

111th CONGRESS
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H. R. 2979

To amend title IV of the Social Security Act to ensure funding for grants to promote responsible fatherhood and strengthen low-income families, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

June 19, 2009

Mr. DAVIS of Illinois (for himself, Mr. MEEKS of New York, Mr. WATT, Mr. FATTAH, Mr. CLEAVER, Mrs. CHRISTENSEN, Mr. DAVIS of Alabama, Ms. LEE of California, Ms. JACKSON-LEE of Texas, Ms. CORRINE BROWN of Florida, Ms. RICHARDSON, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. KILPATRICK of Michigan, Mr. CUMMINGS, Ms. WATERS, Mr. RANGEL, Mr. PAYNE, Mr. JOHNSON of Georgia, Mr. CLAY, Mr. AL GREEN of Texas, Mr. TOWNS, Mr. SCOTT of Virginia, Mr. RUSH, Mr. BUTTERFIELD, Mr. BISHOP of Georgia, Ms. MOORE of Wisconsin, Mr. CARSON of Indiana, and Mr. THOMPSON of Mississippi) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and Labor, Energy and Commerce, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title IV of the Social Security Act to ensure funding for grants to promote responsible fatherhood and strengthen low-income families, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

- (a) Short Title- This Act may be cited as the 'Julia Carson Responsible Fatherhood and Healthy Families Act of 2009'.
- (b) Table of Contents- The table of contents of this Act is as follows:
 - Sec. 1. Short title; table of contents.
 - Sec. 2. Findings.

TITLE I--PROMOTING RESPONSIBLE FATHERHOOD AND STRENGTHENING LOW-INCOME FAMILIES

- Sec. 101. State assessments of barriers to employment and financial support of children.
- Sec. 102. Grants to States to conduct demonstration projects to promote economic opportunity for low-income parents.
- Sec. 103. Healthy marriage promotion and responsible fatherhood programs.
- Sec. 104. Elimination of separate TANF work participation rate for 2-parent families.
- Sec. 105. Ban on recovery of Medicaid costs for births.
- Sec. 106. Improved collection and distribution of child support.
- Sec. 107. Collection of child support under the supplemental nutrition assistance program.
- Sec. 108. Grants supporting healthy family partnerships for domestic violence intervention and preventions.
- Sec. 109. Procedures to address domestic violence.

TITLE II--REVENUE PROVISIONS

- Sec. 201. Increase in credit percentage under earned income tax credit for eligible individuals with no qualifying children.
- Sec. 202. Broker reporting of customer's basis in securities transactions.

Sec. 203. Modification of effective date of leasing provisions of the American Jobs Creation Act of 2004.

Sec. 204. Clarification of economic substance doctrine.

SEC. 2. FINDINGS.

Congress makes the following findings:

