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ABSTRACT

This report recommends that Title I of the proposed Family Welfare Reform Act of 1987 (H.R. 1720) be replaced with a Fair Work Opportunities Program. H.R. 1720 is proposed to replace the Aid to Families with Dependent Children (AFDC) program of the Social Security Act Title IV. The purpose of the proposed amendment is to assure that needy children and parents obtain the education, training, and employment which will help them avoid long-term welfare dependence. One of the chief criticisms of the present AFDC program is that it provides disincentives to recipients to obtain paid work. Recognizing the importance of education for welfare recipients, the amendment authorizes a comprehensive range of educational services to help participants prepare for employment. Work and training experiences would be coordinated with the existing Job Training Partnership Act (JTPA). The legislation would include demonstration programs to address early childhood development, provisions for child care, and encouragement of parent participation in children's learning. Cost estimates and an inflationary impact statement are included. Dissenting minority views are also included. (FMW)

100TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT. 100-159
PART 2

FAMILY WELFARE REFORM ACT OF 1987

AUGUST 7, 1987.—Ordered to be printed

Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

MINORITY AND ADDITIONAL VIEWS

[To accompany H.R. 1720 which on March 19, 1987, was referred jointly to the Committee on Ways and Means, and in addition referred to the Committee on Education and Labor for consideration of such provisions of title I of the bill as fall within the jurisdiction of that committee under clause 1(g), rule X, and to the Committee on Energy and Commerce for consideration of such provisions of title IV of the bill as fall within the jurisdiction of that committee under clause 1(h), rule X]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 1720) to replace the existing AFDC program with a new Family Support Program which emphasizes work, child support, and need-based family support supplements, to amend title IV of the Social Security Act to encourage and assist needy children and parents under the new program to obtain the education, training, and employment needed to avoid long-term welfare dependence, and to make other necessary improvements to assure that the new program will be more effective in achieving its objectives, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 4, beginning on line 1, through page 37, line 9, strike out all of title I and insert in lieu thereof the following:

76-113

TITLE I—FAIR WORK OPPORTUNITIES PROGRAM

SEC. 101. ESTABLISHMENT OF FAIR WORK OPPORTUNITIES PROGRAM.

(a) STATE PLAN REQUIREMENT.—Section 402(a)(19) of the Social Security Act is amended to read as follows:

"(19) provide that the State has in effect and operation a Fair Work Opportunities Program approved by the Secretary of Labor as meeting all of the requirements of section 416 and of part C of this title;".

(b) ESTABLISHMENT AND OPERATION OF STATE PROGRAMS.—Part A of title IV of such Act is amended by adding at the end thereof the following new section:

"FAIR WORK OPPORTUNITIES PROGRAM

"SEC. 416. (a) PURPOSE.—It is the purpose of the Fair Work Opportunities Program required under subsection (b) to assure that needy children and parents obtain the education, training, and employment which will help them avoid long-term welfare dependence.

"(b) ESTABLISHMENT AND OPERATION OF PROGRAMS.—As a condition of its participation in the Family Support Program under this part, each State shall establish and operate a Fair Work Opportunities Program approved by the Secretary of Labor as meeting the requirements of part C of this title.

"(c) PARTICIPATION.—(1) Each adult recipient of family support supplements in the State who is not exempt under paragraph (3) shall be required to participate in the Fair Work Opportunities Program under part C to the extent that the program is available in the political subdivision where he or she resides and State resources otherwise permit. The State public assistance agency (as such term is defined in section 431(6)) shall take such action as may be necessary to ensure that each recipient of such supplements (including each such recipient who is exempt under paragraph (3)) is notified and fully informed concerning the education, training, and work opportunities offered under the program.

"(2) The State may require participation in the program under part C by recipients who are not exempt under paragraph (3) (hereinafter referred to as 'mandatory participants'), and shall also extend the opportunity to participate in the program to recipients who are exempt under paragraph (3) (hereinafter referred to as 'voluntary participants'). The State shall actively encourage such exempt recipients to participate in the program, and shall from time to time furnish to the Secretary of Labor appropriate assurances that it is doing so.

"(3) The following are exempt from mandatory participation in the program under part C—

"(A) an individual who is ill, incapacitated, or 60 years of age or over;

"(B) an individual who is needed in the home because of the illness or incapacity of another family member;

"(C) the parent or other caretaker relative of a child under 3 years of age (subject to the last sentence of this paragraph); except that the State shall permit and encourage participation in the program in the case of parents and other caretaker relatives of children who have attained 1 year of age but who have not attained 3 years of age, where appropriate day care is guaranteed to the relative involved and his or her participation is on a part-time basis;

"(D) the parent or other caretaker relative of a child who has attained 3 years of age but not 6 years of age unless appropriate day care is guaranteed to such relative and his or her participation is on a part-time basis;

"(E) the parent or other caretaker relative of a child who has attained 6 years of age but not 15 years of age unless appropriate day care is guaranteed to such relative during any period while such child is not in school or is not otherwise receiving care during the time such parent or relative is participating in the program under part C;

"(F) an individual who is working 20 or more hours a week;

"(G) a child who is under the age of 16 or attending, full time, an elementary, secondary, or vocational (or technical) school, except in the case of a minor parent with respect to whom the State has exercised its option under section 417(c);

"(H) a woman who is pregnant; and

"(I) an individual who resides in an area of the State where the program is not available.

In the case of a two-parent family to which section 407 applies, the exemption under subparagraph (C), (D), or (E) shall apply only to one parent or other caretaker rela-

tive; but the State may at its option make such exemption inapplicable in any such case to both of the parents or relatives involved (and require the participation in the program of one of them on a full-time basis) if appropriate child care is guaranteed in accordance with the applicable provisions of such subparagraph.

"(4) If the parent or other caretaker relative or any dependent child in the family attends (in good standing) a school, an accredited postsecondary institution, or a course of vocational or technical training which can reasonably be expected to lead to employment, at the time he or she would otherwise commence participation (as a mandatory participant or voluntary participant) in the program under part C, such attendance shall constitute satisfactory participation in the educational or training component of the program (by that parent, caretaker, or child) so long as it continues; and the family support plan shall so indicate. The costs of such school or training shall not constitute federally reimbursable expenses for purposes of section 403 (but this sentence shall not prevent the State from providing or making reimbursement for the cost of day care and other supportive services which are necessary for such attendance in accordance with section 402(g)).

"(5) For purposes of paragraph (3), the term 'appropriate day care' means only day care that (A) provides to the parent or caregiver, a safe, healthy, supportive setting appropriate for the age and individual needs of their children; (B) provides unlimited parental access; (C) posts in clear public view the appropriate telephone number for filing any complaint regarding child care quality, or health or safety violations; and (D) complies fully with all local health and fire safety standards (as required by section 402(g)(1)(B) of this Act as amended by title II of the Family Welfare Reform Act of 1987).

"(d) SPECIAL EFFORTS.—With the objective of making the most effective use of resources available to a State, special efforts shall be undertaken under this section and part C of this title to develop and provide needed services and activities for—

"(1) families with a teenage parent, and families with a parent who was under 18 years of age when the first child was born;

"(2) families that have been receiving aid to families with dependent children or family support supplements continuously for two or more years;

"(3) families with one or more children under 6 years of age;

"(4) families with a parent who has not been employed during the preceding 12 months or who lacks a high school diploma or equivalent, or has special educational needs; and

"(5) families with older children in which the youngest child is within 2 years of being ineligible for family support supplements because of age.

"(e) PRIORITIES.—To the extent that the resources available to a State are not adequate to accommodate the provision of services to all mandatory participants and voluntary participants under this section and part C, first consideration shall be given to those (whether mandatory or voluntary participants) who actively seek to participate in program activities.

"(f) ORIENTATION.—(1)(A) During orientation, the State public assistance agency shall provide each applicant for family support supplements full information (verbally and in writing) about the opportunities offered by the Fair Work Opportunities Program under part C and the rights, responsibilities, and obligations of participants in the program, the obligations of the State agency to provide necessary supportive services (including child care), and descriptions of transitional child care services and health coverage transitional options.

"(B) As part of such orientation, the local resource and referral agency, or (if resource and referral agencies are not in place) an agency representative knowledgeable about child care, shall also provide (i) information on the type and locations of quality child care services available within the geographical area reasonably accessible to applicants, (ii) assistance to such recipients to select developmentally appropriate quality child care services, and (iii) assistance to such recipients to make arrangements to obtain such child care services.

"(C) The information described in subparagraphs (A) and (B) shall also be provided to all current recipients of family support supplements within six months after regulations are issued to implement this section and shall also be available at any time to recipients of family support supplements who did not receive orientation under this subsection at the time of their initial application for such supplements or who need additional information about the program.

"(2) During the orientation described in paragraph (1), each applicant for or recipient of family support supplements shall be informed of the exemptions provided under subsection (c)(3) and the consequences of a refusal to participate in the program if not so exempt. Whether or not such applicant or recipient is so exempt, he or she shall be informed of the opportunity to receive first consideration for services

by actively seeking to participate in the program and shall be given appropriate opportunities to indicate his or her desire to participate at the end of the orientation session. Each such applicant or recipient shall also be notified in writing, within a month after the orientation, of the opportunity to indicate his or her desire to participate in the program, including a clear description of how to enter the program.

"(g) JOB SEARCH.—Job search by an applicant for family support supplements may be required or assisted while his or her application is being processed. During orientation, each applicant shall be informed that job search by a participant may be required or assisted after his or her initial assessment, after his or her education or training, and at other appropriate times during his or her participation in the program under part C, as may be set forth in the agency-client agreement entered into between such individual and the State work initiatives agency under part C and as otherwise provided by such State agency. After 8 weeks of job search activity without obtaining a job, a participant shall not be required to continue in such job search activity, but shall be provided education, training, or other activities designed to improve his or her prospects for employment. No requirement imposed by the State under the preceding provisions of this subsection may be used as a reason for any delay in making a determination of an individual's eligibility for family support supplements or in issuing a payment to or on behalf of any individual who is otherwise eligible for such supplements.

"(h) SANCTIONS.—(1) If any mandatory participant in the program under part C fails without good cause to comply with any requirement imposed with respect to his or her participation in such program—

"(A) the needs of such participant (whether or not section 407 applies) shall not be taken into account in making the determination with respect to his or her family under section 402(a)(7), and

"(B) if such participant is a member of a family which is eligible for family support supplements by reason of section 407, and his or her spouse is not participating in the program, the needs of such spouse shall also not be taken into account in making such determination.

The sanction described in subparagraph (A) (and the sanction described in subparagraph (B) if applicable) shall continue until the participant's failure to comply ceases; except that such sanction shall continue for a minimum of 3 months if the failure to comply is the participant's second or a subsequent such failure.

"(2) No sanction shall be imposed under paragraph (1) until appropriate notice thereof has been provided to the participant involved, and until conciliation efforts have been made to discuss and resolve the participant's failure to comply and to determine whether or not good cause for such failure existed. In any event, when a failure to comply has continued for 3 months, the State public assistance agency shall promptly remind the participant in writing of his or her option to end the sanction by terminating such failure.

"(3) If a voluntary participant drops out of the program under part C after having commenced participation in such program, he or she shall thereafter be given no priority so long as other mandatory or voluntary participants are actively seeking to participate under subsection (e).

"(i) WORK SUPPLEMENTATION PROGRAMS.—(1) Any State may institute a work supplementation program under which such State, to the extent it considers appropriate, may reserve the sums which would otherwise be payable to participants in the program under this section as family support supplements under the State plan approved under this part and use such sums instead for the purpose of providing and subsidizing jobs for such participants (as described in paragraph (3)(C)(i) and (ii)), as an alternative to the supplements which would otherwise be so payable to them under such plan.

"(2)(A) Notwithstanding any other provision of law, Federal funds may be paid to a State under this part, subject to the provisions of this section, with respect to expenditures incurred in operating a work supplementation program under this subsection.

"(B) Nothing in this part, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate) a work supplementation program in accordance with the provisions of this Act applicable to this subsection.

"(C) Notwithstanding any other provision of law, a State may adjust the levels of the standards of need under the State plan to the extent the State determines such adjustments to be necessary and appropriate for carrying out a work supplementation program under this subsection.

"(D) Notwithstanding any other provision of law, a State operating a work supplementation program under this subsection may provide that the need standards in effect in those areas of the State in which such program is in operation may be different from the need standards in effect in the areas in which such program is not in operation, and such State may provide that the need standards for categories of recipients of family support supplements may vary among such categories to the extent the State determines to be appropriate on the basis of ability to participate in the work supplementation program.

"(E) Notwithstanding any other provision of law, a State may make further adjustments in the amounts of the family support supplements paid under the plan to different categories of recipients (as determined under subparagraph (D)) in order to offset increases in benefits from needs-related programs (other than the State plan approved under this part), to the extent the State determines such adjustments to be necessary and appropriate to further the purposes of the work supplementation program.

"(F) In determining the amounts to be reserved and used for providing and subsidizing jobs under this subsection as described in paragraph (1), the State may use a sampling methodology.

"(G) Notwithstanding section 402(a)(8) or any other provision of law, a State operating a work supplementation program under this subsection may reduce or eliminate the amount of earned income to be disregarded under the State plan to the extent the State determines such a reduction or elimination to be necessary and appropriate to further the purposes of the work supplementation program.

"(3)(A) A work supplementation program operated by a State under this subsection shall provide that any individual who is an eligible individual (as determined under subparagraph (B)) shall take a supplemented job (as defined in subparagraph (C)) to the extent that supplemented jobs are available under the program. Payments by the State to individuals or employers under the program shall be treated as expenditures incurred by the State for family support supplements under the State plan for purposes of section 403(a)(1) and (2), except as limited by paragraph (4) of this section.

"(B) For purposes of this subsection, an eligible individual is an individual (not exempt under subsection (c)(3)) who is in a category which the State determines should be eligible to participate in the work supplementation program, and who would, at the time of his or her placement in the job involved, be eligible for family support supplements under the State plan if such State did not have a work supplementation program in effect.

"(C) For purposes of this subsection, a supplemented job is—

"(i) a job provided to an eligible individual by the State work initiatives agency under part C; or

"(ii) a job provided to an eligible individual by any other employer for which all or part of the wages are paid by such agency.

A State may provide or subsidize any job under the program under this subsection which such State determines to be appropriate.

"(D) At the option of the State, individuals who hold supplemented jobs under a State's work supplementation program shall be exempt from the retrospective budgeting requirements imposed pursuant to section 402(a)(13)(A)(ii) (and the amount of the aid which is payable to the family of such individual for any month, or which would be so payable but for the family's participation in the work supplementation program, shall be determined on the basis of the income and other relevant circumstances in that month).

"(E) Section 439 shall apply with respect to assignments of eligible individuals to supplemented jobs under this subsection.

"(4) The amount of the Federal payment to a State under section 403(a) for expenditures incurred in making payments to individuals and employers under a work supplementation program under this subsection shall not exceed an amount equal to the amount which would otherwise be payable under paragraph (1) or (2) of such section if the family of each individual employed in the program had received the maximum amount of family support supplements payable under the State plan to such a family with no income (without regard to adjustments under paragraph (2) of this subsection) for a period of months equal to the lesser of (A) nine months, or (B) the number of months in which such individual was employed in such program. Expenditures so incurred shall be considered to have been made for family support supplements under the State plan for purposes of section 403(a)(1) and (2).

"(5) Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

"(6) Any State which chooses to operate a work supplementation program under this subsection must provide that any individual who participates in such program, and any child or relative of such individual (or other individual living in the same household as such individual) who would be eligible for family support supplements under the State plan approved under this part if such State did not have a work supplementation program, shall be considered individuals receiving family support supplements under the State plan approved under this part for purposes of eligibility for medical assistance under the State plan approved under title XIX.

"(j) UNIFORM REPORTING REQUIREMENTS.—The Secretary shall establish uniform reporting requirements under which each State will be required periodically to furnish such information and data as the Secretary may need to ensure that the purposes and provisions of this section are being effectively carried out, including at a minimum—

"(1) the average monthly number of families participating in the program under this section, the types of such families,

"(2) the amounts expended under the program (as family support supplements and otherwise) with respect to such families,

"(3) the length of time for which such families are assisted child care cost for such families,

"(4) the nature of child care arrangements for such families, and

"(5) the numbers of children in each age group (infants, toddlers, preschool, and school age) receiving child care assistance.

The information and data so furnished shall be separately stated with respect to each of the services and activities under this section.".

(c) ESTABLISHMENT OF PROGRAM.—Part C of title IV of the Social Security Act is amended to read as follows:

"PART C—FAIR WORK OPPORTUNITIES FOR FAMILY SELF-SUFFICIENCY

"DEFINITIONS

"SEC. 431. As used in this part—

"(1) the term 'recipient' means an individual who is receiving aid to families with dependent children or family support supplements under part A of this title;

"(2) the term 'mandatory participant' means a recipient who is not exempt from the participation requirement under section 416(c)(2) and (3) of this Act;

"(3) the term 'voluntary participant' means a recipient who is exempt from the participation requirement under sections 416(c)(2) and (3) of this Act;

"(4) the term 'Secretary' means the Secretary of Labor;

"(5) the term 'State work initiatives agency' means the agency designated under section 433 to develop the State plan and administer the Fair Work Opportunities Program under this part;

"(6) the term 'State public assistance agency' means the agency which administers or supervises the State plan approved under section 402 of this Act;

"(7) the term 'postsecondary institution' has the meaning provided in section 4(18) of the Job Training Partnership Act; and

"(8) the term 'appropriate day care' has the meaning provided in section 416(c)(5) of this Act.

"AUTHORIZATION AND ALLOCATION OF FUNDS

"SEC. 432. (a) AUTHORIZATION—(1) There are authorized to be appropriated to the Secretary of Labor to carry out this part the sum $650,000,000 for fiscal year 1988, and such sums as may be necessary for each succeeding fiscal year.

"(2) Of the amount appropriated pursuant to paragraph (1) in excess of $200,000,000 for any fiscal year, the first $150,000,000 shall be reserved for purposes of providing child care under this part.

"(b) RESERVED FUNDS.—Five percent of the amount so appropriated—

"(1) for fiscal year 1988 and fiscal year 1989, shall be made available by the Secretary to the States for technical assistance and planning grants and demonstration programs; and

"(2) for each succeeding fiscal year, shall be made available by the Secretary for demonstration programs and to the States determined by the Secretary to be excelling in terms of the performance standards under section 438.

"(c) ALLOCATIONS.—(1) The Secretary shall allocate 95 percent of the amount so appropriated for any fiscal year among the States to carry out plans approved under section 434. In allocating amounts among the States, the Secretary shall take into account each State's prior year allocations and the relative number of recipients in the various States during the most recent year for which satisfactory data are available.

"(2) Amounts allocated under this section to any State shall be in addition to any amount payable to such State for use under section 416 and this part pursuant to section 403(a)(4) (as amended by section 102 of the Family Welfare Reform Act of 198?).

"(d) MATCHING REQUIREMENT.—(1) Each State receiving an allocation under subsection (c)(1) shall ensure that there will be available, from non-Federal sources, a portion of the costs of providing services under this part. Contributions from non-Federal sources may be provided in cash or in kind.

"(2) The amount required to be provided from non-Federal sources in each State under paragraph (1) for fiscal year 1988 and each succeeding fiscal year shall be equal to the sum of—

"(A) 10 percent of so much of its allocation under subsection (c)(1) as does not exceed the State's prior year allocation;

"(B) 20 percent of so much of its allocation under subsection (c)(1) as does exceed the State's prior year allocation and is expended for purposes of education and training programs under sections 436(a) (2) and (3) and related child care and supportive services; and

"(C) 30 percent of so much of its allocation under subsection (c)(1) as does exceed the State's prior year allocation and is expended for any other purpose under this part (including administrative expenses).

"(e) DEFINITION.—As used in this section, the term 'prior year allocation' means the amount allocated to a State from appropriations for fiscal year 1986 under this part.

"STATE WORK INITIATIVES AGENCY

"SEC. 433. The Governor of each State shall designate, as the State work initiatives agency responsible for developing the State plan and administering the Fair Work Opportunities Program under this part, the State public assistance agency, the State employment services agency, or another agency of State government. Such designation shall be based on a determination that the agency so designated has extensive capacity for exercising overall direction of programs designed to meet the employment and training needs of eligible participants under this part in the State.

"STATE PLANS

"SEC. 434. (a) SUBMISSION.—In order to qualify for incentive grants under section 432(b)(2) and in order to receive an allocation under section 432(c) for any fiscal year, a State shall develop and submit to the Secretary a State plan in accordance with the requirements of this section.

"(b) PROVISIONS.—Each such State plan shall set forth—

"(1) a description of coordination arrangements with other Federal and State agencies, including the State educational agency;

"(2) a description of the services to be provided in programs under sections 436 and 437 and the methods and priorities to be used in the allocation of such services;

"(3) assurances that the State plan meets the criteria for coordination established in the Governor's coordination and special services plan pursuant to section 121(b)(1) of the Job Training Partnership Act;

"(4) assurances that the State will meet the matching requirements of section 432(d), and an identification of the State resources available to meet such requirements;

"(5) procedures for selecting service providers which take into account past performance in providing similar services, fiscal accountability, and ability to meet performance standards;

"(6) assurances that, if the State receives an allocation under section 432(b)(2) for excelling in terms of performance standards, the State will appropriately distribute an equitable portion thereof to any service provider whose actions were the basis for such allocation;

"(7) assurances that services provided are in addition to, and do not duplicate, services that are otherwise available from other Federal or State agencies on a nonreimbursable basis;

"(8) assurances that education, training, and work programs include private sector and local government invovement through administrative entities under section 4(2) of the Job Training Partnership Act, in planning and program design to assure that participants are trained for jobs that are likely to be available in the community;

"(9) assurances that community-based organizations (as defined in section 4(5) of the Job Training Partnership Act) are involved in planning and program design to facilitate outreach in the client community and in the delivery of services (meeting the conditions set forth in section 107(a) of the Job Training Partnership Act);

"(10) a description of the distribution of services within the State (A) identifying for each area within the State the resources to be made available for training, on-the-job training, and transitional employment opportunities, and (B) explaining the economic and demographic reasons for such distribution;

"(11) assurances that necessary supportive services will be available to participants, including appropriate day care for children of preschool age or other children while not in school and while not otherwise receiving care during such times as their parents will be participating in activities under this part;

"(12) a description of the methods by which the State will comply with the requirements of section 444; and

"(13) such other information and assurances as the Secretary may require in accordance with regulations.

"(c) PUBLIC COMMENTS.—Not later than 30 days before submission of the plan to the State job training coordinating council in accordance with subsection (d), the proposed State plan shall be published and made reasonably available to the general public through local news facilities and public announcements, in order to provide the opportunity for review and comments through such means as public hearings.

"(d) REVIEW AND APPROVAL.—The State work initiatives agency shall submit the State plan described in subsection (b)—

"(1) to the State job training coordinating council established pursuant to section 122 of the Job Training Partnership Act, for a period not to exceed 90 days, for review and comments prior to submission to the Governor;

"(2) to the Governor of the State for approval prior to the submission of the plan to the Secretary; and

"(3) to the Secretary for approval of the plan.

"(e) NOTICE AND OPPORTUNITY FOR HEARING.—The Secretary shall notify the State work initiatives agency within 45 days after submission of the State plan whether it has been approved or disapproved. Any notice of disapproval shall include a statement of the reasons for such disapproval. A State plan shall not be disapproved unless the State work initiatives agency has been afforded an opportunity for a hearing on the plan.

"ASSESSMENT AND FAMILY SUPPORT PLAN

"SEC 435. (a) INITIAL ASSESSMENT AND DEVELOPMENT OF FAMILY SUPPORT PLAN.—The State work initiatives agency shall make an initial assessment of the educational, child care, and other supportive services needs, as well as the skills, prior work experience, and employability of each participant in the program under this part, including a review of the family circumstances and of the needs of the children as well as those of the adult caretaker. The assessment of the educational needs of each participant shall include testing of literacy and reading skills. On the basis of such assessment, the State work initiatives agency and the participating members of the family (or the adult caretaker relative in the family with respect to any such participant who is a child) shall negotiate a family support plan for the family. The family support plan shall set forth and describe all of the activities in which participants in the family will take part under the program, including the child care and other supportive services that will be provided to facilitate participation; and shall, to the maximum extent possible and consistent with this part, reflect the choices of such participants.

"(b) AGENCY-CLIENT AGREEMENT.—(1)(A) Following the initial assessment and the development of the family support plan with respect to any family under this section, the State work initiatives agency and the participating members of the family (or the adult caretaker relative in the family with respect to participants who are children) shall negotiate and enter into an agency-client agreement including—

"(i) a commitment by the participants (or adult caretaker relative) to participate in the program in accordance with the family support plan,

"(ii) a description in detail of the activities in which the participants will take part and the conditions and duration of such participation, and

"(iii) a description in detail of all of the activities, including child care and other supportive services, which the State will arrange and the services which the State will provide in the course of such participation.

"(B) Each participant (or adult caretaker relative) shall be given such assistance as may be required in reviewing and understanding the family support plan and his or her obligations and those of the agency as specified in the agency-client agreement. Prior to signing the agency-client agreement, each participant shall be afforded an opportunity, for a period of not to exceed 10 days, to review the proposed agreement, to request additional information concerning its terms and contents, and to renegotiate any appropriate provision of the agreement which he or she deems necessary.

"(2) Each participant shall be guaranteed an opportunity for a fair hearing before the State work initiatives agency in the event of any dispute involving the contents of the family support plan, the contents or signing of the agency-client agreement, the nature or extent of his or her participation in the program as specified therein, the availability of child care and other supportive services, or any other aspect of such participation which is provided for under this section (including any dispute involving the imposition of sanctions under section 402(h) of this Act and the participant's right to conciliation before any such sanction is imposed); and the agency-client agreement shall so provide. The agency-client agreement shall be signed by the participant (or adult caretaker relative) and the agency representative responsible for implementation of the agreement.

"(3) The State work initiatives agency shall assign to each participating family a member of the agency staff to provide case assistance services to the family; and the case assistant so assigned shall be responsible for—

"(A) obtaining or brokering, on behalf of the family, any other services which may be needed to assure the family's effective participation,

"(B) monitoring the progress of the participant, and

"(C) periodically reviewing and renegotiating the family support plan and the agency-client agreement as appropriate.

Amounts expended in providing case assistance services under this paragraph shall be considered to be expenditures for the proper and efficient administration of the State plan.

"COMPREHENSIVE EDUCATION, TRAINING, JOB, AND SUPPORT SERVICES

"SEC. 436. (a) COMPREHENSIVE SERVICES.—Comprehensive services to be offered to participants under this part shall include—

"(1) job search services, including (but not limited to)—

"(A) training in job seeking skills;

"(B) job search and job club activities;

"(C) job and career counseling;

"(D) testing and assessment;

"(E) labor market information; and

"(F) referral to employers;

"(2) education programs, including (but not limited to)—

"(A) basic and remedial education;

"(B) literacy training;

"(C) bilingual education for individuals with limited English proficiency;

"(D) high school or equivalent education (combined with training when appropriate) for individuals who lack a high school diploma; and

"(E) appropriate specialized advanced education;

"(3) training programs, including (but not limited to)—

"(A) job readiness activities to help prepare participants for employment;

"(B) institutional job skills training;

"(C) on-the-job training; and

"(D) work experience;

"(4) necessary support services, as required by subsection (c);

"(5) counseling, information, and referrals to help participants experiencing personal or family problems which may affect their ability to engage in work; and

"(6) job development, job placement, and follow-up services to assist participants in securing and retaining employment and advancement.

"(b) TRANSITIONAL EMPLOYMENT.—Comprehensive services may also include transitional employment, subject to the requirements of section 437.

"(c) SUPPORT SERVICES.—Eligible participants receiving any of the services described in paragraphs (1), (2), and (3) of subsection (a) or in subsection (b) shall be provided such related support services as are necessary to enable such individuals to participate therein. Related support services shall include transportation and child care assistance. Any individual who is the parent or other caretaker relative of any dependent child or incapacitated individual and whose family ceases to be eligible for family support supplements under the State plan under section 402 as of the close of any month (if at that time the family has earnings) shall continue to be entitled to reimbursement for the costs of any appropriate day care (subject to the applicable dollar limitations specified in section 402(g)(1)) which is determined by the State agency to be reasonably necessary for his or her employment, for a period of up to 12 months after the close of such month, under a sliding scale formula established by the State which shall be based on the family's ability to pay (and under which such applicable dollar limitations are appropriately reduced to reflect such ability).

"(d) EDUCATION SERVICES.—(1) Any participant lacking a high school diploma shall, before being required to participate in any other services or activities, be required to participate in a program which addresses the education needs identified in the participant's initial assessment, including high school or equivalent education designed specifically for participants who do not have a high school diploma, remedial education to achieve a basic literacy level, or instruction in English as a second language; and both the family support plan and the agency-client agreement shall so provide. Any other services or activities to which such a participant is assigned under the agreement may not be permitted to interfere with his or her participation in an appropriate education program under this paragraph. Any participant pursuing a high school or equivalent education shall not be required to participate in other services or activities.

"(2) Children in participating families who are not themselves participants in the program under this part shall be encouraged to take part in any suitable education or training programs available under the program authorized by this part; and the program must also provide to such children additional services specifically designed to help them stay in school (including financial incentives as appropriate), complete their high school education, and obtain marketable job skills. Activities in which such children participate may not, however, be permitted to interfere with their school attendance.

"(3) An individual who attends an accredited postsecondary institution (on not less than a half-time basis), as long as such individual is making satisfactory progress in a vocational or undergraduate education or training program consistent with the individual's employment goals, shall be deemed to be participating satisfactorily under this part without participating in any other program or activity.

"(e) REPETITION OF PROGRAMS PROHIBITED.—An individual who has completed participation in a program component described in paragraph (2) or (3) of subsection (a) shall not be required to participate again in the same component.

"(f) WORK EXPERIENCE PROGRAMS.—(1) Any State which chooses to do so may establish a work experience program in accordance with this subsection. The purpose of such programs is to provide marketable work experience and training for individuals who are not otherwise able to obtain employment, through a combination of work experience and vocational training or educational activities as part of a planned sequence set forth in the participant's family support plan. Such programs shall be designed to move participants into regular public or private employment. Such programs must be able demonstrably—

"(A) to provide marketable skills to participants without previous work experience,

"(B) to upgrade the existing skills of participants with limited previous work experience, or

"(C) to transform obsolete skills into marketable skills.

