

[COMMITTEE PRINT]

**Amendment in the Nature of a Substitute
to H.R. 4092**

**(Showing the text approved on April 18, 2002, by the
Subcommittee on 21st Century Competitiveness)**

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Working Toward Independence Act of 2002”.

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

Sec. 1. Short title.

TITLE I—TANF PROGRAM

- Sec. 101. Work participation requirements.
- Sec. 102. Universal engagement policy.
- Sec. 103. Work-related performance objectives.
- Sec. 104. Bonus to reward employment achievement.
- Sec. 105. Report on integration.

**TITLE II—AMENDMENTS TO THE CHILD CARE AND
DEVELOPMENT BLOCK GRANT ACT OF 1990**

- Sec. 201. Short title.
- Sec. 202. Goals.
- Sec. 203. Authorization of appropriations.
- Sec. 204. Application and plan.
- Sec. 205. Activities to improve the quality of child care.
- Sec. 206. Definitions.

TITLE III—BROADENED WAIVER AUTHORITY

- Sec. 301. State program demonstration projects.

TITLE VII—EFFECTIVE DATE

- Sec. 401. Effective date.



1 **TITLE I—TANF PROGRAM**

2 **SEC. 101. WORK PARTICIPATION REQUIREMENTS.**

3 (a) IN GENERAL.—Section 407 of the Social Security
4 Act (42 U.S.C. 607) is amended by striking all that pre-
5 cedes subsection (b)(3) and inserting the following:

6 **“SEC. 407. WORK PARTICIPATION REQUIREMENTS.**

7 “(a) PARTICIPATION RATE REQUIREMENTS.—A
8 State to which a grant is made under section 403 for a
9 fiscal year shall achieve a minimum participation rate
10 equal to not less than—

11 “(1) 50 percent for fiscal year 2003;

12 “(2) 55 percent for fiscal year 2004;

13 “(3) 60 percent for fiscal year 2005;

14 “(4) 65 percent for fiscal year 2006; and

15 “(5) 70 percent for fiscal year 2007 and each
16 succeeding fiscal year.

17 “(b) CALCULATION OF PARTICIPATION RATES.—

18 “(1) AVERAGE MONTHLY RATE.—For purposes
19 of subsection (a), the participation rate of a State
20 for a fiscal year is the average of the participation
21 rates of the State for each month in the fiscal year.

22 “(2) MONTHLY PARTICIPATION RATES; INCOR-
23 PORATION OF 40-HOUR WORK WEEK STANDARD.—



1 “(A) IN GENERAL.—For purposes of para-
2 graph (1), the participation rate of a State for
3 a month is—

4 “(i) the total number of countable
5 hours (as defined in subsection (c)) with
6 respect to the counted families for the
7 State for the month; divided by

8 “(ii) 160 multiplied by the number of
9 counted families for the State for the
10 month.

11 “(B) COUNTED FAMILIES DEFINED.—

12 “(i) IN GENERAL.—In subparagraph
13 (A), the term ‘counted family’ means, with
14 respect to a State and a month, a family
15 that includes a work-eligible individual and
16 that receives assistance in the month under
17 the State program funded under this part,
18 subject to clause (ii).

19 “(ii) STATE OPTION TO EXCLUDE
20 CERTAIN FAMILIES.—At the option of a
21 State, the term ‘counted family’ shall not
22 include—

23 “(I) a family in the first month
24 for which the family is a recipient of



1 assistance under the State program;
2 or

3 “(II) a family in which the
4 youngest child has not attained 12
5 months of age, except to the extent
6 that the State, on a case-by-case
7 basis, has elected to permit or require
8 the family to engage in direct work
9 activities or other activities specified
10 by the State.

11 “(iii) STATE OPTION TO INCLUDE IN-
12 DIVIDUALS RECEIVING ASSISTANCE UNDER
13 A TRIBAL FAMILY ASSISTANCE PLAN OR
14 TRIBAL WORK PROGRAM.—At the option of
15 a State, the term ‘counted family’ may in-
16 clude families in the State that are receiv-
17 ing assistance under a tribal family assist-
18 ance plan approved under section 412 or
19 under a tribal work program to which
20 funds are provided under this part.