- (1) The most important factor in a child's upbringing is whether the child is brought up in a loving, healthy, supportive environment.
- (2) Children who grow up with two parents are, on average, more likely than their peers in single-parent homes to finish high school and be economically self-sufficient.
- (3) Father-child interaction, like mother-child interaction, has been shown to promote the positive physical, social, emotional, and mental development of children.
- (4) Children typically live without both parents when their parents are divorced or did not marry. More than 1/3 of all first marriages end in divorce, and 60 percent of divorcing couples have children. More than 1/3 of all births are to unmarried women.
- (5) More than 1 in 4 families with children have only 1 parent present, and more than 1 in 3 children live absent their biological father.
- (6) Recent studies demonstrate that most unwed fathers in urban areas are highly involved with the mother of their child before and after the child's birth, with 80 percent involved during the mother's pregnancy, and 50 percent living with the child's mother at the time of the child's birth. However, the relationship between the parents often does not last, and many fathers do not maintain contact with their children as the children grow up.
- (7) An estimated 25 percent of the children who live in households without their father have not seen their fathers in at least 1 year.
- (8) The inability of parents to sustain a healthy relationship with their child's other parent and remain involved in their child's life can have severe negative consequences for the parents, the child, their community, and taxpayers.
- (9) Single-parent families are 5 times as likely to be poor as married-couple families.
- (10) Children raised in single-parent families are more likely than children raised in 2-parent families to do poorly in school, have emotional and behavioral problems, become teenage parents, commit crimes, smoke cigarettes, abuse drugs and alcohol, and have poverty-level incomes as adults.
- (11) High rates of unemployment and low wages are primary reasons why parents do not marry and why 2-parent families break up.
- (12) Domestic violence is also a significant problem leading to the nonformation or breakup of 2-parent families.
- (13) A history of incarceration is a major barrier to employment. Sixty percent of young African-American men who dropped out of high school have served time. When these men leave prison, they often have difficulty finding a job and supporting their children.
- (14) Over 1/2 of State prison inmates are parents. When noncustodial parents go to prison, most of them are required to pay their child support obligation, even though they have little ability to pay the support. When these parents leave prison, they typically owe more than \$20,000 in child support debt. Noncustodial parents leaving prison often re-enter the underground economy because of financial pressures or to avoid the child support system, making it less likely that they will successfully rejoin society and reunite with their families.
- (15) Children should receive the child support paid by their parents, and the government should not keep the money to recover welfare costs. Regular child support income appears to have a greater positive impact on children dollar for dollar than other types of income. Researchers in Wisconsin found that when monthly child support was passed through to families receiving assistance under the Temporary Assistance for Needy Families program established under part A of title IV of the Social Security Act (TANF) and disregarded 100 percent in determining assistance for the families, fathers paid more child support, established their legal relationship with their children more quickly, and worked less in the underground economy. Moreover, the State costs of a full pass-through and disregard of child support were fully offset by increased payments by fathers and decreased public assistance use by families.
- (16) The Department of Health and Human Services National Child Support Enforcement Strategic Plan for fiscal years 2005 through 2009 states that 'child support is no longer a welfare reimbursement, revenue-producing device for the Federal and State governments; it is a family-first program, intended to ensure families' self-sufficiency by making child support a more reliable source of income'.
- (17) Current law permits States to apply the cost of passing through child support to families receiving assistance under the TANF program toward their maintenance of effort (MOE) requirements, but only to the extent that the State disregards the child support payments in determining the amount and type of TANF assistance.
- (18) Programs that increase employment opportunity and reduce barriers by increasing employment opportunity and reducing recidivism will benefit children and families.

- (19) Transitional jobs programs have shown promise in reducing unemployment among chronically unemployed or underemployed population groups, including formerly incarcerated individuals, the homeless, and young African-American men.
- (20) To strengthen families it is important to improve the upward economic mobility of the custodial and noncustodial parent wage-earners, as well as youth at risk of early parenthood or incarceration, by providing the skills and experience necessary to access jobs with family sustaining wages and benefits. In families in which all the members do not live together, this is important to enable the prompt and consistent payment of adequate child support.
- (21) It is important and useful to foster local and regional economic development and job advancement for workers, especially young custodial and noncustodial parents, by funding local collaborations among business, education, and the community in the development of pathways for preparing disadvantaged citizens to meet the workforce needs of the local and regional economy.
- (22) Employers benefit from working with and being supported by the local education, postsecondary, and workforce systems in identifying the academic and occupational skill sets needed to fill the skilled jobs in the changing economy. Local economic and community development is enhanced when residents have access to higher wage employment, thus increasing the tax base, fueling the economy, and contributing to greater family economic security.
- (23) Public-private career pathways partnerships are an important tool for linking employers and workers with the workforce education services they need and for integrating community economic development and workforce education services. Transitional jobs programs can serve as the first step in a career pathway by giving unemployed individuals with multiple barriers to employment, valuable work experience and related services.
- (24) The purpose of child support is to provide necessary income support for and increase the well-being of children living apart from a parent. To improve the ability of low-income noncustodial parents to provide long-term support and care for their children throughout their entire childhood, it is important that child support polices support parental efforts to pursue education and employment and to stay involved with their children.
- (25) Responsible parenthood includes active participation in financial support and child-rearing, as well as the formation and maintenance of a positive, healthy, and nonviolent relationship between parent and child and a cooperative, healthy, and nonviolent relationship between parents.
- (26) States should be encouraged to implement voluntary programs that provide support for responsible parenting, including by increasing the employment and financial security of parents, and the parental involvement of noncustodial parents.
- (27) Promoting responsible parenthood saves the government money by reducing the need for public assistance, increasing the educational attainment of children, reducing juvenile delinquency and crime, reducing substance abuse, and lowering rates of unemployment.
- (28) Programs to encourage responsible fatherhood or responsible motherhood should promote and provide support services for--
- (A) fostering loving and healthy relationships between parents and children;
 - (B) increasing responsibility of noncustodial parents for the long-term care and financial well-being of their children;
 - (C) increasing employment of low-income, noncustodial parents and improving compliance with child support obligations; and
 - (D) reducing barriers to active 2-parent involvement and cooperative parenting.
- (29) The promotion of marriage and responsible parenthood should not denigrate the standing or parenting efforts of single parents or other caregivers, lessen the protection of children from abusive parents, or compromise the safety or health of the custodial or noncustodial parent, but should increase the chance that children will have 2 caring parents to help them grow up healthy and secure.