"(2) Work experience programs shall be limited to projects which serve a useful public purpose in fields such as health, social service, environmental protection or conservation, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. Priority with respect to the selection of agencies carrying out such projects shall be given to those agencies which offer child care or health care. To the extent possible, the prior training, experience, and skills of a recipient shall be used in making appropriate work experience assignments. Participants in a program under this subsection may not fill unfilled vacancies.

"(3) A State which elects to establish a work experience program under this subsection shall operate such program so that each participant, in conjunction with vo-

cational training or educational activities, performs unpaid work experience (for a total of not more than 30 hours a week) for a period not exceeding 3 months.

"(4) No participant shall be assigned to a position under this subsection unless—

"(A) the participant's initial assessment identifies lack of recent work experience as a barrier to immediate placement in regular public or private employment;

"(B) the participant is unable to be placed in work supplementation programs established pursuant to this title, or in unsubsidized employment;

"(C) the assignment is part of a planned sequence of activities, specified in both the family support plan and the agency-client agreement, which is designed to prepare the participant for regular public or private employment; and

"(D) the participant has not been employed during the preceding 6 months.

"(5) If at the conclusion of his or her participation in the work experience program, the individual has not become employed, a reassessment with respect to such individual shall be made and a modified family support plan developed. In no event shall any individual who has completed the activities described in this subsection be required to repeat such activities or be reassigned to perform other unpaid work experience, unless—

"(A) the individual requests to repeat such activities or be reassigned to perform other unpaid work experience, and such request is reflected in a modified family support plan; or

"(B) such extension would lead to employment in an on-the-job training position.

Any extension under this paragraph shall be only for the time period described in paragraph (3).

"(6) The State shall provide coordination between a work experience program operated pursuant to this subsection, any program of job search, and the other work-related activities under this part so as to ensure that job placement will have priority over participation in the work experience program.

"(7) Participants in such programs may not be required, without their consent, to travel unreasonable distances from their homes or remain away from their homes overnight.

"TRANSITIONAL EMPLOYMENT

"SEC. 437. (a) RESTRICTIONS ON TRANSITIONAL EMPLOYMENT.—Transitional employment provided under this section includes only employment (for wages) which shall be—

"(1) with a public or nonprofit private employer;

"(2) for a period not to exceed 6 months, unless at the end of such 6-month period additional transitional employment is determined to be necessary in a review and modification of the family support plan; and

"(3) partially or wholly subsidized under this part.

"(b) ELIGIBILITY FOR TRANSITIONAL EMPLOYMENT.—An individual may not be provided with transitional employment under this section unless such transitional employment is part of the family support plan and the individual—

"(1) has been a participant for at least 6 months in comprehensive services (as described in section 436), including job search, or such longer period as may be required for the participant to achieve substantial progress in the education component of such services; and

"(2) has been unable to secure unsubsidized employment.

"(c) PRIORITIES.—In providing transitional employment for such individuals, priority shall be given to transitional employment which—

"(1) provides services to other eligible participants, such as child care and transportation; or

"(2) is likely to lead to unsubsidized employment, directly or through on-the-job training.

"PERFORMANCE STANDARDS

"SEC. 438. (a) CRITERIA FOR ESTABLISHING STANDARDS.—For the purpose of evaluating the success of programs established under this part and determining eligibility for additional allocations under section 432(b)(2), the Secretary of Labor, on the basis of recommendations received pursuant to subsection (b) of this section, shall establish performance standards. Such performance standards—

"(1) shall be measured by outcome and not by levels of activity or participation, and shall be based on the degree of success which may reasonably be ex-

pected of States, in carrying out work-related programs under this part which help such individuals achieve self-sufficiency and in reducing welfare costs;

"(2) shall take into account job placement rates, wages, job retention, reduced levels of aid under the State plan, improvements in the educational levels of participants, and the extent to which participants are able to obtain jobs providing health benefits or child care;

"(3) shall encourage States to give appropriate recognition to the greater difficulties in achieving self-sufficiency which face individuals who have greater barriers to employment; and

"(4) shall include guidelines permitting appropriate variations to take account of the differing conditions (including unemployment rates) which may exist in different States.

"(b) PROCEDURES FOR ESTABLISHING STANDARDS.—(1) The Secretary shall establish an advisory committee to develop proposed performance standards meeting the requirements of subsection (a). The advisory committee shall include representatives of State agencies administering programs under this part, State job training coordinating councils, labor organizations, business organizations, education agencies, community based organizations, and organizations representing eligible participants.

"(2) The proposed performance standards developed by such advisory committee shall be submitted to the Office of Technology Assessment, for a period not to exceed 30 days, for review and comment prior to their submission to the Secretary. The comments of the Office of Technology Assessment concerning the proposed performance standards shall be included with the documents submitted to the Secretary by the advisory committee.

"(3) The Secretary may collect preliminary program information from the States to assist in the development of performance standards. The Secretary shall have access to information developed pursuant to section 104(c) of the Family Welfare Reform Act of 1987 for such purpose.

"(c) PRELIMINARY AND FINAL STANDARDS.—Preliminary guidelines intended to facilitate compliance with performance standards referred to in subsection (a) shall be established within 12 months after the date of the enactment of the Family Welfare Reform Act of 1987. Final standards shall be established, prescribed, and published no later than 24 months after enactment of such Act.

"(d) STATE-BY-STATE VARIATION.—The performance standards developed and prescribed under this section shall be varied by the Governor of a State, to the extent permitted under subsection (a), to the extent necessary to take account of specific economic, geographic, and demographic factors in the State, the characteristics of the population to be served, and the types of services to be provided.

"(e) TARGETING OF SERVICES.—Prior to the development of performance standards under this section, each State should take immediate action to fulfill the purposes of this part regarding the targeting of services toward those individuals who are most difficult to place in unsubsidized employment on the basis of—

"(1) work experience,

"(2) duration of welfare dependency, and

"(3) educational attainments.

"(f) EVALUATIONS.—(1) The Secretary shall conduct evaluations of each State's progress toward meeting the performance standards developed under this section. Evaluations shall be conducted at the completion of each fiscal year for which a State may be held accountable for such standards.

"(2) If a State fails to meet the performance standards at the conclusion of any such evaluation period, the Secretary shall provide such necessary technical assistance to the State as will facilitate meeting such standards. The Secretary shall review the State's compliance within a reasonable period after providing such assistance (as determined by the Secretary and the Governor), except that such period may not exceed 6 months.

"(g) INCENTIVE ALLOCATIONS.—(1) In the case of any State which meets or exceeds the performance standards, such State shall be eligible for incentive allocations available under section 432(b)(2).

"(2) The amount of such additional allocation shall be based on the extent to which such State meets or exceeds the performance standards under performance categories established by this part. The Secretary shall determine the amounts of such incentive awards.

"(h) REVIEW AND REVISION OF STANDARDS.—The Secretary shall periodically (but not more frequently than once each three years) review the performance standards developed under this section and submit recommendations for changes to the adviso-

ry committee and the Office of Technology Assessment for review and comment prior to prescribing any revisions to such standards.

"GENERAL REQUIREMENTS

"SEC. 439. (a) REFUSAL TO PARTICIPATE.—Prior to a determination pursuant to section 416(h) that an individual has refused to participate under section 416 of this part without good cause, the State work initiatives agency shall provide to such individual a notice of intent to make such determination. In no event may a final determination be made in a first such instance unless such individual has been offered an opportunity to reach a conciliatory resolution, including the opportunity to discuss reasons for the lack of cooperation and to propose options with the goal of continuing in the program under this part. The failure of a State to provide services to an individual in accordance with a family support plan developed under section 435 shall constitute one of the grounds for good cause.

"(b) BENEFITS AND LABOR STANDARDS.—The provisions of sections 142 and 143 (relating to benefit requirements and labor standards) of the Job Training Partnership Act shall apply to all program activities under section 416 and under this part and any work program carried out under this Act.

"(c) SUITABILITY OF WORK ASSIGNMENTS.—(1)(A) Each assignment of a participant to any program activity under section 416 or under this part, or under any work program carried out under this Act, shall be consistent with the physical capacity, skills, experience, health, family responsibilities, and place of residence of such participant. For the purposes of this part and section 416, or any work program carried out under this Act, part-time participation shall in no event exceed 20 hours per week; and no part-time participant shall be required to participate in more than one program or activity if travel to and participation therein would exceed such time.

"(B) Before assigning a participant to any activity under section 416 or under this part, or under any work program carried out under this Act, the State shall assure that—

"(i) appropriate standards for health, safety, and other conditions are applicable to participation in such activity;

"(ii) the conditions of participation in such activity are reasonable, taking into account the geographic region, the residence of the participant, and the proficiency of the participant, and the child care and other supportive service needs of the participant; and

"(iii) the participant will not be required, without his or her consent, to travel an unreasonable distance from his or her home or remain away from such home overnight.

"(2) The State may not require a participant in the program under this part or under section 416 or under any program under this Act to accept a position under the program (as work supplementation or otherwise) if accepting the position would result in the receipt of wages paid at a rate below the Federal minimum wage established by the Fair Labor Standards Act of 1938. The State shall establish a program whereby, to prevent any loss of income to the participant as a result of the acceptance of such job, the State shall provide a supplement at a level which, when combined with wages from such job, equals the participant's benefits level while participating in the program for a period of 12 months.

"(d) MANDATORY WORKFARE PROHIBITED.—Funds available under this part will not be used, directly or indirectly, to support any mandatory workfare program. As used in this subsection, the term 'mandatory workfare program' means any program under which recipients of welfare or other public assistance are to be required to perform work in exchange for such assistance, but are not to be provided wages and worker benefits in paid employment.

"(e) NONDISCRIMINATION PROVISIONS.—(1) The provisions of section 167 (relating to nondiscrimination) of the Job Training Partnership Act shall apply to all program activities under section 416 and under this part and any work program carried out under this Act.

"(2) Individuals assigned to any job or work program under this Act shall not be discriminated against on the basis of race, sex, national origin, religion, age, or handicapping condition, and such individuals shall have such rights as are available under any Federal, State, or local law prohibiting discrimination in employment.

"USE OF EXISTING RESOURCES

"SEC. 440. (a) REIMBURSEMENT PERMITTED.—In making use of the programs of other State or local agencies (public or private), a State agency may reimburse such

agencies for services rendered to individuals under this part to the extent that such services and opportunities are not otherwise available on a nonreimbursable basis.

"(b) USE OF SERVICES AND INFORMATION FROM PRIVATE INDUSTRY COUNCILS.—(1) The State work initiatives agency shall utilize the services of each private industry council (as established under the Job Training Partnership Act) to identify and provide advice on the types of jobs available or likely to become available in the service delivery area of such council.

"(2) The State work initiatives agency shall not conduct, in any area, institutional training under any program established pursuant to section 436(a) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined after taking into account information provided by the private industry council for such area.

"(c) In carrying out services and activities under this part, the State work initiatives agency may enter into appropriate contracts and other arrangements with public and private agencies and organizations for the provision or conduct of any services or activities under this part.

"REPORTS, RECORDKEEPING, AND INVESTIGATIONS

"SEC. 441. (a) RECORDS AND REPORTS.—(1) Each State work initiatives agency shall keep records that are sufficient to permit the preparation of reports required by this part and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

"(2) Each State work initiatives agency shall maintain such records and submit such reports, in such form and containing such information, as the Secretary requires regarding the performance of its programs. Such records and reports shall be submitted to the Secretary, but shall not be required to be submitted more than once each quarter unless specifically requested by the Congress or a committee thereof.

"(b) INVESTIGATIONS.—(1)(A) In order to evaluate compliance with the provisions of this part, the Secretary shall conduct in several States, in each fiscal year, investigations of the use of funds received by State work initiatives agencies under this Act.

"(B) In order to insure compliance with the provisions of this part, the Comptroller General of the United States may conduct investigations of the use of funds received under this part by any State agency.

"(2) In conducting any investigation under this part, the Secretary or the Comptroller General of the United States may not request the compilation of any new information not readily available to such State agency.

"(c) STATE REPORTS.—Each State work initiatives agency shall make such reports concerning its operations and expenditures as shall be prescribed by the Secretary.

"(d) REVIEW OF COMPLAINTS.—(1) Whenever the Secretary receives a complaint from any interested person which alleges, or whenever the Secretary has reason to believe, that a State work initiatives agency receiving financial assistance under this part is failing to comply with the requirements of this part or the terms of the State plan, the Secretary shall investigate the matter.

"(2) If, after such investigation, the Secretary determines that there is substantial evidence to support such allegation or belief that such a State work initiatives agency is failing to comply with such requirements, the Secretary shall, after due notice and opportunity for a hearing to such State work initiatives agency, determine whether such allegation or belief is true.

"(3) The Secretary shall conduct such investigation, and make the final determination required by paragraph (2) regarding the truth of the allegation or belief involved, not later than 120 days after receiving the complaint.

"NONCOMPLIANCE AND CORRECTIVE ACTIONS

"SEC. 442. (a) SANCTIONS FOR NONCOMPLIANCE.—(1) If the Secretary of Labor concludes that any State work initiatives agency receiving funds under this part, or if the Secretary of Health and Human Services concludes that any State public assistance agency under section 416 or any other provision of this Act is failing to comply with any provision of this Act, such Secretary shall have authority to terminate or suspend financial assistance in whole or in part and to order such sanctions or corrective actions as appropriate, including the repayment of misspent funds from sources other than funds under this part and the withholding of future funding, if prior notice and an opportunity for a hearing have been given to the State.

"(2) Whenever such Secretary orders termination or suspension of financial assistance to a subgrantee or subcontractor (including any operator under a nonfinancial

agreement), such Secretary shall have authority to take whatever action is necessary to enforce such order, including action directly against the subgrantee or contractor (and including requiring the primary recipient to take legal action) to reclaim misspent funds or to otherwise protect the integrity of the funds or ensure the proper operation of the program.

"(b) REMEDIES NOT EXCLUSIVE.—The existence of remedies under this Act shall not preclude any person, who alleges that an action of a State agency violates any of the provisions of this part, from instituting a civil action or pursuing any other remedies authorized under Federal, State, or local law.

"DEMONSTRATION PROGRAMS

"SEC. 443. (a) AUTHORIZED USES OF FUNDS.—Funds available to the Secretary under section 432(b)(1) and (2) may be made available to States, for use in conjunction with other resources, for such purposes as—

"(1) demonstrations to test the effectiveness of arrangements under which private organizations will operate supported-work programs to place participants in full-time jobs in the private sector, with the Federal subsidy of wages not to exceed 9 months, through performance-based contracts conditioned upon retention in such private sector employment after the Federal subsidy ends;

"(2) demonstrating more effective methods of providing coordination and services to ensure long-term family self-sufficiency through community-based comprehensive family support services involving a partnership between the State work initiatives agency and community-based organizations having experience and demonstrated effectiveness in providing services; and

"(3) financial assistance to nonprofit community development corporations to demonstrate their effectiveness in creating employment opportunities for recipients and other low-income individuals.

"(b) STATE DEMONSTRATION PROGRAMS.—In order to encourage States to develop innovative education and training programs for children receiving aid under State plans approved under section 402, any State may establish and conduct one or more demonstration projects, targeted to such children, designed to test financial incentives and interdisciplinary approaches to reducing school dropouts, encouraging skill development, and avoiding welfare dependence; and the Secretary may make grants to States to assist in financing such projects. Demonstration projects under this paragraph shall meet such conditions and requirements as the Secretary shall prescribe, and no such project shall be conducted for a period of less than one year or more than 5 years.

"CHILD CARE REQUIREMENTS

"SEC. 444. (a) ASSESSMENT.—Prior to or in conjunction with the expenditure of funds available under section 432(a)(2) for child care for participants in the program, each State shall conduct an assessment of the adequacy and appropriateness of child care resources in the State or particular communities in the State to meet the child care needs of participants in the program and those of other families receiving family support supplements. Such assessments shall specifically address the adequacy of resources available for children in different age groups, including infants, toddlers, preschools, and school-age children.

"(b) COORDINATION.—In order to encourage and facilitate coordination in the delivery of child care services, each State may provide that funds to participants for child care services under section 402(g) may be available to supplement early childhood development programs within a State, including Head Start programs, preschool programs funded under chapter one of the Education Consolidation and Improvement Act of 1981, schools and nonprofit child care programs (including community based organizations receiving State or local funds designated for preschool programs for handicapped children), so as to extend these programs to provide full day, full year services to children in participating families.

"(c) TRAINING OF CAREGIVERS.—Each State shall institute a program to provide grants for training child care personnel in areas such as child growth and development, communication with families, health and safety, instruction, and administration and management. Child care personnel eligible for such training may include employees of child care centers as well as family day care providers and others meeting the standards enumerated in section 402(g)(1)(B) of this Act (as amended by title II of the Family Welfare Reform Act of 1987).

"(d) CHILD CARE SUPPLY.—Any State may use funds provided under this part to institute a program to provide grants to local nonprofit child care programs to establish or renovate child care centers and family day care homes which meet the

standards enumerated in section 402(g)(1)(B) of this Act (as amended by title II of the Family Welfare Reform Act of 1987) and which will be used to serve participants in the other activities described in section 436, including on-site or nearby child care centers operated as part of the education, training, or employment programs, as well as other child care centers which will be used by program participants. Such grants may also be made available to local child care agencies (such as resource and referral programs) to recruit, train, and provide other essential supports to new family day care providers. These grants may also be used to assist centers and family day care providers to come into compliance with applicable health and safety standards.

"(e) PROHIBITION OF RELAXATION OF CHILD CARE LICENSING REQUIREMENTS.—No State shall reduce the level of standards applicable to child care provided within the State on the date of enactment of the Family Welfare Reform Act of 1987.".

SEC. 102. RELATED SUBSTANTIVE AMENDMENTS.

(a) FEDERAL MATCHING RATES.—(1) Section 403(a) of the Social Security Act is amended by inserting after paragraph (3) the following new paragraph:

"(4) in the case of any State, an amount equal to 65 percent of the total amount expended during such quarter (other than administrative expenditures) for the programs established pursuant to section 416 and part C; and".

(2) Section 403(a)(3) of such Act is amended—

(A) by striking out "and" after the comma at the end of subparagraph (B);

(B) by redesignating subparagraph (C) as subparagraph (D); and

(C) by inserting after subparagraph (B) the following new subparagraph:

"(C) one-half of so much of such expenditures as are incurred in connection with the administration of the programs established under section 416 and part C, and".

(b) DEMONSTRATION AUTHORITY: PROJECTS TO TEST THE EFFECT OF EARLY CHILDHOOD DEVELOPMENT PROGRAMS, AND TO TEST THE ELIMINATION OF THE 100-HOUR RULE UNDER THE AFDC-UP PROGRAM.—Section 1115 of such Act is amended—

(1) by inserting "(1)" before "In the case of" in subsection (a);

(2) by striking out "(1) the Secretary" and "(2) costs" in subsection (a) and inserting in lieu thereof "(A) the Secretary" and "(B) costs", respectively;

(3) by striking out subsection (b);

(4) by redesignating subsection (c) as paragraph (2) of subsection (a), and in such subsection as so redesignated by striking out "subsection (a)", "(1)", "(2)", and "(3)" and inserting in lieu thereof "paragraph (1)", "(A)", "(B)", and "(C)", respectively; and

(5) by adding at the end thereof the following new subsection:

"(b) DEMONSTRATION PROGRAMS.—(1)(A) In order to test the effect of in-home early childhood development programs and preschool center-based development programs (emphasizing the use of volunteers and including academic credit for student volunteers) on families receiving aid under State plans approved under section 402 and participating in the education, training, and work program under section 416, up to 10 States may undertake and carry out demonstration projects utilizing such development programs to enhance the cognitive skills and linguistic ability of children under the age of 5, to improve the communications skills of such children, and to develop their ability to read, write, and speak the English language effectively. Such projects may include parents along with their eligible children in family-centered education programs that assist children directly in achieving the goals stated in the preceding sentence and also help parents contribute to the proper development and education of their young children. Demonstration projects under this paragraph shall meet such conditions and requirements as the Secretary shall prescribe, and no such project shall be conducted for a period of more than 3 years.

"(B) The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this paragraph, shall approve up to 10 applications involving projects which appear likely to contribute significantly to the achievement of the purpose of this paragraph, and shall make grants to the States whose applications are approved to assist them in carrying out such projects.

"(C) The Secretary shall submit to the Congress with respect to each project undertaken by a State under this paragraph, after such project has been carried out for one year and again when such project is completed, a detailed evaluation of the project and of its contribution to the achievement of the purpose of this paragraph.

"(2)(A) In order to permit States to test whether (and the extent to which) eliminating the 100-hour rule under section 407, and requiring parents under that section to accept any reasonable job offers while preserving the eligibility of their families for aid under the applicable State plan approved under section 402, would effec-

tively encourage such parents to enter the permanent work force and thereby significantly reduce program costs, up to 5 States and localities may undertake and carry out demonstration projects under which—

"(i) each parent receiving aid pursuant to section 407 is required to accept any reasonable full- or part-time job which is offered to him or her, without regard to the amount of the parent's resulting earnings as compared to the level of the family's aid under the applicable State plan, and

"(ii) the family's eligibility under the plan is preserved notwithstanding the parent's resulting earnings, so long as such earnings (after the application of section 402(a)(8)) do not exceed the applicable State standard of need, without regard to the 100-hour rule or any other durational standard that might be applied in defining unemployment for purposes of determining such eligibility.

"(B) The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this paragraph, shall approve up to 5 applications involving projects which appear likely to contribute significantly to the achievement of the purpose of this paragraph, and shall make grants to the States whose applications are approved to assist them in carrying out such projects.

"(C) Each demonstration project approved under this paragraph shall provide for the payment of aid under the applicable State plan, as though section 407 had been modified to reflect the provisions of clauses (i) and (ii) of subparagraph (A) but shall otherwise be carried out in accordance with all of the requirements and conditions of section 407 (and any related requirements and conditions under part A of title IV); and each such project shall meet such other requirements and conditions as the Secretary shall prescribe.

"(3)(A) Any demonstration project undertaken pursuant to this subsection—

"(i) must be designed to improve the financial well-being of families with children or otherwise improve the operation of the program or programs involved; and

"(ii) may not permit modifications in any program which would have the effect of disadvantaging children in need.

"(B) There are authorized to be appropriated such sums as may be necessary to enable the Secretary to make grants with respect to the demonstration projects which are provided for under any of the preceding paragraphs of this subsection (and for which an authorization in specific dollar amounts is not included in the paragraph involved).".

SEC. 103. TECHNICAL AND CONFORMING AMENDMENTS.

(a) IN PART A OF TITLE IV.—(1) Section 402(a)(35) of such Act is repealed.

(2) Section 403(a)(3) of such Act is amended—

(A) by striking out all of subparagraph (D) (as redesignated by section 102(a)(2) of this Act) which follows "such expenditures" and inserting in lieu thereof a comma; and

(B) by striking out all that follows "section 2002(a) of this Act" in the matter following such subparagraph and inserting in lieu thereof "other than services furnished under section 416 or under section 402(g); and".

(3) Section 403(c) of such Act is repealed.

(4) Section 403(d) of such Act is repealed.

(5) Section 407(b)(2)(A) of such Act is amended by striking out "will be certified" and all that follows down through "within 30 days" and inserting in lieu thereof "will participate or apply for participation in the program established under section 416 within 30 days".

(6) Section 407(b)(2)(C)(i) of such Act is amended by striking out ", unless exempt" and all that follows down through "is not registered" and inserting in lieu thereof "is not currently participating in the program established under section 416, unless such parent is exempt under section 416(c)(3),".

(7) Section 407(c) of such Act is amended by striking out "to certify such parent" and all that follows and inserting in lieu thereof "to participate in the program established under section 416.".

(8) Section 407(d)(1) of such Act is amended by striking out "under section 409" and all that follows and inserting in lieu thereof "under section 416(j);".

(9) Section 407(e) of such Act is repealed.

(10) Section 409 of such Act is repealed.

(11) Section 414 of such Act is repealed.

(b) IN OTHER PROVISIONS.—(1) Section 1108(b) of such Act is amended by striking out "section 402(a)(19)" and inserting in lieu thereof "section 416".

(2) Section 1902(a)(10)(A)(i)(I) of such Act is amended by striking out "section 414(g)" and inserting in lieu thereof "section 416(i)(6)".

(c) JOB TRAINING PARTNERSHIP ACT.—Section 102(a)(2) of the Job Training Partnership Act is amended by striking out "and" and inserting before the period a comma and the following: "and the State public assistance agency for administering part A of title IV of the Social Security Act".

SEC. 104. EFFECTIVE DATE.

(a) AMENDMENTS TO SECTIONS 402 AND 1115.—The amendments made by this title (other than the amendments to part C of title IV of the Social Security Act) shall become effective October 1, 1989; except that—

(1) if any State theretofore makes the changes in its State plan approved under section 402 of the Social Security Act which are required in order to carry out such amendments, and formally notifies the Secretary of Health and Human Services of its desire to become subject to such amendments as of the first day of any calendar quarter beginning on or after the date on which the proposed regulations of the Secretary of Health and Human Services are published under section 416 of such Act and before October 1, 1989, such amendments shall become effective with respect to that State as of such first day; and

(2) section 1115(b)(3) of the Social Security Act (as added by section 102(b) of this Act) shall become effective October 1, 1987.

(b) TRANSITION PROVISIONS FOR TITLE IV-C AMENDMENTS.—(1) The Secretary of Labor, from funds appropriated for fiscal years 1988 and 1989 to carry out part C of title IV of the Social Security Act, is authorized to provide financial assistance under such part C (as amended by this Act), in the same manner as such assistance was provided under such part C as in effect on the day before the enactment of this Act, until September 30, 1989.

(2) Notwithstanding any other provision of law, States may expend funds received under part C of title IV of the Social Security Act during fiscal years 1988 and 1989, in order to conduct any activity deemed necessary to provide for an orderly transition to the operation, as of October 1, 1989, of programs under such part C.

(3) The provisions of this Act shall not affect administrative or judicial proceedings pending on the date of enactment of this Act.

(4) By July 1, 1988, the Secretary of Labor shall have published in the Federal Register final regulations governing the transition period ending September 30, 1989 (as described in this subsection); and by April 1, 1989, the Secretary of Labor shall have published in the Federal Register final regulations governing the establishment of the Fair Work Opportunities Program under part C of title IV of the Social Security Act.

(5) Funds for carrying out part C of title IV of the Social Security Act for fiscal year 1988 allocated to any State which were not obligated prior to the end of such fiscal year, shall remain available for obligation during fiscal year 1989. No reduction shall be made in the allocation for any State from appropriations to carry out such part C for fiscal year 1989 on account of the carryover of such funds from fiscal year 1988 to fiscal year 1989.

(c) INITIAL STATE EVALUATIONS.—(1) With the objective of—

(A) providing an in-depth assessment of the welfare population in each State, so as to furnish an accurate picture on which to base estimates of future demands for welfare services in conducting the program under this part and to improve the efficiency of targeting and service allocation under such program,

(B) assuring that training for welfare recipients under such program will be realistically geared to labor market demands and that the program will produce individuals with marketable skills, while avoiding duplication and redundancy in the delivery of services, and

(C) otherwise assuring that States will have the information needed as a practical matter to carry out the purposes of this part,

each State shall undertake and carry out an evaluation of its welfare population demographics within the 6-month period beginning on the date of the enactment of this Act. Such evaluation shall be designed, undertaken, and carried out in each State by an agency designated by the Governor of that State.

(2) In carrying out the evaluation under subsection (a) the State shall give particular attention to the current and anticipated demands of the labor market or markets within the State, the types of training which are needed to meet those demands, and any changes in the current service delivery systems which may be needed to satisfy the requirements of this part.

(3) The evaluation shall be structured so as to produce accurate and usable information (separately stated for long-term, medium-term, and short-term recipients in each category) on the age, family status, educational and literacy levels, and work experience of the individuals and families within the welfare population in the

State, including the actual numbers of such individuals and families in each such category.

(4) The Secretary of Labor shall provide each State with such technical assistance and data as it may need in order to carry out its evaluation under subsection (a); and each State shall transmit its evaluation to the Secretary of Labor by the close of the 6-month period specified in that subsection. The Secretary of Labor shall transmit a copy of such evaluation to the advisory committee established under section 438(b)(1) of the Social Security Act and to the Office of Technology Assessment for use in the preparation and review of performance standards.

(5) The Secretary of Labor shall pay to each State the sum of $100,000 to assist that State in designing and carrying out its evaluation under this subsection; and of the total amount available to the Secretary for fiscal year 1988 under section 432(b)(1) of title IV-C (as amended by this Act) the sum of $5,200,000 shall be available only for this purpose.

(6) As used in this subsection, the term "welfare population" with respect to any State means collectively all individuals in such State who are or could become recipients of family support supplements under title IV, part A, of the Social Security Act.

In section 1(b) of the bill, strike out that part of the table of contents pertaining to title I and insert the following:

TITLE I—FAIR WORK OPPORTUNITIES PROGRAM

Sec 101 Establishment of Fair Work Opportunities Program
Sec 102. Related substantive amendments
Sec. 103 Technical and conforming amendments.
Sec 104 Effective date

COMMITTEE ACTION

H.R. 1720 was referred to the Committee on Education and Labor (jointly with the Committee on Ways and Means) for consideration of such provisions of title I of the bill as fall within its jurisdiction, on March 19, 1987. The Chairman of the Committee on Education and Labor, Augustus F. Hawkins, introduced a welfare reform initiative, H.R. 30, the Fair Work Opportunities Act of 1987, earlier in the session on January 6, 1987. H.R. 30 amends Title IV-C of the Social Security Act and makes substantial improvements to the current education, training, and work opportunities for welfare recipients.

The Committee held 3 days of hearings (April 29 and 30, May 5) on H.R. 30, H.R. 1720, and other bills related to welfare reform pending before the Committee.

The Committee heard testimony form public and private witnesses, which included representatives from the welfare reform coalition; federal, State, and local governments, the business community; labor groups; national associations; and researchers and specialists in the areas of education, employment and training as well as experts in adult literacy, poverty, and child care and development. In addition, the Secretary of Labor testified on his concerns about the present welfare system and the serious need for employment and training opportunities for welfare recipients.

Governor Bill Clinton of Arkansas testified during the Committee's hearing on welfare reform as Chairman of the National Governors' Association. He cited the policy position on welfare reform adopted by the Governors in February 1987 which would establish a system primarily comprised of education, training, and job opportunities, with the addition of an income assistance component. He stressed the Governors' concerns about the complexities involved in turning "what is now an income maintenance system into a system of educational and training opportunities," as well as concern that

provisions are made for "an array of well-funded services designed to help people open the door to private unsubsidized employment."