21 “(C) WORK-ELIGIBLE INDIVIDUAL DE-
22 FINED.—In this section, the term ‘work-eligible
23 individual’ means an individual—

24 “(i) who is married, or is a single
25 head of household; and



1 “(ii) whose needs are (or, but for
2 sanctions under this part that have been in
3 effect for more than 3 months (whether or
4 not consecutive) in the preceding 12
5 months or under part D, would be) in-
6 cluded in determining the amount of cash
7 assistance to be provided to the family
8 under the State program funded under this
9 part.”.

10 (b) REVISION OF CASELOAD REDUCTION CREDIT.—

11 Section 407(b)(3)(A)(ii) of such Act (42 U.S.C.
12 607(b)(3)(A)(ii)) is amended to read as follows:

13 “(ii) the average monthly number of
14 families that received assistance under the
15 State program funded under this part
16 during—

17 “(I) if the fiscal year is fiscal
18 year 2003, fiscal year 1996;

19 “(II) if the fiscal year is fiscal
20 year 2004, fiscal year 1998;

21 “(III) if the fiscal year is fiscal
22 year 2005, fiscal year 2001; or

23 “(IV) if the fiscal year is fiscal
24 year 2006 or any succeeding fiscal



1 year, the then 4th preceding fiscal
2 year.”.

3 (c) COUNTABLE HOURS.—Section 407 of such Act
4 (42 U.S.C. 607) is amended by striking subsections (c)
5 and (d) and inserting the following:

6 “(c) COUNTABLE HOURS.—

7 “(1) DEFINITION.—In subsection (b)(2), the
8 term ‘countable hours’ means, with respect to a fam-
9 ily for a month, the total number of hours in the
10 month in which any member of the family who is a
11 work-eligible individual is engaged in a direct work
12 activity or other activity specified by the State, sub-
13 ject to the other provisions of this subsection.

14 “(2) LIMITATIONS.—Subject to such regula-
15 tions as the Secretary may prescribe:

16 “(A) MINIMUM WEEKLY AVERAGE OF 24
17 HOURS OF DIRECT WORK ACTIVITIES RE-
18 QUIRED.—If the work-eligible individuals in a
19 family are engaged in a direct work activity for
20 an average total of fewer than 24 hours per
21 week in a month, then the number of countable
22 hours with respect to the family for the month
23 shall be zero.

24 “(B) MAXIMUM WEEKLY AVERAGE OF 16
25 HOURS OF OTHER ACTIVITIES.—An average of



1 not more than 16 hours per week of other ac-
2 tivities referred to in paragraph (1) may be
3 considered countable hours in a month with re-
4 spect to a family.

5 “(3) SPECIAL RULES.—For purposes of para-
6 graph (1):

7 “(A) PARTICIPATION IN QUALIFIED AC-
8 TIVITIES.—

9 “(i) IN GENERAL.—If, with the ap-
10 proval of the State, the work-eligible indi-
11 viduals in a family are engaged in 1 or
12 more qualified activities for an average
13 total of at least 24 hours per week in a
14 month, then all such engagement in the
15 month shall be considered engagement in a
16 direct work activity, subject to clause (iii).

17 “(ii) QUALIFIED ACTIVITY DE-
18 FINED.—The term ‘qualified activity’
19 means an activity specified by the State,
20 including a program meeting such stand-
21 ards and criteria as the State may specify
22 consistent with the purposes of this part,
23 such as—

24 “(I) substance abuse counseling
25 or treatment;



1 “(II) rehabilitation treatment
2 and services;

3 “(III) work-related education or
4 training directed effectively at ena-
5 bling the family member to work; or

6 “(IV) job search or job readiness
7 assistance.

8 “(iii) LIMITATION.—Clause (i) may
9 not be applied to a family for more than
10 3 months in any period of 24 consecutive
11 months.

12 “(B) SCHOOL ATTENDANCE BY TEEN
13 HEAD OF HOUSEHOLD.—A family shall be con-
14 sidered to be engaged in a direct work activity
15 for an average of 40 hours per week in a month
16 if the family includes an individual who is mar-
17 ried or is a single head of household who has
18 not attained 20 years of age, and the
19 individual—

20 “(i) maintains satisfactory attendance
21 at secondary school or the equivalent in
22 the month; or

23 “(ii) participates in education directly
24 related to employment for an average of at
25 least 20 hours per week in the month.



1 “(d) DIRECT WORK ACTIVITIES.—In this section, the
2 term ‘direct work activities’ means—

- 3 “(1) unsubsidized employment;
- 4 “(2) subsidized private sector employment;
- 5 “(3) subsidized public sector employment;
- 6 “(4) on-the-job training;
- 7 “(5) supervised work experience; or
- 8 “(6) supervised community service.”.

