the amount specified in subparagraph (C) of this paragraph (as in effect just before the enactment of the Welfare Integrity and Data Improvement Act) as the amount required to be paid to the State under this paragraph (as so in effect) for fiscal year 2002 (determined without regard to any reduction pursuant to section 409 or 412(a)(1)) bears to the total amount required to be paid under this paragraph for fiscal year 2002 (as so determined).

(C) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 2012 \$16,566,542,000 for grants under this paragraph.

**(2) HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD GRANTS.—****(A) IN GENERAL.—**

(i) USE OF FUNDS.—Subject to subparagraphs (B), (C), and (E), the Secretary may use the funds made available under subparagraph (D) for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribes and tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under another provision of this part.

(ii) LIMITATIONS.—The Secretary may not award funds made available under this paragraph on a non-competitive basis, and may not provide any such funds to an entity for the purpose of carrying out healthy marriage promotion activities or for the purpose of carrying out activities promoting responsible fatherhood unless the entity has submitted to the Secretary an application (or, in the case of an entity seeking funding to carry out healthy marriage promotion activities and activities promoting responsible fatherhood, a combined application that contains assurances that the entity will carry out such activities under separate programs and shall not combine any funds awarded to carry out either such activities) which—

**(I) describes—**

(aa) how the programs or activities proposed in the application will address, as appropriate, issues of domestic violence; and

(bb) what the applicant will do, to the extent relevant, to ensure that participation in the programs or activities is voluntary, and to

inform potential participants that their participation is voluntary; and

(II) contains a commitment by the entity—

(aa) to not use the funds for any other purpose; and

(bb) to consult with experts in domestic violence or relevant community domestic violence coalitions in developing the programs and activities.

(iii) **HEALTHY MARRIAGE PROMOTION ACTIVITIES.**—In clause (ii), the term “healthy marriage promotion activities” means the following:

(I) Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.

(II) Education in high schools on the value of marriage, relationship skills, and budgeting.

(III) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement.

(IV) Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.

(V) Marriage enhancement and marriage skills training programs for married couples.

(VI) Divorce reduction programs that teach relationship skills.

(VII) Marriage mentoring programs which use married couples as role models and mentors in at-risk communities.

(VIII) Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.

(B) **LIMITATION ON USE OF FUNDS FOR DEMONSTRATION PROJECTS FOR COORDINATION OF PROVISION OF CHILD WELFARE AND TANF SERVICES TO TRIBAL FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.**—

(i) **IN GENERAL.**—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than \$2,000,000 on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.

(ii) **LIMITATION ON USE OF FUNDS.**—A grant made pursuant to clause (i) to such a project shall not be used for any purpose other than—

(I) to improve case management for families eligible for assistance from such a tribal program;

(II) for supportive services and assistance to tribal children in out-of-home placements and the

tribal families caring for such children, including families who adopt such children; and

(III) for prevention services and assistance to tribal families at risk of child abuse and neglect.

(iii) REPORTS.—The Secretary may require a recipient of funds awarded under this subparagraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this subparagraph.

(C) LIMITATION ON USE OF FUNDS FOR ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—

(i) IN GENERAL.—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than \$75,000,000 on a competitive basis to States, territories, Indian tribes and tribal organizations, and public and nonprofit community entities, including religious organizations, for activities promoting responsible fatherhood.

(ii) ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—In this paragraph, the term “activities promoting responsible fatherhood” means the following:

(I) Activities to promote marriage or sustain marriage through activities such as counseling, mentoring, disseminating information about the benefits of marriage and 2-parent involvement for children, enhancing relationship skills, education regarding how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, including improving a family’s ability to effectively manage family business affairs by means such as education, counseling, or mentoring on matters related to family finances, including household management, budgeting, banking, and handling of financial transactions and home maintenance, and divorce education and reduction programs, including mediation and counseling.

(II) Activities to promote responsible parenting through activities such as counseling, mentoring, and mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods.

(III) Activities to foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as wel-

fare-to-work programs, referrals to local employment training initiatives, and other methods.

(IV) Activities to promote responsible fatherhood that are conducted through a contract with a nationally recognized, nonprofit fatherhood promotion organization, such as the development, promotion, and distribution of a media campaign to encourage the appropriate involvement of parents in the life of any child and specifically the issue of responsible fatherhood, and the development of a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood.

(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 2012 for expenditure in accordance with this paragraph—

(i) \$75,000,000 for awarding funds for the purpose of carrying out healthy marriage promotion activities; and

(ii) \$75,000,000 for awarding funds for the purpose of carrying out activities promoting responsible fatherhood.

If the Secretary makes an award under subparagraph (B)(i) for fiscal year 2012, the funds for such award shall be taken in equal portion from the amounts appropriated under clauses (i) and (ii).

(E) PREFERENCE.—In awarding funds under this paragraph for fiscal year 2011, the Secretary shall give preference to entities that were awarded funds under this paragraph for any prior fiscal year and that have demonstrated the ability to successfully carry out the programs funded under this paragraph.

(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—

(i) for fiscal year 1998 a grant in an amount equal to 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

(ii) for each of fiscal years 1999, 2000, and 2001, a grant in an amount equal to the sum of—

(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

(II) 2.5 percent of the sum of—

(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

(bb) the amount (if any) required to be paid to the State under this paragraph for the fis-

cal year preceding the fiscal year for which the grant is to be made.

