

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
OFFERED BY MR. BOEHNER**

Strike all after the enacting clause and insert the following:

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.
- Sec. 106. GAO study.

**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) on a case-by-case basis, a
4 family in which the youngest child has
5 not attained 12 months of age.

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

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

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

21 “(ii) whose needs are (or, but for
22 sanctions under this part that have been in
23 effect for more than 3 months (whether or
24 not consecutive) in the preceding 12
25 months or under part D, would be) in-



1 cluded in determining the amount of cash
 2 assistance to be provided to the family
 3 under the State program funded under this
 4 part.”.

5 (b) REVISION OF CASELOAD REDUCTION CREDIT.—
 6 Section 407(b)(3)(A)(ii) of such Act (42 U.S.C.
 7 607(b)(3)(A)(ii)) is amended to read as follows:

8 “(ii) the average monthly number of
 9 families that received assistance under the
 10 State program funded under this part
 11 during—

12 “(I) if the fiscal year is fiscal
 13 year 2003, fiscal year 1996;

14 “(II) if the fiscal year is fiscal
 15 year 2004, fiscal year 1998;

16 “(III) if the fiscal year is fiscal
 17 year 2005, fiscal year 2001; or

18 “(IV) if the fiscal year is fiscal
 19 year 2006 or any succeeding fiscal
 20 year, the then 4th preceding fiscal
 21 year.”.

22 (c) COUNTABLE HOURS.—Section 407 of such Act
 23 (42 U.S.C. 607) is amended by striking subsections (c)
 24 and (d) and inserting the following:

25 “(c) COUNTABLE HOURS.—



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

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

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

18 “(B) MAXIMUM WEEKLY AVERAGE OF 16
19 HOURS OF OTHER ACTIVITIES.—An average of
20 not more than 16 hours per week of other ac-
21 tivities referred to in paragraph (1) may be
22 considered countable hours in a month with re-
23 spect to a family.

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



1 “(A) PARTICIPATION IN QUALIFIED AC-
2 TIVITIES.—

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

11 “(ii) QUALIFIED ACTIVITY DE-
12 FINED.—The term ‘qualified activity’
13 means an activity specified by the State,
14 including a program meeting such stand-
15 ards and criteria as the State may specify
16 consistent with the purposes of this part,
17 such as—

18 “(I) substance abuse counseling
19 or treatment;

20 “(II) rehabilitation treatment
21 and services;

22 “(III) work-related education or
23 training directed effectively at ena-
24 bling the family member to work; or



1 “(IV) job search or job readiness
2 assistance.

3 “(iii) LIMITATION.—Clause (i) may
4 not be applied to a family for more than
5 3 months in any period of 24 consecutive
6 months.

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

15 “(i) maintains satisfactory attendance
16 at secondary school or the equivalent in
17 the month; or

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

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

- 23 “(1) unsubsidized employment;
- 24 “(2) subsidized private sector employment;
- 25 “(3) subsidized public sector employment;



- 1 “(4) on-the-job training;
- 2 “(5) supervised work experience; or
- 3 “(6) supervised community service.”.

4 (d) PENALTIES AGAINST INDIVIDUALS.—Section
 5 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as
 6 follows:

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

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

18 “(i) reduce the amount of assistance
 19 otherwise payable to the family pro rata
 20 (or more, at the option of the State) with
 21 respect to any period during a month in
 22 which the failure occurs; or

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



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

12 (e) CONFORMING AMENDMENTS.—

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

17 (2) Section 407(b) of such Act (42 U.S.C.
18 607(b)) is amended by striking paragraphs (4) and
19 (5).

20 (3) Section 407(f) of such Act (42 U.S.C.
21 607(f)) is amended in each of paragraphs (1) and
22 (2) by striking “work activity described in subsection
23 (d)” and inserting “direct work activity”.

24 (4) The heading of section 409(a)(14) of such
25 Act (42 U.S.C. 609(a)(14)) is amended by inserting



1 “OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A
2 FAMILY SELF-SUFFICIENCY PLAN” after “WORK”.