California State Senator Diane Watson shared the experience of the recently enacted California State welfare initiative, Greater Avenues for Independence (GAIN) Progam. She stressed the critical importance of including an adequate educational assessment for welfare recipients: "Education should be viewed as an investment in people . . . [Its] value should be acknowledged. This means more than remedial education, which should be the basis for further education and training, including postsecondary education.

Testifying on the problem of long-term dependency, Judith Gueron, President of the Manpower Demonstration Research Corporation (MDRC) discussed the findings of their 5 year, multi-state evaluations of State work/welfare initiatives under the Work Incentive Program (WIN) demonstration authorization. She explained that MDRC's preliminary findings strongly suggest that States should offer more intensive service in order to move more disadvantaged recipients into unsubsidized employment.

Further testimony about the need for intensive services included a strong focus on the importance of adequate child care for individuals participating in welfare work programs. The recent report of the General Accounting Office (GAO) on work and welfare noted that 60 percent of its AFDC work program respondents cited no available child care as the factor preventing their participation. Underscoring the need for child care further is the fact that nearly 60 percent of all AFDC families have children under age 6. Marian Wright Edelman, the President of the Children's Defense Fund, testified that, despite the acute need for child care, work programs only spend 6.4 percent of their total program's median budget on this cost-intensive service.

Prior to and in preparation for the welfare reform hearings, the Chairman of the Full Committee sponsored a work and welfare roundtable in March 1987 attended, together with Committee staff, by a broad cross-section of interested groups—including representatives from the National Governors Association; the American Public Welfare Association; the National Association of Counties; the National League of Cities; the National Alliance of Business; 70001, Ltd.—the Youth Employment Company; AFL–CIO; the American Federation of Federal State, County and Municipal Employees (AFSCME); GAO; MDRC; community-based organizations; as well as representatives from the welfare reform coalition (National Urban League; Children's Defense Fund; Wider Opportunities for Women, etc.).

On July 15, by voice vote, the Committee on Education and Labor ordered favorably reported title I of H.R. 1720, as amended, during mark-up session on the legislation.

Background and Need for Legislation

America's increasing alarm about the long-term poor and their children has focused on reforming our nation's principal welfare program, the Aid to Families with Dependent Children (AFDC) program under title IV of the Social Security Act. Many criticisms of the existing AFDC system have emerged including charges that it

is cumbersome, provides disincentives to recipients to obtain paid work, lacks adequate resources and uniformity of benefit levels, penalizes two-parent families and encourages splitting of the family unit, provides no balance of mutual obligation on the parts of the recipient and the State, lacks provisions for adequate supportive services (especially child care), and robs the recipients of basic human dignity by encouraging dependency instead of self-sufficiency and fulfillment of human potential.

The AFDC benefit structure, since it was amended in the Omnibus Budget Reconciliation Act in 1981, has indeed been a factor in creating disincentives for recipients to engage in paid employment. In fact, the share of AFDC recipients who work at paid jobs has fallen from 14.1 percent in 1979 to 5.3 percent in 1983. When a welfare recipient obtains paid employment, the AFDC program provides less supplementation to low-income earners now than it did a decade ago. Further, even among those who work their way off AFDC, almost one-third are still poor. In 1983, despite year-round, full-time work by at least one parent, 2.5 million children were still poor. Approximately one of every four children in this nation are poor. This rate fell from 27% to 14% in the 1960's, but has soared to an intolerable 25% in the past five years. For black childen, the rate is approximately 47%.

A heightened awareness of problems such as disincentives, ineffectiveness, long-term dependency, rise of children in poverty, and the cycle of poverty for AFDC families has pervaded the nation's consciousness and bolstered the urgency for comprehensive welfare reform.

Governor Bill Clinton of Arkansas, speaking as Chairman of the National Governors Association, stated that although the statistics are discouraging and the task is monumental, we must "develop an investment strategy for our most valuable asset, our people." He further asserted that the Governors believe that we can and must "provide [a] genuine opportunity for people to reach maximum self-sufficiency that we all agree should be at the heart of our welfare system."

In his State of the Union address, President Reagan said that now ". . . is the time to reform this out-moded social dinosaur and finally break the poverty trap." He called for Congress to work with him to "see how many can be freed from the dependency of welfare and made self-supporting, which the great majority of welfare recipients want more than anything else."

Secretary of Labor William E. Brock testified before our Committee that he was ". . . convinced that the problem needs addressing, in a variety of ways, now." He urged Congress to "build on the need for welfare reform and not lose the opportunity to achieve truly meaningful reform."

EDUCATION AND LABOR COMMITTEE'S LONG-TERM CONCERN FOR WELFARE RECIPIENTS

The commitment of the Education and Labor Committee to meeting the education, employment, and training needs of public assistance recipients was firmly established as far back as 1964, when the Committee devoted enormous time and resources to develop-

ment of the Economic Opportunity Act, (P.L. 88–452). After 20 days of hearings, 112 witnesses, and seven days of executive session meetings, the Committee reported a comprehensive bill designed to attack virtually all causes of poverty. A new Federal agency—the Office of Economic Opportunity—was established to coordinate the antipoverty effort. Education, employment, and training were emphasized throughout the new law, which provided work and training opportunities for in-school and drop-out youth (including the Job Corps), employment programs for low-income young adults, work-study opportunities for low-income college students, and adult basic education.

Title V of the Economic Opportunity Act authorized Work Experience Programs for heads of households who could not support their families. The Education and Labor Committee report on the legislation stated that the Committee expected four results from this new program: expansion of Aid to Families with Dependent Children (AFDC) benefits to families with unemployed parents in more states; extension of work and training opportunities to more welfare families; training for welfare mothers; and work and training opportunities for other needy persons, such as general assistance recipients. The report said, "It is expected that programs combining constructive work and training through public assistance channels will serve as an effective device for reaching more of the unskilled unemployed and thereby preserving their basic skills and initiatives." The Committee intended this program to work in coordination with the Manpower Development and Training Act (MDTA), another program within the Committee's jurisdiction. During the program's operation, between 1965 and 1968, about 70 percent of Work Experience Program participants were welfare recipients.

Eventually, the Work Experience Program was replaced by the Work Incentive (WIN) Program (Title IV–C of the Social Security Act), which was specifically placed under the Education and Labor Committee's sole jurisdiction in 1975 under the Rules of the House of Representatives.

In addition to the employment and training programs contained in the original Economic Opportunity Act, the law also established the Community Action Program, to be administered by the Office of Economic Opportunity (OEO). This program was intended to marshall all resources available from public and private sources and focus them on the problems of poor people in local communities. Community Action Agencies have now been in operation for more than 20 years, and have assisted literally millions of low-income people with problems related to poverty and welfare dependency.

While enacting employment and training programs for the poor as part of the Economic Opportunity Act in 1964, the Committee on Education and Labor also approved amendments to the MDTA, refocusing those programs more specifically on low-income individuals and public assistance recipients. The Committee subsequently reported legislation, consolidating all employment-related programs for the disadvantaged, which was finally enacted as the Comprehensive Employment and Training Act of 1973 (CETA). During FY 1975 through FY 1981, more than four million AFDC recipients

participated in one of CETA's employment and training programs for adults and youth.

Throughout the 1970s, the Education and Labor Committee continued its vigorous oversight of employment and antipoverty programs. In 1974, the Committee reported legislation re-establishing the Office of Economic Opportunity as a new independent agency, the Community Services Administration (CSA). By reporting this legislation, the Committee re-affirmed its commitment to the poor and dependent, and to combating poverty and dependency through a variety of services and approaches. In 1976, the Committee reported legislation, which was subsequently enacted, that focused poblic service employment under CETA specifically on low-income individuals and AFDC recipients. In 1977, the Committee approved legislation adding a series of innovative new programs to CETA designed to address unemployment problems among low-income youth. including teenage parents. Much of what has been learned in recent years about the extremely complex issue of youth unemployment resulted from these 1977 amendments. Finally, in 1978, this Committee reported another set of amendments to CETA, in an attempt to target more of the Act's services on the chronically poor and unemployed.

The Education and Labor Committee in 1981 reported legislation to reauthorize the Community Services Administration (CSA) for another three years. However, the Reagan Administration proposed to abolish CSA entirely and consolidate its activities into the large Social Services Block Grant, along with 11 other categorical social services programs. While this Committee felt strongly that CSA should remain an independent agency, a compromise eventually was reached which created the Community Services Block Grant (CSBG) within the Department of Health and Human Services. This block grant consolidated only those activities of the former CSA, included protections for existing antipoverty agencies, and created a new Office of Community Services in HHS, thereby preserving a single focal point for Federal activities on behalf of the poor and dependent.

In 1982, CETA was scheduled to expire, and the Committee committed itself to a major re-evaluation of employment and training programs for low-income youth and adults. This effort resulted in the Job Training Partnership Act (JTPA), which offers a full range of employment and training services for economically disadvantaged individuals, including AFDC recipients. More than half a million AFDC recipients have participated so far in the title II-A component of JTPA, which provides remedial a. basic education, classroom training, on-job-training, employability development, and related services. (Last year, JTPA programs served over 150,000 AFDC recipients.) In addition, the summer youth employment program and Job Corps, which traditionally have served large numbers of AFDC youth, are now authorized under JTPA. The JTPA legislation in 1982 also amended the WIN program in order to coordinate that program more closely with the new JTPA system to ensure effective employment and training services to welfare recipients.

Indeed, a major thrust of JTPA was to achieve improved coordination of Federal and State programs providing education, employ-

ment, and training services to the unemployed and disadvantaged populations. New structures were created at the State and local levels to undertake this task, and financial incentives were introduced to spur this effort.

Since the enactment of JTPA. the Committee has closely monitored its implementation, paying particular attention to the level and quality of services provided to those individuals who are most in need of assistance, and who are also the most likely to become long-term welfare dependents in the absence of effective work-related programs.

During the last 25 years, the House Education and Labor Committee has consistently and continuously demonstrated its commitment and concern for America's poor and unemployed, particularly those individuals with dependent children. Through its extensive oversight and legislative activities, this Committee has developed an invaluable repository of knowledge and expertise in the related areas of work and welfare.

Summary of Revised Title I of H.R. 1720 as Reported by the Committee on Education and Labor

The following is a summary of the legislation as approved by this Committee:

Purpose: To establish the Fair Work Opportunities Program to assure that needy children and parents obtain the education, training, and employment which will help them avoid long-term welfare dependence.

1. *Funding of Fair Work Opportunities Program:* Under the legislation approved by the Education and Labor Committee, the education, training, and work program would be funded (alternatively or in combination) through two sources:

(a) An entitlement program would begin in fiscal year 1990 through Title IV-A of the Social Security Act under which State funding would be reimbursed 65 percent by the Federal Government (this was also in the bill reported by the Ways and Means Committee). These funds would also be available for carrying out the Title IV-C work and training program.

(b) Appropriations would be authorized up to $65 million for fiscal year 1988 and such sums as may be necessary for succeeding years for the revised Title IV-C Fair Work Opportunities Program with a Federal matching ratio between 70 and 90 percent (above the existing WIN level of $200 million, the next $150 million would be earmarked for child care program improvements specified in the Committee-approved bill).

The Title IV-C authorization of up to $650 million could be appropriated in fiscal year 1988. However, the open-ended entitlement-funded program would begin October 1, 1989 (FY 1990). The Title IV-C authorization would therefore be the sole funding source for the two-year transition period while the Fair Work Opportunities Program is being phased in to succeed the Work Incentive (WIN) program. The Title IV-C work program (regardless of the funding source) requires the approval of the Secretary of Labor.

At the Federal level, the Department of Labor would oversee State-operated work and training programs. At the State level, the

Governor is given the flexibility to designate either the State Welfare Agency, the State Employment Service Agency, or any other State agency as the State Work Initiatives Agency responsible for overall direction of Title IV–C programs designed to meet the employment and training needs of eligible participants.

2. *Participation Requirements and Exemptions:* The Fair Work Opportunities Program would serve two types of participants, mandatory and voluntary. Each adult recipient of family support supplements who is not exempt would be mandated to participate ("mandatory participants") in this education, training, and work program, provided that State resources are available.

Voluntary participants (those who are exempt recipients) shall be actively encouraged by the State to participate in the program and the State must assure the Secretary of Labor that it is doing so.

Each State must notify and fully inform all mandatory and voluntary participants about the education, training, and work opportunities offered under the program.

Exempt from mandatory participation are the following: a person who is ill, incapacitated, or 60 years of age or over; a person who is needed in the home because of the illness or incapacity of another family member; a child under age 16; a person working at least 20 hours per week; a pregnant woman; and a person who resides in an area of the State where the program is not offered.

Parents whose youngest child has attained 1 year of age but not 3 years of age could not be required to participate, but would be encouraged to voluntarily participate in the program if appropriate day care is provided and participation is part-time.

Parents of children 3 to 6 years of age may not be required to participate in work and training programs unless their children are provided with appropriate day care and the parent's participation in work or training is part-time. Parents of children 6 to 14 years old could be required to participate full-time if care is available while such children are not in school or otherwise cared for.

3. *Postsecondary:* If a parent, an adult caretaker, or dependent child attends school or training reasonably expected to lead to employment, such attendance would be regarded as satisfactory participation in the education or training component of the program. The costs of such schooling or training would not be paid by the program but support services could be provided as long as the activities are enumerated in the family support plan.

4. *Special Efforts:* Each State must undertake to develop and provide needed services and activities for families: (1) with a teenage parent or a parent who was under 18 years of age when the first child was born; (2) that have been receiving welfare benefits continuously for 2 or more years; (3) with one or more children under age 6; (4) with a parent that has not been employed during the preceeding 12 months or who lacks a high school diploma or equivalent; and (5) with older children in which the youngest child is within 2 years of being ineligible for family support supplement due to age.

Because resources may not be available to serve all mandatory participants and voluntary participants, first priority will be given to those individuals from both groups who actively seek to partici-

pate in the various programs. Volunteers who drop out of the program are only given priority after serving other mandatory or voluntary participants actively seeking to participate.

5. *Orientation:* The State public assistance agency would be required to provide eligible applicants and recipients of Title IV-A public assistance benefits with orientation to the Fair Work Opportunities Program under Part C, including a description of the obligations of the State to provide necessary supportive services (including child care) that will be available during participation, as well as information about the transitional child care and health coverage that will be available.

6. *Job Search:* Any applicant for family support supplements may be required to accept job search assistance while his or her application is being processed or at any appropriate time during participation in Title IV-C program activities.

7. *Sanctions.* (The provisions on sanctions are under the Ways and Means committee's jurisdiction, and their provisions were not substantively changed in the revised title I of H.R. 1720, as reported by the Education and Labor Committee): Mandatory participants who fail to cooperate during the course of the program would be sanctioned. In the case of a single-parent family, the non-cooperating individual would lose benefits. In the case of a two-parent family, one or both parents could be removed from the entitlement program for failure to cooperate. Regardless of family composition, benefits to the children would continue.

8. *Funding and Matching Requirements:* The Secretary of Labor shall allocate 95 percent of Title IV-C appropriations among the States according to prior allocations and the relative number of family support recipients; and 5 percent shall be set aside for State planning grants, technical assistance, demonstration programs, and incentive bonuses for excelling performance standards. The Federal-to-State matching ratio varying between 70 and 90 percent is designed to encourage more intensive education and training programs.

9. *Assessment and Family Support Plan:* The State work initiatives agency would make an initial assessment of the educational, child care, and other supportive services needs, as well as the skills, prior work experience, and employability of each participant. Assessments would include review of family situation and needs of the children. A family support plant would be developed for the family which would outline activities to be undertaken by family members and the State agency. Participants then would negotiate an agency/client agreement, and the family would be assigned a case assistant. Participants are afforded an opportunity for a fair hearing in any dispute involving the agency/client agreement.

10. *Comprehensive Services:* Comprehensive services to be offered to participants must include education, training, job search, and supportive services. Related support services include adequate child care assistance and transportation, which would be extended up to 1 years after a person secures an unsubsidized job. Participants lacking a high school diploma would be required to participate first in an educational program (remedial education English as a Second Language, etc.) before engaging in any other programs or activities.

11. *Coordination:* State plans would have to meet the coordination criteria in the Governor's coordination and special services plan under the Job Training Partnership Act (JTPA). Services could not duplicate existing activities. Each State plan would be reviewed by the State Job Training Coordinating Council and would also be subject to review and comment by the general public.

12. *Transitional Employment:* Transitional subsidized employment (for wages) is limited to up to 6 months with an option to extend an additional 6 months pursuant to a revised family support plant is individuals are unable to secure unsubsidized employment after at least 6 months of participating in employment, training, or education services (including job search).

13. *Mandatory Workfare Prohibited:* Under the Fair Work Opportunities Program as reported by the Education and Labor Committee, recipients of welfare or other public assistance cannot be required to work off welfare payments.

14. *Work Experience Program:* States may operate a limited work experience program, designed to provide marketable skills so as to move individuals into regular public or private employment. Unpaid work experience, in conjunction with training or education, may not exceed more than 30 hours per week for a period not exceeding 3 months, and an extension for up to 3 months is allowed. Strict rules apply before an individual can be assigned to this program activity, which must be consistent with the participants' family support plan.

15. *Supplementation Assistance:* Provides that no participant can be required to accept work which pays less than the minimum wage. Establishes a program of supplementation assistance for one year after a recipient leaves AFDC to prevent a reduction in level of income (including benefits) as a result of taking a job.

16. *Performance Standards:* Performance standards would be established as a basis for assessing the outcome of activities funded under the Act. Performance standards are to take into account differing benefit levels, economic conditions in the States, and factors related to targeting those most difficult to serve. Funds from the 5 percent set-aside would be used to reward States excelling in the achievement of performance standards.

17. *Labor Protections:* The provisions of sections 142 and 143 of the Job Training Partnership Act (JTPA) apply.

Explanation of Legislative Provisions Approved by Education and Labor Committee

MAJOR FEATURES

Funding and matching requirements

The revised title I of H.R. 1720, as reported by this Committee, would provide two sources of funding work and training programs for assistance recipients. This Committee's provisions would not replace, but instead would augment, the open-ended entitlement funding mechanism which would be established by the Committee on Ways and Means' program.

The Education and Labor Committee's version addresses the gap, under the entitlement funding mechanism reported by the Ways

and Means Committee under which work and training programs would not become fully effective until October 1, 1989 (beginning of fiscal year 1990). Absent a federally-mandated and federally-supported transitional program similar to the current Work Incentive (WIN) program, most States would likely suffer severe hardships in their efforts to continue services to recipients of public assistance. During the interim years (FY 1988 and FY 1989), the Education and Labor Committee's proposed title would enable States to continue education, training, and work services, for both mandatory or voluntary participants who actively seek to improve their prospects for work, through the Fair Work Opportunities Program authorized under the proposed legislation.

In carrying out activities with title IV-C allocations, States would be guaranteed a federal matching ratio of 90/10 up to its fiscal year 1986 allocation for WIN. Above that level, the State would be assured of an 80/20 federal/state match for education and training services, or 70/30 match for administrative expenses and less intensive services such as job search.

A total of $650 million for fiscal year 1988 is authorized to be appropriated. For succeeding fiscal years, a "such sums as may be necessary" authorization is intended to support the education, training and work programs for future eligible participants. Above a level of $200 million, the next $150 million of the amount appropriated for title IV-C is specifically earmarked for child care.

Participation requirements and exemptions

Any recipient of family support assistance payments, who actively seeks to participate in the program, whether or not the recipient is exempt from participation requirements under the proposed legislation, must be given priority for available programs and necessary supportive services. The Committee believes that the provision of services to individuals who seek to participate in education, training, and employment programs authorized under the Act is a logical place to begin the development of a comprehensive federal program to assist families receiving support payments. This emphasis on voluntary participation would reinforce a sense of personal responsibility and initiative among participants in the Fair Work Opportunities Program. The Committee believes that it is neither prudent nor equitable to impose participation requirements on some assistance recipients while others who actively seek to participate are denied access to available programs and services.

Evidence from voluntary programs for AFDC recipients, including the Employment and Training Choices program (known as ET) currently operated by the State of Massachusetts, demonstrates that long-term recipients with more serious barriers to employment will choose to participate in education, training, and employment activities if necessary services are available and if States undertake aggressive outreach and recruitment efforts designed to stimulate and encourage such participation. For this reason, the Committee has strengthened provisions of H.R. 1720 to ensure that all participants are fully informed of opportunities provided through the Fair Work Opportunities Program and given appropriate opportunities to indicate their desire to participate in the program. The Committee intends to require States to make all reason-

able efforts to encourage participation on a voluntary basis, relying upon participation mandates only as a last resort when sufficient numbers of AFDC recipients do not seek to participate in such programs.

State plan

The Committee recognizes that the provision of job-related services to a large number of families not previously served will require the mobilization of many additional State, local, and private resources. The local and community-based entities identified in the Job Training Partnership Act must be involved in the planning, implementation, and delivery of the Fair Work Opportunities Program. The active involvement of community action agencies and other community-based groups is necessary to assure that the outreach and supportive services provided to participants will be appropriate and that the jobs identified will be matched with long-term community needs.

Assessment and family support plan

The State work initiatives agency, under the proposed revision of Title IV-C, would make an initial assessment of the educational, child care, and other supportive services needs, as well as the skills, prior work experience, and employability of each participant. Assessments would include review of the family situation and needs of the children. A family support plan would be developed for the family which would outline activities to be undertaken by family members and the State agency. Participants then would negotiate an agency/client agreement, and the family would be assigned a case assistant. Participants are afforded an opportunity for a fair hearing in any dispute involving the agency/client agreement.

The Committee recognizes that the decisions which participants are asked to make during the assessment and the negotiation of agency/client agreement are of great personal significance and that some participants may not be entirely comfortable with or confident of the initial choices they make during this process. Following even the most thorough orientation and assessment, there are also likely to be some participants who still may not completely understand all of their rights, responsibilities, and opportunities under the program. To assure that participant choices are fully informed and truly reflect the needs and goals of each individual, the proposed legislation (section 435 (b)(1) of the new Title IV–C) therefore requires that, prior to signing the agency/client agreement, each participant be given the opportunity, for a period of up to 10 days, to review the proposed agreement, to request additional information about its terms and contents, and to renegotiate any appropriate provision he or she considers necessary. The Committee intends this review period to be an interactive process and expects that every effort will be made to accommodate participant requests for information and renegotiation through telephone and, when appropriate, face-to-face contact with a representative of the State agency.

The Committee expects that the volume of client intake will be carefully regulated so as to assure that sufficient time is available

to develop a comprehensive and individualized assessment of each participant's needs. Assessment procedures must not be cursory, and each participant's aptitudes, skills, and interests should be explored creatively and in detail. Tests and other assessment techniques recognized as effective in the fields of education and employment training should play an important role in this process.

Range of services

The Committee intends that each State shall provide a range of education, training, and employment services to assistance recipients through the Fair Work Opportunities Program. At a minimum, each State must make available educational services, vocational skills training, job search, and job placement services, counseling, and necessary support services which are responsive to the needs of recipients and their families. In addition, the Committee recognizes that individual States may choose to supplement these core activities with optional programs (such as transitional employment, job readiness activities, on-the-job training, or work experience programs), and authorizes the expenditure of funds available under the proposed new section 416 and title IV–C for these purposes.

Education Provisions

One of the greatest barriers to employment is lack of education. For assistance recipients—who often lack a high school diploma, lack English-speaking skills, or are in need of basic reading and mathematic skills—educational programs are necessary stepping stones to job readiness and job placement activities. In California, for example, the Greater Avenues for Independence (GAIN) Program was enacted in 1985 to improve the work programs for welfare recipients by offering a wide range of education, training, and employment services. The GAIN program requires that anyone without a high school diploma or in need of basic education first must be referred to remediation before being required to participate in other program activities. In 12 out of the 58 counties in California which have implemented GAIN, the latest findings indicate that 57 percent of the participants needed remedial education. A recent General Accounting Office study found that, in States operating work and welfare demonstration programs in 1985, more than half of the participants were put into a job search component, but only 3 percent received remedial or basic education, 2 percent received vocational training skills, and fewer than 5 percent received other education or training services.

Recognizing the importance of educational services for welfare recipients, the Committee-approved legislation authorizes a comprehensive range of educational services to help participants prepare for employment. Early intervention programs are designed to meet the educational needs identified in the participant's initial assessment. The Committee believes that, if a program participant lacks a high school diploma, an education component must be a part of any plan of services that is developed for the individual.

Improvements in basic skills constitute the most effective investment in employability and future self-sufficiency for welfare recipi-

ents who lack a high school diploma. Therefore, provisions in H.R. 1720 were strengthened to ensure that each participant in the Fair Work Opportunities Program would receive appropriate education services before being assigned to other work or training activities. However, the Committee recognizes that a high school diploma or its equivalent may not be an appropriate or realistic goal for some welfare recipients. The Committee does not intend that the attainment of a high school diploma be the only means by which this education requirement can be fulfilled. Instead, it is the Committee's intent to ensure that an appropriate education component, commensurate with the client's needs, be provided as part of the plan of services.

Postsecondary education

Although most persons receiving public assistance are not ready to take advantage of postsecondary education, some welfare recipients are prepared to successfully pursue a postsecondary education program, or may be prepared after receiving a high school degree.

Postsecondary education may take the form of a vocational program (perhaps at a local business or vocational school) or a two-year community college program, or it may lead to a four-year bachelor's degree for some individuals. People who can benefit from postsecondary education should be encouraged to go as far as their ability and motivation can take them, because the ultimate results of achieving a higher education degree often means genuine and lasting self-sufficiency, ending welfare dependence while enabling such individuals to make a full contribution to society.

This legislative provision does not require States to use education and training funds under this legislation to help pay an individual's postsecondary education costs. The federal student aid system is available to help welfarfe recipients meet those costs. The Committee's intention is only to assure that basic welfare benefits not be denied because a recipient chooses to pursue a postsecondary education program, in lieu of participating in the work or training activities.

This provision is designed to assure that States will not restrict the length of time and types of courses welfare recipients may take at the postsecondary level. Welfare recipients should not be told that they will lose welfare benefits unless they abandon higher education in favor of a lower-level job or short-term training program, when they are able to progress satisfactorily in a postsecondary education on a full-time or more than half-time basis.

The U.S. Department of Education reports that, on the average, college graduates in their lifetimes earn an average of $650,000 more than others. The Committee therefore believes that, for those who have the ability to satisfactorily participate, it is a wise investment to enable welfare recipients to achieve a degree at the undergraduate level, in light of the benefits to the individual and society that should ensure after completing such education. The Committee recognizes that college education is a legitimate goal for people seeking to get off welfare.

The Committee therefore has included a provision which assures that welfare recipients may retain their basic subsistence benefits while they pursue or complete an undergraduate program. The

Committee-reported legislation bill provides that an individual who attends an accredited postsecondary institution (on not less than a half-time basis), as long as such individual is making satisfactory progress in a vocational or undergraduate education or training program consistent with the individual's employment goals, shall be deemed to be participating satisfactorily under this program without participating in any other program or activity.

WORK AND TRAINING PROVISIONS

COORDINATION WITH JTPA

Lessons learned from work programs under the Committee's jurisdiction over the last two decades—the Manpower Development and Training Act; the Comprehensive Employment and Training Act; the Work Incentive Program; and the Job Training Partnership Act—have reinforced the importance of coordinating welfare work programs with existing education, training, and employment systems.

Many witnesses testifying before the Committee stressed the importance of using existing education and training systems to the maximum extent possible. The Committee-reported legislation, therefore, promotes coordination of welfare work programs with the Job Training Partnership Act in order to avoid (1) the duplication of existing services and (2) the development of a two-tier employment and training system which needlessly stigmatizes welfare families. To achieve these objectives, the Committee's revised title I utilizes existing partnership institutions credited by JTPA to related activities. Accordingly, the State plan for delivering services to welfare recipients must meet the approval of the Governor's JTPA coordinating council. In addition, the planning and program design for delivering education, training and work programs must include involvement of JTPA business and local government representatives to assure that participants are trained for jobs that are likely to be available in the community. Since the JTPA service delivery system is required by law to serve welfare recipients, the Committee believes that their involvement in planning and program design for the Fair Work Opportunities Program is appropriate.

Transitional employment

Transitional subsidized employment (for wages) is limited to up to 6 months with an option to extend an additional 6 months after review of the family support plan, if individuals are unable to secure unsubsidized employment after participating in employment, training, or education services for at least six months.

The legislation, as approved by the Committee on Education and Labor and by the Committee on Ways and Means, provides crucial investments in education, training, and support services to help adults receiving assistance benefits to move into regular employment. However, these investments will not yield the desired results if jobs at decent wages are not available in the communities across the country. At a time when nearly 8 million Americans remain unemployed and another 5.5 million adults in the labor force are forced to work part-time because they cannot find full-time jobs, it is not enough to discuss the employment needs of assistance recipi-

ents solely in terms of education, training, and support services. If temporary subsidized employment is a necessary step towards achieving unsubsidized employment in the regular economy, then it is in the best interest of the Federal Government and society as a whole to continue to invest in those individuals' employment goals and eventual escape from dependency.

The legislation approved by this Committee authorizes transitional employment for wages as an integral part of any new federal welfare employment initiatives. The transitional employment must be with a public or nonprofit private employer for a period not to exceed 6 months unless, at the end of such 6-month period, additional transitional employment is determined to be necessary in a review and modification of the family support plan. Only after an individual has had an opportunity to engage in appropriate education, training, or work activities for at least 6 months and has been unable to secure unsubsidized employment can that individual be placed in transitional employment.

The Committee does not intend transitional employment to become an open-ended strategy for providing education, employment, and training services to welfare recipients. It is the Committee's intent to ensure that a recipient has had sufficient time to participate in education and training programs before being placed in a transitional employment assignment. Only a minimum, not a maximum, time frame has been established for participation in the Fair Work Opportunities Program before a welfare recipient can participate in transitional employment. The Committee expects that participants will have had time to make progress in the education and training programs, in accordance with their family support plan prior to a transitional employment placement.

Work experience program

Current law embodies a contradictory approach to work experience programs for economically disadvantaged individuals. Under the Job Training Partnership Act, work experience activities must be closely linked to training and limited to 6 months. Under the Community Work Experience Program (CWEP) as authorized in the 1981 Omnibus Budget Reconciliation Act, States could require ongoing work experience assignments for its AFDC recipients without any meaningful coordination with training activities. Participants in CWEP assignments work off their welfare grants in jobs with public or private nonprofit agencies. These unlimited "workfare" programs generally do not enhance the employability of participants and often appear to be punitive "make-work" assignments. Furthermore, there is considerable potential for abuse of mandatory work assignments under CWEP. The Committee is concerned about reports from New York, Pennsylvania, and Mississippi that regular employees are being replaced with uncompensated CWEP participants.