(B) PRESERVATION OF GRANT WITHOUT INCREASES FOR STATES FAILING TO REMAIN QUALIFYING STATES.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

(C) QUALIFYING STATE.—

(i) IN GENERAL.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

(I) the level of welfare spending per poor person by the State for the immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

(II) the population growth rate of the State (as determined by the Bureau of the Census) for the most recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

(ii) STATE MUST QUALIFY IN FISCAL YEAR 1998.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1998 by reason of clause (i) if the State is not a qualifying State for fiscal year 1998 by reason of clause (i).

(iii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1998, 1999, 2000, and 2001 if—

(I) the level of welfare spending per poor person by the State for fiscal year 1994 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1994; or

(II) the population of the State increased by more than 10 percent from April 1, 1990 to July 1, 1994, according to the population estimates in publication CB94-204 of the Bureau of the Census.

(D) DEFINITIONS.—As used in this paragraph:

(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term “level of State welfare spending per poor person” means, with respect to a State and a fiscal year—

(I) the sum of—

(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and



(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

(II) the number of individuals, according to the 1990 decennial census, who were residents of the State and whose income was below the poverty line.

(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term “national average level of State welfare spending per poor person” means, with respect to a fiscal year, an amount equal to—

(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

(iii) STATE.—The term “State” means each of the 50 States of the United States and the District of Columbia.

(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph, in a total amount not to exceed \$800,000,000.

(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year (or portion of a fiscal year) is less than the total amount of payments otherwise required to be made under this paragraph for the fiscal year (or portion of the fiscal year), then the amount otherwise payable to any State for the fiscal year (or portion of the fiscal year) under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2001.

(H) REAUTHORIZATION.—Notwithstanding any other provision of this paragraph—

(i) any State that was a qualifying State under this paragraph for fiscal year 2001 or any prior fiscal year shall be entitled to receive from the Secretary for each of fiscal years 2002 and 2003 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year in which the State was a qualifying State;

(ii) subparagraph (G) shall be applied as if “fiscal year 2011” were substituted for “fiscal year 2001”;

(iii) out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2002 and 2003 such sums as are necessary for grants under this subparagraph.

(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

(B) AMOUNT OF GRANT.—

(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Secretary, in consultation with the National Governors' Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).

(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

(ii) prescribe a performance threshold in such a manner so as to ensure that—

(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals \$200,000,000; and

(II) the total amount of grants to be made under this paragraph for all bonus years equals \$1,000,000,000.

(E) DEFINITIONS.—As used in this paragraph:

(i) BONUS YEAR.—The term “bonus year” means fiscal years 1999, 2000, 2001, 2002, and 2003.

(ii) HIGH PERFORMING STATE.—The term “high performing State” means, with respect to a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are

appropriated for fiscal years 1999 through 2003 \$1,000,000,000 for grants under this paragraph.  
 (5) WELFARE-TO-WORK GRANTS.—

(A) FORMULA GRANTS.—

(i) ENTITLEMENT.—A State shall be entitled to receive from the Secretary of Labor a grant for each fiscal year specified in subparagraph (H) of this paragraph for which the State is a welfare-to-work State, in an amount that does not exceed the lesser of—

(I) 2 times the total of the expenditures by the State (excluding qualified State expenditures (as defined in section 409(a)(7)(B)(i)) and any expenditure described in subclause (I), (II), or (IV) of section 409(a)(7)(B)(iv)) during the period permitted under subparagraph (C)(vii) of this paragraph for the expenditure of funds under the grant for activities described in subparagraph (C)(i) of this paragraph; or

(II) the allotment of the State under clause (iii) of this subparagraph for the fiscal year.

(ii) WELFARE-TO-WORK STATE.—A State shall be considered a welfare-to-work State for a fiscal year for purposes of this paragraph if the Secretary of Labor determines that the State meets the following requirements:

(I) The State has submitted to the Secretary of Labor and the Secretary of Health and Human Services (in the form of an addendum to the State plan submitted under section 402) a plan which—

(aa) describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year;

(bb) specifies the formula to be used pursuant to clause (vi) to distribute funds in the State, and describes the process by which the formula was developed;

(cc) contains evidence that the plan was developed in consultation and coordination with appropriate entities in sub-State areas;

(dd) contains assurances by the Governor of the State that the private industry council (and any alternate agency designated by the Governor under item (ee)) for a service delivery area in the State will coordinate the expenditure of any funds provided under this subparagraph for the benefit of the service delivery area with the expenditure of the funds provided to the State under section 403(a)(1);

(ee) if the Governor of the State desires to have an agency other than a private industry council administer the funds provided under this subparagraph for the benefit of 1 or more service delivery areas in the State, contains an application to the Secretary of Labor for a

waiver of clause (vii)(I) with respect to the area or areas in order to permit an alternate agency designated by the Governor to so administer the funds; and

(ff) describes how the State will ensure that a private industry council to which information is disclosed pursuant to section 403(a)(5)(K) or 454A(f)(5) has procedures for safeguarding the information and for ensuring that the information is used solely for the purpose described in that section.

(II) The State has provided to the Secretary of Labor an estimate of the amount that the State intends to expend during the period permitted under subparagraph (C)(vii) of this paragraph for the expenditure of funds under the grant (excluding expenditures described in section 409(a)(7)(B)(iv) (other than subclause (III) thereof)) pursuant to this paragraph.

(III) The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

(IV) The State is an eligible State for the fiscal year.

(V) The State certifies that qualified State expenditures (within the meaning of section 409(a)(7)) for the fiscal year will be not less than the applicable percentage of historic State expenditures (within the meaning of section 409(a)(7)) with respect to the fiscal year.