9 (d) PENALTIES AGAINST INDIVIDUALS.—Section
10 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as
11 follows:

12 “(1) IN GENERAL.—Except as provided in para-
13 graph (2), if an individual in a family receiving as-
14 sistance under a State program funded under this
15 part fails to engage in activities required in accord-
16 ance with this section, or other activities required by
17 the State under the program, and the family does
18 not otherwise engage in activities in accordance with
19 the self-sufficiency plan established for the family
20 pursuant to section 408(b), the State shall—

21 “(A) if the failure is partial or persists for
22 not more than 1 month—

23 “(i) reduce the amount of assistance
24 otherwise payable to the family pro rata
25 (or more, at the option of the State) with



1 respect to any period during a month in
2 which the failure occurs; or

3 “(ii) terminate all assistance to the
4 family, subject to such good cause excep-
5 tions as the State may establish; or

6 “(B) if the failure is total and persists for
7 at least 2 consecutive months, terminate the
8 payment to the family, under all State pro-
9 grams, of any cash benefit that is a qualified
10 State expenditure (as defined in section
11 409(a)(7)(B)(i)) for at least 1 month and there-
12 after until the State determines that the indi-
13 vidual is in full compliance with all require-
14 ments imposed under the State program funded
15 under this part, subject to such good cause ex-
16 ceptions as the State may establish.”.

17 (e) CONFORMING AMENDMENTS.—

18 (1) Section 404(k)(1)(D) of such Act (42
19 U.S.C. 604(k)(1)(D)) is amended by striking “work
20 activities (as defined in section 407(d)” and insert-
21 ing “direct work activities”.

22 (2) Section 407(b) of such Act (42 U.S.C.
23 607(b)) is amended by striking paragraphs (4) and
24 (5).



1 (3) Section 407(f) of such Act (42 U.S.C.
2 607(f)) is amended in each of paragraphs (1) and
3 (2) by striking “work activity described in subsection
4 (d)” and inserting “direct work activity”.

5 (4) The heading of section 409(a)(14) of such
6 Act (42 U.S.C. 609(a)(14)) is amended by inserting
7 “OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A
8 FAMILY SELF-SUFFICIENCY PLAN” after “WORK”.

9 **SEC. 102. UNIVERSAL ENGAGEMENT POLICY.**

10 (a) MODIFICATION OF STATE PLAN REQUIRE-
11 MENTS.—Section 402(a)(1)(A) of the Social Security Act
12 (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses
13 (ii) and (iii) and inserting the following:

14 “(ii) Require a parent or caretaker re-
15 ceiving assistance under the program to
16 engage in work and alternative self-suffi-
17 ciency activities (as defined by the State),
18 consistent with section 407(e)(2).

19 “(iii) Require families receiving assist-
20 ance under the program to engage in ac-
21 tivities in accordance with family self-suffi-
22 ciency plans developed pursuant to section
23 408(b).”.



1 (b) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY
2 PLANS.—Section 408(b) of such Act (42 U.S.C. 608(b))
3 is amended to read as follows:

4 “(b) FAMILY SELF-SUFFICIENCY PLANS.—

5 “(1) IN GENERAL.—A State to which a grant
6 is made under section 403 shall—

7 “(A) establish for each family receiving as-
8 sistance under the State program funded under
9 this part a self-sufficiency plan that specifies
10 appropriate activities described in the State
11 plan submitted pursuant to section 402, includ-
12 ing direct work activities as appropriate de-
13 signed to assist the family in achieving their
14 maximum degree of self-sufficiency;

15 “(B) require, at a minimum, each member
16 of the family who is a work eligible individual
17 (as defined in section 407(b)(2)(C)) to partici-
18 pate in activities in accordance with the self-
19 sufficiency plan;

20 “(C) monitor the participation of such
21 family members in the activities and the
22 progress of the family toward self-sufficiency;

23 “(D) regularly review the self-sufficiency
24 plan; and



1 “(E) revise the self-sufficiency plan as ap-
2 propriate.

3 “(2) TIMING.—The State shall comply with
4 paragraph (1) with respect to a family—

5 “(A) in the case of a family that, as of Oc-
6 tober 1, 2002, is not receiving assistance from
7 the State program funded under this part, not
8 later than 60 days after the family first receives
9 assistance on the basis of the most recent appli-
10 cation for the assistance; or

11 “(B) in the case of a family that, as of
12 such date, is receiving the assistance, not later
13 than 180 days after October 1, 2002.