3 **SEC. 102. UNIVERSAL ENGAGEMENT POLICY.**

4 (a) MODIFICATION OF STATE PLAN REQUIRE-
5 MENTS.—Section 402(a)(1)(A) of the Social Security Act
6 (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses
7 (ii) and (iii) and inserting the following:

8 “(ii) Require a parent or caretaker re-
9 ceiving assistance under the program to
10 engage in work and alternative self-suffi-
11 ciency activities (as defined by the State),
12 consistent with section 407(e)(2).

13 “(iii) Require families receiving assist-
14 ance under the program to engage in ac-
15 tivities in accordance with family self-suffi-
16 ciency plans developed pursuant to section
17 408(b).”.

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

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

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

24 “(A) establish for each family receiving as-
25 sistance under the State program funded under



1 this part a self-sufficiency plan that specifies
2 appropriate activities described in the State
3 plan submitted pursuant to section 402, includ-
4 ing direct work activities as appropriate de-
5 signed to assist the family in achieving their
6 maximum degree of self-sufficiency;

7 “(B) require, at a minimum, each member
8 of the family who is a work eligible individual
9 (as defined in section 407(b)(2)(C)) to partici-
10 pate in activities in accordance with the self-
11 sufficiency plan;

12 “(C) monitor the participation of such
13 family members in the activities and the
14 progress of the family toward self-sufficiency;

15 “(D) regularly review the self-sufficiency
16 plan; and

17 “(E) revise the self-sufficiency plan as ap-
18 propriate.

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

21 “(A) in the case of a family that, as of the
22 date of the enactment of this subsection, is not
23 receiving assistance from the State program
24 funded under this part, not later than 60 days
25 after the family first receives assistance on the



1 basis of the most recent application for the as-
2 sistance; or

3 “(B) in the case of a family that, as of
4 such date, is receiving the assistance, not later
5 than 180 days after such date.

6 “(3) STATE DISCRETION.—A State shall have
7 sole discretion, consistent with section 407, to define
8 and design activities for families for purposes of this
9 subsection, and to develop methods for monitoring
10 and reviewing progress pursuant to this sub-
11 section.”.

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

15 (1) in the paragraph heading, by inserting “OR
16 ESTABLISH FAMILY SELF-SUFFICIENCY PLAN” after
17 “RATES”; and

18 (2) in subparagraph (A), by inserting “or
19 408(b)” after “407(a)”.

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

21 (a) STATE PLAN MODIFICATIONS.—Section
22 402(a)(1) of the Social Security Act (42 U.S.C. 602(a)(1))
23 is amended—

24 (1) in subparagraph (A), by adding at the end
25 the following:



1 “(vii) The document shall—

2 “(I) describe how the State will
3 pursue ending dependence of needy
4 parents on government benefits by
5 promoting job preparation and work;

6 “(II) include specific numerical
7 and measurable performance objec-
8 tives for accomplishing the purpose so
9 described, which shall include objec-
10 tives consistent with the criteria used
11 by the Secretary in establishing per-
12 formance targets under section
13 403(a)(4)(B) if available; and

14 “(III) describe the methodology
15 that the State will use to measure
16 State performance in relation to each
17 such objective.

18 “(viii) The document shall describe
19 any strategies and programs the State may
20 be undertaking to address—

21 “(I) employment retention and
22 advancement for recipients of assist-
23 ance under the State program funded
24 under this part, including placement
25 into high-demand jobs identified using



1 labor market information available
 2 through the One-Stop delivery system
 3 created under the Workforce Invest-
 4 ment Act of 1998;

5 “(II) services for struggling and
 6 noncompliant families and clients with
 7 special problems; and

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

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

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

22 “(c) ANNUAL REPORT ON ACHIEVEMENT OF PER-
 23 FORMANCE GOALS.—Beginning with fiscal year 2004, not
 24 later than 3 months after the end of each fiscal year, each
 25 eligible State shall submit to the Secretary a report on



1 achievement and improvement during the preceding fiscal
2 year under the numerical objectives referred to in section
3 402(a)(1)(A)(vii), using the measurement methodology de-
4 scribed in such section.”.