(iii) ALLOTMENTS TO WELFARE-TO-WORK STATES.—

(I) IN GENERAL.—Subject to this clause, the allotment of a welfare-to-work State for a fiscal year shall be the available amount for the fiscal year, multiplied by the State percentage for the fiscal year.

(II) MINIMUM ALLOTMENT.—The allotment of a welfare-to-work State (other than Guam, the Virgin Islands, or American Samoa) for a fiscal year shall not be less than 0.25 percent of the available amount for the fiscal year.

(III) PRO RATA REDUCTION.—Subject to subclause (II), the Secretary of Labor shall make pro rata reductions in the allotments to States under this clause for a fiscal year as necessary to ensure that the total of the allotments does not exceed the available amount for the fiscal year.

(iv) AVAILABLE AMOUNT.—As used in this subparagraph, the term “available amount” means, for a fiscal year, the sum of—

(I) 75 percent of the sum of—

(aa) the amount specified in subparagraph

(H) for the fiscal year, minus the total of the

amounts reserved pursuant to subparagraphs (E), (F), and (G) for the fiscal year; and

(bb) any amount reserved pursuant to subparagraph (E) for the immediately preceding fiscal year that has not been obligated; and

(II) any available amount for the immediately preceding fiscal year that has not been obligated by a State, other than funds reserved by the State for distribution under clause (vi)(III) and funds distributed pursuant to clause (vi)(I) in any State in which the service delivery area is the State.

(v) STATE PERCENTAGE.—As used in clause (iii), the term “State percentage” means, with respect to a fiscal year,  $\frac{1}{2}$  of the sum of—

(I) the percentage represented by the number of individuals in the State whose income is less than the poverty line divided by the number of such individuals in the United States; and

(II) the percentage represented by the number of adults who are recipients of assistance under the State program funded under this part divided by the number of adults in the United States who are recipients of assistance under any State program funded under this part.

(vi) PROCEDURE FOR DISTRIBUTION OF FUNDS WITHIN STATES.—

(I) ALLOCATION FORMULA.—A State to which a grant is made under this subparagraph shall devise a formula for allocating not less than 85 percent of the amount of the grant among the service delivery areas in the State, which—

(aa) determines the amount to be allocated for the benefit of a service delivery area in proportion to the number (if any) by which the population of the area with an income that is less than the poverty line exceeds 7.5 percent of the total population of the area, relative to such number for all such areas in the State with such an excess, and accords a weight of not less than 50 percent to this factor;

(bb) may determine the amount to be allocated for the benefit of such an area in proportion to the number of adults residing in the area who have been recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) for at least 30 months (whether or not consecutive) relative to the number of such adults residing in the State; and

(cc) may determine the amount to be allocated for the benefit of such an area in pro-

portion to the number of unemployed individuals residing in the area relative to the number of such individuals residing in the State.

(II) DISTRIBUTION OF FUNDS.—

(aa) IN GENERAL.—If the amount allocated by the formula to a service delivery area is at least \$100,000, the State shall distribute the amount to the entity administering the grant in the area.

(bb) SPECIAL RULE.—If the amount allocated by the formula to a service delivery area is less than \$100,000, the sum shall be available for distribution in the State under subclause (III) during the fiscal year.

(III) PROJECTS TO HELP LONG-TERM RECIPIENTS OF ASSISTANCE ENTER UNSUBSIDIZED JOBS.—The Governor of a State to which a grant is made under this subparagraph may distribute not more than 15 percent of the grant funds (plus any amount required to be distributed under this subclause by reason of subclause (II)(bb)) to projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) enter unsubsidized employment.

(vii) ADMINISTRATION.—

(I) PRIVATE INDUSTRY COUNCILS.—The private industry council for a service delivery area in a State shall have sole authority, in coordination with the chief elected official (as defined in section 3 of the Workforce Innovation and Opportunity Act) of the area, to expend the amounts distributed under clause (vi)(II)(aa) for the benefit of the service delivery area, in accordance with the assurances described in clause (ii)(I)(dd) provided by the Governor of the State.

(II) ENFORCEMENT OF COORDINATION OF EXPENDITURES WITH OTHER EXPENDITURES UNDER THIS PART.—Notwithstanding subclause (I) of this clause, on a determination by the Governor of a State that a private industry council (or an alternate agency described in clause (ii)(I)(dd)) has used funds provided under this subparagraph in a manner inconsistent with the assurances described in clause (ii)(I)(dd)—

(aa) the private industry council (or such alternate agency) shall remit the funds to the Governor; and

(bb) the Governor shall apply to the Secretary of Labor for a waiver of subclause (I) of this clause with respect to the service delivery area or areas involved in order to permit an

alternate agency designated by the Governor to administer the funds in accordance with the assurances.

(III) AUTHORITY TO PERMIT USE OF ALTERNATE ADMINISTERING AGENCY.—The Secretary of Labor shall approve an application submitted under clause (ii)(I)(ee) or subclause (II)(bb) of this clause to waive subclause (I) of this clause with respect to 1 or more service delivery areas if the Secretary determines that the alternate agency designated in the application would improve the effectiveness or efficiency of the administration of amounts distributed under clause (vi)(II)(aa) for the benefit of the area or areas.

(viii) DATA TO BE USED IN DETERMINING THE NUMBER OF ADULT TANF RECIPIENTS.—For purposes of this subparagraph, the number of adult recipients of assistance under a State program funded under this part for a fiscal year shall be determined using data for the most recent 12-month period for which such data is available before the beginning of the fiscal year.