TITLE I--PROMOTING RESPONSIBLE FATHERHOOD AND STRENGTHENING LOW-INCOME FAMILIES

SEC. 101. STATE ASSESSMENTS OF BARRIERS TO EMPLOYMENT AND FINANCIAL SUPPORT OF CHILDREN.

- (a) State Assessments and Reports- As a condition of the continued approval of a State plan under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.), each State with an approved such plan, acting through the appropriate State agencies, shall assess the State policies with respect to the issues described in subsection (b) and submit a report to the Secretary of Health and Human Services on the results of such assessment not later than October 1, 2012.
- (b) Issues Described- For purposes of subsection (a), the issues described in this subsection are the following:

- (1) The process of setting and modifying child support obligations, particularly with respect to low-income parents, including--
 - (A) the role and criteria for using imputed income in determining child support obligations;
 - (B) the process of modifying obligations;
 - (C) the consideration of income and employment status, including efforts to identify unreported income;
 - (D) the consideration of incarceration;
 - (E) the consideration of disability;
 - (F) the treatment of arrearages, including interest charged, and laws or procedures that interfere with forgiveness, adjustment, waiver, or compromise of arrears owed to the State by low-income noncustodial parents who lack sufficient ability to pay such arrearages;
 - (G) the procedures related to retroactive support; and
 - (H) State pass-through and disregard policies for recipients of means-tested public benefits.
 - (2) The impact of State criminal laws and law enforcement practices on the employment acquisition, retention, and advancement prospects of individuals following arrest, conviction, or incarceration, including--
 - (A) any efforts, including counseling or employment support, to assist ex-prisoners with reentry to a community and successful reunification with their families; and
 - (B) an assessment of any efforts to seal or expunge arrest and conviction records and any efforts to grant certificates or other acknowledgments of rehabilitation to ex-prisoners, and to examine State occupational licensing and certification procedures.
 - (3) An assessment of the impact of debt on employment retention, including child support and non-child support debts imposed to recover costs related to welfare and criminal justice.
 - (4) An assessment of State practices related to providing prisoners and ex-prisoners with valid identification documents upon release from prison.
 - (5) Identification of any other barriers to healthy family formation or sustainable economic opportunity for custodial and noncustodial parents that are created or exacerbated by Federal or State laws, policies, or procedures, including an examination of the rules of Federal and State means-tested programs, the operation of the State workforce system, the availability of financial education services, and the availability of domestic violence services and child support procedures to help victims of domestic violence stay safe and obtain the child support they are owed.
- (c) Grants to States for Commissions on State Law Improvements in the Best Interest of Children and Families- The Secretary of Health and Human Services shall award grants to States to establish or support commissions to review the State assessment conducted in accordance with subsection (a) and to make recommendations on ways to improve State law in the best interest of children and families.
- (d) Appropriations- Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary of Health and Human Services for each of fiscal years 2011 through 2015, \$3,000,000, to remain available until expended, for the purpose of making--
- (1) payments to States to offset all or a portion of the costs of conducting the State assessments and reports required under subsection (a); and
 - (2) grants to States under subsection (c).