This Committee recognizes that the modified CWEP provisions in Title I of H.R. 1720, as reported by the Ways and Means Committee, seek to improve the current program insofar as it links work experience with training, provides a time limitation and prohibits repeat assignments. However, under the Ways and Means' provisions, a State may assign a participant to a CWEP activity without

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giving the individual an opportunity first to participate in other education or training activities.

The amended Title I of H.R. 1720, as reported by the Education and Labor Committee, deletes the CWEP authorization. The legislation, as approved by this Committee, would authorize work experience programs among the optional, comprehensive range of services offered to assist participants to prepare for and to secure employment. States may provide marketable work experience and training through a combination of work experience and vocational training or educational activities as part of a planned sequence set forth in the participant's family support plan. Work experience programs must be able demonstrably to provide marketable skills to individuals with no previous work experience, to upgrade existing skills, or to transform obsolete skills into marketable skills. A participant in a work experience assignment performs unpaid work experience (which, in conjunction with training, may not exceed a maximum of 30 hours per week) for a period not exceeding 3 months. One repeat assignment up to 3 months is allowed if the following conditions are met: (1) the repeat assignment is requested by the participant and such request is reflected in a modified family support plan; or (2) such repeat assignment would lead to regular employment in an on-the-job training position. The work experience assignment must be part of a planned sequence of work experience and vocational training or educational activities.

The Committee allows an extension for only one additional 3-month period. No further extensions are permitted. Furthermore, specific requirements are provided under which a work experience placement can be extended or repeated. Unless those requirements are met, a work experience placement cannot be extended. The Committee does not intend work experience to become an open-ended strategy to provide services to welfare recipients.

Performance standards

Under the Fair Work Opportunities Program, the Secretary of Labor, on the basis of recommendations received from an advisory committee and the Office of Technology Assessment, would be responsible for establishing program performance standards. These standards, to be used for evaluating program success and determining eligibility for incentive grants available (under section 432(b)(2) of the revised Title IV–C) under this Committee's legislation, are to be measured in terms of reasonably-expectable outcomes rather than simply levels of program activity or participation. The use of this type of performance measurement is intended to encourage States to recognize appropriately the greater difficulties and barriers to self-sufficiency facing program participants.

Performance standards shall take into account job placement rates, job retention, reduced levels of welfare payments under the State plan, improved educational levels of participants, and the extent to which participants are able to obtain jobs providing health benefits or child care.

In the development of any performance standard which takes into account improvements in educational levels, the Committee does not intend this standard to imply any authority to create or develop a national test by which these improvements will be meas-

ured. The Committee intends that the prohibition against Federal control of education, as contained in section 145 of the Job Training Partnership Act, apply to the education programs provided under this legislation. Additionally, the Committee expects that in the development of performance standards, appropriate recognition will be given to the difficulties that might occur in serving individuals with greater barriers to employment. Therefore, the Committee encourages the Secretary of Labor to examine the feasibility of implementing a performance standard system which weights performance outcomes based upon the severity of these employment barriers.

Guidelines intended to permit appropriate variations shall be included in the performance standards, in order to allow for differing conditions, including unemployment rates, which exist in the States. The Governors of the States will be required to vary the standards, in accordance with these guidelines, to the extent necessary to allow for specific economic, geographic, and demographic factors; the characteristics of the population to be served; and the types of services to be provided in their State.

For the purpose of developing proposed performance standards which meet the requirements of the Fair Work Opportunities Program the Secretary of Labor is to establish an advisory committee composed of representatives of State agencies administering welfare work programs, State job training coordinating councils, labor organizations, business organizations, education agencies, community-based organizations, and organizations representating eligible participants. The proposed standards developed by this advisory committee are to be submitted to the Office of Technology Assessment (OTA), for a period not exceeding 30 days, for review and comment prior to their submission to the Secretary. The comments of the OTA on the proposed standards shall be included in the documents submitted to the Secretary by the advisory committee.

In order to assist in the development of the performance standards, the Secretary may collect preliminary program information from the States, and, in addition, shall have access to information developed through initial State evaluations authorized under this part. Additionally, the 5-percent set-aside available to the Secretary for technical assistance and planning grants under sections 432(b) (1) and (2) may be used by the States to help them meet or exceed performance standards.

Preliminary guidelines intended to facilitate compliance with the performance standards shall be established within 12 months after enactment of the Family Welfare Reform Act of 1987. Final performance standards are to be established, prescribed, and published no later than 24 months after enactment of such Act. In fulfilling performance standards requirements, the States are encouraged to target services towards those individuals hardest to place in unsubsidized employment on the basis of work experience, duration of welfare dependency, and educational attainment.

The Secretary shall be evaluating each State's progress towards meeting the performance standards at the completion of each fiscal year for which a state may be held accountable. If a State fails to meet the performance standards, the Secretary is required to provide the State with the technical assistance it needs in order to

meet the standards. After this assistance is provided, the State's compliance shall be reviewed again by the Secretary within a 6-month period. If a State meets or exceeds the performance standards, they become eligible for incentive funds available under section 432(b)(2) of the Fair Work Opportunities Program and the amount of any such reward shall be determined by the Secretary of Labor. In addition, States which receive incentive monies (from the 5 percent reserved funds) are obligated to share an appropriate portion of that incentive bonus with local service providers whose performance was responsible for such award.

The Secretary shall periodically, but not more often than once every three years, review the performance standards. Any recommended changes are required to be submitted to the advisory committee and the Office of Technology Assessment for their review and comment before any revisions of the standards are prescribed.

The Committee believes that these performance standards, which place emphasis on program outcomes rather than program placements, represent a substantial improvement over provisions in the bill as reported by the Ways and Means Committee.

Initial State evaluations

The Committee recognizes that States need to have accurate and usable information in order to comply with the purposes of the Fair Work Opportunities Program. Therefore, the Committee-reported legislation provides that each State shall be allotted a one-time grant of $100,000 for the purpose of gathering and making available to the Secretary of Labor information on the welfare population, labor market needs, and other data on which to base estimates of future demands for education, training and work services for assistance recipients, as well as to conform with the uniform reporting requirements and performance standards requirements of the Act. It is the responsibility of the Governor-designated State administering agency to design and undertake this evaluation. The State agency will have six months following enactment of the Act to transmit its evaluation to the Secretary of Labor. The Secretary in turn provides the data to the advisory committee and to the Office of Technology Assessment for preparation of performance standards. The Secretary of Labor is to supply the States with whatever data and technical assistance is necessary in order for them to carry out the evaluation specified in this Act. The intent of this provision is to improve the efficiency of targeting and service allocation under this program and to be a source of baseline data in the development of performance standards.

Labor benefits and labor protections

The benefits and labor standards provisions of the Job Training Partnership Act (sections 142 and 143) are made applicable to all programs under part C and section 416, and to any work programs under the Act.

In addition, the Committee-reported legislation assures that no participant can be required to accept work which pays less than the minimum wage and further established a program of supplementation assistance for one year after a recipient leaves welfare

to insure that a reduction in the level of income (including the value of health benefits) does not occur as a result of taking a job.

Nondiscrimination provisions

The Committee-reported legislation establishes grievance procedures relating to allegations of discriminatory treatment under any program activity or work assignment under the Act. The Committee has consistently acted to assure equal protection for participants in education and labor programs. The provisions of section 167 of the Job Training Partnership Act (relating to non-discrimination) would apply to complaints in program activities under section 416 and part C of title IV, and any work program operated under the Social Security Act. For complaints of employment discrimination, participants of any work program under such Act would be afforded the same rights are available to other employees under any fedeal, State, or local law prohibiting discrimination in employment.

Demonstration Programs

EARLY CHILDHOOD DEVELOPMENT

The Committee has a long standing commitment to quality education programs, whether the program is designed to address the needs of preschool age children or adults dislocated from longstanding employment situations. The Committee-approved legislation would authorize several demonstration programs to address issues such as reducing dropout rates and providing in-home child development programs for preschool children to enhance their cognitive and linguistic ability.

The Committee believes that the design, administration, and implementation of such programs should benefit from the experience and research already available, or be jointly operated in concert with other such demonstration programs. For this reason, the Committee intends that child development programs shall include parental involvement and shall focus on the improvement or acquisition of reading, writing, and speaking skills. Such involvement improves the skills not only of the child, but of the parent as well.

Further, the Committee believes that programs designed to address the concern of dropout youth cannot ignore the programs already operated through local educational agencies and community based organizations. Such programs should not only address the problems of youth once they have dropped out, but also the issue of dropout prevention.

Supported work in the private sector

The Committee-reported legislation authorizes the Secretary of Labor to provide financial assistance for demonstration projects to test the effectiveness of utilizing a performance-based contracting method of having private organizations operate supported work programs to place participants in full-time positions in the private sector.

For example, private organizations could enter into performance-based contracts with the appropriate State agency to operate supported work programs which would place a specified number of

AFDC recipients in permanent unsubsidized private sector jobs during a given time period. The Federal subsidy would not exceed 9 months. The program operator would carry out the project under a performance-based contract, but the operator would not receive any portion of its fee, until the individual has been hired by the private company and has remained there for 30 days after the supported work component is completed. The total fee would not be paid until the individual has remained in the job for 90 days. The program operator would pay at least the minimum wage and fringe benefits during the supported work period. This wage could be paid by the program operator from grant diversion monies. At the end of the supported work period, the worker would become an unsubsidized worker. The program operator would remain available to resolve any problems which might develop for a period specified in the contract with the State agency.

Community development corporations

The Committee has authorized a job creation demonstration program using nonprofit community development corporations (CDCs). Under this demonstration program, funds made available from the 5-percent set-aside for the Secretary's discretionary funding may be used by CDCs for venture capital to create jobs and business opportunities for individuals eligible under this Act. The Committee will expect the Secretary to make available to the State information on the Community Economic Development program operated by the Office of Community Services (OCS) in the Department of Health and Human Services and to work with the States to promote joint projects with OCS. The term "community development corporation" refers to any nonprofit organization defined under section 681 (a)(2)(A) of the Community Services Block Grant Act.

Community-based organizations

The Committee has noted the development of numerous local comprehensive Family Support Programs by community action agencies in several states including Project Uplift in Baltimore, the Bridge program in Lafayette, Georgia, and others. The demonstrations are intended to provide and evaluate models of such comprehensive family service programs in conjunction with state welfare departments and community action agencies and other community-based organizations.

Child Care Provisions

The General Accounting Office's report on work and welfare, issued in January 1987, noted that about 60 percent of the AFDC work program respondents were unable to participate due to lack of adequate child care. Reports from California's GAIN Program and Massachusetts' ET Program illustrate the fact that quality child care is a necessary ingredient to successful transition from welfare to work programs.

H.R. 1720 recognizes that quality child care must be available if parents with children are to participate in work and training programs. To help assure that child care resources are available for program participants, this Committee's revised title I requires an

assessment of existing child care resources and of their ability to meet the increased demand that will result from the enactment of this legislation. The assessment is to be conducted prior to, or in conjunction with, the expediture of child care funds in order that states have realistic information not only about the child care resources available, but also how much they cost and where shortages exist. To the extent that such information is available prior to implementation of a work and training program, states will have an enhanced ability to develop additional child care resources that will enable greater numbers of parents with children to participate.

PARTICIPATION OF PARENTS WITH CHILDREN

This proposed legislation authorizes states to permit and encourage the participation of mothers with children between the ages of 1 and 3 if adequate child care is available. Testimony before the Committee indicated that many mothers with young children are eager to participate in work and training programs and volunteer to do when child care is available. Mandatory participation requirements are not necessary to bring about an increased desire to participate by parents of young children. But a significant concern is the enormous shortage of infant care which makes mandatory participation difficult to implement. Because quality infant care is expensive, the $200 a month limitation on the rate of reimbursement for child care to this age group under title II of H.R. 1720, while an improvement over existing law, could have the unintended result of forcing mothers to leave infants in substandard care.

The two major state welfare efforts, California's Greater Avenues for Independence (GAIN) Program and Massachusetts' Employment and Training (ET) Choices Program, recognize the importance of offering child care to school-age children and young adolescents. The bill similarly extends the guarantee of child care to parents of unattended children up to age 15 when it is needed in order for the parent to participate in work and training programs. Care is to be limited to such times as the parent is participating in work and training programs and the child is not in school or otherwise receiving care. The care also must be appropriate to the age and needs of the child.

The Committee is aware that children in this age group may already be involved in supervised after-school activities or that a parent may determine that supervised care is not a prerequisite to participating in a work and training program. In such cases, the parent retains the option of not seeking child care services. While parents are not required to avail themselves of child care services, it is important that they be provided when needed. Young school-age children should not be left to face empty houses or to hang out on unsafe streets.

Early adolescence is also an important time in the development of children. After-school experiences not only provide a safe, supervised environment for young adolescents, but also help to build basic skills and offer positive peer and adult relationships. Effective programs can help reduce the drop-out rate and reduce juvenile delinquency as well as impact the future employability of

these youth. If these programs are not available for those who need them, future alternatives for such children could include dropping out of school, or succumbing to drugs and other illegal activities.

While the Committee amendments prohibit mandatory participation of parents unless appropriate child care is guaranteed, they also contain several provisions intended to expand the availability of quality child care so that more parents will be able to participate in work and training programs. First, the bill authorizes $150 million for child care under Title IV–C, which may be used to increase the supply of both center-based and family day care providers and to provide the training that is crucial to ensure an adequate supply of competent staff. Specialized training in child development and early education has repreatedly been shown to affect children's social and cognitive gains in early childhood programs. Properly trained staff have skills which enable them to hold the attention of groups of children with different abilities and interests, to promote positive social interaction, and to provide special attention to each child. Training must be an on-going activity to meet the demands of new child care providers coming into the field and to keep existing providers current with new early childhood developments as well as with health and safety concerns. To maximize resources for early childhood care, and to take advantage of existing high quality early childhood development programs, states are encouraged to coordinate child care services with Chapter 1, Head Start and other preschool so that these programs may provide full day and full year services to participating families.

Orientation

To further improve the ability of parents to find quality child care, the orientation provisions of H.R. 1720 are revised to ensure that adequate child care information is provided by a representative of a resource and referral program or a person familiar with child care. A properly conducted child care orientation session will help parents understand their child care options, how to look for and recognize quality child care, and what care is available in their communities. This would improve the chances that parents will receive the help they need to make an appropriate child care choice. The revised legislative language further provides that parents shall be assisted in finding appropriate child care that meets the standards specified in Title II and that provides a save, healthy and supportive environment including at a minimum: (1) unlimited parental access; (2) posting in clear public view the appropriate telephone number for filing any compliant regarding child care quality, and health or safety violations; and (3) compliance with all local health and fire and safegy standards.

Standards

Title II of H.R. 1720 requires that child care providers must meet applicable standards of state and local law or standards established by the state which, at a minimum, ensure basic health and safety protection. To help protect against the possibility of standards (which exceed the minimum) being relaxed for the purposes of this Act, the proposed legislation prohibits states from lowering standards in place on the date of enactment of H.R. 1720. The Commit-

tee does recognize that most states review their licensing requirements on a periodic basis. It is the Committee's intent that states have the flexibility to alter standards based on changes in current practice in childhood development, health and safety procedures, or other factors affecting the quality of care.

Reporting requirements regarding child care

The Secretary of Health and Human Services is required in establishing uniform reporting requirements, to include information on the child care cost for participating families, the type of care provided, and the number of children in each age group.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(l)(3)(C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 4, 1987.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on Education and Labor, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared this cost estimate for amendments to H.R. 1730, the Family Welfare Reform Act of 1987, as ordered reported by the House Committee on Education and Labor on July 15, 1987. H.R. 1720 was ordered reported by the House Committee on Ways and Means on June 10, 1987.

This estimate provides the spending impacts of the Committee on Education and Labor amendments to Title I of H.R. 1720. The table below shows the original estimate of H.R. 1720's impact on spending, the Committee on Education and Labor changes to spending, and the resulting estimated spending totals for the bill as amended.

TABLE 1.—ESTIMATED COST TO THE FEDERAL GOVERNMENT—ALL TITLES OF H.R. 1720

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Ways and Means bill: Budget authority/estimated:					
Authorization level	725	521	1,208	1,593	1,775
Estimated outlays	192	520	1,214	1,599	1,780
Education and Labor Amendments: Budget authority/estimated:					
Authorization level	645	656	649	700	746
Estimated outlays	515	652	710	696	742
Total spending. Budget authority/estimated:					
Authorization level	870	1,177	1,857	2,293	2,521
Estimated outlays	707	1,172	1,924	2,295	2,522

The Education and Labor Committee amendments deal only with Title I of the bill, which would provide for work, education, and

training for receipients of Aid to Families with Dependent Children (AFDC). The amendments would make numerous changes in Title I. Only those which would affect estimated costs are noted here. The amendements would add a new authorization in Title IV–C of the Social Security Act, modfying the Work Incentive Program (WIN). The authorization would provide $650 million in fiscal year 1988 and such sums thereafter. Of this amount, $150 million would be for child care-to assess resources, train personnel, establish and renovate child care centers, and reimburse child care expenses of work program participants and recipients who would leave AFDC with jobs. In fiscal years 1988 and 1989, 5 percent of the appropriation would be for planning grants, technical assistance, and demonstration projects. States would have to provide funds equal to certain percentages of funds appropriated for the $650 million authorization. Specifically, on any share equal to the 1986 WIN appropriation ($234 million), states would have to provide 10 percent of funds; on spending on education, training, child care, and supportive services above the 1986 WIN level, 20 percent; and on remaining spending, 30 percent.

The open-ended entitlement under the IV–A (AFDC) program with a federal match rate of 65 percent and a state match rate of 35 percent on work program expenses and 50 percent each on administrative expenses would continue as in the Ways and Means bill. However, the maintenance of effort provisions that would require states to continue spending at current levels was removed by the Education and Labor amendments.

The amendments would provide generally for the same types of allowable services as in the Ways and Means bill, except that Community Work Experience Programs (workfare) would be precluded. However, Work Experience Programs, involving unpaid work experience in conjunction with training, could be used for at least three months per participant and in some cases for as long as six months. In addition, the same general priorities among participants that are in the Ways and Means bill would remain in the amended version.

Basis of Estimate

The spending change from the Education and Labor amendments shown in Table I reflects two modifications from the original bill: the addition of the IV–C authorization and a reduction in IV–A entitlement spending. The stated authorization of $650 million in 1988 was inflated in the outyears by CBO's projections of the GNP deflator for state and local purchases. Outlays were estimated assuming that 90 percent of a year's authorization would spend in year 1 and 10 percent in year 2. To account for some startup delays, however, the first year's authorization was assumed to spend only 80 percent in year 1, 10 percent in year 2, and 10 percent in year 3. Both the spendout rates and the inflation index are consistent with those used in estimates of the WIN program. Based on CBO's estimate, the authorization would rise from %650 million in fiscal year 1988 to $791 million in fiscal year 1992. Estimated outlays would rise from $520 million to $787 million in fiscal years 1988 and 1992, respectively.

Costs of the open-ended entitlement in the IV–A program would decline from the Ways and Means bill because of the removal of the maintenance of effort language. The Ways and Means bill reduced the state match rate on work program expenses from 50 percent to 35 percent and CBO's estimate assumed that all resulting state savings would be put back into work programs. Without the maintenance of effort language, states could choose to retain all of the savings from the reduced state match, put all of the savings back into work programs, or do something in between. CBO's estimate of the Education and Labor amendments assumed that one-half of state savings would be put back into work programs. Thus the costs of the entitlement, and the numbers of work program participants under the entitlement, would be reduced from the Ways and Means bill. Entitlement spending—in the AFDC, Medicaid, and Food Stamp programs—is estimated to be $5 million lower in 1988 and $45 million lower in 1992 as a result of the Education and Labor amendments.[1]

This cost estimate follows CBO procedures in the treatment of authorized programs. The estimate assumes, first, that the authorization would be fully apropriated. Second, effects of the authorization on entitlement programs are not accounted for because CBO's estimates for budget control purposes do not normally count potential secondary budget effects on entitlement programs from changes in authorizations or appropriations of discretionary programs. For example, the reductions in welfare spending as a result of the authorized spending on work and training programs are ignored, as are any effects of the authorized spending on the open-ended entitlement in the IV–A program. In order to permit comparisons of cost projections for the original Ways and Means bill and the Education and Labor amendments and between the amended bill and CBO's baseline spending estimates, however, the next section provides cost projections showing multiple interactions between the IV–C authorization and entitlement spending.

Effects of H.R. 1720 as amended by the Education and Labor Committee

Four major interactions were considered in the following estimates of effects. First, federal outlays stemming from the authorization were reduced by spending for WIN, which is included in CBO's baseline. Thus, the effects of the work program were estimated to be over and above those currently taking place under the WIN program. Second, outlays were further reduced by a portion of current spending on AFDC (IV–A) work programs Part of the authorization would merely substitute for current spending, leading to no outlay increase and no increase in participation in work programs. The authorization would not substitute for all current spending because some states with large work programs would receive an allocation from the authorization that would be smaller than their current sending. CBO estimated that 75 percent of current federal spending under the IV–A program would be funded under the authorization, based on data for California and Massa-

[1] Technically, the Food Stamp program is authorized and is not an entitlement.

chusetts. (For total current spending on work programs, some of which is state-only money, CBO estimated that about 55 percent would be funded under the authorization.) As a result of these two changes, federal costs of the work program under the Education and Labor amendments would be only 60 percent to 70 percent of costs underlying the estimate in Table 1.

A third adjustment was made to allow for savings in welfare programs—AFDC, Medicaid, and Food Stamps—from the additional outlays on work programs from the authorization (less the offsets just discussed as well as deductions for the child care authorization, spending on planning grants and demonstrations, and spending on employment plans and client-agency agreements). This adjustment makes the treatment of the authorization and the entitlement spending consistent in that both would then show identical welfare savings for each new dollar spent on work programs.

Finally, the open-ended entitlement under the IV-A program was reestimated to allow for some spending—for example, on child care and on employment plans and agreements between the welfare office and AFDC recipients—that would now take place under the IV-C authorization.

Table 2 shows the estimated effects of the original Ways and Means work program, the Education and Labor amended work program, and the differences between the two. The estimated effects on Federal outlays of the Ways and Means work program are equal to CBO's official estimate of Federal costs of the work program, although this is not true for the Education and Labor amendments, as discussed above.

TABLE 2.—ESTIMATED EFFECTS OF H.R. 1720 WORK PROGRAMS—FEDERAL OUTLAYS

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Ways and Means Bill:					
Work program costs	16	105	310	350	370
Welfare savings	−1	−8	−35	−80	−115
Net costs	15	97	275	270	225
Education and Labor Amendments:					
Work program costs	330	525	750	730	770
Welfare savings	−1	−15	−70	−135	−185
Net costs	329	510	680	595	585
Difference:					
Work program costs	314	420	440	380	400
Welfare savings	(1)	−7	−35	−55	−70
Net costs	314	413	405	325	330
Affected families (by fiscal year, in thousands)					
Ways and Means Bill:					
Number of additional participants in work programs [2]	5	35	100	110	115
Cumulative number of families off of AFDC as a result of work programs [2]	(3)	2	5	15	25
Education and Labor Amendments:					
Number of additional participants in work programs [2]	5	90	180	150	150
Cumulative number of families off of AFDC as a result of work programs [2]	(3)	3	15	30	40

TABLE 2.—ESTIMATED EFFECTS OF H.R. 1720 WORK PROGRAMS—FEDERAL OUTLAYS—Continued

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Difference:					
Number of additional participants in work programs [2]	([3])	55	80	40	35
Cumulative number of families off of AFDC as a result of work programs [2]	([3])	1	10	15	15

[1] Less than $500,000.
[2] These are additional work program participants and additional families off of AFDC as a result of the bill's work programs, and are additions to current law levels.
[3] Less than 500 families.

As shown in the table, the Education and Labor amendments would add an estimated $314 million in 1988 and $400 million in 1992 to the costs of work programs in the Ways and Means bill. As a result, there would be from 35,000 to 80,000 more participants in work programs each year after 1988 and 15,000 more families off of AFDC by 1992. Welfare savings would be higher by $7 million in 1989 and by $70 million in 1992. The basis of these estimates is discussed in the CBO cost estimate of the Ways and Means reported bill.

These effects on federal costs and savings of the Education and Labor amendments may be overstated for several reasons. Title II of the Ways and Means bill would mandate six months of reimbursable child care for those families who left AFDC with jobs. Some of the costs of this provision could be covered under the $150 million of the IV–C authorization earmarked for child care, but it is not possible to know how states might choose to allocate these child care funds. Second, this estimate was done as if the IV–A entitlement spending were independent of the amounts authorized. In reality, states would probably reduce their spending under the entitlement as a result of their allocations under the IV–C authorization. Finally, some states who are currently spending little on AFDC work programs might choose not to match their full allocation under the authorization, which would be considerably higher than their current WIN allocation.

State Costs

The Education and Labor amendments would reduce work program costs of state and local governments, and lower their overall costs from H.R. 1720. The reduced costs would result in part from the substitution of federal spending for current state and local spending on work programs. In addition, states and localities would share in the increased welfare savings in AFDC and Medicaid from the amendments.

TABLE 3. ESTIMATED COST TO STATE AND LOCAL GOVERNMENTS—ALL TITLES OF H.R. 1720

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Ways and Means Bill	141	201	345	371	272
Education and Labor Amendments	−68	−34	−78	−126	−136
Total cost	73	167	267	245	136

If you wish further details on this estimate, please call me or have your staff contact Janice Peskin (226–2820).

With best wishes,

Sincerely,

EDWARD M. GRAMLICH,
Acting Director.

COMMITTEE ESTIMATE

With reference to the statement required by clause 7(a)(1) of Rule XIII of the Rules of the House of Representatives, the Committee accepts the estimate prepared by the Congressional Budget Office.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of Rule XI of the Rules of the House of Representatives, it is the Committee's estimate that the enactment of this legislation will have no inflationary impact on prices and costs in the operation of the national economy.

COMMITTEE FINDINGS

With reference to clause 2(l)(2)(A) of Rule XI of the Rules of the House of Representatives, the Committee held three legislative and oversight hearings in the 100th Congress as described under "Committee Action" which contributed to the consideration of this legislation.

STATEMENT REGARDING OVERSIGHT REPORTS FROM THE COMMITTEE ON GOVERNMENT OPERATIONS

In compliance with clause 2(l)(3)(D) of Rule XI of the Rules of the House of Representatives, no findings or recommendations of the Committee on Government Operations were submitted to the Committee with reference to the subject matter specifically addressed by this legislation.

SECTION-BY-SECTION-ANALYSIS OF TITLE I OF H.R. 1720 AS REPORTED BY COMMITTEE ON EDUCATION AND LABOR

TITLE I—FAIR WORK OPPORTUNITIES PROGRAM

Sec. 101. Establishment of Fair Work Opportunities Program

This section amends section 402(a)(19) of the Social Security Act to require States to have in effect and to operate a Fair Work Opportunities Program approved by the Secretary of Labor as Meeting all of the requirements of section 416 and of part C of this title.

Subsection (b) amends part A of title IV of the Social Security Act to add a new section as follows:

Sec. 416. Fair Work Opportunities Program

Subsections (a) and (b) of this section set forth the purpose of the Fair Work Opportunities Program and require each State to participate.

Subsection (c) sets forth participation requirements, and provides that the State shall actively encourage "voluntary participants" (defined as those who are exempt from participation) to participate

in the program, and assure the Secretary of Labor that it is doing so. Those exempt from "mandatory participation" are set forth in paragraph (3) as follows: a person who is ill, incapacitated, or 60 years of age or over; a person who is needed in the home because of the illness or incapacity of another family member; a child under 16; a person working at least 20 hours per week; a pregnant woman; and a person who resides in an area of the State where the program is not offered.

Parents whose youngest child has attained 1 year of age but not 3 years of age could not be required to participate, but would be encouraged to voluntarily participate in the program if appropriate day care is provided and participation is part-time.

Parents of children 3 to 6 years of age may not be required to participate in work and training programs unless their children are provided with appropriate day care and the parent's participation in work or training is part-time. Parents of children 6 to 15 years old, inclusive, could be required to participate full-time if care is available while such children are not in school or otherwise cared for.

Paragraph (4) provides that if the parent or other caretaker, relative, or any dependent child in the family attends a school, an accredited post-secondary institution, or a course of vocational or technical training which can reasonably be expected to lead to employment, such attendance shall constitute satisfactory participation in the education or training component of the program so long as it continues, and the Family Support Plan shall so indicate. "Appropriate day care" is defined in paragraph (5).

Subsection (d) requires that special efforts shall be taken by the State to make the most effective use of its available resources to develop and provide needed services to certain groups most at risk of long-term dependency as set forth in subparagraphs (1) through (5).

Subsection (e) requires that first consideration shall be given to those (whether mandatory or voluntary participants) who actively seek to participate in program activities.

Subsection (f) requires the State to provide each applicant for family support supplements full information (verbally and in writing) about the opportunities offered by the Fair Work Opportunities Program under part C and the rights, responsibilities, and obligations of the participants in the program, and obligations of the State agency to provide necessary supportive services (including child care), description of transitional child services, and health coverage transitional options. It also sets forth requirements regarding detailed information to be provided to participants about quality child care services.

Subsection (g) establishes a job search component that an applicant for family support supplements may be required to participate in, or may be assisted with, after his or her initial assessment, education or training, and at other appropriate times as may be set forth in the agency/client agreement.

Subsection (h) sets forth the sanctions if a participant fails without good cause to comply with any requirement imposed with respect to his or her participation in the program.

Subsection (i) permits the State to institute a work supplementation program (as further described in this subsection) and provides that any State may reserve the sums which would otherwise be payable as family support supplements for the purpose of providing and subsidizing jobs (as defined in subparagraph (C)) for such participants.

Subsection (j) requires the Secretary to establish uniform reporting requirements under which each state will be required periodically to furnish such information and data as the Secretary may need to ensure that the purposes and provisions of this section are being effectively carried out and establishes minimum requirements.

Section (c) amends Part C of title IV of the Social Security Act as follows:

PART C—FAIR WORK OPPORTUNITIES FOR FAMILY SELF-SUFFICIENCY

Sec. 431. Definitions

This section defines the terms "recipient," "mandatory participant," "voluntary participant," "Secretary," "State work initiatives agency," "State public assistance agency," "postsecondary institution," and "appropriate day care."

Sec. 432. Authorization and Allocation of Funds

The sum of $650,000,000 is authorized to be appropriated to carry out this title for fiscal year 1988, and such sums as may be necessary for each succeeding fiscal year.