(ix) REVERSION OF UNALLOTTED FORMULA FUNDS.—If at the end of any fiscal year any funds available under this subparagraph have not been allotted due to a determination by the Secretary that any State has not met the requirements of clause (ii), such funds shall be transferred to the General Fund of the Treasury of the United States.

(B) COMPETITIVE GRANTS.—

(i) IN GENERAL.—The Secretary of Labor shall award grants in accordance with this subparagraph, in fiscal years 1998 and 1999, for projects proposed by eligible applicants, based on the following:

(I) The effectiveness of the proposal in—

(aa) expanding the base of knowledge about programs aimed at moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment.

(bb) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment; and

(cc) moving recipients of assistance under State programs funded under this part who are least job ready into unsubsidized employment, even in labor markets that have a shortage of low-skill jobs.

(II) At the discretion of the Secretary of Labor, any of the following:

(aa) The history of success of the applicant in moving individuals with multiple barriers into work.

(bb) Evidence of the applicant's ability to leverage private, State, and local resources.

(cc) Use by the applicant of State and local resources beyond those required by subparagraph (A).

(dd) Plans of the applicant to coordinate with other organizations at the local and State level.

(ee) Use by the applicant of current or former recipients of assistance under a State program funded under this part as mentors, case managers, or service providers.

(ii) ELIGIBLE APPLICANTS.—As used in clause (i), the term “eligible applicant” means a private industry council for a service delivery area in a State, a political subdivision of a State, or a private entity applying in conjunction with the private industry council for such a service delivery area or with such a political subdivision, that submits a proposal developed in consultation with the Governor of the State.

(iii) DETERMINATION OF GRANT AMOUNT.—In determining the amount of a grant to be made under this subparagraph for a project proposed by an applicant, the Secretary of Labor shall provide the applicant with an amount sufficient to ensure that the project has a reasonable opportunity to be successful, taking into account the number of long-term recipients of assistance under a State program funded under this part, the level of unemployment, the job opportunities and job growth, the poverty rate, and such other factors as the Secretary of Labor deems appropriate, in the area to be served by the project.

(iv) CONSIDERATION OF NEEDS OF RURAL AREAS AND CITIES WITH LARGE CONCENTRATIONS OF POVERTY.—In making grants under this subparagraph, the Secretary of Labor shall consider the needs of rural areas and cities with large concentrations of residents with an income that is less than the poverty line.

(v) FUNDING.—For grants under this subparagraph for each fiscal year specified in subparagraph (H), there shall be available to the Secretary of Labor an amount equal to the sum of—

(I) 25 percent of the sum of—

(aa) the amount specified in subparagraph (H) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (E), (F), and (G) for the fiscal year; and

(bb) any amount reserved pursuant to subparagraph (E) for the immediately preceding fiscal year that has not been obligated; and

(II) any amount available for grants under this subparagraph for the immediately preceding fiscal year that has not been obligated.

(C) LIMITATIONS ON USE OF FUNDS.—

(i) ALLOWABLE ACTIVITIES.—An entity to which funds are provided under this paragraph shall use the funds to move individuals into and keep individuals in



lasting unsubsidized employment by means of any of the following:

(I) The conduct and administration of community service or work experience programs.

(II) Job creation through public or private sector employment wage subsidies.

(III) On-the-job training.

(IV) Contracts with public or private providers of readiness, placement, and post-employment services, or if the entity is not a private industry council or workforce investment board, the direct provision of such services.

(V) Job vouchers for placement, readiness, and postemployment services.

(VI) Job retention or support services if such services are not otherwise available.

(VII) Not more than 6 months of vocational educational or job training.

Contracts or vouchers for job placement services supported by such funds must require that at least  $\frac{1}{2}$  of the payment occur after an eligible individual placed into the workforce has been in the workforce for 6 months.

(ii) GENERAL ELIGIBILITY.—An entity that operates a project with funds provided under this paragraph may expend funds provided to the project for the benefit of recipients of assistance under the program funded under this part of the State in which the entity is located who—

(I) has received assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first apply to the State) for at least 30 months (whether or not consecutive); or

(II) within 12 months, will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 408(a)(7)(C) that may apply to the individual.

(iii) NONCUSTODIAL PARENTS.—An entity that operates a project with funds provided under this paragraph may use the funds to provide services in a form described in clause (i) to noncustodial parents with respect to whom the requirements of the following subclauses are met:

(I) The noncustodial parent is unemployed, underemployed, or having difficulty in paying child support obligations.

(II) At least 1 of the following applies to a minor child of the noncustodial parent (with preference in the determination of the noncustodial parents to be provided services under this paragraph to be

provided by the entity to those noncustodial parents with minor children who meet, or who have custodial parents who meet, the requirements of item (aa)):

(aa) The minor child or the custodial parent of the minor child meets the requirements of subclause (I) or (II) of clause (ii).

(bb) The minor child is eligible for, or is receiving, benefits under the program funded under this part.

(cc) The minor child received benefits under the program funded under this part in the 12-month period preceding the date of the determination but no longer receives such benefits.

(dd) The minor child is eligible for, or is receiving, assistance under the Food and Nutrition Act of 2008, benefits under the supplemental security income program under title XVI of this Act, medical assistance under title XIX of this Act, or child health assistance under title XXI of this Act.