14 “(3) STATE DISCRETION.—A State shall have
15 sole discretion, consistent with section 407, to define
16 and design activities for families for purposes of this
17 subsection, and to develop methods for monitoring
18 and reviewing progress pursuant to this sub-
19 section.”.

20 (c) PENALTY FOR FAILURE TO ESTABLISH FAMILY
21 SELF-SUFFICIENCY PLAN.—Section 409(a)(3) of such
22 Act (42 U.S.C. 609(a)(3)) is amended—

23 (1) in the paragraph heading, by inserting “OR
24 ESTABLISH FAMILY SELF-SUFFICIENCY PLAN” after
25 “RATES”; and



1 (2) in subparagraph (A), by inserting “or
2 408(b)” after “407(a)”.

3 **SEC. 103. WORK-RELATED PERFORMANCE OBJECTIVES.**

4 (a) STATE PLAN MODIFICATIONS.—Section
5 402(a)(1) of the Social Security Act (42 U.S.C. 602(a)(1))
6 is amended—

7 (1) in subparagraph(A), by adding at the end
8 the following:

9 “(vii) The document shall—

10 “(I) describe how the State will
11 pursue ending dependence of needy
12 parents on government benefits by
13 promoting job preparation and work;

14 “(II) include specific numerical
15 and measurable performance objec-
16 tives for accomplishing the purpose so
17 described, which shall include objec-
18 tives consistent with the criteria used
19 by the Secretary in establishing per-
20 formance targets under section
21 403(a)(4)(B) if available; and

22 “(III) describe the methodology
23 that the State will use to measure
24 State performance in relation to each
25 such objective.



1 “(viii) The document shall describe
2 any strategy and program the State may
3 be undertaking to address—

4 “(I) employment retention and
5 advancement for recipients of assist-
6 ance under the State program funded
7 under this part, including placement
8 into high-demand jobs;

9 “(II) services for struggling and
10 noncompliant families and clients with
11 special problems; and

12 “(III) program integration, in-
13 cluding the extent to which TANF
14 employment and training services are
15 provided through the One-Stop deliv-
16 ery system created under the Work-
17 force Investment Act of 1998, and the
18 extent to which former recipients of
19 such assistance have access to addi-
20 tional core, intensive, or training serv-
21 ices funded through such Act.”; and

22 (2) in subparagraph (B), by striking clause (iv).

23 (b) REPORT ON ANNUAL ACHIEVEMENT OF PER-
24 FORMANCE GOALS.—Section 411 of such Act (42 U.S.C.
25 611) is amended by adding at the end the following:



1 “(c) ANNUAL REPORT ON ACHIEVEMENT OF PER-
2 FORMANCE GOALS.—Beginning with fiscal year 2004, not
3 later than 3 months after the end of each fiscal year, each
4 eligible State shall submit to the Secretary a report on
5 achievement and improvement during the preceding fiscal
6 year under the numerical objectives referred to in section
7 402(a)(1)(A)(vii), using the measurement methodology de-
8 scribed in such section.”.

9 (c) ANNUAL RANKING OF STATES.—Section
10 413(d)(1) of such Act (42 U.S.C. 613(d)(1)) is amended
11 by striking “long-term private sector jobs” and inserting
12 “private sector jobs, the success of the recipients in retain-
13 ing employment, the ability of the recipients to increase
14 their wages,”.

15 (d) PERFORMANCE IMPROVEMENT.—Section 413 of
16 such Act (42 U.S.C. 613) is amended by adding at the
17 end the following:

18 “(k) PERFORMANCE IMPROVEMENT.—The Secretary,
19 in consultation with States, shall develop uniform perform-
20 ance measures designed to assess the degree of effective-
21 ness, and the degree of improvement, of State programs
22 funded under this part in accomplishing the work-related
23 purposes of this part.”.



1 **SEC. 104. BONUS TO REWARD EMPLOYMENT ACHIEVE-**
2 **MENT.**

3 Section 403(a)(4) of the Social Security Act (42
4 U.S.C. 603(a)(4)) is amended to read as follows:

5 “(4) BONUS TO REWARD EMPLOYMENT
6 ACHIEVEMENT.—

7 “(A) IN GENERAL.—The Secretary shall
8 make a grant in accordance with this paragraph
9 to each State for each bonus year for which the
10 State achieves or exceeds the employment per-
11 formance targets established for the State
12 under subparagraph (B) for the fiscal year that
13 precedes the bonus year.