5 (c) ANNUAL RANKING OF STATES.—Section
6 413(d)(1) of such Act (42 U.S.C. 613(d)(1)) is amended
7 by striking “long-term private sector jobs” and inserting
8 “private sector jobs, the success of the recipients in retain-
9 ing employment, the ability of the recipients to increase
10 their wages,”.

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

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

20 **SEC. 104. BONUS TO REWARD EMPLOYMENT ACHIEVE-**
21 **MENT.**

22 (a) IN GENERAL.—Section 403(a)(4) of the Social
23 Security Act (42 U.S.C. 603(a)(4)) is amended to read
24 as follows:



1 “(4) BONUS TO REWARD EMPLOYMENT
2 ACHIEVEMENT.—

3 “(A) IN GENERAL.—The Secretary shall
4 make a grant pursuant to this paragraph to
5 each State for each bonus year for which the
6 State is an employment achievement State.

7 “(B) AMOUNT OF GRANT.—

8 “(i) IN GENERAL.—Subject to clause
9 (ii) of this subparagraph, the Secretary
10 shall determine the amount of the grant
11 payable under this paragraph to an em-
12 ployment achievement State for a bonus
13 year, which shall be based on the perform-
14 ance of the State as determined under sub-
15 paragraph (D)(i) for the fiscal year that
16 immediately precedes the bonus year.

17 “(ii) LIMITATION.—The amount pay-
18 able to a State under this paragraph for a
19 bonus year shall not exceed 5 percent of
20 the State family assistance grant.

21 “(C) FORMULA FOR MEASURING STATE
22 PERFORMANCE.—

23 “(i) IN GENERAL.—Subject to clause
24 (ii), not later than October 1, 2003, the
25 Secretary, in consultation with States and



1 the Secretary of Labor, shall develop a for-
2 mular for measuring State performance in
3 operating the State program funded under
4 this part so as to achieve the goals of em-
5 ployment entry, job retention, and in-
6 creased earnings from employment for
7 families receiving assistance under the pro-
8 gram, as measured on an absolute basis
9 and on the basis of improvement in State
10 performance.

11 “(ii) SPECIAL RULE FOR BONUS YEAR
12 2004.—For the purposes of awarding a
13 bonus under this paragraph for bonus year
14 2004, the Secretary may measure the per-
15 formance of a State in fiscal year 2003
16 using the job entry rate, job retention rate,
17 and earnings gain rate components of the
18 formula developed under section
19 403(a)(4)(C) as in effect immediately be-
20 fore the effective date of this paragraph.

21 “(D) DETERMINATION OF STATE PER-
22 FORMANCE.—For each bonus year, the Sec-
23 retary shall—

24 “(i) use the formula developed under
25 subparagraph (C) to determine the per-



1 performance of each eligible State for the fis-
2 cal year that precedes the bonus year; and

3 “(ii) prescribe performance standards
4 in such a manner so as to ensure that—

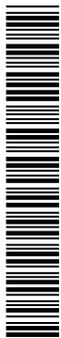
5 “(I) the average annual total
6 amount of grants to be made under
7 this paragraph for each bonus year
8 equals \$100,000,000; and

9 “(II) the total amount of grants
10 to be made under this paragraph for
11 all bonus years equals \$500,000,000.

12 “(E) DEFINITIONS.—In this paragraph:

13 “(i) BONUS YEAR.—The term ‘bonus
14 year’ means each of fiscal years 2004
15 through 2008.

16 “(ii) EMPLOYMENT ACHIEVEMENT
17 STATE.—The term ‘employment achieve-
18 ment State’ means, with respect to a bonus
19 year, an eligible State whose performance
20 determined pursuant to subparagraph
21 (D)(i) for the fiscal year preceding the
22 bonus year equals or exceeds the perform-
23 ance standards prescribed under subpara-
24 graph (D)(ii) for such preceding fiscal
25 year.