From any amount appropriated under this part in excess of $200,000,000 for any fiscal year, $150,000,000 shall be reserved for purposes of providing child care under this part.

Five percent of the amount appropriated is reserved in fiscal years 1988 and 1989 for the Secretary to provide the States with technical assistance, planning grants, and demonstration programs. In each succeeding fiscal year, the same five percent shall be available by the Secretary to the States for demonstration programs and to those States which the Secretary determines are excelling in meeting the terms of the performance standards under section 438.

The remaining 95 percent shall be allocated by the Secretary among the States, taking into account each State's prior year allocations and the relative number of recipients in the various States during the most recent year for which satisfactory data are available, to carry out plans approved under section 434. Amounts allocated under this section to any State are in addition to any amount payable to such State for use under section 416 and this part pursuant to section 403(a)(4) (as amended by section 102 of the Family Welfare Reform Act of 1987).

This section also provides for a varying State matching requirement of 10, 20, or 30 percent of each State's allocation, to be provided in cash or in kind, to fund a portion of the costs of providing services under this part.

Sec. 433. State Work Initiatives Agency

This section requires the Governor of each State to designate a State work initiatives agency responsible for developing the State

plan and administering the Fair Work Opportunities Program under this part, the State public assistance agency, the State employment services agency, or another agency of State government.

Sec. 434. State Plans

In order to qualify for incentive grants and to receive an allocation for any fiscal year, the State is required to develop and submit to the Secretary a State plan which sets forth specified provisions and assurances.

The State plan shall be published and made reasonably available to the general public for public comments not later than 30 days before submission of the plan to the State job training coordinating council.

The State work initiatives agency shall submit the plan to the State job training coordinating council, to the Governor of the State, and to the Secretary.

Sec. 435. Assessment and Family Support Plan

The State work initiatives agency shall make an initial assessment of the educational, child care, and other supportive services needs, as well as the skills, prior work experience, and employability of each participant.

Assessments would include a review of the family situation and needs of the children. A family support plan would be developed for the family which would outline activities to be undertaken by family members and the State agency.

An agency/client agreement would be negotiated and entered into after the initial assessment and the development of the family support plan between the State work initiatives agency and the participant, and the family would be assigned a case assistant.

Each participant shall be afforded an opportunity for a period not to exceed 10 days to review the proposed agreement and also afforded an opportunity for a fair hearing in any dispute involving the agency/client agreement.

Sec. 436. Comprehensive Education, Training, Job, and Support Services

This section sets forth the comprehensive services that shall be offered under this part which includes job search services, education programs, training programs, necessary support services, counseling, information, referrals, job development, job placement, and follow-up services to assist participants in securing and retaining employment and advancement. Comprehensive services may also include transitional employment.

Participants shall be provided such related support services as are necessary to enable their participation in the program.

The State agency shall determine if the parent or caretaker is to be entitled to reimbursement for the costs of any appropriate day care reasonably necessary for his or her employment. The reimbursement is for a period of up to 12 months, under a sliding scale formula established by the State which shall be based on the family's ability to pay.

Participants lacking a high school diploma shall participate first in an educational program before engaging in any other programs or activities.

Attendance by any individual at an accredited postsecondary institution (or not less than a half-time basis) shall be deemed satisfactory participation under this part without participating in any other program or activity so long as the individual is making satisfactory progress in a program consistent with his or her employment goals.

State may operate a limited work experience program designed to provide marketable skills so as to move individuals into regular public or private employment. Unpaid work experience, in conjunction with training or education, may not exceed more than 30 hours per week for a period not to exceed 3 months with an extension of up to 3 months allowed as set forth in subparagraph (5).

Sec. 437. Transitional Employment

This section sets forth a description of "transitional employment", an individual's eligibility for transitional employment, and priorities to be given to certain transitional employment jobs.

Sec. 438. Performance Standards

This section sets forth the criteria and procedures for establishing performance standards as the basis for assessing the outcome of activities funded under the Act.

The Secretary shall establish an advisory committee to develop proposed performance standards that shall submit their proposal to the Office of Technology Assessment, for a review and comment period not to exceed 30 days.

Performance standards are to take into account differing benefit levels, economic conditions in the States, and factors related to targeting those most difficult to serve. Prior to the development of performance standards, each State should target services towards those most difficult to place in unsubsidized employment on the basis of work experience, duration of welfare dependency, and educational attainments.

Preliminary guidelines shall be established within 12 months and final standards shall be complete no later than 24 months after enactment of the Act.

The Secretary shall conduct evaluations of each State's progress toward the performance standards and shall provide incentive allocations to any State which the Secretary determines has met or exceeded such standards.

Sec. 439. General Requirements

This section sets forth general requirements regarding an individual's refusal to participate, and benefits and labor standards under the Act, the suitability of work assignments, a prohibition against mandatory workfare, and non-discrimination provisions under the Act.

Sec. 440. Use of Existing Resources

A State agency may reimburse other State or local agencies for services rendered to individuals under this part to the extent that

such services are not otherwise available on a nonreimburseable basis.

The State work initiatives agency many use services and information from private industry councils, and may enter into appropriate contracts and other arrangements with public and private agencies and organizations for the provision or conduct of any services or activities under this part.

Sec. 441. Reports, Recordkeeping, and Investigations

This section sets forth the recordkeeping and preparation of reports required by each State work initiative agency to permit the proper tracing of funds and the performance of its program.

Also, this section authorizes investigations into the use of funds received by recipients and the State work initiatives agency under this Act in order to evaluate compliance under the Act.

This section further requires State reports from the State work initiatives agency and establishes a procedure for review of complaints by the Secretary.

Sec. 442. Noncompliance and Corrective Actions

This section sets forth sanctions by the appropriate Secretary for noncompliance with this Act by a State agency.

Sec. 443. Demonstration Programs

Funds available to the Secretary under section 432(b) (from the 5 percent funding reservation) may be made available to States for use in conjunction with other resources for demonstration programs.

Sec. 444. Child Care Requirements

This section requires each State to: conduct an assessment of the adequacy and appropriateness of child care prior to or in conjunction with the expenditure of funds for child care; use existing funds to provide grants for the training of child care personnel; not reduce the level of standards applicable to child care provided within the State.

In addition each State is encouraged to work towards coordination of child care services with other relevant early childhood development programs so that these programs may provide full day and full year services to participating families and to use funds provided under this part to establish programs to provide grants to increase the supply of child care centers.

Sec. 102. Related Substantive Amendments

This section sets forth amendments to section 403(a) of the Social Security Act regarding federal matching rates, and to section 1115 of such Act regarding demonstration authority. This section also sets forth projects to test the effect of early childhood development programs and to test the elimination of the 100-hour rule under the AFDC-Unemployed Parents Program.

Sec. 103. Technical and Conforming Amendments

This section sets forth technical and conforming amendments.

Sec. 104. Effective Date

This section sets forth the effective date and transitional provisions applicable to the amendments to the Social Security Act made by title I of H.R. 1720.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by title I of the bill, as reported, are shown as follows (existing law proposed to be omitted in enclosed in black brackets, new matter is printed in italic, 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-WELFARE SERVICES

* * * * * * *

PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

* * * * * * *

STATE PLANS FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN

SEC. 402. (a) A State plan for aid and services to needy families with children must—

(1) * * *

* * * * * * *

[(19) provide—

[(A) that every individual, as a condition of eligibility for aid under this part, shall register for manpower services, training, employment, and other employment-related activities (including employment search, not to exceed eight weeks in total in each year) with the Secretary of Labor as provided by regulations issued by him, unless such individual is—

[(i) a child who is under age 16 or attending, full-time, an elementary, secondary, or vocational (or technical school;

[(ii) a person who is ill, incapacitated, or of advanced age;

[(iii) a person so remote from a work incentive project that his effective participation is precluded;

[(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household;

[(v) the parent or other relative of a child under the age of six who is personally providing care for the

child with only very brief and infrequent absences from the child;

[(vi) the parent or other caretaker of a child who is deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, if another adult relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor to have refused without good cause to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph;

[(vii) a person who is working not less than 30 hours per week;

[(viii) the parent of a child who is deprived of parental support or care by reason of the unemployment of a parent, if the other parent (who is the principal earner, as defined in section 407(d), is not excluded by the preceding clauses of this subparagraph; or

[(ix) a woman who is pregnant if it has been medically verified that the child is expected to be born in the month in which such registration would otherwise be required or within the 3-month period immediately following such month; and that any individual referred to in clause (v) shall be advised of his or her option to register, if he or she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to him or her in the event he or she should decide so to register;

[(B) that aid to families with dependent children under the plan will not be denied by reason of such registration or the individual's certification to the Secretary of Labor under subparagraph (G) of this paragraph, or by reason of an individual's participation on a project under the program established by section 432(b)(2) or (3);

[(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of 10 per centum of the cost of such programs, as specified in section 435(b);

[(D) that (i) training incentives authorized under section 434 shall be disregarded in determining the needs of an individual under paragraph (7), and (ii) in determining such individual's needs the additional expenses attributable to his participation in a program established by section 432(b)(2) or (3) shall be taken into account;

[(F) that if (and for such period as is prescribed under joint regulations of the Secretary and the Secretary of Labor) any child, relative or individual has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is con-

sistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

[(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under paragraph (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (D) thereof) or section 472 will be made unless the State agency, after making reasonable efforts, is unable to locate an appropriate individual to whom such payments can be made;

[(ii) if the parent who has been designated as the principal earner, for purposes of section 407, makes such refusal aid will be denied to all members of the family;

[(iii) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

[(iv) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under paragraph (7)) if that child makes such refusal; and

[(v) if such individual makes such refusal, such individual's needs shall not be taken into account in making the determination under paragraph (7);

[(G) that the State agency will have in effect a special program which (i) will be administered by a separate administrative unit (which will, to the maximum extent feasible, be located in the same facility as that utilized for the administration of programs established pursuant to section 432(b) (1), (2), or (3)) and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to subparagraph (A) of this paragraph (I) in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under section 432(b) (1), (2), or (3), and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under section 432(b) (1), (2), or (3), (II) such social and supportive services as are necessary to enable such individuals as determined appropriate by the

Secretary of Labor actively to engage in other employment-related (including but not limited to employment search) activities, as well as timely payment for necessary employment search expenses, and (III) for a period deemed appropriate by the Secretary of Labor after such an individual accepts employment, such social and supportive services as are reasonable and necessary to enable him to retain such employment, (iii) will participate in the development of operational and employability plans under section 433(b); and (iv) provides for purposes of clause (ii) that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept the child care services if they are available; and

[(H) that an individual participating in employment search activities shall not be referred to employment opportunities which do not meet the criteria for appropriate work and training to which an individual may otherwise be assigned under section 432(b) (1), (2), or (3);]

(19) provide that the State has in effect and operation a Fair Work Opportunities Program approved by the Secretary of Labor as meeting all of the requirements of section 416 and of part C of this title;

* * * * * * *

[(35) at the option of the State, provide—

[(A) that as a condition of eligibility for aid under the State plan of any individual claiming such aid who is required to register pursuant to paragraph (19)(A) (or who would be required to register under paragraph (19)(A) but for clause (iii) thereof), including all such individuals or only such groups, types, or classes thereof as the State agency may designate for purposes of this paragraph, such individual will be required to participate in a program of employment search—

[(i) beginning at the time he applies for such aid (or an application including his need is filed) and continuing for a period (prescribed by the State) of not more than eight weeks (but this requirement may not be used as a reason for any delay in making a determination of an individual's eligibility for aid or in issuing a payment to or in behalf of any individual who is otherwise eligible for such aid); and

[(ii) at such time or times after the close of the period prescribed under clause (i) as the State agency may determine but not to exceed a total of 8 weeks in any 12 consecutive months;

[(B) that any individual participating in a program of employment search under this paragraph will be furnished such transportation and other services, or paid (in advance or by way of reimbursement) such amounts to cover transportation costs and other expenses reasonably incurred in meeting requirements imposed on him under this paragraph, as may be necessary to enable such individual to participate in such program; and

[(C) that, in the case of an individual who fails without good cause to comply with requirements imposed upon him under this paragraph, the sanctions imposed by paragraph (19)(F) shall be applied in the same manner as if the individual had made a refusal of the type which would cause the provisions of such paragraph (19)(F) to be applied (except that the State may at its option, for purposes of this paragraph, reduce the period for which such sanctions would otherwise be in effect);]

* * * * * * *

PAYMENT TO STATES

SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid and services to needy families with children, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) * * *

* * * * * * *

(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan—

(A) 100 percent of so much of such expenditures as are for the costs of the implementation and operation of the immigration status verification system described in section 1137(d),

(B) 90 per centum of so much of the sums expended during such quarter as are attributable to the planning, design, development, or installation of such statewide mechanized claims processing and information retrieval systems as (i) meet the conditions of section 402(a)(30), and (ii) the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of State plans approved under title XIX, and State programs with respect to which there is Federal financial participation under title XX, [and]

(C) one-half of so much of such expenditures as are incurred in connection with the administration of the programs established under section 416 and part C, and

[(C)] *(D)* one-half of the remainder of such expenditures [(including as expenditures under this subparagraph the value of any services furnished, and the amount of any payments made (to cover expenses incurred by individuals under a program of employment search), under section 402(a)(35)(B)),],

except that no payment shall be made with respect to amounts expended in connection with the provision of any service described in section 2002(a) of this Act [other than services furnished under section 402(a)(35)(B) (as described in the parenthetical phrase in subparagraph (C)), and other than services

the provision of which is required by section 402(a)(19) to be included in the plan of the State, or which is a service provided in connection with a community work experience program or work supplementation program under section 409 or 414; and] *other than services furnished under section 416 or under section 402(g); and*

(4) in the case of any State, an amount equal to 65 percent of the total amount expended during such quarter (other than administrative expenditures) for the programs established pursuant to section 416 and part C; and

* * * * * * *

[(c) Notwithstanding any other provision of this Act, the Federal share of assistance payments under this part shall be reduced with respect to any State for any fiscal year after June 30, 1973, by one percentage point for each percentage point by which the number of individuals certified, under the program of such State established pursuant to section 402(a)(19)(G), to the local employment office of the State as being ready for employment or training under section 432(b)(1), (2), or (3), is less than 15 per centum of the average number of individuals in such State who, during such year, are required to be registered pursuant to section 402(a)(19)(A).

[(d)(1) Notwithstanding any provision of subsection (a)(3), the applicable rate under such subsection shall be 90 per centum with respect to social and supportive services provided pursuant to section 402(a)(19)(G). In determining the amount of the expenditures made under a State plan for any quarter with respect to social and supportive services pursuant to section 402(a)(19)(G), there shall be included the fair and reasonable value of goods and services furnished in kind from the State or any political subdivison thereof.

[(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than $750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies.]

* * * * * * *

DEPENDENT CHILDREN OF UNEMPLOYED PARENTS

SEC. 407. (a) * * *

(b) The provisions of subsection (a) shall be applicable to a State if the State's plan approved under section 402—

(1) * * *

(2) provides—

(A) for such assurances as will satisfy the Secretary that unemployed parents of dependent children as defined in subsection (a) [will be certified to the Secretary of Labor as provided in section 402(a)(19) within 30 days] *will participate or apply for participation in the program established under section 416 within 30 days* after receipt of aid with respect to such children;

* * * * * * *

(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a)—

(i) if and for so long as such child's parent described in paragraph (1)(A)[, unless exempt under section 402(a)(19)(A), is not currently registered pursuant to such section for the work incentive program established under part C of this title, or, if he is exempt under such section by reason of clause (iii) thereof or no such program in which he can effectively participate has been established or provided under section 432(a), is not registered] *is not currently participating in the program established under section 416, unless such parent is exempt under section 416(c)(3),* with the public employment offices in the State, and

* * * * * * *

(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (i) for any part of the 30-day period referred to in subparagraph (A) of subseciton (b)(1), or (ii) for any period prior to the time when the parent satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action it taken (after the 30-day period referred to in subparagraph (A) of subsection (b)(2)), under the program therein specified, [to certify such parent to the Secretary of Labor pursuant to section 402(a)(19).] *to participate in the program established under section 416.*

(d) For purposes of this section—

(1) the term "quarter of work" with respect to any individual means a calendar quarter in which such individual received earned income of not less than $50 (or which is a "quarter of coverage" as defined in section 213(a)(2)), or in which such individual participated in a community work experience program under section [409, or the work incentive program established under part C;] *416 (J);*

* * * * * * *

[(e) The Secretary and the Secretary of Labor shall jointly enter into an agreement with each State which is able and willing to do so for the purposes of (1) simplifying the procedures to be followed by unemployed parents and other unemployed persons in such State in registering pursuant to section 402(a)(19) for the work incentive program established by part C of this title and in registering with public employment offices (under this section and otherwise) or in connection with applications for unemployment compensation, by reducing the number of locations or agencies where such persons must go in order to register for such programs and in connection with such applications, and (2) providing where possible for a single registration satisfying this seciton and the requirements of both the work incentive program and the applicable unemployment compensation laws.]

[COMMUNITY WORK EXPERIENCE PROGRAMS

[SEC. 409. (a)(1) Any State which chooses to do so may establish a community work experience program in accordance with this sec-

tion. The purpose of the community work experience program is to provide experience and training for individuals not otherwise able to obtain employment, in order to assist them to move into regular employment. Community work experience programs shall be designed to improve the employability of participants through actual work experience and training and to enable individuals employed under community work experience programs to move promptly into regular public or private employment. The facilities of the State public employment offices may be utilized to find employment opportunities for recipients under this program. Community work experience programs shall be limited to projects which serve a useful public purpose in fields such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of a recipient shall be utilized in making appropriate work experience assignments. A community work experience program established under this section shall provide—

[(A) appropriate standards for health, safety, and other conditions applicable to the performance of work;

[(B) that the program does not result in displacement of persons currently employed, or the filling of established unfilled position vacancies;

[(C) reasonable conditions of work, taking into account the geographic region, the residence of the participants, and the proficiency of the participants;

[(D) that participants will not be required, without their consent, to travel an unreasonable distance from their homes or remain away from their homes overnight;

[(E) that the maximum number of hours in any month that a participant may be required to work is that number which equals the amount of aid payable with respect to the family of which such individual is a member under the State plan approved under this part, divided by the greater of the Federal or the applicable State minimum wage; and

[(F) that (i) except as provided in clause (ii) provision will be made for transportation and other costs, not in excess of an amount established by the Secretary, reasonably necessary and directly related to participation in the program, and (ii) to the extent that the State is unable to provide for the costs involved through the furnishing of services directly to the individuals participating in the program, participants who are recipients of aid under the State's plan approved under section 402 will instead be reimbursed for transportation costs directly related to their participation in the program (in amounts equal to the cost of transportation by the most appropriate means as determined by the State agency), and for day care expenses directly attributable to such participation (in amounts determined by the State agency to be reasonable, nescessary, and cost-effective but not in excess of the comparable maximum day care deduction allowed under section 402(a)(8)(A)(iii) for recipients of aid under the plan generally); and amounts paid as reimbursement to participants under clause (i) or (ii) shall be considered, for purposes of section 403(a), to be expenditures made for the

proper and efficient administration of the State's plan approved under section 402.

[(2) Nothing contained in this section shall be construed as authorizing the payment of aid under this part as compensation for work performed, nor shall a participant be entitled to a salary or to any other work or training expense provided under any other provision of law by reason of his participation in a program under this section.

[(3) Nothing in this part or part C, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate, whehter or not such terms, conditions, and cases are consistent with section 402(a)(19) or part C) a community work experience program in accordance with this section.

[(4)(A) Participants in community work experience programs under this section may, subject to subparagraph (B), perform work in the public interest (which otherwise meets the requirements of this section) for a Federal office or agency with its consent, and, notwithstanding section 1342 of title 31, United States Code, or any other provision of law, such agency may accept such services, but such participants shall not be considered to be Federal employees for any purpose.

[(B) The State agency shall provide appropriate workers' compensation and tort claims protection to each participant performing work for a Federal office or agency pursuant to subparagraph (A) on the same basis as such compensation and protection are provided to other participants in community work experience programs in the State.

[(b)(1) Each recipient of aid under the plan who is registered under section 402(a)(19) shall participate, upon referral by the State agency, in a community work experience program unless such recipient is currently employed for no fewer than 80 hours a month and is earning an amount not less than the applicable minimum wage for such employment.

[(2) In addition to an individual described in paragraph (1), the State agency may also refer, for participation in programs under this section, an individual who would be required to register under section 402(a)(19)(A) but for the exception contained in clause (v) of such section (but only if the child for whom the parent or relative is caring is not under the age of three and child care is available for such child), or in clause (iii) of such section.

[(3) The chief executive officer of the State shall provide coordination between a community work experience program operated pursuant to this section, any program of employment search under section 402(a)(35), and the work incentive program operated pursuant to part C so as to insure the job placement will have priority over participation in the community work experience program, and that individuals eligible to participate in more than one such program are not denied aid under the State plan on the grounds of failure to participate in one such program if they are actively and satisfactorily participating in another. The chief executive officer of the State may provide that part-time participation in more than one such program may be required where appropriate.

[(c) The provisions of section 402(a)(19)(F) shall apply to any individual referred to a community work experience program who fails to participate in such program in the same manner as they apply to an individual to whom section 402(a)(19) applies.

[(d) In the case of any State which makes expenditures in the form described in subsection (a) under its State plan approved under section 402, expenditures for the proper and efficient administration of the State plan, for purposes of section 403(a)(3), may not include the cost of making or acquiring materials or equipment in connection with the work performed under a program referred to in subsection (a) or the cost of supervision of work under such program, and may include only such other costs attributable to such programs as are permitted by the Secretary.]

* * * * * * *

[WORK SUPPLEMENTATION PROGRAM

[SEC. 414. (a) It is the purpose of this section to allow a State to institute a work supplementation program under which such State, to the extent such State determines to be appropriate, may make jobs available, on a voluntary basis, as an alternative to aid otherwise provided under the State plan approved under this part.

[(b)(1) Notwithstanding the provisions of section 406 or any other provision of law, Federal funds may be paid to a State under this part, subject to the provisions of this section, with respect to expenditures incurred in operating a work supplementation program under this section.

[(2) Nothing in this part or part C, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate, whether or not such terms, conditions, and cases are consistent with section 402(a)(19) or part (C) a work supplementation program in accordance with this section.

[(3) Notwithstanding section 402(a)(23) or any other provision of law, a State may adjust the levels of the standards of need under the State plan as the State determines to be necessary and appropriate for carrying out a work supplementation program under this section.

[(4) Notwithstanding section 402(a)(1) or any other provision of law, a State operating a work supplementation program under this section may provide that the needs standards in effect in those areas of the State in which such program is in operation may be different from the needs standards in effect in the areas in which such program is not in operation, and such State may provide that the needs standards for categories of recipients of aid may vary among such categories as the State determines to be appropriate on the basis of ability to participate in the work supplementation program.

[(5) Notwithstanding any other provision of law, a State may make further adjustments in the amounts of aid paid under the plan to different categories of recipients (as determined under paragraph (4)) in order to offset increases in benefits from needs related programs (other than the State plan approved under this

part) as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

[(6) Notwithstanding section 402(a)(8) or any other provision of law, a State operating a work supplementation program under this section (A) may reduce or eliminate the amount of earned income to be disregarded under the State plan as the State determines to be necessary and appropriate to further the purposes of the work supplementation program, and (B) during one or more of the first nine months of an individual's employment pursuant to a program under this section, may apply to the wages of the individual the provisions of section 402(a)(8)(A)(iv) without regard to the provisions of (B)(ii)(II) of such section.

[(c)(1) A work supplementation program operated by a State under this sectin shall provide that any individual who is an eligible individual (as determined under paragrah (2)) may choose to take a supplemented job (as defined in paragraph (3)) to the extent supplemented jobs are available under the program. Payments by the State to individuals or to employers under the program shall be expenditures incurred by the State for aid to families with dependent children, except as limited by subsection (d).

[(2) For purposes of this section, an eligible individual is an individual who is in a category which the State determines shall be eligible to participate in the work supplementation program, and who would, at the time of his placement in such job, be eligible for assistance under the State plan if such State did not have a work supplementation program in effect and had not altered its State plan accordingly, as such State plan was in effect in May 1981, or as modified thereafter as required by Federal law.

[(3) For purposes of this section, a supplemental job is—

[(A) a job position provided to an eligible individual by the State or local agency administering the State plan under this part; or

[(B) a job position provided to an eligible individual by any other employer for which all or part of the wages are paid by such State or local agency.

A State may provide or subsidize any job position under the program as such State determines to be appropriate, but acceptance of any such position shall be voluntary.

[(d) The amount of the Federal payment to a State under section 403 for expenditures incurred in making payments to individuals and employers under a work supplementation shall not exceed an amount equal to the amount which would otherwise be payable under such section if the family of each individual employed in the program established in such State under this section had received the maximum amount of aid payable under the State plan to such a family with no income (without regard to adjustments under subsection (b) of this section) for a period of months equal to the lesser of (1) nine months, or (2) the number of months in which such individual was employed in such program.

[(e)(1) Nothing in this section shall be construed as requiring a State or local agency administering the State plan to provide employee status to any eligible individual to whom it provides a job position under the work supplementation program, or with respect

to whom it provides all or part of the wages paid to such individual by another entity under such program.

[(2) Nothing in this section shall be construed as requiring such State or local agency to provide that eligible individuals filling job positions provided by other entities under such program be provided employee status by such entity during the first 13 weeks during which they fill such position.

[(3) Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

[(f) Any work supplementation program operated by a State shall be administered by—

[(1) the agency designated to administer or supervise the administration of the State plan under section 402(a)(3); or

[(2) the agency (if any) designated to administer the community work experience program under section 409.

[(g) Any State which chooses to operate to work supplementation program under this section may choose to provide that any individual who participates in such program, and any child or relative of such individual (or other individual living in the same household as such individual) who would be eligible for aid under the State plan approved under this part if such State did not have a work supplementation program, shall be considered individuals receiving aid under the State plan approved under this part for purposes of eligibility for medical assistance under the State plan approved under title XIX.

[(h) No individual receiving a grant under the State plan shall be excused, by reason of the fact that such State has a work supplementation program, from any requirement of this part or part C relating to work requirements (except during any period in which such individual is employed under such work supplementation program).]

* * * * * * *

FAIR WORK OPPORTUNITIES PROGRAM

SEC. 416. (a) PURPOSE.—It is the purpose of the Fair Work Opportunities Program required under subsection (b) to assure that needy children and parents obtain the education, training, and employment which will help them avoid long-term welfare dependence.

(b) ESTABLISHMENT AND OPERATION OF PROGRAMS.—As a condition of its participation in the Family Support Program urder this part, each State shall establish and operate a Fair Work Opportunities Program approved by the Secretary of Labor as meeting the requirements of part C of this title.

(c) PARTICIPATION.—(1) Each adult recipient of family support supplements in the State who is not exempt under paragraph (3) shall be required to participate in the Fair Work Opportunities Program under part C to the extent that the program is available in the political subdivision where he or she resides and State resources otherwise permit. The State public assistance agency (as such term is defined in section 431(6)) shall take such action as may be necessary to ensure that each recipient of such supplements (including each such recipient who is exempt under paragraph (3)) is notified

and fully informed concerning the education, training, and work opportunities offered under the program.

(2) The State may require participation in the program under part C by recipients who are not exempt under paragraph (3) (hereinafter referred to as 'mandatory participants'), and shall also extend the opportunity to participate in the program to recipients who are exempt under paragraph (3) (hereinafter referred to as 'voluntary participants'). The State shall actively encourage such exempt recipients to participate in the program, and shall from time to time furnish to the Secretary of Labor appropriate assurances that it is doing so.

(3) The following are exempt from mandatory participation in the program under part C—

(A) an individual who is ill, incapacitated, or 60 years of age or over;

(B) an individual who is needed in the home because of the illness or incapacity of another family member;

(C) the parent or other caretaker relative of a child under 3 years of age (subject to the last sentence of this paragraph); except that the State shall permit and encourage participation in the program in the case of parents and other caretaker relatives of children who have attained 1 year of age but who have not attained 3 years of age, where appropriate day care is guaranteed to the relative involved and his or her participation is on a part-time basis;

(D) the parent or other caretaker relative of a child who has attained 3 years of age but not 6 years of age unless appropriate day care is guaranteed to such relative and his or her participation is on a part-time basis;

(E) the parent or other caretaker relative of a child who has attained 6 years of age but not 15 years of age unless appropriate day care is guaranteed to such relative during any period while such child is not in school or is not otherwise receiving care during the time such parent or relative is participating in the program under part C;

(F) an individual who is working 20 or more hours a week;

(G) a child who is under the age of 16 or attending, full time, an elementary, secondary, or vocational (or technical) school, except in the case of a minor parent with respect to whom the State has exercised its opiion under section 417(c);

(H) a woman who is pregnant; and

(I) an individual who resides in an area of the State where the program is not available.

In the case of a two-parent family to which section 407 applies, the exemption under subparagraph (C), (D), or (E) shall apply only to one parent or other caretaker relative; but the State may at its option make such exemption inapplicable in any such case to both of the parents or relatives involved (and require the participation in the program of one of them on a full-time basis) if appropriate child care is guaranteed in accordance with the applicable provisions of such subparagraph.

(4) If the parent or other caretaker relative or any dependent child in the family attends (in good standing) a school, an accredited postsecondary institution, or a course of vocational or technical

training which can reasonably be expected to lead to employment, at the time he or she would otherwise commence participation (as a mandatory participant or voluntary participant) in the program under part C, such attendance shall constitute satisfactory participation in the educational or training component of the program (by that parent, caretaker, or child) so long as it continues; and the family support plan shall so indicate. The costs of such school or training shall not constitute federally reimbursable expenses for purposes of section 403 (but this sentence shall not prevent the State from providing or making reimbursement for the cost of day care and other supportive services which are necessary for such attendance in accordance with section 402(g)).

(5) For purposes of paragraph (3), the term 'appropriate day care' means only day care that (A) provides to the parent or caregiver, a safe, healthy, supportive setting appropriate for the age and individual needs of their children; (B) provides unlimited parental access; (C) posts in clear public view the appropriate telephone number for filing any complaint regarding child care quality, or health or safety violations; and (D) complies fully with all local health and fire safety standards (as required by section 402(g)(1)(B) of this Act as amended by title II of the Family Welfare Reform Act of 1987).