(III) In the case of a noncustodial parent who becomes enrolled in the project on or after the date of the enactment of this clause, the noncustodial parent is in compliance with the terms of an oral or written personal responsibility contract entered into among the noncustodial parent, the entity, and (unless the entity demonstrates to the Secretary that the entity is not capable of coordinating with such agency) the agency responsible for administering the State plan under part D, which was developed taking into account the employment and child support status of the noncustodial parent, which was entered into not later than 30 (or, at the option of the entity, not later than 90) days after the noncustodial parent was enrolled in the project, and which, at a minimum, includes the following:

(aa) A commitment by the noncustodial parent to cooperate, at the earliest opportunity, in the establishment of the paternity of the minor child, through voluntary acknowledgment or other procedures, and in the establishment of a child support order.

(bb) A commitment by the noncustodial parent to cooperate in the payment of child support for the minor child, which may include a modification of an existing support order to take into account the ability of the noncustodial parent to pay such support and the participation of such parent in the project.

(cc) A commitment by the noncustodial parent to participate in employment or related activities that will enable the noncustodial parent to make regular child support pay-

ments, and if the noncustodial parent has not attained 20 years of age, such related activities may include completion of high school, a general equivalency degree, or other education directly related to employment.

(dd) A description of the services to be provided under this paragraph, and a commitment by the noncustodial parent to participate in such services, that are designed to assist the noncustodial parent obtain and retain employment, increase earnings, and enhance the financial and emotional contributions to the well-being of the minor child.

In order to protect custodial parents and children who may be at risk of domestic violence, the preceding provisions of this subclause shall not be construed to affect any other provision of law requiring a custodial parent to cooperate in establishing the paternity of a child or establishing or enforcing a support order with respect to a child, or entitling a custodial parent to refuse, for good cause, to provide such cooperation as a condition of assistance or benefit under any program, shall not be construed to require such cooperation by the custodial parent as a condition of participation of either parent in the program authorized under this paragraph, and shall not be construed to require a custodial parent to cooperate with or participate in any activity under this clause. The entity operating a project under this clause with funds provided under this paragraph shall consult with domestic violence prevention and intervention organizations in the development of the project.

(iv) **TARGETING OF HARD TO EMPLOY INDIVIDUALS WITH CHARACTERISTICS ASSOCIATED WITH LONG-TERM WELFARE DEPENDENCE.**—An entity that operates a project with funds provided under this paragraph may expend not more than 30 percent of all funds provided to the project for programs that provide assistance in a form described in clause (i)—

(I) to recipients of assistance under the program funded under this part of the State in which the entity is located who have characteristics associated with long-term welfare dependence (such as school dropout, teen pregnancy, or poor work history), including, at the option of the State, by providing assistance in such form as a condition of receiving assistance under the State program funded under this part;

(II) to children—

(aa) who have attained 18 years of age but not 25 years of age; and

(bb) who, before attaining 18 years of age, were recipients of foster care maintenance

payments (as defined in section 475(4)) under part E or were in foster care under the responsibility of a State;

(III) to recipients of assistance under the State program funded under this part, determined to have significant barriers to self-sufficiency, pursuant to criteria established by the local private industry council; or

(IV) to custodial parents with incomes below 100 percent of the poverty line (as defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section, applicable to a family of the size involved).

To the extent that the entity does not expend such funds in accordance with the preceding sentence, the entity shall expend such funds in accordance with clauses (ii) and (iii) and, as appropriate, clause (v).

(v) AUTHORITY TO PROVIDE WORK-RELATED SERVICES TO INDIVIDUALS WHO HAVE REACHED THE 5 YEAR LIMIT.—An entity that operates a project with funds provided under this paragraph may use the funds to provide assistance in a form described in clause (i) of this subparagraph to, or for the benefit of, individuals who (but for section 408(a)(7)) would be eligible for assistance under the program funded under this part of the State in which the entity is located.

(vi) RELATIONSHIP TO OTHER PROVISIONS OF THIS PART.—

(I) RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsections (b), (f), and (h) of section 404, shall not apply to a grant made under this paragraph.

(II) RULES GOVERNING PAYMENTS TO STATES.—The Secretary of Labor shall carry out the functions otherwise assigned by section 405 to the Secretary of Health and Human Services with respect to the grants payable under this paragraph.

(III) ADMINISTRATION.—Section 416 shall not apply to the programs under this paragraph.

(vii) PROHIBITION AGAINST USE OF GRANT FUNDS FOR ANY OTHER FUND MATCHING REQUIREMENT.—An entity to which funds are provided under this paragraph shall not use any part of the funds, nor any part of State expenditures made to match the funds, to fulfill any obligation of any State, political subdivision, or private industry council to contribute funds under section 403(b) or 418 or any other provision of this Act or other Federal law.

(viii) DEADLINE FOR EXPENDITURE.—An entity to which funds are provided under this paragraph shall remit to the Secretary of Labor any part of the funds that are not expended within 5 years after the date the funds are so provided.

(ix) REGULATIONS.—Within 90 days after the date of the enactment of this paragraph, the Secretary of Labor, after consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, shall prescribe such regulations as may be necessary to implement this paragraph.

(x) REPORTING REQUIREMENTS.—The Secretary of Labor, in consultation with the Secretary of Health and Human Services, States, and organizations that represent State or local governments, shall establish requirements for the collection and maintenance of financial and participant information and the reporting of such information by entities carrying out activities under this paragraph.