1 “(F) APPROPRIATION.—Out of any money
2 in the Treasury of the United States not other-
3 wise appropriated, there are appropriated for
4 fiscal years 2004 through 2008 \$500,000,000
5 for grants under this paragraph.

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

17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall take effect on October 1, 2003.

19 **SEC. 105. REPORT ON INTEGRATION.**

20 Not later than 6 months after the date of the enact-
21 ment of this Act, the Secretary of Health and Human
22 Services and the Secretary of Labor shall jointly submit
23 a report to the Congress describing changes needed to the
24 definitions, performance measures, and reporting require-
25 ments in the Workforce Investment Act of 1998 and part



1 A of title IV of the Social Security Act, and, at the discre-
2 tion of either Secretary, any other program administered
3 by the respective Secretary, to allow greater integration
4 between the welfare and workforce development systems.

5 **SEC. 106. GAO STUDY.**

6 (a) IN GENERAL.—The Comptroller General of the
7 United States shall conduct a study to determine the com-
8 bined effect of the phase-out rates for Federal programs
9 and policies which provide support to low-income families
10 and individuals as they move from welfare to work, includ-
11 ing those funded under title I of the Workforce Investment
12 Act of 1998, the Child Care and Development Block Grant
13 Act of 1990, the special supplemental nutrition program
14 for women, infants, and children under section 17 of the
15 Child Nutrition Act of 1966, the Richard B. Russell Na-
16 tional School Lunch Act, the Head Start Act, and the
17 Low-Income Home Energy Assistance Act of 1981, at all
18 earning levels up to \$35,000 per year for at least 5 States,
19 including Wisconsin and California, and any potential dis-
20 incentives the combined phase-out rates create for families
21 to achieve independence.

22 (b) REPORT.—Not later than 1 year after the date
23 of the enactment of this section, the Comptroller General
24 shall submit a report to Congress containing the results



1 of the study conducted under this section and, as appro-
2 priate, any recommendations consistent with the results.

3 **TITLE II—AMENDMENTS TO THE**
4 **CHILD CARE AND DEVELOP-**
5 **MENT BLOCK GRANT ACT OF**
6 **1990**

7 **SEC. 201. SHORT TITLE.**

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

10 **SEC. 202. GOALS.**

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

14 (1) in paragraph (3) by striking “encourage”
15 and inserting “assist”,

16 (2) by amending paragraph (4) to read as fol-
17 lows:

18 “(4) to assist State to provide child care to
19 low-income parents;”,

20 (3) by redesignating paragraph (5) as para-
21 graph (7), and

22 (4) by inserting after paragraph (4) the fol-
23 lowing:

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



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

6 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

7 Section 658B of the Child Care and Development
8 Block Grant Act of 1990 (42 U.S.C. 9858) is amended
9 by striking “\$1,000,000,000 for each of the fiscal years
10 1996 through 2002” and inserting “\$2,100,000,000 for
11 each of the fiscal years 2003 through 2007”.

12 **SEC. 204. APPLICATION AND PLAN.**

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

16 (1) by amending subparagraph (D) to read as
17 follows:

18 “(D) CONSUMER AND CHILD CARE PRO-
19 VIDER EDUCATION INFORMATION.—Certify that
20 the State will collect and disseminate, through
21 resource and referral services and other means
22 as determined by the State, to parents of eligi-
23 ble children, child care providers, and the gen-
24 eral public, information regarding—



1 “(i) the promotion of informed child
2 care choices, including information about
3 the quality and availability of child care
4 services;

5 “(ii) research and best practices on
6 children’s development, including early cog-
7 nitive development;

8 “(iii) the availability of assistance to
9 obtain child care services; and

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

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

24 “(I) COORDINATION WITH OTHER EARLY
25 CHILD CARE SERVICES AND EARLY CHILDHOOD



1 EDUCATION PROGRAMS.—Demonstrate how the
2 State is coordinating child care services pro-
3 vided under this subchapter with Head Start,
4 Early Reading First, Even Start, State pre-kin-
5 dergarten programs, and other early childhood
6 education programs to expand accessibility to
7 and continuity of care and early education with-
8 out displacing services provided by the current
9 early care and education delivery system.