14 “(B) FORMULA FOR MEASURING STATE
15 PERFORMANCE; EMPLOYMENT PERFORMANCE
16 TARGETS.—

17 “(i) Not later than 1 year after the
18 date of the enactment of this paragraph,
19 the Secretary, in consultation with States
20 and the Secretary of Labor, shall develop
21 a formula for measuring State perform-
22 ance with respect to employment entry, job
23 retention, and increased earnings from em-
24 ployment for families receiving assistance
25 under the State program funded under this
26 part.



1 “(ii) The Secretary, in consultation
2 with a State, shall specify annual perform-
3 ance targets for each State with respect to
4 the objectives outlined in the formula de-
5 veloped under clause (i), as measured on
6 an absolute basis and on the basis of im-
7 provement in State performance.

8 “(C) AMOUNT OF GRANT.—

9 “(i) IN GENERAL.—Subject to clause
10 (ii) of this subparagraph, the Secretary
11 shall determine the amount of the grant
12 payable under this paragraph to a State
13 for a bonus year referred to in subpara-
14 graph (A).

15 “(ii) LIMITATIONS.—

16 “(I) The amount payable to a
17 State under this paragraph for a
18 bonus year shall not exceed 5 percent
19 of the State family assistance grant.

20 “(II) The average annual total
21 amount of grants made under this
22 paragraph for each bonus year shall
23 be \$100,000,000.

24 “(III) The total amount of
25 grants made under this paragraph for



1 all bonus years shall equal
2 \$500,000,000.

3 “(D) BONUS YEAR DEFINED.—In this
4 paragraph, the term ‘bonus year’ means each of
5 fiscal years 2004 through 2008.

6 “(E) APPROPRIATION.—Out of any money
7 in the Treasury of the United States not other-
8 wise appropriated, there are appropriated for
9 fiscal years 2004 through 2008 \$500,000,000
10 for grants under this paragraph.

11 “(F) SENSE OF THE CONGRESS.—It is the
12 sense of the Congress that in developing the
13 bonus to reward employment achievement under
14 this paragraph, the Secretary and States should
15 consult with the Secretary of Labor so that
16 measures for employment achievement under
17 State programs funded under this part are con-
18 sistent with the core indicators of performance
19 which States report under subclauses (I)
20 through (III) of section 136(b)(2)(A)(i) of the
21 Workforce Investment Act of 1998.”.

22 **SEC. 105. REPORT ON INTEGRATION.**

23 Not later than 6 months after the date of the enact-
24 ment of this Act, the Secretary of Health and Human
25 Services and the Secretary of Labor shall jointly submit



1 a report to the Congress describing changes needed to the
2 definitions, performance measures, and reporting require-
3 ments in the Workforce Investment Act of 1998 and part
4 A of title IV of the Social Security Act, and, at the discre-
5 tion of either Secretary, any other program administered
6 by the respective Secretary, to allow greater integration
7 between the welfare and workforce development systems.

8 **TITLE II—AMENDMENTS TO THE**
9 **CHILD CARE AND DEVELOP-**
10 **MENT BLOCK GRANT ACT OF**
11 **1990**

12 **SEC. 201. SHORT TITLE.**

13 This title may be cited as the “Caring for Children
14 Act of 2002”.

15 **SEC. 202. GOALS.**

16 Section 658A(b) of the Child Care and Development
17 Block Grant Act of 1990 (42 U.S.C. 9801 note) is
18 amended—

19 (1) in paragraph (3) by striking “encourage”
20 and inserting “assist”,

21 (2) in paragraph (4) by striking “and” at the
22 end,

23 (3) by redesignating paragraph (5) as para-
24 graph (7), and



1 (4) by inserting after paragraph (4) the fol-
2 lowing:

3 “(5) to encourage States to improve the quality
4 of child care available to families;

5 “(6) to promote school readiness by encour-
6 aging the exposure of young children in child care to
7 nurturing environments and developmentally-appro-
8 priate activities, including activities to foster early
9 cognitive and literacy development; and”.

10 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

11 Section 658B of the Child Care and Development
12 Block Grant Act of 1990 (42 U.S.C. 9858) is amended
13 by striking “\$1,000,000,000 for each of the fiscal years
14 1996 through 2002” and inserting “\$2,100,000,000 for
15 each of the fiscal years 2003 through 2007”.