SEC. 102. GRANTS TO STATES TO CONDUCT DEMONSTRATION PROJECTS TO PROMOTE ECONOMIC OPPORTUNITY FOR LOW-INCOME PARENTS.

- (a) Court-Supervised or IV-D Agency-Supervised Employment Programs for Noncustodial Parents-
- (1) IN GENERAL- To assist States in implementing section 466(a)(15) of the Social Security Act, the Secretary of Health and Human Services shall award grants to States to conduct demonstration projects to establish, in coordination with counties and other local or tribal governments, court-supervised or IV-D agency supervised-employment programs for noncustodial parents who have barriers to employment and a history of nonpayment of child support obligations, as determined by a court or the IV-D agency, and who are determined by the court or agency to be in need of employment services or placement in order to pay such child support obligations. A noncustodial parent described in the preceding sentence who is an ex-offender shall be eligible to participate in a program established under this subsection.
 - (2) REQUIREMENTS-
 - (A) OPTION TO PARTICIPATE PRIOR TO CONTEMPT FINDING- A State shall not be eligible to receive a grant under this subsection unless any program established with funds made available under the grant provides noncustodial parents described in paragraph (1) with an option to participate in the program prior to the court or agency entering a finding that the noncustodial parent is in contempt for failure to pay a child support obligation and, potentially subject to criminal penalties.

(B) PROGRAM GOALS- An employment program established with funds made available under a grant awarded under this subsection shall be designed to do the following:

- (i) To assist noncustodial parents described in paragraph (1) obtain and maintain unsubsidized employment.
- (ii) To increase the amount of financial support received by children.
- (iii) To help noncustodial parents described in paragraph (1) improve relationships with their children and their children's custodial parent.

(C) 6 MONTHS OF CONTINUOUS, TIMELY PAYMENTS- An employment program established with funds made available under this subsection shall not permit a noncustodial parent placed in the program to graduate from the program and avoid penalties for failure to pay a child support obligation until the noncustodial parent completes at least 6 months of continuous, timely payment of the parent's child support obligations.

(D) USE OF FUNDS-

(i) Services provided under an employment program established with funds made available under a grant made under this subsection must include the following:

- (I) Job placement, including job development and supervised job search as necessary.
- (II) Case management, including educational assessment and advising, vocational assessment and career exploration services, and court liaison services.
- (III) Counseling on responsible parenthood.
- (IV) Referral for support and educational services.
- (V) Employment retention services.

(ii) Services provided under an employment program established with funds made available under a grant made under this subsection may include the following:

- (I) Remedial education services or educational referral.
- (II) Support funds for services such as transportation, child care, or short-term training.
- (III) Transitional jobs programs.
- (IV) Public-private career pathway partnerships established in accordance with subsection (b)(2).
- (V) Occupational skill training, including college credit programs.
- (VI) Curricula development.

(E) ADMINISTRATION- A State that receives a grant under this subsection may contract with a public or private nonprofit organization, including a faith-based or community-based organization, to administer (in conjunction with the court of jurisdiction or the IV-D agency) the court-supervised or IV-D agency-supervised employment program.

(b) Transitional Jobs and Public-Private Partnership Grants- The Secretary of Labor shall award grants to States to conduct demonstration projects to carry out one or more of the projects described in paragraphs (1) and (2).

(1) TRANSITIONAL JOBS GRANTS-

(A) IN GENERAL- To establish and expand transitional jobs programs for eligible individuals, including such programs conducted by local governments, State employment agencies, nonprofit organizations, and faith-based or community-based organizations or intermediaries, that--

(i) combine time-limited employment in transitional jobs that may be subsidized with public funds, with activities that promote skill development and remove barriers to employment, such as case management services and education, training, child support-related services, and other activities, pursuant to individual plans; and

(ii) provide such individuals with--

- (I) transitional jobs placements and job placement assistance, to help the individuals make the transition from subsidized employment in transitional jobs to stable unsubsidized employment; and
- (II) retention services after the transition to unsubsidized employment.