(D) DEFINITIONS.—

(i) INDIVIDUALS WITH INCOME LESS THAN THE POVERTY LINE.—For purposes of this paragraph, the number of individuals with an income that is less than the poverty line shall be determined for a fiscal year—

(I) based on the methodology used by the Bureau of the Census to produce and publish intercensal poverty data for States and counties (or, in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa, other poverty data selected by the Secretary of Labor); and

(II) using data for the most recent year for which such data is available before the beginning of the fiscal year.

(ii) PRIVATE INDUSTRY COUNCIL.—As used in this paragraph, the term “private industry council” means, with respect to a service delivery area, the private industry council or local workforce development board established for the local workforce development area pursuant to title I of the Workforce Innovation and Opportunity Act, as appropriate.

(iii) SERVICE DELIVERY AREA.—As used in this paragraph, the term “service delivery area” shall have the meaning given such term for purposes of the Job Training Partnership Act or.

(E) FUNDING FOR INDIAN TRIBES.—1 percent of the amount specified in subparagraph (H) for fiscal year 1998 and \$15,000,000 of the amount so specified for fiscal year 1999 shall be reserved for grants to Indian tribes under section 412(a)(3).

(F) FUNDING FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—0.6 percent of the amount specified in subparagraph (H) for fiscal year 1998 and \$9,000,000 of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to carry out section 413(j).

(G) FUNDING FOR EVALUATION OF ABSTINENCE EDUCATION PROGRAMS.—

(i) IN GENERAL.—0.2 percent of the amount specified in subparagraph (H) for fiscal year 1998 and \$3,000,000 of the amount so specified for fiscal year

1999 shall be reserved for use by the Secretary to evaluate programs under section 510, directly or through grants, contracts, or interagency agreements.

(ii) **AUTHORITY TO USE FUNDS FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.**—Any such amount not required for such evaluations shall be available for use by the Secretary to carry out section 413(j).

(iii) **DEADLINE FOR OUTLAYS.**—Outlays from funds used pursuant to clause (i) for evaluation of programs under section 510 shall not be made after fiscal year 2005.

(iv) **INTERIM REPORT.**—Not later than January 1, 2002, the Secretary shall submit to the Congress an interim report on the evaluations referred to in clause (i).

**(H) APPROPRIATIONS.**—

(i) **IN GENERAL.**—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for grants under this paragraph—

(I) \$1,500,000,000 for fiscal year 1998; and

(II) \$1,400,000,000 for fiscal year 1999.

(ii) **AVAILABILITY.**—The amounts made available pursuant to clause (i) shall remain available for such period as is necessary to make the grants provided for in this paragraph.

**(I) WORKER PROTECTIONS.**—

(i) **NONDISPLACEMENT IN WORK ACTIVITIES.**—

(I) **GENERAL PROHIBITION.**—Subject to this clause, an adult in a family receiving assistance attributable to funds provided under this paragraph may fill a vacant employment position in order to engage in a work activity.

(II) **PROHIBITION AGAINST VIOLATION OF CONTRACTS.**—A work activity engaged in under a program operated with funds provided under this paragraph shall not violate an existing contract for services or a collective bargaining agreement, and such a work activity that would violate a collective bargaining agreement shall not be undertaken without the written concurrence of the labor organization and employer concerned.

(III) **OTHER PROHIBITIONS.**—An adult participant in a work activity engaged in under a program operated with funds provided under this paragraph shall not be employed or assigned—

(aa) when any other individual is on layoff from the same or any substantially equivalent job;

(bb) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction in its workforce with the intention of filling the vacancy so created with the participant; or

(cc) if the employer has caused an involuntary reduction to less than full time in hours

of any employee in the same or a substantially equivalent job.

(ii) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of other participants engaged in a work activity under a program operated with funds provided under this paragraph.

(iii) NONDISCRIMINATION.—In addition to the protections provided under the provisions of law specified in section 408(c), an individual may not be discriminated against by reason of gender with respect to participation in work activities engaged in under a program operated with funds provided under this paragraph.

(iv) GRIEVANCE PROCEDURE.—

(I) IN GENERAL.—Each State to which a grant is made under this paragraph shall establish and maintain a procedure for grievances or complaints from employees alleging violations of clause (i) and participants in work activities alleging violations of clause (i), (ii), or (iii).

(II) HEARING.—The procedure shall include an opportunity for a hearing.

(III) REMEDIES.—The procedure shall include remedies for violation of clause (i), (ii), or (iii), which may continue during the pendency of the procedure, and which may include—

(aa) suspension or termination of payments from funds provided under this paragraph;

(bb) prohibition of placement of a participant with an employer that has violated clause (i), (ii), or (iii);

(cc) where applicable, reinstatement of an employee, payment of lost wages and benefits, and reestablishment of other relevant terms, conditions and privileges of employment; and

(dd) where appropriate, other equitable relief.

(IV) APPEALS.—

(aa) FILING.—Not later than 30 days after a grievant or complainant receives an adverse decision under the procedure established pursuant to subclause (I), the grievant or complainant may appeal the decision to a State agency designated by the State which shall be independent of the State or local agency that is administering the programs operated with funds provided under this paragraph and the State agency administering, or supervising the administration of, the State program funded under this part.

(bb) FINAL DETERMINATION.—Not later than 120 days after the State agency designated under item (aa) receives a grievance or com-

plaint made under the procedure established by a State pursuant to subclause (I), the State agency shall make a final determination on the appeal.

(v) RULE OF INTERPRETATION.—This subparagraph shall not be construed to affect the authority of a State to provide or require workers' compensation.