(d) SPECIAL EFFORTS.—With the objective of making the most effective use of resources available to a State, special efforts shall be undertaken under this section and part C of this title to develop and provide needed services and activities for—

(1) families with a teenage parent, and families with a parent who was under 18 years of age when the first child was born;

(2) families that have been receiving aid to families with dependent children or family support supplements continuously for two or more years;

(3) families with one or more children under 6 years of age;

(4) families with a parent who has not been employed during the preceding 12 months or who lacks a high school diploma or equivalent, or has special educational needs; and

(5) families with older children in which the youngest child is within 2 years of being ineligible for family support supplements because of age.

(e) PRIORITIES.—To the extent that the resources available to a State are not adequate to accommodate the provision of services to all mandatory participants and voluntary participants under this section and part C, first consideration shall be given to those (whether mandatory or voluntary participants) who actively seek to participate in program activities.

(f) ORIENTATION.—(1)(A) During orientation, the State public assistance agency shall provide each applicant for family support supplements full information (verbally and in writing) about the opportunities offered by the Fair Work Opportunities Program under part C and the rights, responsibilities, and obligations of participants in the program, the obligations of the State agency to provide necessary supportive services (including child care), and descriptions of transitional child care services and health coverage transitional options.

(B) As part of such orientation, the local resource and referral agency, or (if resource and referral agencies are not in place) an agency representative knowledgeable about child care, shall also

provide (i) information on the type and locations of quality child care services available within the geographical area reasonably accessible to applicants, (ii) assistance to such recipients to select developmentally appropriate quality child care services, and (iii) assistance to such recipients to make arrangements to obtain such child care services.

(C) The information described in subparagraphs (A) and (B) shall also be provided to all current recipients of family support supplements within six months after regulations are issued to implement this section and shall also be available at any time to recipients of family support supplements who did not receive orientation under this subsection at the time of their initial application for such supplements or who need additional information about the program.

(2) During the orientation described in paragraph (1), each applicant for or recipient of family support supplements shall be informed of the exemptions provided under subsection (c)(3), and the consequences of a refusal to participate in the program if not so exempt. Whether or not such applicant or recipient is so exempt, he or she shall be informed of the opportunity to receive first consideration for services by actively seeking to participate in the program and shall be given appropriate opportunities to indicate his or her desire to participate at the end of the orientation session. Each such applicant or recipient shall also be notified in writing, within a month after the orientation, of the opportunity to indicate his or her desire to participate in the program, including a clear description of how to enter the program.

(g) JOB SEARCH.—Job search by an applicant for family support supplements may be required or assisted while his or her application is being processed. During orientation, each applicant shall be informed that job search by a participant may be required or assisted after his or her initial assessment, after his or her education or training, and at other appropriate times during his or her participation in the program under part C, as may be set forth in the agency-client agreement entered into between such individual and the State work initiatives agency under part C and as otherwise provided by such State agency. After 8 weeks of job search activity without obtaining a job, a participant shall not be required to continue in such job search activity, but shall be provided education, training, or other activities designed to improve his or her prospects for employment. No requirement imposed by the State under the preceding provisions of this subsection may be used as a reason for any delay in making a determination of an individual's eligibility for family support supplements or in issuing a payment to or on behalf of any individual who is otherwise eligible for such supplements.

(h) SANCTIONS.—(1) If any mandatory participant in the program under part C fails without good cause to comply with any requirement imposed with respect to his or her participation in such program—

(A) the needs of such participant (whether or not section 407 applies) shall not be taken into account in making the determination with respect to his or her family under section 402(a)(7), and

(B) if such participant is a member of a family which is eligible for family support supplements by reason of section 407, and

his or her spouse is not participating in the program, the needs of such spouse shall also not be taken into account in making such determination.

The sanction described in subparagraph (A) (and the sanction described in subparagraph (B) if applicable) shall continue until the participant's failure to comply ceases; except that such sanction shall continue for a minimum of 3 months if the failure to comply is the participant's second or a subsequent such failure.

(2) No sanction shall be imposed under paragraph (1) until appropriate notice thereof has been provided to the participant involved, and until conciliation efforts have been made to discuss and resolve the participant's failure to comply and to determine whether or not good cause for such failure existed. In any event, when a failure to comply has continued for 3 months, the State public assistance agency shall promptly remind the participant in writing of his or her option to end the sanction by terminating such failure.

(3) If a voluntary participant drops out of the program under part C after having commenced participation in such program, he or she shall thereafter be given no priority so long as other mandatory or voluntary participants are actively seeking to participate under subsection (e).

(i) WORK SUPPLEMENTATION PROGRAMS.—(1) Any State may institute a work supplementation program under which such State, to the extent it considers appropriate, may reserve the sums which would otherwise be payable to participants in the program under this section as family support supplements under the State plan approved under this part and use such sums instead for the purpose of providing and subsidizing jobs for such participants (as described in paragraph (3)(C)(i) and (ii)), as an alternative to the supplements which would otherwise be so payable to them under such plan.

(2)(A) Notwithstanding any other provision of law, Federal funds may be paid to a State under this part, subject to the provisions of this section, with respect to expenditures incurred in operating a work supplementation program under this subsection.

(B) Nothing in this part, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate) a work supplementation program in accordance with the provisions of this Act applicable to this subsection.

(C) Notwithstanding any other provision of law, a State may adjust the levels of the standards of need under the State plan to the extent the State determines such adjustments to be necessary and appropriate for carrying out a work supplementation program under this subsection.

(D) Notwithstanding any other provision of law, a State operating a work supplementation program under this subsection may provide that the need standards in effect in those areas of the State in which such program is in operation may be different from the need standards in effect in the areas in which such program is not in operation, and such State may provide that the need standards for categories of recipients of family support supplements may vary among such categories to the extent the State determines to be ap-

propriate on the basis of ability to participate in the work supplementation program.

(E) Notwithstanding any other provision of law, a State may make further adjustments in the amounts of the family support supplements paid under the plan to different categories of recipients (as determined under subparagraph (D)) in order to offset increases in benefits from needs-related programs (other than the State plan approved under this part), to the extent the State determines such adjustments to be necessary and appropriate to further the purposes of the work supplementation program.

(F) In determining the amounts to be reserved and used for providing and subsidizing jobs under this subsection as described in paragraph (1), the State may use a sampling methodology.

(G) Notwithstanding section 402(a)(8) or any other provision of law, a State operating a work supplementation program under this subsection may reduce or eliminate the amount of earned income to be disregarded under the State plan to the extent the State determines such a reduction or elimination to be necessary and appropriate to further the purposes of the work supplementation program.

(3)(A) A work supplementation program operated by a State under this subsection shall provide that any individual who is an eligible individual (as determined under subparagraph (B)) shall take a supplemented job (as defined in subparagraph (C)) to the extent that supplemented jobs are available under the program. Payments by the State to individuals or employers under the program shall be treated as expenditures incurred by the State for family support supplements under the State plan for purposes of section 403(a) (1) and (2), except as limited by paragraph (4) of this section.

(B) For purposes of this subsection, an eligible individual is an individual (not exempt under subsection (c)(3)) who is in a category which the State determines should be eligible to participate in the work supplementation program, and who would, at the time of his or her placement in the job involved, be eligible for family support supplements under the State plan if such State did not have a work supplementation program in effect.

(C) For purposes of this subsection, a supplemented job is—

(i) a job provided to an eligible individual by the State work initiatives agency under part C; or

(ii) a job provided to an eligible individual by any other employer for which all or part of the wages are paid by such agency.

A State may provide or subsidize any job under the program under this subsection which such State determines to be appropriate.

(D) At the option of the State, individuals who hold supplemented jobs under a State's work supplementation program shall be exempt from the retrospective budgeting requirements imposed pursuant to section 402(a)(13)(A)(ii) (and the amount of the aid which is payable to the family of such individual for any month, or which would be so payable but for the family's participation in the work supplementation program, shall be determined on the basis of the income and other relevant circumstances in that month).

(E) Section 437 shall apply with respect to assignments of eligible individuals to supplemented jobs under this subsection.

(4) The amount of the Federal payment to a State under section 403(a) for expenditures incurred in making payments to individuals and employers under a work supplementation program under this subsection shall not exceed an amount equal to the amount which would otherwise be payable under paragraph (1) or (2) of such section if the family of each individual employed in the program had received the maximum amount of family support supplements payable under the State plan to such a family with no income (without regard to adjustments under paragraph (2) of this subsection) for a period of months equal to the lesser of (A) nine months, or (B) the number of months in which such individual was employed in such program. Expenditures so incurred shall be considered to have been made for family support supplements under the State plan for purposes of section 403(a)(1) and (2).

(5) Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

(6) Any State which chooses to operate a work supplementation program under this subsection must provide that any individual who participates in such program, and any child or relative of such individual (or other individual living in the same household as such individual) who would be eligible for family support supplements under the State plan approved under this part if such State did not have a work supplementation program, shall be considered individuals receiving family support supplements under the State plan approved under this part for purposes of eligibility for medical assistance under the State plan approved under title XIX.

(j) UNIFORM REPORTING REQUIREMENTS.—The Secretary shall establish uniform reporting requirements under which each State will be required periodically to furnish such information and data as the Secretary may need to ensure that the purposes and provisions of this section are being effectively carried out, including at a minimum—

(1) the average monthly number of families participating in the program under this section, the types of such families,

(2) the amounts expended under the program (as family support supplements and otherwise) with respect to such families,

(3) the length of time for which such families are assisted child care cost for such families,

(4) the nature of child care arrangements for such families, and

(5) the numbers of children in each age group (infants, toddlers, preschool, and school age) receiving child care assistance. The information and data so furnished shall be separately stated with respect to each of the services and activities under this section.

[PART C—WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER STATE PLAN APPROVED UNDER PART A

[PURPOSE

[SEC. 430. The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services

in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in public service employment, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

[APPROPRIATION

[SEC. 431. (a) There is hereby authorized to be appropriated to the Secretary of Health and Human Services for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health and Human Services shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

[(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33⅓ per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b)(1)(B) and for carrying out the program of public service employment referred to in section 432(b)(3).

[(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

[(1) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipients of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

[(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a)(19)(A) bears to the average number of individuals in all States who, during such month, are so registered.

[ESTABLISHMENT OF PROGRAMS

[SEC. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b) of this section) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who have attained age 16 and are receiving

aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

[(b) Such programs shall include, but shall not be limited to, (1)(A) a program placing as many individuals as possible in employment, which may include intensive job search services, including participation in group job search activities, and (B) a program utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, and (3) a program of public service employment for individuals for whom a job in the regular economy cannot be found.

[(c) In carrying out the purposes of this part the Secretary may make grants to, or enter into agreements with, public or private agencies or organizations (including Indian tribes with respect to Indians on a reservation), except that no such grant or agreement shall be made to or with a private employer for profit or with a private nonprofit employer not organized for a public purpose for purposes of the work experience program established by clause (2) of subsection (b).

[(d) In providing the training and employment services and opportunities required by this part, the Secretary shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary (1) shall assure, when appropriate, that registrants under this part are referred for training and employment services under the Job Training Partnership Act, and (2) may use the funds appropriated under this part to provide programs required by this part through such other Acts to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary may reimburse such agencies for services rendered to individuals under this part to the extent that such services and opportunities are not otherwise available on a nonreimbursable basis.

[(e) The Secretary shall take appropriate steps to assure that the present level of manpower services available under the authority of other statutes to recipients of aid to families with dependent children is not reduced as a result of programs under this part.

[(f)(1) The Secretary shall utilize the services of each private industry council (as established under the Job Training Partnership Act) to identify and provide advice on the types of jobs available or likely to become available in the service delivery area of such council.

[(2) The Secretary shall not conduct, in any area, institutional training under any program established pursuant to subsection (b) of any time which is not related to jobs of the type which are or are likely to become available in such area as determined by the Secretary after taking into account information provided by the private industry council for such area.

[OPERATION OF PROGRAM

[SEC. 433. (a) The Secretary shall provide a program of testing and counseling for all persons certified to him by a State, pursuant to section 402(a)(19)(G), and shall select those persons whom he finds suitable for the programs established by clauses (1) and (2) of section 432(b). Those not so selected shall be deemed suitable for the program established by clause (3) of such section 432(b) unless the Secretary finds that there is good cause for an individual not to participate in such program. The Secretary, in carrying out such program for individuals certified to him under section 402(a)(19)(G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed parents who are the principal earners (as defined in section 407); second, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a)(19)(A), who are under 19 years of age; fourth, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and fifth, all other individuals so certified to him.

[(b)(1) For each State the Secretary shall develop jointly with the administrative unit of such State administering the special program referred to in section 402(a)(19)(G) a statewide operational plan.

[(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local level, and shall indicate (i) for each area within the State the number and type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which information provided by the private industry council under the Job Training Partnership Act [68] for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a)(19(G), and the regional joint committee (established pursuant to section 439) for the area in which State is located.

[(3) The Secretary shall develop an employability plan for each suitable person certified to him pursuant to section 402(a)19)(G) which shall describe the education, training, work experience, and orientation which it is determined that such person needs to complete in order to enable to become self-supporting.

[(c) The Secretary shall make maximum use of services available from other Federal and State agencies and, to the extent not otherwise available on a nonreimbursable basis, he may reimburse such agencies for services rendered to persons under this part.

[(d) To the extent practicable and where necessary, work incentive programs established by this part shall include, in addition to the regular counseling, testing, and referral available through the Federal-State Employment Service System, program orientation, basic education, training in communications and employability

skills, work experience, institutional training, on-the-job training, job development, and special job placement and followup services, required to assist principants in securing and retaining employment and securing possiblities for advancement.

[(e)(1) In order to develop public service employment under the program established by section 432(b)(3), the Secretary shall enter into agreements with (A) public agencies, (B) private nonprofit organizations established to serve a public purpose, and (C) Indian tribes with respect to Indians on a reservation, under which individuals deemed suitable for participation in such a program will be provided work which serves a useful public purpose and which would not otherwise be performed by regular employees.

[(2) such agreements shall provide—

[(A) for the payment by the Secretary to each employer, with respect to public service employment performed by any individual for such employer, of an amount not exceeding 100 percent of the cost of providing such employement to such individual during the first year of such employment, an amount not exceeding 75 percent of the cost of providing such employment to such individual during the second year of such employment, and an amount not exceeding 50 percent of the cost of providing such employment to such individual during the third year of such employment;

[(B) the hourly wage rate and the number of hours per week individuals will be scheduled to work in public service employment for such employer;

[(C) that the Secretary will have such access to the premises of the employer as he finds necessary to determine whether such employer is carrying out his obligations under the agreement and this part; and

[(D) that the Secretary may terminate any agreement under this subsection at any time.

[(4) No wage rates provided under any agreement entered into under this subsection shall be lower than the applicable minimum wage for the particular work concerned.

[(f) Before entering into a project under section 432(b)(3), the Secretary shall have reasonable assurances that—

[(1) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

[(2) such project willnot result in the displacement of employed workers,

[(3) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant,

[(4) appropriate workmen's compensation protection is provided to all participants.

[(g) Where an individual, certified to the Secretary pursuant to section 402(a)(19)(G) refuses without good cause to accept employment or participate in a project under a program established by this part, the Secretary shall (after providing opportunity for fair hearing) notify the State agency which certified such individual and submit such other information as he may have with respect to such refusal.

[(h) With respect to individuals who are participants in public service employment under the program established by section 432(b)(3), the Secretary shall periodically (but at least once every six months) review the employment record of each such individual while on such special work project and on the basis of such record and such other information as he may acquire determine whether it would be feasible to place such individual in regular employment or on any of the projects under the programs established by section 432(b)(1) and (2).

[(i) In planning for activities under this section, the chief executive officer of each State shall make every effort to coordinate such activities with activities provided by the appropriate private industry council and chief elected official or officials under the Job Training Partnership Act.

[INCENTIVE PAYMENT

[SEC. 434. (a) The Secretary is authorized to pay to any participant under a program established by section 432(b)(2) an incentive payment of not more than $30 per month, payable in such amounts and at such times as the Secretary prescribes.

[(b) The Secretary is also authorized to pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs incurred by such member, to the extent such costs are necessary to and directly related to the participation by such member in such training.

[FEDERAL ASSISTANCE

[SEC. 435. (a) Federal assistance under this part shall not exceed 90 per centum of the costs of carrying out this part. Non-Federal contributions may be cash or in kind, fairly evaluated, including but limited to plant, equipment, and services.

[(b) Costs of carrying out this part include costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the Secretary, but may not include any reimbursement for time spent by participants in work, training, or other participation in the program.

[PERIOD OF ENROLLMENT

[SEC. 436. (a) The program estalished by section 432(b)(2) shall be designed by the Secretary so that average period of enrollment under all projects under such program throughout any area of the United States will not exceed one yar.

[(b) Services provided under this part may continue to be provided to an individual for such period as the Secretary determines (in accordance with regulations prescribed jointly by him and the Secretary of Health and Human Services) is necessary to qualify him fully for employment even though his earnings disqualify him from aid under a State plan approved under section 402.

[RELOCATION OF PARTICIPANTS

[SEC. 437. The Secretary may a[illegible] participants to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employable and

self-supporting. Such assistance shall be given only to participants who concur in their relocation and who will be employed at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for participants, their dependents, and their household belongings plus such relocation allowance as the Secretary determines to be reasonable.

[PARTICIPANTS NOT FEDERAL EMPLOYEES

[SEC. 438. Participants in programs established by this part shall be deemed not to be Federal employees and shall not be subject to the provisions of laws relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

[RULES AND REGULATIONS

[SEC. 439. The Secretary and the Secretary of Health and Human Services shall not later than July 1, 1972, issue regulations to carry out the purposes of this part. Such regulations shall provide for the establishment, jointly by the Secretary and the Secretary of Health and Human Services, of (1) a national coordination committee the duty of which shall be to establish uniform reporting and similar requirements for the administration of this part, and (2) a regional coordination committee for each region which shall be responsible for review and approval of statewide operational plans developed pursuant to section 433(b).

[ANNUAL REPORT

[SEC. 440. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the work incentive programs established by this part.

[EVALUATION AND RESEARCH

[SEC. 441. The Secretary shall (jointly with the Secretary of Health and Human Services) provide for the continuing evaluation of the work incentive programs established by this part, including their effectiveness in achieving stated goals and their impact on other related programs. He also amy conduct research regarding ways to increase the effectiveness of such programs. He may, for this purpose, contract for independent evaluations of and research regarding such programs or individual projects under such programs. For purposes of sections 435 and 443, the costs of carrying out this section shall not be regarded as costs of carrying out work incentive programs established by this part. Nothing in this section shall be construed as authorizing the Secretary to enter into any contract with any organization after June 1, 1970, for the dissemination by such organization of information about programs authorized to be carried on under this part.

[TECHNICAL ASSISTANCE FOR PROVIDERS OF EMPLOYMENT OR TRAINING

[SEC. 442. The Secretary is authorized to provide technical assistance to providers of employment or training to enable them to participate in the establishment and operation of programs authorized to be established by section 432(b).

[COLLECTION OF STATE SHARE

[SEC. 443. If a non-Federal contribution of 10 percentum of the costs of the work incentive programs established by this part is not made in any State (as specified in section 402(a)), the Secretary of Health and Human Services may withhold any action under section 404 because of the State's failure to comply substantially with a provision required by section 402. If the Secretary of Health and Human Services does withhold such action, he shall after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections 3(a), 403(a), 1003(a), 1403(a), 1603(a), and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(19)(C)) equals 10 per centum of the costs of such work incentive programs. Such withholding shall remain in effect until such time as the Secretary has assurances from the State that such 10 per centum will be contributed as required by section 402. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health and Human Services to the Secretary. Such payment shall be considered a non-Federal contribution for purposes of section 435.

[AGREEMENTS WITH OTHER AGENCIES PROVIDING ASSISTANCE TO FAMILIES OF UNEMPLOYED PARENTS

[SEC. 444. (a) The Secretary is authorized to enter into an agreement (in accordance with the succeeding provisions of this section) with any qualified State agency (as described in subsection (b)) under which the program established by the preceding sections of this part C will (except as otherwise provided in this section) be applicable to individuals certified by such State agency in the same manner, to the same extent, and under the same conditions as such program is applicable with respect to individuals certified to the Secretary by a State agency administering or supervising the administration of a State plan approved by the Secretary of Health and Human Services under part A of this title.

[(b) A qualified State agency referred to in subsection (a) is a State agency which is charged with the administration of a program—

[(1) the purpose of which is to provide aid or assistance to the families of unemployed parents,

[(2) which is not established pursuant to part A of title IV of the Social Security Act,

[(3) which is financed entirely from funds appropriated by the Congress, and

[(4) none of the financing of which is made available under any program established pursuant to title V of the Economic Opportunity Act [71].

[(c)(1) Any agreement under this section with a qualified State agency shall provide that such agency will, with respect to all individuals receiving aid or assistance under the program of aid or assistance to families of unemployed parents administered by such agency, comply with the requirements imposed by section 402(a)(19) in the same manner and to the extent as if (A) such qualified agency were the agency in such State administering or supervising the administration of a State plan approved under part A of this title, and (B) individuals receiving aid or assistance under the program administered by such qualified agency were recipients of aid under a State plan which is so approved.

[(2) Any agreement entered into under this section shall remain in effect for such period as may be specified in the agreement by the Secretary and the qualified State agency, except that, whenever the Secretary determines, after reasonable notice and opportunity for hearing to the qualified State agency, that such agency has failed substantially to comply with its obligations under such agreement, the Secretary may suspend operation of the agreement until such time as he is satisfied that the State agency will no longer fail substantially to comply with its obligations under such agreement.

[(3) Any such agreement shall further provide that the agreement will be inoperative for any calendar quarter if, for the preceding calendar quarter, the maximum amount of benefits payable under the program of aid or assistance to families of unemployed parents administered by the qualified State agency which is a party to such agreement is lower than the maximum amount of benefits payable under such program for the quarter which ended September 30, 1967.

[(d) The Secretary shall, at the request of any qualified State agency referred to in subsection (a) of this section and upon receipt from it of a list of the names of individuals referred to the Secretary, furnish to such agency the names of each individual on such list participating in public service employment under section 433(a)(3) whom the Secretary determines should continue to participate in such employment. The Secretary shall not comply with any such request with respect to an individual on such list unless such individual has been certified to the Secretary by such agency under section 402(a)(19)(G) for a period of at least six months.

[WORK INCENTIVE DEMONSTRATION PROGRAM

[SEC. 445. (a) Notwithstanding any other provision of this part and part A of this title, any State may elect as an alternative to the work incentive program otherwise provided in this part, and subject to the provisions of this section, to operate a work incentive demonstration program for the purpose of demonstrating single agency administration of the work-related objectives of this Act, and to receive payments under the provisions of this section.

[(b)(1) Not later than June 30, 1987 [72], the Governor of a State which desires to operate a work incentive demonstration program

under this section shall submit to the Secretary of Health and Human Services a letter of application stating such intent. Accompanying the letter of application shall be a State program plan which must—

[(A) provide that the agency conducting the demonstration program within the State shall be the single State agency which administers or supervises the administration of the State plan under part A of this title;

[(B) provide that all persons eligible for or receiving assistance under the aid to families with dependent children program shall be eligible to participate in, and shall be required to participate in, the work incentive demonstration program, subject to the same criteria for participation in such demonstration program as are in effect under this part and part A during the month before the month in which the demonstration program commences, but subject to waiver of such criteria as provided under section 1115;

[(C) provide that the criteria for participation in the work incentive demonstration program shall be uniform throughout the State;

[(D) provide a statement of the objectives which the State expects to meet through operating of a work incentive demonstration program, with emphasis on how the State expects to maximize client placement in nonsubsidized private sector employment;

[(E) describe the techniques to be used to achieve the objectives of the work incentive demonstration program, which may include but shall not be limited to: maximum periods of participation, job training, job fund clubs, grant diversion to either public or private sector employers, services contracts with State employment services, service delivery areas under the Job Training Partnership Act, or private placement agencies, targeted jobs tax credit outreach campaigns, and performance-based placement incentives; and

[(F) set forth the format and frequency of reporting of information regarding operation of the work incentive demonstration program.

[(2) A State's application to participate in the work incentive demonstation program shall be deemed approved unless the Secretary of Health and Human Services notifies the State in writing of disapproval within forty-five days of the date of application. The Secretary of Health and Human Services shall set forth the reasons for disapproval and provide an opportunity for resubmission of the plan with forty-five days of the receipt of the notice of disapproval. An application shall not be finally disapproved unless the Secretary of Health and Human Services determines that the State's program plan would be less effective than the requirements set forth in this title, other than this section.

[(3) The Secretary of Health and Human Services shall furnish copies of approved plans, statistical reports, and evaluation reports to the Secretary of Labor.

[(c) Subject to the statement of objectives and description of techniques to be used in implementing its work incentive demonstration program, as set forth in its program plan, a State shall be

free to design a program which best addresses its individual needs, makes best use of its available resources, and recognizes its labor market conditions. Other than criteria for participation in the State's work incentive demonstration project, which shall be uniform throughout the State, the components of the program may vary by geographic area of by political subdivision.

[(d) A State's work incentive demonstration program, if initially approved, shall be in force for a three-year period, except that in the case of a State which has submitted a letter of application on or before June 30, 1987, such program may continue in force until June 30, 1988. During this period, the State may elect to use up to six months for planning purposes. During such planning period, all requirements of part A and this part C shall remain in full force and effect.

[(e) The Secretary of Health and Human Services shall conduct two evaluations of a State's work incentive demonstration program. The first evaluation shall be conducted at the conclusion of the first twelve months of operation of the demonstration program. The second evaluation shall be conducted three years for the date of the Secretary's approval of the demonstration program. Both evaluations shall compare placement rates during the demonstration program with placement rates achieved during a number of previous years, to be determined by the Secretary of Health and Human Services.

[(f)(1) For each year of its demonstration program, a State which is operating such program shall be funded in an amount equal to its initial annual 1981 allocation under the work incentive program set forth in this part, plus any other Federal funds which the State may properly receive under any statute for establishing work programs for recipients of aid to families with dependent children.

[(2) Such funds shall only be used by the State for administering and operating its work incentive demonstration program. These funds shall not be used for direct grants of assistance under the aid to families with dependent children program.

[(3) The Secretary of Health and Human Services shall conduct, in consultation with the States, a thorough study of the allocation formula described in paragraph (1) of this subsection and report to Congress no later than April 1, 1985, on the findings of this study with recommendations, if appropriate, for modifying the allocation formula to take into account State performance and to provide for the equitable distribution of funds.

[(g) Earnings derived from participation in a State's work incentive demonstration program shall not result in a determination of financial ineligibility for assistance under the aid to families with dependent children program.]

PART C—FAIR WORK OPPORTUNITIES FOR FAMILY SELF-SUFFICIENCY

DEFINITIONS

SEC. 431. As used in this part—

(1) the term "recipient" means an individual who is receiving aid to families with dependent children or family support supplements under part A of this title;

(2) the term "mandatory participant" means a recipient who is not exempt from the participation requirement under section 416(c)(2) and (3) of this Act;

(3) the term "voluntary participant" means a recipient who is exempt from the participation requirement under sections 416(c)(2) and (3) of this Act;

(4) the term "Secretary" means the Secretary of Labor;

(5) the term "State work initiatives agency" means the agency designated under section 433 to develop the State plan and administer the Fair Work Opportunities Program under this part;

(6) the term "State public assistance agency" means the agency which administers or supervises the State plan approved under section 402 of this Act;

(7) the term "postsecondary institution" has the meaning provided in section 4(18) of the Job Training Partnership Act; and

(8) the term "appropriate day care" has the meaning provided in section 416(c)(5) of this Act.

AUTHORIZATION AND ALLOCATION OF FUNDS

SEC. 432. (a) AUTHORIZATION—(1) There are authorized to be appropriated to the Secretary of Labor to carry out this part the sum $650,000,000 for fiscal year 1988, and such sums as may be necessary for each succeeding fiscal year.

(2) Of the amount appropriated pursuant to paragraph (1) in excess of $200,000,000 for any fiscal year, the first $150,000,000 shall be reserved for purposes of providing child care under this part.

(b) RESERVED FUNDS.—Five percent of the amount so appropriated—

(1) for fiscal year 1988 and fiscal year 1989, shall be made available by the Secretary to the States for technical assistance and planning grants and demonstration programs; and

(2) for each succeeding fiscal year, shall be made available by the Secretary for demonstration programs and to the States determined by the Secretary to be excelling in terms of the performance standards under section 438.

(c) ALLOCATIONS.—(1) The Secretary shall allocate 95 percent of the amount so appropriated for any fiscal year among the States to carry out plans approved under section 434. In allocating amounts among the States, the Secretary shall take into account each State's prior year allocations and the relative number of recipients in the various States during the most recent year for which satisfactory data are available.

(2) Amounts allocated under this section to any State shall be in addition to any amount payable to such State for use under section 416 and this part pursuant to section 403(a)(4) (as amended by section 102 of the Family Welfare Reform Act of 1987).

(d) MATCHING REQUIREMENT.—(1) Each State receiving an allocation under subsection (c)(1) shall ensure that there will be available, from non-Federal sources, a portion of the costs of providing services

under this part. Contributions from non-Federal sources may be provided in cash or in kind.

(2) The amount required to be provided from non-Federal sources in each State under paragraph (1) for fiscal year 1988 and each succeeding fiscal year shall be equal to the sum of—

(A) 10 percent of so much of its allocation under subsection (c)(1) as does not exceed the State's prior year allocation;

(B) 20 percent of so much of its allocation under subsection (c)(1) as does exceed the State's prior year allocation and is expended for purposes of education and training programs under sections 436(a)(2) and (3) and related child care and supportive services; and

(C) 30 percent of so much of its allocation under subsection (c)(1) as does exceed the State's prior year allocation and is expended for any other purpose under this part (including administrative expenses).

(e) DEFINITION.—As used in this section, the term "prior year allocation" means the amount allocated to a State from appropriations for fiscal year 1986 under this part.

STATE WORK INITIATIVES AGENCY

SEC. 433. The Governor of each State shall designate, as the State work initiatives agency responsible for developing the State plan and administering the Fair Work Opportunities Program under this part, the State public assistance agency, the State employment services agency, or another agency of State government. Such designation shall be based on a determination that the agency so designated has extensive capacity for exercising overall direction of programs designed to meet the employment and training needs of eligible participants under this part in the State.

STATE PLANS

SEC. 434. (a) SUBMISSION.—In order to qualify for incentive grants under section 432(b)(2) and in order to receive an allocation under section 432(c) for any fiscal year, a State shall develop and submit to the Secretary a State plan in accordance with the requirements of this section.