16 **SEC. 204. APPLICATION AND PLAN.**

17 Section 658E(c)(2) of the Child Care and Develop-
18 ment Block Grant Act of 1990 (42 U.S.C. 9858C(c)(2))
19 is amended—

20 (1) by amending subparagraph (D) to read as
21 follows:

22 “(D) CONSUMER AND CHILD CARE PRO-
23 VIDER EDUCATION INFORMATION.—Certify that
24 the State will collect and disseminate, through
25 resource and referral services and other means



1 as determined by the State, to parents of eligi-
2 ble children, child care providers, and the gen-
3 eral public, information regarding—

4 “(i) the promotion of informed child
5 care choices, including information about
6 the quality and availability of child care
7 services;

8 “(ii) research and best practices on
9 children’s development, including early cog-
10 nitive development;

11 “(iii) the availability of assistance to
12 obtain child care services; and

13 “(iv) other programs for which fami-
14 lies that receive child care services for
15 which financial assistance is provided
16 under this subchapter may be eligible, in-
17 cluding the food stamp program, the WIC
18 program under section 17 of the Child Nu-
19 trition Act of 1966, the child and adult
20 care food program under section 17 of the
21 Richard B. Russell National School Lunch
22 Act, and the medicaid and CHIP programs
23 under titles XIX and XXI of the Social Se-
24 curity Act.”, and



1 (2) by inserting after subparagraph (H) the fol-
2 lowing:

3 “(I) COORDINATION WITH OTHER EARLY
4 CHILD CARE SERVICES AND EARLY CHILDHOOD
5 EDUCATION PROGRAMS.—Demonstrate how the
6 State is coordinating child care services pro-
7 vided under this subchapter with Head Start,
8 Early Reading First, Even Start, State pre-kin-
9 dergarten programs, and other early childhood
10 education programs to expand accessibility to
11 and continuity of care and early education.

12 “(J) PUBLIC-PRIVATE PARTNERSHIPS.—
13 Demonstrate how the State encourages partner-
14 ships with private and other public entities to
15 increase the supply and quality of child care
16 services.

17 “(K) CHILD CARE SERVICE QUALITY.—

18 “(i) CERTIFICATION.—For each fiscal
19 year after fiscal year 2003, certify that
20 during the then preceding fiscal year the
21 State was in compliance with section 658G
22 and describe how funds were used to com-
23 ply with such section during such pre-
24 ceding fiscal year.



1 “(ii) STRATEGY.—For each fiscal year
2 after fiscal year 2003, contain an outline
3 of the strategy the State will implement
4 during such fiscal year for which the State
5 plan is submitted, to address the quality of
6 child care services in child care settings
7 that provide services for which assistance
8 is made available under this subchapter,
9 and include in such strategy—

10 “(I) a statement specifying how
11 the State will address the activities
12 described in paragraphs (1), (2), and
13 (3) of section 658G;

14 “(II) a description of quantifi-
15 able, objective measures for evaluating
16 the quality of child care services sepa-
17 rately with respect to the activities
18 listed in each of such paragraphs that
19 the State will use to evaluate its
20 progress in improving the quality of
21 such child care services;

22 “(III) a list of State-developed
23 child care service quality targets for
24 such fiscal year quantified on the
25 basis of such measures; and



1 “(IV) for each fiscal year after
2 fiscal year 2003, a report on the
3 progress made to achieve such targets
4 during the then preceding fiscal year.

5 “(iii) RULE OF CONSTRUCTION.—
6 Nothing in this subparagraph shall be con-
7 strued to require that the State apply
8 measures for evaluating quality to specific
9 types of child care providers.

10 “(L) ACCESS TO CARE FOR CERTAIN POPU-
11 LATIONS.—Demonstrate how the State is ad-
12 dressing the child care needs of parents eligible
13 for child care services for which financial assist-
14 ance is provided under this subchapter who
15 have children with special needs, work nontradi-
16 tional hours, or require child care services for
17 infants or toddlers.”.