10 “(J) PUBLIC-PRIVATE PARTNERSHIPS.—
11 Demonstrate how the State encourages partner-
12 ships with private and other public entities to
13 leverage existing service delivery systems of
14 early childhood education and increase the sup-
15 ply and quality of child care services.

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

24 “(ii) STRATEGY.—For each fiscal year
25 after fiscal year 2003, contain an outline



1 of the strategy the State will implement
2 during such fiscal year for which the State
3 plan is submitted, to address the quality of
4 child care services in child care settings
5 that provide services for which assistance
6 is made available under this subchapter,
7 and include in such strategy—

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

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

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

24 “(IV) for each fiscal year after
25 fiscal year 2003, a report on the



1 progress made to achieve such targets
2 during the then preceding fiscal year.

3 “(iii) RULE OF CONSTRUCTION.—

4 Nothing in this subparagraph shall be con-
5 strued to require that the State apply
6 measures for evaluating quality to specific
7 types of child care providers.

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

16 **SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
17 **CARE.**

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

21 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
22 **CHILD CARE SERVICES.**

23 “A State that receives funds to carry out this sub-
24 chapter for a fiscal year, shall use not less than 4 percent
25 of the amount of such funds for activities provided



1 through resource and referral services or other means,
2 that are designed to improve the quality of child care serv-
3 ices for which financial assistance is made available under
4 this subchapter. Such activities include—

5 “(1) programs that provide training, education,
6 and other professional development activities to en-
7 hance the skills of the child care workforce, includ-
8 ing training opportunities for caregivers in informal
9 care settings;

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

13 “(3) initiatives to increase the retention and
14 compensation of child care providers, including
15 tiered reimbursement rates for providers that meet
16 quality standards as defined by the State; or

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

20 **SEC. 206. DEFINITIONS.**

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



1 **TITLE III—BROADENED WAIVER**
2 **AUTHORITY**

3 **SEC. 301. PROGRAM INTEGRATION DEMONSTRATION**
4 **PROJECTS.**

5 (a) PURPOSE.—The purpose of this section is to
6 establish a program of demonstration projects in a State
7 or portion of a State to integrate multiple public assist-
8 ance, workforce development, and other programs, for the
9 purpose of supporting working individuals and families,
10 helping families escape welfare dependency, promoting
11 child well-being, or helping build stronger families, using
12 innovative approaches to strengthen service systems and
13 provide more coordinated and effective service delivery.

14 (b) DEFINITIONS.—In this section:

15 (1) ADMINISTERING SECRETARY.—The term
16 “administering Secretary” means, with respect to a
17 qualified program, the head of the Federal agency
18 responsible for administering the program.

19 (2) QUALIFIED PROGRAM.—The term “qualified
20 program” means—

21 (A) a demonstration project authorized
22 under section 505 of the Family Support Act of
23 1988;

24 (B) activities funded under the Wagner-
25 Peyser Act;



1 (C) activities funded under the Adult Edu-
2 cation and Family Literacy Act; or

3 (D) activities funded under the Child Care
4 and Development Block Grant Act of 1990;

5 (c) APPLICATION REQUIREMENTS.—The head of a
6 State or sub-State entity administering 2 or more quali-
7 fied programs proposed to be included in a demonstration
8 project under this section shall (or, if the project is pro-
9 posed to include qualified programs administered by 2 or
10 more such entities, the heads of the administering entities
11 (each of whom shall be considered an applicant for pur-
12 poses of this section) shall jointly) submit to the admin-
13 istering Secretary of each such program an application
14 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, in consultation
16 with the Director of the Office of Management and
17 Budget, that the proposed project is reasonably ex-
18 pected to meet the applicable cost neutrality require-
19 ments of subsection (d)(4).

20 (6) EVALUATION AND REPORTS.—An assurance
21 that the applicant will conduct ongoing and final
22 evaluations of the project, and make interim and
23 final reports to the administering Secretary, at such
24 times and in such manner as the administering Sec-
25 retary 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 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;

18 (B) may reasonably be expected to meet
19 the applicable cost neutrality requirements of
20 paragraph (4), as determined by the Director of
21 the Office of Management and Budget; and

22 (C) integrates 2 or more qualified pro-
23 grams.