(vi) NONPREEMPTION OF STATE LAW.—The provisions of this subparagraph shall not be construed to preempt any provision of State law that affords greater protections to employees or to other participants engaged in work activities under a program funded under this part than is afforded by such provisions of this subparagraph.

(J) INFORMATION DISCLOSURE.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing to a private industry council the names, addresses, telephone numbers, and identifying case number information in the State program funded under this part, of non-custodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under this paragraph.

(b) CONTINGENCY FUND.—

(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the "Contingency Fund for State Welfare Programs" (in this section referred to as the "Fund").

(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 2013 and 2014 such sums as are necessary for payment to the Fund in a total amount not to exceed \$612,000,000 for each fiscal year, of which \$2,000,000 shall be reserved for carrying out the activities of the commission established by the Protect our Kids Act of 2012 to reduce fatalities resulting from child abuse and neglect.

(3) GRANTS.—

(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eligible month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appropriated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

(C) LIMITATIONS.—

(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a month shall not exceed  $\frac{1}{12}$  of 20 percent of the State family assistance grant.



(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal year 2011 and 2012, respectively, shall not exceed the total amount appropriated pursuant to paragraph (2) for each such fiscal year.

(4) ELIGIBLE MONTH.—As used in paragraph (3)(A), the term “eligible month” means, with respect to a State, a month in the 2-month period that begins with any month for which the State is a needy State.

(5) NEEDY STATE.—For purposes of paragraph (4), a State is a needy State for a month if—

(A) the average rate of—

(i) total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent; and

(ii) total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; or

(B) as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the supplemental nutrition assistance program in the State in the then most recently concluded 3-month period for which data are available exceeds by not less than 10 percent the lesser of—

(i) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the supplemental nutrition assistance program in the corresponding 3-month period in fiscal year 1994 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1994; or

(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the supplemental nutrition assistance program in the corresponding 3-month period in fiscal year 1995 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1995.

(6) ANNUAL RECONCILIATION.—

(A) IN GENERAL.—Notwithstanding paragraph (3), if the Secretary makes a payment to a State under this subsection in a fiscal year, then the State shall remit to the Secretary, within 1 year after the end of the first subsequent period of 3 consecutive months for which the State is not a needy State, an amount equal to the amount (if any) by which—

(i) the total amount paid to the State under paragraph (3) of this subsection in the fiscal year; exceeds

(ii) the product of—

(I) the Federal medical assistance percentage for the State (as defined in section 1905(b), as such section was in effect on September 30, 1995);

(II) the State's reimbursable expenditures for the fiscal year; and

(III)  $\frac{1}{12}$  times the number of months during the fiscal year for which the Secretary made a payment to the State under such paragraph (3).

(B) DEFINITIONS.—As used in subparagraph (A):

(i) REIMBURSABLE EXPENDITURES.—The term “reimbursable expenditures” means, with respect to a State and a fiscal year, the amount (if any) by which—

(I) countable State expenditures for the fiscal year; exceeds

(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994.

(ii) COUNTABLE STATE EXPENDITURES.—The term “countable expenditures” means, with respect to a State and a fiscal year—

(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i) (other than the expenditures described in subclause (I)(bb) of such section)) under the State program funded under this part for the fiscal year; plus

(II) any amount paid to the State under paragraph (3) during the fiscal year that is expended by the State under the State program funded under this part.

(C) ADJUSTMENT OF STATE REMITTANCES.—

(i) IN GENERAL.—The amount otherwise required by subparagraph (A) to be remitted by a State for a fiscal year shall be increased by the lesser of—

(I) the total adjustment for the fiscal year, multiplied by the adjustment percentage for the State for the fiscal year; or

(II) the unadjusted net payment to the State for the fiscal year.

(ii) TOTAL ADJUSTMENT.—As used in clause (i), the term “total adjustment” means—

(I) in the case of fiscal year 1998, \$2,000,000;

(II) in the case of fiscal year 1999, \$9,000,000;

(III) in the case of fiscal year 2000, \$16,000,000;

and

(IV) in the case of fiscal year 2001, \$13,000,000.

(iii) ADJUSTMENT PERCENTAGE.—As used in clause (i), the term “adjustment percentage” means, with respect to a State and a fiscal year—

(I) the unadjusted net payment to the State for the fiscal year; divided by

(II) the sum of the unadjusted net payments to all States for the fiscal year.

(iv) UNADJUSTED NET PAYMENT.—As used in this subparagraph, the term, “unadjusted net payment” means with respect to a State and a fiscal year—

(I) the total amount paid to the State under paragraph (3) in the fiscal year; minus

(II) the amount that, in the absence of this subparagraph, would be required by subparagraph (A) or by section 409(a)(10) to be remitted by the State in respect of the payment.

(7) STATE DEFINED.—As used in this subsection, the term “State” means each of the 50 States and the District of Columbia.

(8) ANNUAL REPORTS.—The Secretary shall annually report to the Congress on the status of the Fund.

(c) *SUBSIDIZED EMPLOYMENT DEMONSTRATION PROJECTS.*—

(1) *IN GENERAL.*—The Secretary shall make grants to States to conduct demonstration projects designed to implement and evaluate strategies that provide wage subsidies to enable low-income individuals to enter into and retain employment.

(2) *APPLICATION REQUIREMENTS.*—The Secretary shall require each State that applies for a grant under this subsection to do the following:

(A) Describe how wage subsidies will be provided (such as whether paid directly to the employer or the individual), the duration of the subsidies, the amount of the subsidies, the structure of the subsidies, and how employers will be recruited to participate in the subsidized employment program.