18 **SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
19 **CARE.**

20 Section 658G of the Child Care and Development
21 Block Grant Act of 1990 (42 U.S.C. 9858e) is amended
22 to read as follows:



1 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
2 **CHILD CARE SERVICES.**

3 “A State that receives funds to carry out this sub-
4 chapter for a fiscal year, shall use not less than 4 percent
5 of the amount of such funds for activities provided
6 through resource and referral services or other means,
7 that are designed to improve the quality of child care serv-
8 ices for which financial assistance is made available under
9 this subchapter. Such activities include—

10 “(1) programs that provide training, education,
11 and other professional development activities to en-
12 hance the skills of the child care workforce, includ-
13 ing training opportunities for caregivers in informal
14 care settings;

15 “(2) activities within child care settings to en-
16 hance early learning for young children, to promote
17 early literacy, and to foster school readiness;

18 “(3) initiatives to increase the retention and
19 compensation of child care providers, including
20 tiered reimbursement rates for providers that meet
21 quality standards as defined by the State; or

22 “(4) other activities deemed by the State to im-
23 prove the quality of child care services provided in
24 such State.”.



1 **SEC. 206. DEFINITIONS.**

2 Section 658P(4)(B) of the Child Care and Develop-
3 ment Block Grant Act of 1990 (42 U.S.C. 9858N(4)(B))
4 is amended by striking “85 percent of the State median
5 income” and inserting “income levels as established by the
6 State, prioritized by need,”.

7 **TITLE III—BROADENED WAIVER**
8 **AUTHORITY**

9 **SEC. 301. STATE PROGRAM DEMONSTRATION PROJECTS.**

10 (a) PURPOSE.—The purpose of this section is to en-
11 able States to conduct demonstration projects to integrate
12 multiple public assistance, workforce development, and
13 other programs, for the purpose of supporting working in-
14 dividuals and families, helping families escape welfare de-
15 pendency, promoting child well-being, or helping build
16 stronger families, using innovative approaches to strength-
17 en service systems and provide more coordinated and ef-
18 fective service delivery.

19 (b) DEFINITIONS.—In this section:

20 (1) ADMINISTERING SECRETARY.—The term
21 “administering Secretary” means, with respect to a
22 qualified program, the head of the agency respon-
23 sible for administering the program.

24 (2) QUALIFIED PROGRAM.—The term “qualified
25 program” means—



1 (A) the program authorized by section 505
2 of the Family Support Act of 1988;

3 (B) a program under the Wagner-Peyser
4 Act;

5 (C) a State-administered program under
6 the Adult Education and Family Literacy Act;
7 or

8 (D) a program under the Child Care and
9 Development Block Grant Act of 1990.

10 (c) APPLICATION REQUIREMENTS.—A State desiring
11 to conduct a demonstration project under this section in-
12 volving 2 or more qualified programs shall submit to the
13 administering Secretary of each such program an applica-
14 tion that contains the following:

15 (1) PROGRAMS INCLUDED.—A statement identi-
16 fying each qualified program to be included in the
17 project, and describing how the purposes of each
18 such program will be achieved by the project.

19 (2) POPULATION SERVED.—A statement identi-
20 fying the population to be served by the project and
21 specifying the eligibility criteria to be used.

22 (3) DESCRIPTION AND JUSTIFICATION.—A de-
23 tailed description of the project, including—

24 (A) a description of how the project is ex-
25 pected to improve or enhance achievement of



1 the purposes of the programs to be included in
2 the project, from the standpoint of quality, of
3 cost-effectiveness, or of both; and

4 (B) a description of the performance objec-
5 tives for the project, including any proposed
6 modifications to the performance measures and
7 reporting requirements used in the programs.

8 (4) WAIVERS REQUESTED.—A description of
9 the statutory and regulatory requirements with re-
10 spect to which a waiver is requested in order to
11 carry out the project, and a justification of the need
12 for each such waiver.

13 (5) COST NEUTRALITY.—Such information and
14 assurances as necessary to establish to the satisfac-
15 tion of the administering Secretary that the pro-
16 posed project is reasonably expected to meet the ap-
17 plicable cost neutrality requirements of subsection
18 (d)(4).

19 (6) EVALUATION AND REPORTS.—An assurance
20 that the State will conduct ongoing and final evalua-
21 tions of the project, and make interim and final re-
22 ports to the administering Secretary, at such times
23 and in such manner as the administering Secretary
24 may require.



1 (7) OTHER INFORMATION AND ASSURANCES.—
2 Such other information and assurances as the ad-
3 ministering Secretary may require.