(b) PROVISIONS.—Each such State plan shall set forth—

(1) a description of coordination arrangements with other Federal and State agencies, including the State educational agency;

(2) a description of the services to be provided in programs under sections 436 and 437 and the methods and priorities to be used in the allocation of such services;

(3) assurances that the State plan meets the criteria for coordination established in the Governor's coordination and special services plan pursuant to section 121(b)(1) of the Job Training Partnership Act;

(4) assurances that the State will meet the matching requirements of section 432(d), and an identification of the State resources available to meet such requirements;

(5) procedures for selecting service providers which take into account past performance in providing similar services, fiscal accountability, and ability to meet performance standards;

(6) assurances that, if the State receives an allocation under section 432(b)(2) for excelling in terms of performance standards, the State will appropriately distribute an equitable portion thereof to any service provider whose actions were the basis for such allocation;

(7) assurances that services provided are in addition to, and do not duplicate, services that are otherwise available from other Federal or State agencies on a nonreimbursable basis;

(8) assurances that education, training, and work programs include private sector and local government involvement through administrative entities under section 4(2) of the Job Training Partnership Act, in planning and program design to assure that participants are trained for jobs that are likely to be available in the community;

(9) assurances that community-based organizations (as defined in section 4(5) of the Job Training Partnership Act) are involved in planning and program design to facilitate outreach in the client community and in the delivery of services (meeting the conditions set forth in section 107(a) of the Job Training Partnership Act);

(10) a description of the distribution of services within the State (A) identifying for each area within the State the resources to be made available for training, on-the-job training, and transitional employment opportunities, and (B) explaining the economic and demographic reasons for such distribution;

(11) assurances that necessary supportive services will be available to participants, including appropriate day care for children of preschool age or other children while not in school and while not otherwise receiving care during such times as their parents will be participating in activities under this part;

(12) a description of the methods by which the State will comply with the requirements of section 444; and

(13) such other information and assurances as the Secretary may require in accordance with regulations.

(c) PUBLIC COMMENTS.—Not later than 30 days before submission of the plan to the State job training coordinating council in accordance with subsection (d), the proposed State plan shall be published and made reasonably available to the general public through local news facilities and public announcements, in order to provide the opportunity for review and comments through such means as public hearings.

(d) REVIEW AND APPROVAL.—The State work initiative agency shall submit the State plan described in subsection (b)—

(1) to the State job training coordinating council established pursuant to section 122 of the Job Training Partnership Act, for a period not to exceed 90 days, for review and comments prior to submission to the Governor;

(2) to the Governor of the State for approval prior to the submission of the plan to the Secretary; and

(3) to the Secretary for approval of the plan.

(e) NOTICE AND OPPORTUNITY FOR HEARING.—The Secretary shall notify the State work initiatives agency within 45 days after submission of the State plan whether it has been approved or disapproved. Any notice of disapproval shall include a statement of the reasons for such disapproval. A State plan shall not be disapproved unless the State work initiatives agency has been afforded an opportunity for a hearing on the plan.

ASSESSMENT AND FAMILY SUPPORT PLAN

SEC. 435. (a) INITIAL ASSESSMENT AND DEVELOPMENT OF FAMILY SUPPORT PLAN.—The State work initiatives agency shall make an initial assessment of the educational, child care, and other supportive services needs, as well as the skills, prior work experience, and employability of each participant in the program under this part, including a review of the family circumstances and of the needs of the children as well as those of the adult caretaker. The assessment of the educational needs of each participant shall include testing of literacy and reading skills. On the basis of such assessment, the State work initiatives agency and the participating members of the family (or the adult caretaker relative in the family with respect to any such participant who is a child) shall negotiate a family support plan for the family. The family support plan shall set forth and describe all of the activities in which participants in the family will take part under the program, including the child care and other supportive services that will be provided to facilitate participation; and shall, to the maximum extent possible and consistent with this part, reflect the choices of such participants.

(b) AGENCY-CLIENT AGREEMENT.—(1)(A) Following the initial assessment and the development of the family support plan with respect to any family under this section, the State work initiatives agency and the participating members of the family (or the adult caretaker relative in the family with respect to participants who are children) shall negotiate and enter into an agency-client agreement including—

(i) a commitment by the participants (or adult caretaker relative) to participate in the program in accordance with the family support plan,

(ii) a description in detail of the activities in which the participants will take part and the conditions and duration of such participation, and

(iii) a description in detail of all of the activities, including child care and other supportive services, which the State will arrange and the services which the State will provide in the course of such participation.

(B) Each participant (or adult caretaker relative) shall be given such assistance as may be required in reviewing and understanding the family support plan and his or her obligations and those of the agency as specified in the agency-client agreement. Prior to signing the agency-client agreement, each participant shall be afforded an opportunity, for a period of not to exceed 10 days, to review the proposed agreement, to request additional information concerning its terms and contents, and to renegotiate any appropriate provision of the agreement which he or she deems necessary.

(2) Each participant shall be guaranteed an opportunity for a fair hearing before the State work initiatives agency in the event of any dispute involving the contents of the family support plan, the contents or signing of the agency-client agreement, the nature or extent of his or her participation in the program as specified therein, the availability of child care and other supportive services, or any other aspect of such participation which is provided for under this section (including any dispute involving the imposition of sanctions under section 402(h) of this Act and the participant's right to conciliation before any such sanction is imposed); and the agency-client agreement shall so provide. The agency-client agreement shall be signed by the participant (or adult caretaker relative) and the agency representative responsible for implementation of the agreement.

(3) The State work initiatives agency shall assign to each participating family a member of the agency staff to provide case assistance services to the family; and the case assistant so assigned shall be responsible for—

(A) obtaining or brokering, on behalf of the family, any other services which may be needed to assure the family's effective participation,

(B) monitoring the progress of the participant, and

(C) periodically reviewing and renegotiating the family support plan and the agency-client agreement as appropriate.

Amounts expended in providing case assistance services under this paragraph shall be considered to be expenditures for the proper and efficient administration of the State plan.

COMPREHENSIVE EDUCATION, TRAINING, JOB, AND SUPPORT SERVICES

SEC. 436. (a) COMPREHENSIVE SERVICES.—Comprehensive services to be offered to participants under this part shall include—

(1) job search services, including (but not limited to)—

(A) training in job seeking skills;

(B) job search and job club activities;

(C) job and career counseling;

(D) testing and assessment;

(E) labor market information; and

(F) referral to employers;

(2) education programs, including (but not limited to)—

(A) basic and remedial education;

(B) literacy training;

(C) bilingual education for individuals with limited English proficiency;

(D) high school or equivalent education (combined with training when appropriate) for individuals who lack a high school diploma; and

(E) appropriate specialized advanced education;

(3) training programs, including (but not limited to)—

(A) job readiness activities to help prepare participants for employment;

(B) institutional job skills training;

(C) on-the-job training; and

(D) work experience;

(4) necessary support services, as required by subsection (c);

(5) counseling, information, and referrals to help participants experiencing personal or family problems which may affect their ability to engage in work; and

(6) job development, job placement, and follow-up services to assist participants in securing and retaining employment and advancement.

(b) TRANSITIONAL EMPLOYMENT.—Comprehensive services may also include transitional employment, subject to the requirements of section 437.

(c) SUPPORT SERVICES.—Eligible participants receiving any of the services described in paragraphs (1), (2), and (3) of subsection (a) or in subsection (b) shall be provided such related support services as are necessary to enable such individuals to participate therein. Related support services shall include transportation and child care assistance. Any individual who is the parent or other caretaker relative of any dependent child or incapacitated individual and whose family ceases to be eligible for family support supplements under the State plan under section 402 as of the close of any month (if at that time the family has earnings) shall continue to be entitled to reimbursement for the costs of any appropriate day care (subject to the applicable dollar limitations specified in section 402(g)(1)) which is determined by the State agency to be reasonably necessary for his or her employment, for a period of up to 12 months after the close of such month, under a sliding scale formula established by the State which shall be based on the family's ability to pay (and under which such applicable dollar limitations are appropriately reduced to reflect such ability).

(d) EDUCATION SERVICES.—(1) Any participant lacking a high school diploma shall, before being required to participate in any other services or activities, be required to participate in a program which addresses the education needs identified in the participant's initial assessment, including high school or equivalent education designed specifically for participants who do not have a high school diploma, remedial education to achieve a basic literacy level, or instruction in English as a second language; and both the family support plan and the agency-client agreement shall so provide. Any other services or activities to which such a participant is assigned under the agreement may not be permitted to interfere with his or her participation in an appropriate education program under this paragraph. Any participant pursuing a high school or equivalent education shall not be required to participate in other services or activities.

(2) Children in participating families who are not themselves participants in the program under this part shall be encouraged to take part in any suitable education or training programs available under the program authorized by this part; and the program must also provide to such children additional services specifically designed to help them stay in school (including financial incentives as appropriate), complete their high school education, and obtain marketable job skills. Activities in which such children participate may not, however, be permitted to interfere with their school attendance.

(3) An individual who attends an accredited postsecondary institution (on not less than a half-time basis), as long as such individual is making satisfactory progress in a vocational or undergradu-

ate education or training program consistent with the individual's employment goals, shall be deemed to be participating satisfactorily under this part without participating in any other program or activity.

(e) REPETITION OF PROGRAMS PROHIBITED.—An individual who has completed participation in a program component described in paragraph (2) or (3) of subsection (a) shall not be required to participate again in the same component.

(f) WORK EXPERIENCE PROGRAMS.—(1) Any State which chooses to do so may establish a work experience program in accordance with this subsection. The purpose of such programs is to provide marketable work experience and training for individuals who are not otherwise able to obtain employment, through a combination of work experience and vocational training or educational activities as part of a planned sequence set forth in the participant's family support plan. Such programs shall be designed to move participants into regular public or private employment. Such programs must be able demonstrably—

(A) to provide marketable skills to participants without previous work experience,

(B) to upgrade the existing skills of participants with limited previous work experience, or

(C) to transform obsolete skills into marketable skills.

(2) Work experience programs shall be limited to projects which serve a useful public purpose in fields such as health, social service, environmental protection or conservation, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. Priority with respect to the selection of agencies carrying out such projects shall be given to those agencies which offer child care or health care. To the extent possible, the prior training, experience, and skills of a recipient shall be used in making appropriate work experience assignments. Participants in a program under this subsection may not fill unfilled vacancies.

(3) A State which elects to establish a work experience program under this subsection shall operate such program so that each participant, in conjunction with vocational training or educational activities, performs unpaid work experience (for a total of not more than 30 hours a week) for a period not exceeding 3 months.

(4) No participant shall be assigned to a position under this subsection unless—

(A) the participant's initial assessment identifies lack of recent work experience as a barrier to immediate placement in regular public or private employment;

(B) the participant is unable to be placed in work supplementation programs established pursuant to this title, or in unsubsidized employment;

(C) the assignment is part of a planned sequence of activities, specified in both the family support plan and the agency-client agreement, which is designed to prepare the participant for regular public or private employment; and

(D) the participant has not been employed during the preceding 6 months.

(5) If at the conclusion of his or her participation in the work experience program, the individual has not become employed, a reassessment with respect to such individual shall be made and a modified family support plan developed. In no event shall any individual who has completed the activities described in this subsection be required to repeat such activities or be reassigned to perform other unpaid work experience, unless—

(A) the individual requests to repeat such activities or be reassigned to perform other unpaid work experience, and such request is reflected in a modified family support plan; or

(B) such extension would lead to employment in an on-the-job training position.

Any extension under this paragraph shall be only for the time period described in paragraph (3).

(6) The State shall provide coordination between a work experience program operated pursuant to this subsection, any program of job search, and the other work-related activities under this part so as to ensure that job placement will have priority over participation in the work experience program.

(7) Participants in such programs may not be required, without their consent, to travel unreasonable distances from their homes or remain away from their homes overnight.

TRANSITIONAL EMPLOYMENT

SEC. 437. (a) RESTRICTIONS ON TRANSITIONAL EMPLOYMENT.—Transitional employment provided under this section includes only employment (for wages) which shall be—

(1) with a public or nonprofit private employer;

(2) for a period not to exceed 6 months, unless at the end of such 6-month period additional transitional employment is determined to be necessary in a review and modification of the family support plan; and

(3) partially or wholly subsidized under this part.

(b) ELIGIBILITY FOR TRANSITIONAL EMPLOYMENT.—An individual may not be provided with transitional employment under this section unless such transitional employment is part of the family support plan and the individual—

(1) has been a participant for at least 6 months in comprehensive services (as described in section 436), including job search, or such longer period as may be required for the participant to achieve substantial progress in the education component of such services; and

(2) has been unable to secure unsubsidized employment.

(c) PRIORITIES.—In providing transitional employment for such individuals, priority shall be given to transitional employment which—

(1) provides services to other eligible participants, such as child care and transportation; or

(2) is likely to lead to unsubsidized employment, directly or through on-the-job training.

PERFORMANCE STANDARDS

SEC. 438. (a) CRITERIA FOR ESTABLISHING STANDARDS.—For the purpose of evaluating the success of programs established under this part and determining eligibility for additional allocations under section 432(b)(2), the Secretary of Labor, on the basis of recommendations received pursuant to subsection (b) of this section, shall establish performance standards. Such performance standards—

(1) shall be measured by outcome and not by levels of activity or participation, and shall be based on the degree of success which may reasonably be expected of States, in carrying out work-related programs under this part which help such individuals achieve self-sufficiency and in reducing welfare costs;

(2) shall take into account job placement rates, wages, job retention, reduced levels of aid under the State plan, improvements in the educational levels of participants, and the extent to which participants are able to obtain jobs providing health benefits or child care;

(3) shall encourage States to give appropriate recognition to the greater difficulties in achieving self-sufficiency which face individuals who have greater barriers to employment; and

(4) shall include guidelines permitting appropriate variations to take account of the differing conditions (including unemployment rates) which may exist in different States.

(b) PROCEDURES FOR ESTABLISHING STANDARDS.—(1) The Secretary shall establish an advisory committee to develop proposed performance standards meeting the requirements of subsection (a). The advisory committee shall include representatives of State agencies administering programs under this part, State job training coordinating councils, labor organizations, business organizations, education agencies, community based organizations, and organizations representing eligible participants.

(2) The proposed performance standards developed by such advisory committee shall be submitted to the Office of Technology Assessment, for a period not to exceed 30 days, for review and comment prior to their submission to the Secretary. The comments of the Office of Technology Assessment concerning the proposed performance standards shall be included with the documents submitted to the Secretary by the advisory committee.

(3) The Secretary may collect preliminary program information from the States to assist in the development of performance standards. The Secretary shall have access to information developed pursuant to section 104(c) of the Family Welfare Reform Act of 1987 for such purpose.

(c) PRELIMINARY AND FINAL STANDARDS.—Preliminary guidelines intended to facilitate compliance with performance standards referred to in subsection (a) shall be established within 12 months after the date of the enactment of the Family Welfare Reform Act of 1987. Final standards shall be established, prescribed, and published no later than 24 months after enactment of such Act.

(d) STATE-BY-STATE VARIATION.—The performance standards developed and prescribed under this section shall be varied by the Governor of a State, to the extent permitted under subsection (a), to the extent necessary to take account of specific economic, geographic,

and demographic factors in the State, the characteristics of the population to be served, and the types of services to be provided.

(e) TARGETING OF SERVICES.—Prior to the development of performance standards under this section, each State should take immediate action to fulfill the purposes of this part regarding the targeting of services toward those individuals who are most difficult to place in unsubsidized employment on the basis of—

(1) work experience,

(2) duration of welfare dependency, and

(3) educational attainments.

(f) EVALUATIONS.—(1) The Secretary shall conduct evaluations of each State's progress toward meeting the performance standards developed under this section. Evaluations shall be conducted at the completion of each fiscal year for which a State may be held accountable for such standards.

(2) If a State fails to meet the performance standards at the conclusion of any such evaluation period, the Secretary shall provide such necessary technical assistance to the State as will facilitate meeting such standards. The Secretary shall review the State's compliance within a reasonable period after providing such assistance (as determined by the Secretary and the Governor), except that such period may not exceed 6 months.

(g) INCENTIVE ALLOCATIONS.—(1) In the case of any State which meets or exceeds the performance standards, such State shall be eligible for incentive allocations available under section 432(b)(2).

(2) The amount of such additional allocation shall be based on the extent to which such State meets or exceeds the performance standards under performance categories established by this part. The Secretary shall determine the amounts of such incentive awards.

(h) REVIEW AND REVISION OF STANDARDS.—The Secretary shall periodically (but not more frequently than once each three years) review the performance standards developed under this section and submit recommendations for changes to the advisory committee and the Office of Technology Assessment for review and comment prior to prescribing any revisions to such standards.

GENERAL REQUIREMENTS

SEC. 439. (a) REFUSAL TO PARTICIPATE.—Prior to a determination pursuant to section 416(h) that an individual has refused to participate under section 416 or this part without good cause, the State work initiatives agency shall provide to such individual a notice of intent to make such determination. In no event may a final determination be made in a first such instance unless such individual has been offered an opportunity to reach a conciliatory resolution, including the opportunity to discuss reasons for the lack of cooperation and to propose options with the goal of continuing in the program under this part. The failure of a State to provide services to an individual in accordance with a family support plan developed under section 435 shall constitute one of the grounds for good cause.

(b) BENEFITS AND LABOR STANDARDS.—The provisions of sections 142 and 143 (relating to benefit requirements and labor standards) of the Job Training Partnership Act shall apply to all program ac-

tivities under section 416 and under this part and any work program carried out under this Act.

(c) SUITABILITY OF WORK ASSIGNMENTS.—(1)(A) Each assignment of a participant to any program activity under section 416 or under this part, or under any work program carried out under this Act, shall be consistent with the physical capacity, skills, experience, health, family responsibilities, and place of residence of such participant. For the purposes of this part and section 416, or any work program carried out under this Act, part-time participation shall in no event exceed 20 hours per week; and no part-time participant shall be required to participate in more than one program or activity if travel to and participation therein would exceed such time.

(B) Before assigning a participant to any activity under section 416 or under this part, or under any work program carried out under this Act, the State shall assure that—

(i) appropriate standards for health, safety, and other conditions are applicable to participation in such activity;

(ii) the conditions of participation in such activity are reasonable, taking into account the geographic region, the residence of the participant, and the proficiency of the participant, and the child care and other supportive service needs of the participant; and

(iii) the participant will not be required, without his or her consent, to travel an unreasonable distance from his or her home or remain away from such home overnight.

(2) The State may not require a participant in the program under this part or under section 416 or under any program under this Act to accept a position under the program (as work supplementation or otherwise) if accepting the position would result in the receipt of wages paid at a rate below the Federal minimum wage established by the Fair Labor Standards Act of 1938. The State shall establish a program whereby, to prevent any loss of income to the participant as a result of the acceptance of such job, the State shall provide a supplement at a level which, when combined with wages from such job, equals the participant's benefits level while participating in the program for a period of 12 months.

(d) MANDATORY WORKFARE PROHIBITED.—Funds available under this part will not be used, directly or indirectly, to support any mandatory workfare program. As used in this subsection, the term "mandatory workfare program" means any program under which recipients of welfare or other public assistance are to be required to perform work in exchange for such assistance, but are not to be provided wages and worker benefits in paid employment.

(e) NONDISCRIMINATION PROVISIONS.—(1) The provisions of section 167 (relating to nondiscrimination) of the Job Training Partnership Act shall apply to all program activities under section 416 and under this part and any work program carried out under this Act.

(2) Individuals assigned to any job or work program under this Act shall not be discriminated against on the basis of race, sex, national origin, religion, age, or handicapping condition, and such individuals shall have such rights as are available under any Federal, State, or local law prohibiting discrimination in employment.

USE OF EXISTING RESOURCES

SEC. 440. (a) REIMBURSEMENT PERMITTED.—In making use of the programs of other State or local agencies (public or private), a State agency may reimburse such agencies for services rendered to individuals under this part to the extent that such services and opportunities are not otherwise available on a nonreimbursable basis.

(b) USE OF SERVICES AND INFORMATION FROM PRIVATE INDUSTRY COUNCILS.—(1) The State work initiatives agency shall utilize the services of each private industry council (as established under the Job Training Partnership Act) to identify and provide advice on the types of jobs available or likely to become available in the service delivery area of such council.

(2) The State work initiatives agency shall not conduct, in any area, institutional training under any program established pursuant to section 436(a) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined after taking into account information provided by the private industry council for such area.

(c) In carrying out services and activities under this part, the State work initiatives agency may enter into appropriate contracts and other arrangements with public and private agencies and organizations for the provision or conduct of any services or activities under this part.

REPORTS, RECORDKEEPING, AND INVESTIGATIONS

SEC. 441. (a) RECORDS AND REPORTS.—(1) Each State work initiatives agency shall keep records that are sufficient to permit the preparation of reports required by this part and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

(2) Each State work initiatives agency shall maintain such records and submit such reports, in such form and containing such information, as the Secretary requires regarding the performance of its programs. Such records and reports shall be submitted to the Secretary, but shall not be required to be submitted more than once each quarter unless specifically requested by the Congress or a committee thereof.

(b) INVESTIGATIONS.—(1)(A) In order to evaluate compliance with the provisions of this part, the Secretary shall conduct in several States, in each fiscal year, investigations of the use of funds received by State work initiatives agencies under this Act.

(B) In order to insure compliance with the provisions of this part, the Comptroller General of the United States may conduct investigations of the use of funds received under this part by any State agency.

(2) In conducting any investigation under this part, the Secretary or the Comptroller General of the United States may not request the compilation of any new information not readily available to such State agency.

(c) STATE REPORTS.—Each State work initiatives agency shall make such reports concerning its operations and expenditures as shall be prescribed by the Secretary.

(d) REVIEW OF COMPLAINTS.—(1) Whenever the Secretary receives a complaint from any interested person which alleges, or whenever the Secretary has reason to believe, that a State work initiatives agency receiving financial assistance under this part is failing to comply with the requirements of this part or the terms of the State plan, the Secretary shall investigate the matter.

(2) If, after such investigation, the Secretary determines that there is substantial evidence to support such allegation or belief that such a State work initiatives agency is failing to comply with such requirements, the Secretary shall, after due notice and opportunity for a hearing to such State work initiatives agency, determine whether such allegation or belief is true.

(3) The Secretary shall conduct such investigation, and make the final determination required by paragraph (2) regarding the truth of the allegation or belief involved, not later than 120 days after receiving the complaint.

NONCOMPLIANCE AND CORRECTIVE ACTIONS

SEC. 442. (a) SANCTIONS FOR NONCOMPLIANCE.—(1) If the Secretary of Labor concludes that any State work initiatives agency receiving funds under this part, or if the Secretary of Health and Human Services concludes that any State public assistance agency under section 416 or any other provision of this Act is failing to comply with any provision of this Act, such Secretary shall have authority to terminate or suspend financial assistance in whole or in part and to order such sanctions or corrective actions as appropriate, including the repayment of misspent funds from sources other than funds under this part and the withholding of future funding, if prior notice and an opportunity for a hearing have been given to the State.

(2) Whenever such Secretary orders termination or suspension of financial assistance to a subgrantee or subcontractor (including any operator under a nonfinancial agreement), such Secretary shall have authority to take whatever action is necessary to enforce such order, including action directly against the subgrantee or contractor (and including requiring the primary recipient to take legal action) to reclaim misspent funds or to otherwise protect the integrity of the funds or ensure the proper operation of the program.

(b) REMEDIES NOT EXCLUSIVE.—The existence of remedies under this Act shall not preclude any person, who alleges that an action of a State agency violates any of the provisions of this part, from instituting a civil action or pursuing any other remedies authorized under Federal, State, or local law.

DEMONSTRATION PROGRAMS

SEC. 443. (a) AUTHORIZED USES OF FUNDS.—Funds available to the Secretary under section 433(b)(1) and (2) may be made available to States, for use in conjunction with other resources, for such purposes as—

(1) demonstrations to test the effectiveness of arrangements under which private organizations will operate supported-work programs to place participants in full-time jobs in the private sector, with the Federal subsidy of wages not to exceed 9

months, through performance-based contracts conditioned upon retention in such private sector employment after the Federal subsidy ends;

(2) demonstrating more effective methods of providing coordination and services to ensure long-term family self-sufficiency through community-based comprehensive family support services involving a partnership between the State work initiatives agency and community-based organizations having experience and demonstrated effectiveness in providing services; and

(3) financial assistance to nonprofit community development corporations to demonstrate their effectiveness in creating employment opportunities for recipients and other low-income individuals.

(b) STATE DEMONSTRATION PROGRAMS.—In order to encourage States to develop innovative education and training programs for children receiving aid under State plans approved under section 402, any State may establish and conduct one or more demonstration projects, targeted to such children, designed to test financial incentives and interdisciplinary approaches to reducing school dropouts, encouraging skill development, and avoiding welfare dependence; and the Secretary may make grants to States to assist in financing such projects. Demonstration projects under this paragraph shall meet such conditions and requirements as the Secretary shall prescribe, and no such project shall be conducted for a period of less than one year or more than 5 years.

CHILD CARE REQUIREMENTS

SEC. 444. (a) ASSESSMENT.—Prior to or in conjunction with the expenditure of funds available under section 432(a)(2) for child care for participants in the program, each State shall conduct an assessment of the adequacy and appropriateness of child care resources in the State or particular communities in the State to meet the child care needs of participants in the program and those of other families receiving family support supplements. Such assessments shall specifically address the adequacy of resources available for children in different age groups, including infants, toddlers, preschools, and school-age children.

(b) COORDINATION.—In order to encourage and facilitate coordination in the delivery of child care services, each State may provide that funds to participants for child care services under section 402(g) may be available to supplement early childhood development programs within a State, including Head Start programs, preschool programs funded under chapter one of the Education Consolidation and Improvement Act of 1981, schools and nonprofit child care programs (including community based organizations receiving State or local funds designated for preschool programs for handicapped children), so as to extend these programs to provide full day, full year services to children in participating families.

(c) TRAINING OF CAREGIVERS.—Each State shall institute a program to provide grants for training child care personnel in areas such as child growth and development, communication with families, health and safety, instruction, and administration and management. Child care personnel eligible for such training may in-

clude employees of child care centers as well as family day care providers and others meeting the standards enumerated in section 402(g)(1)(B) of this Act (as amended by title II of the Family Welfare Reform Act of 1987).

(d) CHILD CARE SUPPLY.—Any State may use funds provided under this part to institute a program to provide grants to local nonprofit child care programs to establish or renovate child care centers and family day care homes which meet the standards enumerated in section 402(g)(1)(B) of this Act (as amended by title II of the Family Welfare Reform Act of 1987) and which will be used to serve participants in the other activities described in section 436, including on-site or nearby child care centers operated as part of the education, training, or employment programs, as well as other child care centers which will be used by program participants. Such grants may also be made available to local child care agencies (such as resource and referral programs) to recruit, train, and provide other essential supports to new family day care providers. These grants may also be used to assist centers and family day care providers to come into compliance with applicable health and safety standards.

(e) PROHIBITION OF RELAXATION OF CHILD CARE LICENSING REQUIREMENTS.—No State shall reduce the level of standards applicable to child care provided within the State on the date of enactment of the Family Welfare Reform Act of 1987.

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TITLE XI—GENERAL PROVISIONS AND PEER REVIEW

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PART A—GENERAL PROVISIONS

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LIMITATION ON PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 1108. (a) * * *

(b) The total amount certified by the Secretary under part A of title IV, on account of family planning services and services provided under section [402(a)(19)] *416* with respect to any fiscal year—

(1) for payment to Puerto Rico shall not exceed $2,000,000,

(2) for payment to the Virgin Islands shall not exceed $65,000, and

(3) for payment to Guam shall not exceed $90,000.

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DEMONSTRATION PROJECTS

SEC. 1115. (a) *(1)* In the case of any experimental, pilot, or demonstration project which, in the judgment of the Secretary, is likely to assist in promoting the objectives of title, I, X, XIV, XVI, or XIX, the part A or D of title IV, in a State or States—

[(1)] *(A)* the Secretary may waive compliance with any of the requirements of section 2, 402, 454, 1002, 1402, 1602, or 1902, as the case may be, to the extent and for the period he finds necessary to enable such State or States to carry out such project, and

[(2)] *(B)* cost of such project which would not otherwise be included as expenditures under section 3, 403, 455, 1003, 1403, 1603, or 1903, as the case may be, and which are not included as part of the costs of projects under section 1110, shall, to the extent and for the period prescribed by the Secretary, be regarded as expenditures under the State plan or plans approved under such title, or for administration of such State plan or plans, as may be appropriate.

In addition, not to exceed $4,000,000 of the aggregate amount appropriated for payments to States under such titles for any fiscal year beginning after June 30, 1967, shall be available, under such terms and conditions as the Secretary may establish, for payments to States to cover so much of the cost of such projects as is not covered by payments under such titles and is not included as part of the cost of projects for purposes of section 1110.

[(c)] *(2)* In the case of any experimental, pilot, or demonstration project undertaken under [subsection (a)] *paragraph (1)* to assist in promoting the objectives of part D of title IV, the project—

[(1)] *(A)* must be designed to improve the financial well-being of children or otherwise improve the operation of the child support program;

[(2)] *(B)* may not permit modifications in the child support program which would have the effect of disadvantaging children in need of support; and

[(3)] *(C)* must not result in increased cost to the Federal Government under the program of aid to families with dependent children.

[(b)(1) In order to permit the States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of individuals who are recipients of public assistance, any State having an approved plan under part A of title IV may, subject to the provisions of this subsection, establish and conduct not more than three demonstration projects. In establishing and conducting any such project the State shall—

[(A) provide that not more than one such project be conducted on a statewide basis;

[(B) provide that in making arrangement for public service employment—

[(i) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

[(ii) such project will not result in the displacement of employed workers,

[(iii) each participant in such project shall be compensated for work performed by him at an hourly rate equal to the prevailing hourly wage for similar work in the locality where the participant performs such work (and, for

purposes of this clause, benefits payable under the State's plan approved under part A of title IV of the family of which such participant ia a member shall be regarded as compensation for work performed by such participant),

[(iv) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and

[(v) appropriate workmen's compensation protection is provided to all participants; and

[(C) provide that participation in such project by any individual receiving aid to families with dependent children be voluntary

[(2) Any State which establishes and conducts demonstration projects under this subsection may, subject to paragraph (3), with respect to any such project—

[(A) waive, subject to paragraph (3), any or all of the requirements of sections 402(a)(1) (relating to statewide operation), 402(a)(3) (relating to administration by a single State agency), 402(a)(8) (relating to disregard of earned income), except that no such waiver of 402(a)(8) shall operate to waive any amount in excess of one-half of the earned income of any individual, and 402(a)(19) (relating to the work incentive program); and

[(B) subject to paragraph (4), use to cover the costs of the project such funds as are appropriated for payment to such State with respect to the assistance which is or would, except for participation in a project under this subsection, be payable to individuals participating in such projects under Part A of title IV for any fiscal year in which such projects are conducted.