(B) ELIGIBLE INDIVIDUALS- For purposes of this paragraph, the term `eligible individuals' means individuals within any of the following categories of disproportionately chronically unemployed individuals:

- (i) Individuals who have attained age 16, but not attained age 36, and who have documented barriers to employment such as lack of a high school diploma, limited English proficiency, aging out of foster care, or offender status, particularly such individuals who are parents or expectant parents.
- (ii) Formerly incarcerated individuals.
- (iii) Homeless or formerly homeless individuals.

(iv) Individuals with disabilities.

(v) Individuals designated by a court or the IV-D agency to participate in transitional jobs programs.

(C) LIMITATIONS ON USE OF FUNDS-

(i) ALLOWABLE ACTIVITIES- A State that receives a grant under this paragraph (or a subgrantee of such State) (referred to in this paragraph as the 'program operator') shall use the funds made available under the grant to operate a transitional jobs program for eligible individuals consistent with the following requirements:

(I) JOBS- The program operator shall place eligible individuals in temporary jobs, the incomes from which may be subsidized in whole or in part with public funds. An eligible individual placed in such a job (referred to in this paragraph as 'a participant') shall perform work directly for the program operator or another public, nonprofit, or private sector organization (which operator or organization may be referred to in this paragraph as a 'worksite employer') within the community involved.

(II) HOURS-

(aa) IN GENERAL- Subject to item (bb), the transitional jobs program shall provide a participant with not less than 30, and not more than 40, hours per week of a combination of paid employment and the services described in subclauses (III), (IV), and (V).

(bb) ACCOMMODATION OF SPECIAL CIRCUMSTANCES- The number of hours per week required under item (aa) may be adjusted in the case of a participant who requires a modified work week to accommodate special circumstances.

(III) JOB PREPARATION AND SERVICES- The program operator shall--

(aa) develop an individual plan for each participant, which shall contain a goal that focuses on preparation of the participant for unsubsidized jobs in demand in the local economy that offer the potential for advancement and growth (including increases in wages and benefits);

(bb) develop transitional jobs placements for participants that will best prepare them for jobs described in item (aa) or participation in the public-private career pathway partnerships established in accordance with paragraph (2); and

(cc) provide case management services and ensure that appropriate education, training, and other activities are available to participants, consistent with each participant's individual plan.

(IV) JOB PLACEMENT ASSISTANCE AND RETENTION SERVICES- The program operator shall provide job placement assistance to help participants obtain unsubsidized employment and shall provide retention services to the participants for a minimum of 6 months after entry into the unsubsidized employment.

(V) EDUCATION OR TRAINING- In any workweek in which a participant is scheduled to work at least 30 hours in the program, not less than 20 percent of the scheduled hours and not more than 50 percent of the scheduled hours shall involve participation in--

(aa) education or training activities designed to improve the participant's employability and potential earnings;

(bb) other activities designed to reduce or eliminate any barriers that may impede the participant's ability to secure and advance in unsubsidized employment; or

(cc) activities designed to promote financial literacy and the use of products and services that increase personal savings and build financial assets for family support, education, homeownership, and retirement.

(VI) DURATION-

(aa) IN GENERAL- Subject to item (bb), the duration of any placement in the program shall be for a minimum period of 3 consecutive months.

(bb) 3 MONTH EXTENSION- A program placement may be extended for up to 2 additional consecutive 3-month periods upon the conclusion of the original 3-month placement period if such extension would be consistent with the individual's plan for transition to unsubsidized employment.

(VII) SUPERVISION- The worksite employer or program operator shall supervise program participants, consistent with the goal of addressing the limited work experience and skills of the participants.