(B) Describe how the State expects those participating in subsidized employment to be able to retain employment after the subsidy ends.

(C) Describe how the State will coordinate subsidized employment funded under this subsection with other efforts to help low-income individuals enter work as conducted by the State.

(3) *USE OF FUNDS.*—

(A) *IN GENERAL.*—A State to which a grant is made under this subsection may use the grant to subsidize the wages of an eligible recipient for a period not exceeding 12 months, and only to the extent that the total of the funds paid under this project and any other Federal funds so used with respect to the recipient does not exceed 50 percent of the amount of the wages received by the recipient during the period.

(B) *ELIGIBLE RECIPIENT.*—For purposes of subparagraph (A), an eligible recipient is—

(i)(I) a recipient of assistance under the State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)); or

(II) a noncustodial parent of a minor child who is receiving assistance referred to in subclause (I);

(ii) who, at the time the subsidy begins, is unemployed; and

(iii) whose income, at that time, is less than 200 percent of the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2))).

(4) **LIMITATIONS.**—

(A) **NONDISPLACEMENT.**—A State to which a grant is made under this subsection shall ensure that no participant in a subsidized job program funded in whole or in part under this subsection is employed or assigned to a job under the program—

(i) when any other individual is on layoff from the same or any substantially equivalent job; or

(ii) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

(B) **GRIEVANCE PROCEDURE.**—A State with a program funded under this subsection shall establish and maintain a grievance procedure for resolving complaints of alleged violations of subparagraph (A).

(C) **NO PREEMPTION.**—Nothing in this paragraph shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

(5) **REPORTS.**—As a condition of receiving funds under this subsection for a fiscal year, a State shall submit to the Secretary, within 6 months after the end of the fiscal year, a report that—

(A) specifies, for each month of the fiscal year, the number of individuals whose employment is subsidized with these funds;

(B) describes the structure of the State activities to use the funds to subsidize employment, including the amount and duration of the subsidies provided;

(C) specifies the percentage of eligible recipients who received a subsidy who are in unsubsidized employment during the 2nd quarter after the subsidy ended;

(D) specifies the percentage of eligible recipients who received a subsidy who are in unsubsidized employment during the 4th quarter after the subsidy ended; and

(E) specifies the median earnings of eligible recipients who received a subsidy who are in unsubsidized employment during the 2nd quarter after the subsidy ended.

(6) **EVALUATION.**—The Secretary, in consultation with each State conducting a demonstration project, shall conduct a high-quality evaluation of the demonstration project, and may reserve funds made available under this subsection to conduct the evaluation in accordance with the following:

(A) **EVALUATOR QUALIFICATIONS.**—The Secretary may not enter into a contract with an evaluator unless the evaluator has demonstrated experience in conducting rigorous evaluations of program effectiveness including, where available

*and appropriate, well-implemented randomized controlled trials.*

*(B) METHODOLOGIES TO BE USED.—The evaluation of a demonstration project shall use experimental designs using random assignment or other reliable, evidence-based research methodologies that allow for the strongest possible causal inferences when random assignment is not feasible.*

*(C) PUBLIC DISCLOSURE.—The Secretary shall publish the results of the evaluation on the website of the Department of Health and Human Services in a location easily accessible by the public.*

*(7) RECOMMENDATIONS TO CONGRESS.—The Secretary shall submit recommendations to the Congress on how to increase the employment, retention, and advancement of individuals currently or formerly receiving assistance under a State program funded under this part or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).*

*(8) FUNDING.—Of the amounts made available to carry out subsection (b) for fiscal year 2017, the Secretary shall reserve \$100,000,000 to carry out this subsection.*

*(9) USE OF CERTAIN FUNDS FOR CAREER PATHWAYS PROGRAMS.—The Secretary shall use 15 percent of the amounts reserved to carry out this subsection, to fund programs that offer career pathway (as defined in section 3(7) of the Workforce Innovation and Opportunity Act) services.*

*(10) AVAILABILITY OF FUNDS.—Funds provided to a State under this subsection in a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year.*

\* \* \* \* \*

## VIII. ADDITIONAL VIEWS

This legislation represents a missed opportunity to seriously address the ongoing challenge of poverty in America.

Over the past 50 years, Congress has enacted laws that lifted tens of millions of Americans out of poverty, making our anti-poverty programs ten times more effective than they were when the War on Poverty began.

But nearly 47 million Americans are still living in poverty, including one in five children. These families, and the millions of families at risk of falling into poverty, face impossible choices every day: transportation to work, child care, school supplies, food for dinner, and a place to live. They worry about what they will do if they or their children get sick and they have no paid leave at work, or how they will get to work if the car breaks down. And they have nothing left at the end of the month to save for college or retirement.

A serious attempt to fight poverty would include action on the basic supports needed to support work and sustain employment—paid leave, access to quality child care, equal pay for women and a decent minimum wage, and an Earned Income Tax Credit that reaches all workers who need it.

A serious attempt to fight poverty would include action on affordable housing, access to early childhood education, and an effort to make college more affordable to help struggling families raise their children and help them toward a better life.

A serious attempt to fight poverty would build on successful programs like the Supplemental Nutrition Assistance Program (SNAP), which lifts nearly 10 million Americans out of poverty, and the Social Services Block Grant (SSBG), which provides critical help to nearly 30 million Americans. And it would build on the Affordable Health Care, which has given families long-awaited peace of mind about high medical bills.

The millions of families that are struggling deserve more than this legislation.

SANDER M. LEVIN,  
*Ranking Member.*