[(3)(A) Any State which wishes to establish and conduct demonstration project under the provisions of this subsection shall submit an application to the Secretary in such form and containing such information as the Secretary may require. Whenever any State submits such an application to the Secretary, it shall at the same time issue public notice of that fact together with a general description of the project with respect to which the application is submitted, and shall invite comment thereon from interested parties and comments thereon may be submitted, within the 30-day period beginning with the date the application is submitted to the Secretary, to the State or the Secretary by such parties. The State shall also make copies of the application available for public inspection. The Secretary shall also immediately publish a summary of the proposed project, make copies of the application available for public inspection, and receive and consider comments submitted with respect to the application. A state shall be authorized to proceed with a project submitted under this subsection—

[(i) when such application has been approved by the Secretary (which shall be no earlier than 30 days following the date the application is submitted to him), or

[(ii) 60 days after the date on which such application is submitted to the Secretary unless, during such 60 day period, he denies the application.

[(B) Notwithstanding the provisions of paragraph (2)(A), the Secretary may review any waiver made by a State under such paragraph. Upon a finding that any such waiver is inconsistent with the purposes of this subsection and the purposes of part A of title IV, the Secretary may disapprove such waiver. The project with respect to which any such disapproved waiver was made shall be terminated by such State not later than the last day of the month following the month in which such waiver was disapproved.

[(4) Any amount payable to a State under section 403(a) on behalf of an individual participating in a project under this section shall not be increased by reason of the participation of such individual in any demonstration project conducted under this subsection over the amount which would be payable if such individual were receiving aid to families with dependent children and not participating in such project.

[(5) Participation in a project established under this section shall not be considered to constitute employment for purposes of any finding with respect to "unemployment" as that term is used in section 407.

[(6) Any demonstration project established and conducted pursuant to the provisions of this subsection shall be conducted for not longer than two years. All demonstration projects established and conducted pursuant to the provisions of this subection shall be terminated not later than September 30, 1980.]

(b) DEMONSTRATION PROGRAMS.—(1)(A) In order to test the effect of in-home early childhood development programs and preschool center-based development programs (emphasizing the use of volunteers and including academic credit for student volunteers) on families receiving aid under State plans approved under section 402 and participating in the education, training, and work program under section 416, up to 10 States may undertake and carry out demonstration projects utilizing such development programs to enhance the cognitive skills and linguistic ability of children under the age of 5, to improve the communications skills of such children, and to develop their ability to read, write, and speak the English language effectively. Such projects may include parents along with their eligible children in family-centered education programs that assist children directly in achieving the goals stated in the preceding sentence and also help parents contribute to the proper development and education of their young children. Demonstration projects under this paragraph shall meet such conditions and requirements as the Secretary shall prescribe, and no such project shall be conducted for a period of more than 3 years.

(B) The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this paragraph, shall approve up to 10 applications involving projects which appear likely to contribute significantly to the achievement of the purpose of this paragraph, and shall make grants to the States whose applications are approved to assist them in carrying out such projects.

(C) The Secretary shall submit to the Congress with respect to each project undertaken by a State under this paragraph, after such project has been carried out for one year and again when such

project is completed, a detailed evaluation of the project and of its contribution to the achievement of the purpose of this paragraph.

(2)(A) In order to permit States to test whether (and the extent to which) eliminating the 100-hour rule under section 407, and requiring parents under that section to accept any reasonable job offers while preserving the eligibility of their families for aid under the applicable State plan approved under section 402, would effectively encourage such parents to enter the permanent work force and thereby significantly reduce program costs, up to 5 States and localities may undertake and carry out demonstration projects under which—

(i) each parent receiving aid pursuant to section 407 is required to accept any reasonable full- or part-time job which is offered to him or her, without regard to the amount of the parent's resulting earnings as compared to the level of the family's aid under the applicable State plan, and

(ii) the family's eligibility under the plan is preserved notwithstanding the parent's resulting earnings, so long as such earnings (after the application of section 402(a)(8)) do not exceed the applicable State standard of need, without regard to the 100-hour rule or any other durational standard that might be applied in defining unemployment for purposes of determining such eligibility.

(B) The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this paragraph, shall approve up to 5 applications involving projects which appear likely to contribute significantly to the achievement of the purpose of this paragraph, and shall make grants to the States whose applications are approved to assist them in carrying out such projects.

(C) Each demonstration project approved under this paragraph shall provide for the payment of aid under the applicable State plan, as though section 407 had been modified to reflect the provisions of clauses (i) and (ii) of subparagraph (A) but shall otherwise be carried out in accordance with all of the requirements and conditions of section 407 (and any related requirements and conditions under part A of title IV); and each such project shall meet such other requirements and conditions as the Secretary shall prescribe.

(3)(A) Any demonstration project undertaken pursuant to this subsection—

(i) must be designed to improve the financial well-being of families with children or otherwise improve the operation of the program or programs involved; and

(ii) may not permit modifications in any program which would have the effect of disadvantaging children in need.

(B) There are authorized to be appropriated such sums as may be necessary to enable the Secretary to make grants with respect to the demonstration projects which are provided for under any of the preceding paragraphs of this subsection (and for which an authorization in specific dollar amounts is not included in the paragraph involved).

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TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

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STATE PLANS FOR MEDICAL ASSISTANCE

SEC. 1902. (a) A State plan for medical assistance must—

(1) * * *

* * * * * * *

(10) provide—

(A) for making medical assistance available, including at least the care and services listed in paragraphs (1) through (5) and (17) of section 1905(a), to—

(i) all individuals—

(I) who are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A or part E of title IV (including individuals eligible under this title by reason of section 402(a)(37), 406(h), or 473(b), or considered by the State to be receiving such aid as authorized under section [414(g)),] *416(i)(6)),*

* * * * * * *

SECTION 102 OF THE JOB TRAINING PARTNERSHIP ACT

ESTABLISHMENT OF PRIVATE INDUSTRY COUNCIL

SEC. 102. (a) There shall be a private industry council for every service delivery area established under section 101, to be selected in accordance with this subsection. Each council shall consist of—

(1) representatives of the private sector, who shall constitute a majority of the membership of the council and who shall be owners of business concerns, chief executives or chief operating officers of nongovernmental employers, or other private sector executives who have substantial management or policy reponsibility; and

(2) representatives of educational agencies (representative of all educational agencies in the service delivery area), organized labor, rehabilitation agencies, community-based organizatrions, econimic development agencies, [and] the public employment service, *and the State public assistance agency for administering part A of title IV of the Social Security Act.*

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MINORITY VIEWS ON H.R. 1720, THE FAIR WORKS OPPORTUNITIES PROGRAM

The Minority Members of the Committee agree with the intent of the Fair Work Opportunities Program—to provide to welfare recipients the opportunity to gain education and employment training in order to become self-sufficient and productive in our society. It is clear from the demographics along through, that if we do not provide the means by which these outcomes can be achieved, this nation will become less competitive in the world market and our overall standard of living will suffer. We need a collective effort by all sectors of society to educate and train the numbers of skilled people we are going to need to match the jobs that are being created.

Unless we can assure that every person has the opportunity to obtain basic literacy and skills, we will not be able to fill the jobs that will become available in the future. Over 80 percent of the new entrants into the work force by the year 2000 will be minorities, women and immigrants. Unfortunately, these are the very same individuals that are traditionally overlooked by our education and training institutions.

There are two provisions of the bill however, which contradict the overall direction and purpose of this legislation. The first concerns exempting recipients with children up to the age of 15 from participation in the program if appropriate day care is not available. The second provision relates to the practice of providing a fair hearing at every stage of developing a client agency agreement, which will not only make the administrative procedures burdensome, but time consuming and costly as well.

The statistics are clear. Each month 3.7 million families receive benefits through the Aid to Families with Dependent Children (AFDC) program. Nine out of ten recipient families are headed by women. Sixty percent of the mothers had at least one child under the age of six. The share of AFDC recipients who work at paid jobs has declined from 14.1 percent in 1979 to 5.3 percent in 1983.

These figures contrast markedly with those of women who are in the workforce and have school-aged children. For example, in 1985, two-thirds of all mothers of children under the age of 18 worked for pay sometime during the year. In the same year, about 60 percent of mothers with children under the age of 6 worked for a time during that year, although only one-third worked full-time. One consequence of this changing role of women and their involvement in the workforce is that the discrepancy between the labor force participation of women in recipient families and nonrecipient families has become less acceptable. Paid employment is increasingly seen as a viable option for raising the standard of living of recipients.

Despite this discrepancy, the following exemption to participation was included in the bill during Committee consideration:

> The parent or other caretaker relative of a child who has attained 6 years of age but not 15 years of age unless appropriate day care is guaranteed to such relative during any period while such child is not in school or is not otherwise receiving care during the time such parent or relative is participating in the program under part C.

Over 54 percent of women with children under the age of 6 work. This figure is four times as great as it was in 1950. Working mothers pay about $11.1 billion a year for child care for their children under the age of 15 while they are at work. With this provision in the bill, we are creating a double standard: for women who are AFDC recipients, they do not have to participate in the labor force until their last child is 15 or older unless there is day care provided for them; for women who work to maintian a household, they not only have to work, but they have to find suitable day care and pay for it. How can this disincentive to work be justified? What kind of signals are we sending to both welfare recipients and working women? Instead of providing opportunities, we are providing excuses. We have designed yet another unrealistic standard. This provision merely creates another barrier to participation in a program which offers a means to gainful, productive employment.

We do not deny the need for adequate day care. Sufficient day care slots do not currently exist to meet the demand. However, we do not believe that this legislation is the appropriate means by which the overall lack of day care should or can be addressed. To exempt participation for recipients who cannot secure day care for young children who have no alternative supervision and structured activities is reasonable. Providing the same exemption for individuals with teenage children, ignores reality. The issue is not whether appropriate day care should be available, the issue is at what point does the inability to *guarantee* day care become sufficient to justify nonparticipation.

In developing the State plan under this bill, the State is required to provided assurances that necessary supportive services will be available to the participants of the program. These supportive services include appropriate day care. Placing the responsibility on the State to provide adequate day care, rather than exempting the recipient, we believe is the approach that should be taken in addressing this issue.

Our second concern centers around the use of the words "negotiate" and "agreement", and the guarantee of an opportunity for a fair hearing before the State work initiatives agency in the development of a recipient's plan of services. The two particular words in question create an adversarial setting for the development of a plan of services. Even in our most rigorous Federal education law, the Education for All Handicapped Children Act (P.L. 94-142), we do not describe the development of the individual education plan in terms as strong as the word negotiate.

Additionally, a fair hearing is provided,

> . . . in the event of any dispute involving the contents of the family support plan, the contents or signing of the agency-client agreement, the nature or extent of his or her participa-

tion in the program as specified therein, the availability of child care and other supportive services, or any other aspect of such participation . . .

This provision, when coupled with the uncertainty of the extent of the rights provided by the inclusion of the concepts of "negotiate" and "client-agency agreement", raises several concerns. The words negotiate and agreement in and of themselves do not extend any rights to participants beyond those of the program. Linked with the requirement of a fair hearing at any point of dispute though, they can create substantial administrative and procedural burden.

In the Supreme Court case Goldberg v. Kelly, it was determined that with respect to the withholding of benefits, a recipient is entitled to minimum due process—a fair hearing. The general regulations under the AFDC program provide for such a hearing. However, the language included in this bill goes beyond the provisions of a fair hearing at a specified point in the process. It allows for a fair hearing at any, and every, point of dispute, at any stage in the process. That is, the bill establishes a new hearing process before, potentially, a new State agency.

The argument is not whether there should be a fair hearing once all administrative procedures have been exhausted, or if the recipient should have access to assistance, review by an independent entity, and a means by which interim disputes can be resolved. None of us wants to deny clients the opportunity to develop, discuss and review their plan of services in an open and informed manner. What we want to avoid though, is the creation of an adversarial situation in which the process can be delayed or stopped at any point of dispute in order to have a formal, fair hearing. The language as it is now written in the bill creates such a situation. We do not believe that the Committee intends to establish barriers to program participation. Unfortunately, this provision would do just that. Instead, we should be finding avenues to move recipients into the services provided—education, training and employment.

Improvements have been made to this bill, and these changes should not be ignored. However, the issues we have raised overshadow these improvements and decrease the probability of achieving the purpose and goals of the program. We will continue to work toward their resolution before the bill is brought to the floor for consideration.

JAMES M. JEFFORDS.
WILLIAM F. GOODLING.
E. THOMAS COLEMAN.
THOMAS E. PETRI.
MARGE ROUKEMA.
STEVE GUNDERSON.
STEVE BARTLETT.
THOMAS J. TAUKE.
RICHARD K. ARMEY.
HARRIS W. FAWELL
PAUL B. HENRY.
FRED GRANDY.
CASS BALLENGER.

ADDITIONAL VIEWS OF REPRESENTATIVES CASS BALLENGER, RICHARD ARMEY, HARRIS FAWELL, FRED GRANDY, THOMAS PETRI, AND THOMAS TAUKE

During the Education and Labor consideration of the work components sections of the omnibus welfare bill, we supported an amendment to strike the prohibition against mandatory workfare from the bill. Unfortunately, this amendment was defeated.

We firmly believe that welfare reform must include provisions mandating work or work training for able-bodied recipients. Those who receive benefits such as Aid for Families with Dependent Children (AFDC), food stamps or low-income energy assistance should be required to participate in activities that offer the opportunity to gain work skills, job histories and job references. These are important skills, vital to both the recipient and the potential employers.

As noted by many welfare experts, workfare provides the welfare recipients with a sense of responsibility while meeting taxpayer demands that those who benefit from the system work to meet their obligation to society. Contrary to claims of some critics of workfare, most welfare recipients have a positive view of the program, indicating improvement in their family situation, self-concept and prospects of leaving the federal assistance program.

Workfare has been one of the few programs offered by Congress that has had positive effect on reducing the welfare rolls. However, the only places that it has been effective is in states where it has been mandated. This bill removes that mandate and without it the possibility of developing a feeling of self worth when the recipient receives the benefit and knows that he or she has done something to earn that benefit. As noted by Professor Lawrence Mead of the University of Wisconsin, "More than anything else, higher work levels would make welfare more 'respectable.'" Polls indicate that if assistance could be given by way of work, voters would want to spend more on the poor rather than less. Thus, welfare deserves the support of those who seek a generous social policy.

We find it regrettable that workfare as a meaningful option of welfare reform was rejected by the Committee and believe that an alternative that has mandatory requirements to bring welfare recipients into the work force should be considered.

CASS BALLENGER.
RICHARD K. ARMEY.
HARRIS W. FAWELL.
FRED GRANDY.
THOMAS E. PETRI.
THOMAS J. TAUKE.

ADDITIONAL VIEWS OF REPRESENTATIVE MARGE ROUKEMA

I come to the issue of welfare reform not only as a Member of the Education and Labor Committee but also as the Vice Chairman of the Select Committee on Hunger for the past four years. Through our hearings and studies on the problems of hunger in this country it has become apparent that our current welfare program is inconsistent with the economic realities of contemporary society. Therefore, a bi-partisan consensus has developed in support of restructuring our welfare system.

Originally welfare and the AFDC program were designed to help widows and others who were temporarily unable to support themselves. Over the years, however, a culture of poverty and a cycle of dependency have developed.

During this same time, women have been entering and re-entering the workforce with greater frequency than ever before Today, over 50 million work outside the home, comprising over 44% of our national workforce. The vast majority of all mothers hold down jobs outside the home, and increasingly, they are mothers with young children. Two-thirds of all mothers with children under eighteen work.

The vast majority—some 84 percent—of working poor families contain children. Slightly over one-third of the working poor families are headed by females. They receive no child care assistance except for child care tax credits which are of little value to those whose income is so low they owe little or no tax against which to take a credit.

These dramatic changes in workforce patterns are the consequence of social and economic upheavals. Rising divorce rates are a factor, and of equal or greater significance is the fact that it now takes two wage-earners to sustain the same standard of living that one income could provide just two decades ago. These families are not getting rich. They are getting by.

In large measure these fundamental socio-economic forces are driving the welfare reform movement. In addition, there is a growing awareness that we as a society have not provided the kinds of education and training which are relevant to today's economy. Advances in technology and the acceleration of international competitiveness have created challenges for the training of our workplace.

As the number of two-worker families increases, the key to welfare reform is to maintain a balance of equity between adequate welfare benefits and strong incentives to work. If benefits are not adequate we may have children and families without enough to live on. If benefit are too generous. there is a strong disincentive for the low-income working families. The bill is largely consistent with this purpose but goes too far in a number of respects and threatens to undermine the broad bipartisan consensus.

This bill correctly offers child care assistance to welfare recipients during their participation in the program and during transitional employment. However, I believed that the bill tipped the scales of equity by allowing child care assistance to continue up to a year after the recipient has graduated from the welfare program. This assistance would have been given without regard to the current income level of the former recipient.

As a consequence it would be likely that two people working side by side with the same income could be receiving different treatment. One, a former welfare recipient during their first year out of the program would be getting substantial child care assistance, while their co-worker, long part of the low-income working population, but never a welfare recipient, would be getting nothing. This is a key example of why we must always bear in mind the balance of equity when looking at welfare payments.

Therefore, I offered an amendment which, as modified, would require that this additional year of child care assistance be provided on a sliding scale based on income. This will eliminate an unintended inequity for the low-income families. I am pleased that Mr. Williams was able to recommend a modification to my amendment which allowed the Committee to accept it unanimously.

My amendment does not deny child care assistance to the truly needy. The use of a sliding scale will ensure that individuals who are making very little money receive greater assistance, and individuals who are fortunate enough to earn a higher salary receive a smaller amount of assistance.

To provide child care assistance to all former ADDC recipients for a year, regardless of income level, defies common sense and is inconsistent with the realities faced by other working women.

There is another key provision in which this bill tips the scale of equity. Title 1, section 436(d)(3) permits an AFDC recipient attending an accredited post-secondary institution full-time in pursuit of a four year baccalaureate degree, to be exempted from any job related activities under the Fair Work Opportunities program. Such college attendance would be all that is required to be able to receive welfare and AFDC payments under this new program. There is no requirement for even part-time work.

The proper role of the welfare system is to help individuals through economic crises, enabling them to return to self sufficiency as soon as possible. While the pursuit of a college degree is certainly laudable and for many opens up the opportunity for a higher-paying job, it is not a necessary prerequisite for economic independence or self-sufficiency.

I strongly oppose this provision and offered an amendmenrt that would require an AFDC recipient who chooses to attend a university in pursuit of a baccalaureate degree also to participate in a job search program. My amendment would make clear that providing health, child care, and living expenses during four years of college falls outside the proper scope of our welfare program.

It would seem apparent that welfare recipients who are skilled enough to gain admission to attend a college are more likely already to possess the skills necessary to obtain some level of employment.

Hundreds of thousands of individuals are currently working their way through community colleges, vocational institutions, and universities. The Bureau of Labor Statistics recently compiled data on individuals who graduated from high school in 1985, and then attended a post-secondary institution. The statistics indicate that of 1,539,000 students enrolled in post-secondary institutions, 593,000 are working, while an additional 90,000 are seeking employment. This means that ¼ of the Class of 1985 work at least part-time while making their way through school. Yet this bill does not require an AFDC recipient to engage in a job search, if attending a full-time baccalaureate program. We expect of some what we do not even ask of others. We should distribute benefits and impose obligations more justly.

My amendment does not prohibit, in any way, the ability of an AFDC recipient to attend a four year undergraduate program. In fact, it assures that a state cannot limit the ability of a recipient to do so. However, if a recipient enrolls in a undergraduate college or university that individual must also attempt to obtain gainful employment, and move toward economic self-sufficiency.

My amendment would not change the provision that allows recipients in a vocational education, job training program, or two year, career directed community college program, to count such attendance as full participation in the Fair Work Opportunities Program. It is only four-year baccalaureate programs which would not be counted as participation under the program. Certainly vocational education, job training program, and other short-term programs are geared to allow recipients to move quickly toward self-sufficiency.

It is also important to note that my amendment would allow an individual who is already enrolled in an undergraduate program, who through extraordinary or tragic circumstances become eligible for AFDC benefits, to complete the current grading period. In addition, it ensures that we do not snatch defeat from the jaws of victory—an individual who is within one year of receiving their degree can complete the remainder of that year without other job-related obligations under the program.

If we create this new program I believe it will become a de facto higher education entitlement program. Such a step would be a grave injustice to those who are presently working their way through college at great personal sacrifice.

The welfare system should be a short term transitional program assimilate recipients quickly into the self-sufficient,working population. When disincentives to work outweigh the incentives, not only do we wreak havoc on the program itself, but we also waste the opportunity to help restore welfare families to personal and financial independence.

I also am strongly opposed to the provision in the bill as reported which exempts welfare recipients with children under 15 from program participation unless adequate day care is available. I agree with the views expressed by my Minority colleagues, but would go further to note that the idea of providing "day care" for young adults, many of whom are looking for work themselves of participating in after-school sports or other activities, is absurd.

Finally, I want to reiterate my strong concern that the words "negotiate" and "agreement" in the bill may add legal complications to the effective administration of the new welfare program. It is my hope that some other choice of words can be made, or that an explicit understanding be reached, before we go further with this bill. In my view, this matter is crucial to the success of the program.

MARGE ROUKEMA.

ADDITIONAL VIEWS ON H.R. 1720

When this effort at welfare reform began, it began in large part as an effort to build upon the reforms initiated over the past few years by a number of state and local governments. Unfortunately, rather than building upon those efforts, the bill passed by the Education and Labor Committee would in several ways undercut the very programs which we should be attempting to support and emulate on the national level.

First, the Education and Labor Committee voted to eliminate the provision permitting states, through special waiver from the Department of Health and Human Services, to require mandatory participation in work and training programs by parents of children under the age of 3. The bill also exempts women from mandatory participation from the moment of pregnancy (as compared to current law which provides an exemption during the last trimester of pregnancy or when medically necessary). Together, these two provisions substantially undercut any mandatory nature of this bill by granting a nearly four year exemption to the largest category of recipients, young mothers, for each child that is born. And these provisions are obviously far more generous than any parental leave policy offered to working parents.

Second, the Education and Labor Committee bill limits participation by parents of children between the ages of three and five to *part-time* work or training. This provision is again completely out of step with what parents who are in the workforce face. And it is highly doubtful that those with the greatest obstacles to employment can overcome those obstacles successfully with only a "part-time" effort.

Third, an amendment adopted by the Education and Labor Committee would prohibit social service agencies from initially requiring job search or job club activities by recipients who do not have a high school degree, until they have completed an education program. Let me point out the difficulty which this amendment causes. A number of programs currently require that, upon application for benefits, a person enroll in and participate in a job club. The job club provides immediate training in job search techniques, as well as group "therapy" including such things as self-esteem development, life planning, and stress management. Yet agencies would be prohibited from requiring participation in such a program for these individuals. In addition, education classes typically run on a regular cycle, while welfare applicants walk in the door every day. By prohibiting any other activity before the person is enrolled in high school completion classes, the bill forces "down time" in the applicant's effort "to get back on his or her feet" of anywhere from a couple of weeks to a couple of months in some parts of the country.

Finally, language added in the Education and Labor Committee would prohibit any state from making any change in its laws or regulations which might be construed as "reducing the level of standards applicable to child care provided within the state." I seriously question whether Congress has sufficient information on child care regulation in all 50 states to justify this rather massive intrusion (which would apply to all child care regulation, not just child care otherwise affected by this bill) into an area of state regulation. For example, some states have found that the quality of child care has been improved by requiring registration, rather than full licensure, of family day care providers, because of the elimination of the "underground" market in this area. Yet this language would likely prohibit states from making these changes. And it is not clear what the impact of this language would be on detailed state regulations covering everything from the number of caregivers to the height of wastebaskets at child care centers.

Let me also add one positive note about the bill. It does, for the first time, move us in the direction of measuring the success or failure of the welfare system not on the basis of "error rates" but on the bases of how quickly persons leave welfare and move into the economic mainstream. I would like to see us go further in that direction; obviously this type of performance measure needs considerable work to insure, for example, that it takes into consideration the hard to serve and the condition of the local economy. But measuring success or failure by how quickly recipients become free of welfare is the type of accountability to which we ought to hold the welfare system, and as this bill moves to the floor for consideration, I urge that we continue to push in that direction.

PAUL B. HENRY.

ADDITIONAL VIEWS BY MR. GUNDERSON

During the Committee's consideration of the Family Welfare Reform Act of 1987, I offered an amendment which would have reinserted the Community Work Experience Program into the Education and Labor substitute for Title I of H.R. 1720. This amendment was not accepted, however I remain convinced that in order for the welfare reform effort to truly be effective, we need to allow states the flexibility to provide long-term employment experience to program participants in need of such assistance.

Basically, this statement would have allowed States to continue to establish and operate Community Work Experience Programs (CWEP) that provide employment and training for individuals not otherwise able to obtain jobs. Like the Ways and Means Committee-reported bill, this amendment would have modified the existing CWEP program providing stronger links to education and training and limiting the duration of program participation. However, a major difference between this amendment and the Community Work Experience Component in H.R. 1720, was that of allowing participation in Work Experience to be extended for a total period of 12 months. Unlike the Ways and Means version, this provision would have allowed service providers and clients to extend CWEP participation an additional 6 months after the initial 6 months participation. However, such an extension would have only been authorized under the modified family support plan following a complete assessment of other program options.

Why do my colleagues who supported this amendment and I feel that is is necessary to include CWEP in a Welfare Reform effort, particularly when the bill already provides for transitional employment and a work experience program?

The Transitional Employment Program provided for in the Committee-reported bill allows States to provide subsidized employment for up to one year to individuals who are unable to secure unsubsidized work. However, such employment is not available to program participants until they have completed 6 months of job search and other employment, training, or education services and are still unable to secure employment. Jobs under this program, like those under CWEP must be with a public or nonprofit private employer, and similar to the Community Work Experience Program as developed in my amendment, work would be provided for up to a six month period, with an additional six month extension if such time is determined to be necessary after a review and modification of the family support plan. However, as stated above, the Transitional Employment Program would not be available to individuals, even to those who wanted to participate in such a program, until 6 months after participation in other program offerings. Whereas, CWEP would be a program option immediately, should the welfare

client choose that program as a part or their mutually agreed upon plan.

The Work Experience Program included in the Committee Substitute in many ways resembles the Community Work Experience Program envisioned in the amendment. In fact, in the Ways and Means Committee-reported bill, this 3-month work experience program is provided as an option under CWEP. Major differences between CWEP and the Work Experience Program as developed in the Education and Labor bill include: The limitation on time periods under which participation are allowed to participate; a limitation on the numbers of hours worked under Work Experience; and populations served by the two programs.

Under the Work Experience Program as developed by education and Labor, no participant may be assigned unless: His or her initial assessment identifies lack of recent work experience as a barrier for immediate placement in regular public or private employment; the participant is unable to be placed in work supplementation programs or unsubsidized employment; *and* the participant has not been employed during the preceding 12 months. This virtually eliminates participation of those who truly want to work in exchange for benefits during their initial participation in the AFDC program but who have worked at one time or another during the past 12 month period and who are now unable to secure unsubsidized employment or a position in the work supplementation program. In states with high levels of unemployment, CWEP may be the only form of employment open to AFDC recipients, who according to the Committee bill are ineligible for Trasitional Employment for a 6 month period until other work activities have been completed.

Further, for those who really do lack work experience, the limited 6 month period under which individuals may participate in the Work Experience program, may not be enough time to gain the employment skills necessary to make them marketable in the private sector workplace. It is a documented fact that one of the largest barriers to employment amongst public assistance recipients is their lack of work experience. The modified CWEP program provides such employment experience, up front, and if offered specifically to improve employability—in combination with training and other employment services, Community Work Experience could provide the necessary step up to many welfare recipients.

I am certainly not advocating a system where only work experience is offered. In addition to the exchange of work for benefits inherent in CWEP, the amendment offered in Committee and the CWEP provisions in the Ways and Means' bill required that training be offered in combination with work experience. Further, during Education and Labor consideration of its Substitute, an amendment was adopted which requires participation in appropriate education activities by all individuals lacking a high school diploma or its equivalent, with such educational services based on individual needs as identified in the participant's initial assessment. Education and training, particularly basic skills training where necessary are essential in making the hardest to serve individuals employable. My amendment would have allowed States and local service deliverers to develop individual, mutually agreed-upon

plans that could provide meaningful work experience, immediately for those individuals who want to work for their assistance while participating in other program offerings

Finally, many make the argument that CWEP or "workfare" is a punitive form of assistance in which participants are placed in "make-work" jobs and made to work off their benefits. Certainly there are cases in which abuses have occurred, and none should ever be forced into positions of servitude. However there are many success stories whereby states who have operated CWEP programs under the WIN Demonstration Programs have provided worthwhile experience to participants some of whom wanted to participate in CWEP and some who initially did not, but who through such participation have since gained a degree of self-worth and dignity, not to mention employment skills, they had never possessed and for which they are now thankful. The idea of providing public assistance recipients with a sense of responsibility for participation in work and work-related programs in exchange for their assistance, should not be discouraged. This form of assistance and encouragement for self-responsibility and accountability is the only way in which we will ever break this Country's cycle of poverty.

STEVE GUNDERSON.

ADDITIONAL VIEWS OF HON. TIMOTHY J. PENNY

The Education and Labor Committee's welfare reform bill should be amended so it will better achieve the goal it seeks to accomplish, namely, to place those currently on welfare in the workplace. While I support welfare reform, the Kildee amendments to increase the authorization, and the age requirement are provisions that I can not support.

The bill originally provided that participation in the program for parents with children under the age of three would be voluntary. Unfortunately, during committee consideration this age was increased to 14. I also disagree with the Kildee amendment to increase the authorization by $150 million. In this time of skyrocketing deficits, an increase in the already high cost of the bill, $500 million, should not occur.

In addition, I feel the leadership of the committee should not schedule a mark-up at the same time as a Democatic Caucus meeting. I was not able to actively participate in the mark-up because I was at the Caucus meeting. The Caucus focused on key deficit reduction issues such as taxes and a Gramm-Rudman fix, and deserved the participation of all Democratic Members. It is distressing that the mark-up of an expensive and extensive welfare reform bill was conducted at a time when several of us were busy at an equally important Caucus meeting. I would hope that the next time an important bill such as this is marked up, a similar scheduling conflict does not arise.

TIMOTHY J. PENNY.