(D) REPORTS- Not later than 120 days after the end of the grant period, the State shall submit a report to the Secretary of Labor that contains information on the number of participants in the program who have entered unsubsidized employment, the percentage of program participants who are employed during the second quarter after exit, the percentage of program participants who are employed during the fourth quarter after exit, the median earnings of program participants during the second quarter after exit, the percentage of program participants who obtain an education or training credential during participation or within one year of exit, and demographic information regarding the participants.

(E) TECHNICAL ASSISTANCE- The Secretary of Labor shall enter into contracts with entities with demonstrated experience in the provision of transitional jobs to provide technical assistance to the program operators and worksite employers for the programs assisted under this paragraph.

(2) PUBLIC-PRIVATE CAREER PATHWAYS PARTNERSHIPS-

(A) IN GENERAL- To allow workforce education providers representing career pathway partnerships--

(i) to create or expand career pathways, with groups of employers in specific industry or occupational sectors, for disadvantaged workers, which may include any mix of such employers' existing lower wage employees, new hires or potential hires; or

(ii) to fill in gaps in career pathways in particular localities or regions as needed to ensure that career pathways are accessible to unemployed disadvantaged workers and at risk youth who have lower skills or limited English proficiency, including through the creation of workforce education services, such as 'bridge' programs that contextualize basic skills, English language, or college remedial education services to specific career pathways, and efforts to create opportunities for gaining work experience in a career pathway.

(B) USE OF FUNDS- Funds made available under a grant under this paragraph may be used by career pathways partnerships for any expense reasonably related to the accomplishment of the specific objectives of the partnership and the purpose described in this paragraph, including any of the activities described in subsection (a)(2)(D).

(C) LIMITATIONS-

(i) IN GENERAL- Of the funds made available to a career pathway partnership to carry out the purpose described in this paragraph--

(I) not more than 30 percent of such funds may be used to pay or subsidize wages during a period of work experience or internship, not to exceed 90 days; and

(II) not more than 10 percent of such funds may be used for administrative purposes, but this limitation shall not apply to activities related to building and maintaining partnerships, including such activities as conducting workforce needs assessments, brokering public-private and interagency agreements, creating customized curricula, and developing work experience opportunities.

(ii) PROHIBITION ON SUBSIDIZING WAGES OF CURRENT EMPLOYEES- No funds made available to carry out this paragraph shall be used to subsidize the wages of any individual who, as of the date of the establishment of the career pathway partnership, is an employee of any employer participating in the partnership.

(D) REQUIREMENTS FOR AWARDING OF SUBGRANTS-

(i) IN GENERAL- Funds shall be made available to career pathway partnerships to carry out the purpose described in this paragraph based on a performance-based accountability system that includes the following measures of performance:

(I) The number of individuals to be trained.

(II) The percentage of such individuals who complete the program.

(III) The percentage of such individuals who enter or advance in employment.

(IV) The wage and benefit gains of individuals who complete the program before and within 6 months after their program completion, including the extent to which the individuals achieved economic self-sufficiency.

(V) The percentage of individuals who complete the program and enter employment who retain employment for at least 6 months.

(VI) Where applicable, the percentage of individuals who owe child support and complete the program who improve in their payment of child support within 6 months after their program completion.

In establishing goals for such measures, due consideration shall be given to the education, work experience, and job readiness of the individuals expected to participate in the program, the barriers of such individuals to employment, and the local job market.

(ii) CONSIDERATIONS FOR FUNDING RENEWALS- A subgrantee's level of success in achieving employment, advancement, wage, and employment retention goals shall be a primary consideration for determining whether to renew a grant made to such entity and the funding level for such grant.