1 (2) PROVISIONS EXCLUDED FROM WAIVER AU-
2 THORITY.—A waiver shall not be granted under
3 paragraph (1) of this subsection with respect to—

4 (A) any provision of law relating to—

5 (i) civil rights or prohibition of dis-
6 crimination;

7 (ii) purposes or goals of any program;

8 (iii) maintenance of effort require-
9 ments;

10 (iv) health or safety;

11 (v) labor standards under the Fair
12 Labor Standards Act of 1938; or

13 (vi) environmental protection;

14 (B) section 241(a) of the Adult Education
15 and Family Literacy Act; or

16 (C) any requirement that a State pass
17 through to a sub-State entity part or all of an
18 amount paid to the State.

19 (3) AGREEMENT OF EACH ADMINISTERING SEC-
20 RETARY REQUIRED.—

21 (A) IN GENERAL.—An applicant may not
22 conduct a demonstration project under this sec-
23 tion unless each administering Secretary with
24 respect to any program proposed to be included



1 in the project has approved the application to
2 conduct the project.

3 (B) AGREEMENT WITH RESPECT TO FUND-
4 ING AND IMPLEMENTATION.—Before approving
5 an application to conduct a demonstration
6 project under this section, an administering
7 Secretary shall have in place an agreement with
8 the applicant with respect to the payment of
9 funds and responsibilities required of the ad-
10 ministering Secretary with respect to the
11 project.

12 (4) COST-NEUTRALITY REQUIREMENTS.—

13 (A) GENERAL RULE.—Notwithstanding
14 any other provision of law (except subparagraph
15 (B)), the total of the amounts that may be paid
16 by the Federal Government for a fiscal year
17 with respect to the programs affected by a dem-
18 onstration project conducted under this section
19 shall not exceed the estimated total amount
20 that the Federal Government would have paid
21 for the fiscal year with respect to the programs
22 if the project had not been conducted, as deter-
23 mined by the Director of the Office of Manage-
24 ment and Budget.



1 (B) SPECIAL RULE.—If an applicant sub-
2 mits to the Director of the Office of Manage-
3 ment and Budget a request to apply the rules
4 of this subparagraph to the programs affected
5 by a demonstration project proposed in the ap-
6 plication submitted pursuant to this section,
7 during such period of not more than 5 consecu-
8 tive fiscal years in which the project is in effect,
9 and the Director determines, on the basis of
10 supporting information provided by the appli-
11 cant, to grant the request, then, notwith-
12 standing any other provision of law, the total of
13 the amounts that may be paid by the Federal
14 Government for the period with respect to the
15 programs shall not exceed the estimated total
16 amount that the Federal Government would
17 have paid for the period with respect to the pro-
18 grams if the project had not been conducted.

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

23 (f) REPORTS TO CONGRESS.—Each administering
24 Secretary shall provide annually to the Congress a report



1 concerning demonstration projects approved under this
2 section, including—

- 3 (1) the projects approved for each applicant;
- 4 (2) the number of waivers granted under this
- 5 section, and the specific statutory provisions waived;
- 6 and

- 7 (3) how well each project for which a waiver is
- 8 granted is improving or enhancing program achieve-
- 9 ment from the standpoint of quality, cost-effective-
- 10 ness, or both;

- 11 (4) how well each each project for which a waiv-
- 12 er is granted is meeting the performance objectives
- 13 specified in subsection (c)(3)(B);

- 14 (5) how each project for which a waiver is
- 15 granted is conforming with the cost-neutrality re-
- 16 quirements of subsection (d)(4); and

- 17 (6) to the extent the administering Secretary
- 18 deems appropriate, recommendations for modifica-
- 19 tion of programs based on outcomes of the projects.

20 **TITLE IV—EFFECTIVE DATE**

21 **SEC. 401. EFFECTIVE DATE.**

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