4 (d) APPROVAL OF STATE APPLICATIONS.—

5 (1) IN GENERAL.—The administering Secretary
6 with respect to a qualified program that is identified
7 in an application submitted pursuant to subsection
8 (c) may approve the application and, except as pro-
9 vided in paragraph (2), waive any requirement appli-
10 cable to the program, to the extent consistent with
11 this section and necessary and appropriate for the
12 conduct of the demonstration project proposed in the
13 application, if the administering Secretary deter-
14 mines that the project—

15 (A) has a reasonable likelihood of achieving
16 the objectives of the programs to be included in
17 the project; and

18 (B) may reasonably be expected to meet
19 the applicable cost neutrality requirements of
20 paragraph (4).

21 (2) PROVISIONS EXCLUDED FROM WAIVER AU-
22 THORITY.—A waiver shall not be granted under
23 paragraph (1) of this subsection with respect to sec-
24 tion 241(a) of the Adult Education and Family Lit-
25 eracy Act or any provision of law relating to—



- 1 (A) civil rights;
- 2 (B) purposes or goals of any program;
- 3 (C) maintenance of effort requirements;
- 4 (D) health or safety;
- 5 (E) labor standards under the Fair Labor
- 6 Standards Act of 1938; or
- 7 (F) environmental protection.

8 (3) AGREEMENT OF EACH ADMINISTERING SEC-
9 RETARY REQUIRED.—

10 (A) IN GENERAL.—A State may not con-
11 duct a demonstration project under this section
12 unless each administering Secretary with re-
13 spect to any program proposed to be included
14 in the project has approved the application to
15 conduct the project.

16 (B) AGREEMENT WITH RESPECT TO FUND-
17 ING AND IMPLEMENTATION.—Before approving
18 an application to conduct a demonstration
19 project under this section, an administering
20 Secretary shall have in place an agreement with
21 the State with respect to the payment of funds
22 and responsibilities required of the admin-
23 istering Secretary with respect to the project.

24 (4) COST-NEUTRALITY REQUIREMENTS.—



1 (A) GENERAL RULE.—Notwithstanding
2 any other provision of law (except subparagraph
3 (B)), the total of the amounts that may be paid
4 to a State by the Federal Government for a fis-
5 cal year with respect to the programs affected
6 by a demonstration project conducted by the
7 State under this section shall not exceed the es-
8 timated total amount that the Federal Govern-
9 ment would have paid to the State for the fiscal
10 year with respect to the programs if the project
11 had not been conducted.

12 (B) SPECIAL RULE.—If a State submits to
13 the Director of the Office of Management and
14 Budget a request to apply the rules of this sub-
15 paragraph to the programs affected by a dem-
16 onstration project proposed in the State appli-
17 cation submitted pursuant to this section, dur-
18 ing such period of not more than 5 consecutive
19 fiscal years in which the project is in effect, and
20 the Director determines, on the basis of sup-
21 porting information provided by the State, to
22 grant the request, then, notwithstanding any
23 other provision of law, the total of the amounts
24 that may be paid to the State by the Federal
25 Government for the period with respect to the



1 programs shall not exceed the estimated total
2 amount that the Federal Government would
3 have paid to the State for the period with re-
4 spect to the programs if the project had not
5 been conducted.

6 (e) DURATION OF PROJECTS.—A demonstration
7 project under this section may be approved for a term of
8 not more than 5 years, and may be renewed for 1 or more
9 additional terms of not more than 5 years.

10 (f) REPORTS TO CONGRESS.—Each administering
11 Secretary shall provide annually to the Congress a report
12 concerning demonstration projects approved under this
13 section, including—

14 (1) the projects approved for each participating
15 State;

16 (2) the number of waivers granted under this
17 section, and the specific statutory provisions waived;
18 and

19 (3) recommendations for modification of pro-
20 grams based on outcomes of the projects.

21 **TITLE IV—EFFECTIVE DATE**

22 **SEC. 401. EFFECTIVE DATE.**

23 (a) IN GENERAL.—Except as otherwise provided, the
24 amendments made by this Act shall take effect on October
25 1, 2002.



1 (b) EXTENSION OF EFFECTIVE DATE FOR STATE
2 LAW AMENDMENT.—In the case of a State plan under
3 this part which the Secretary determines requires State
4 legislation in order for the plan to meet the additional re-
5 quirements imposed by the amendments made by this Act,
6 the effective date of the amendments shall be 3 months
7 after the first day of the first calendar quarter beginning
8 after the close of the first regular session of the State leg-
9 islature that begins after the date of the enactment of this
10 Act. For purposes of the preceding sentence, in the case
11 of a State that has a 2-year legislative session, each year
12 of the session shall be considered to be a separate regular
13 session of the State legislature.