(iii) PRIORITIES FOR AWARDS OF SUBGRANTS- In awarding subgrants under this paragraph, a State shall give priority to applications that--

(I) propose to serve areas of high poverty, high youth unemployment, high dropout rates, or high rates of low-income single-parent families;

(II) include a substantial cash or in-kind match by all employers, including joint labor-management programs where applicable, in the partnerships, such as paid release time for employed workforce education participants;

(III) use instructional materials and instructors directly used in the specific business or industry sectors of the partnership employers;

(IV) link successful completion of workforce education services to wage increases, promotions or job hires;

(V) will result in attainment of employer-recognized occupational and educational credentials;

(VI) address career guidance and adult basic education and English language needs as well as job-specific skills;

(VII) demonstrate a blending of resources from partner agencies in the workforce system and other sectors and Federal programs, including superior procedures for coordinating responsible fatherhood promotion activities, where appropriate, to support the development of high quality pathways;

(VIII) identify how the subgrantee will maximize services to unemployed disadvantaged workers who also face other barriers in the labor market, such as high school dropout, offender status, aging out of foster care, low basic skill level, including limited English proficiency, learning disabilities, physical, emotional or behavior disabilities, or substance abuse recovery, which may be through direct relationships with local providers of transitional jobs programs under which in appropriate circumstances transitional jobs participants may access career pathways programs upon completion of the transitional jobs program; and

(IX) support collaboration, as appropriate, between employers and labor organizations and other workforce development professionals, including joint labor management training and education programs where appropriate.

(E) DEFINITIONS- In this paragraph:

(i) ADULT EDUCATION- The term 'adult education' has the meaning given that term in section 203 of the Workforce Investment Act of 1998 (20 U.S.C. 9202).

(ii) CAREER PATHWAY- The term 'career pathway' means a linked set of workforce education and job opportunities within a specific industry sector, or for an occupational sector that cuts across multiple business and industry sectors, which begins at the lowest skill and English language levels, and extends through for-credit college opportunities such as earning relevant associate or bachelor's degrees, and prepares individuals for advancement in jobs in demand in the local or regional labor market.

(iii) COMMUNITY-BASED PROVIDER- The term 'community-based provider' means a not-for-profit organization, with local boards of directors, that directly provides workforce education services.

(iv) INSTITUTION OF HIGHER EDUCATION- The term 'institution of higher education' has the meaning given that term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

(v) CHARTER SCHOOL- The term 'charter school' has the meaning given that term in section 5210 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7221i).

(vi) AREA VOCATIONAL EDUCATION SCHOOL- The term 'area vocational and technical education school' has the meaning given that term in section 3 of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2302).

(vii) DISADVANTAGED WORKERS- The term 'disadvantaged workers' means unemployed individuals in low-income households or employed individuals in low-income households with wages at or below 2/3 of the median wage for the State or region applying for the grant.

(viii) CAREER PATHWAY PARTNERSHIP- The term 'career pathway partnership' means collaborations of 1 or more workforce education providers, 1 or more employers, 1 or more labor organizations, where applicable, as a result of such organization's representation of employees at the worksite who have skills in which the training or employment programs are proposed, and may include optional additional entities as needed to provide a comprehensive range of workforce education and ancillary support services.

(ix) WORKFORCE EDUCATION- The term 'workforce education' means a set of career guidance and exploration services, adult education and English language services, job training, registered apprenticeship programs, and credit and noncredit postsecondary education services aimed at preparing individuals to enter and sustain employment in specific occupations and to have the sufficient skills to respond to shifting employment opportunities.

(x) WORKFORCE EDUCATION PROVIDER- The term 'workforce education provider' means community-based providers, institutions of higher education, area vocational and technical education schools, charter schools, and other public nonprofit entities that have a demonstrated capacity to provide quality workforce education services.

(c) Matching Requirement-

(1) IN GENERAL - The Secretary of Health and Human Services and the Secretary of Labor may not award a grant to a State under this section unless the State agrees that, with respect to the costs to be incurred by the State in conducting a demonstration project with funds provided under the grant, the State will make available non-Federal contributions in an amount equal to 10 percent of the amount of Federal funds paid to the State under such grant.

(2) NON-FEDERAL CONTRIBUTIONS- In this subsection, the term 'non-Federal contributions' includes contributions by the State and by public and private entities that may be in cash or in kind, but does not include any amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, or any amount expended by a State before October 1, 2007.

(d) Worker Protections and Labor Standards-

(1) RATE OF PAY; BENEFITS AND WORKING CONDITIONS-

(A) IN GENERAL- A worksite employer of a participant in a program or activity funded under this section shall pay the participant at the rate paid to employees of the worksite employer who are not participants in such program or activity and who perform comparable work at the worksite, including periodic increases where appropriate. If no other employees of the worksite employer perform comparable work at the worksite, the worksite employer shall pay the participant not less than the applicable Federal or State minimum wage, whichever is higher.

(B) BENEFITS AND CONDITIONS- An individual employed through participation in a program or activity funded under this section shall be provided with benefits and working conditions at the same level and to the same extent as such benefits and conditions are provided to other employees of the employer of the individual who have worked a similar length of time and perform the same work.

(2) NONDUPLICATION-

(A) IN GENERAL- Funds provided through a grant made under this paragraph shall be used only for a program or activity that does not duplicate, and is in addition to, a program or activity otherwise available in the locality of the program or activity funded under this section.

(B) PRIVATE, NONPROFIT ENTITY- Funds provided through a grant made under this section shall not be provided to a private nonprofit entity to conduct programs or activities that are the same as or substantially equivalent to activities provided by a State or local government agency in the area in which such entity is located, unless the requirements of paragraph (3) are met.

(3) NONDISPLACEMENT-

(A) IN GENERAL- A worksite employer shall not displace an employee or position (including partial displacement such as reduction in hours, wages, or employment benefits) or impair contracts for services or collective bargaining agreements, as a result of the use by such employer of a participant in a program or activity funded under this section, and no participant in the program or activity shall be assigned to fill any established unfilled position vacancy.

(B) JOB OPPORTUNITIES- A job opportunity shall not be created under this paragraph that will infringe in any manner on the promotional opportunity of an employed individual.

(C) LIMITATION ON SERVICES-

(i) SUPPLANTATION OF HIRING- A participant in any program or activity funded under this section shall not perform any services or duties, or engage in activities, that will supplant the hiring of employees that are not participants in the program or activity.

(ii) DUTIES FORMERLY PERFORMED BY ANOTHER EMPLOYEE- A participant in any program or activity funded under this section shall not perform services or duties, or engage in activities, that are services, duties, or activities that had been performed by or were assigned to any employee who recently resigned or was discharged, who is subject to a reduction in force, who has recall rights pursuant to a collective bargaining agreement or applicable personnel procedures, who is on leave (such as terminal, temporary, vacation, emergency, or sick leave), who is on strike, or who is being locked out.

(D) CONCURRENCE OF LOCAL LABOR ORGANIZATION- No placement shall be made under a program or activity funded under this section until the entity conducting the program or activity has obtained the written concurrence of any local labor organization representing employees who are engaged in the same or substantially similar work as that proposed to be carried out for the worksite employer with whom a participant is to be placed under the program or activity.

(4) NO IMPACT ON UNION ORGANIZING- A State conducting a demonstration project funded under this section and any entity conducting a program or activity funded under this section shall provide the Secretary with a certified assurance that none of such funds shall be used to assist or deter union organizing.

(5) ACCOUNTABILITY-

(A) IN GENERAL- Funds provided under this section shall not be used to subsidize training or employment with an employer that has a demonstrable record of noncompliance with Federal labor, civil rights, workplace safety, or related laws.

(B) CERTIFIED SATISFACTORY RECORD- Employers who receive training or wage subsidies under programs or activities funded under this section shall have a satisfactory record in labor relations and employment practices, as certified by the Secretary of Labor.

(C) APPLICATION OF WORKER PROTECTION LAWS- A participant in a program or activity funded under this section shall be considered to be an employee of any employer that the participant is placed with for all purposes under Federal and State law, including laws relating to health and safety, civil rights, and worker's compensation.

(D) OTHER JOB QUALITY STANDARDS- Employers who receive training or wage subsidies under programs or activities funded under this section shall meet all applicable State or local job or employer quality standards regarding such issues as wages, benefits, advancement opportunities, and turnover rates established for programs funded under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

(6) GRIEVANCE PROCEDURE- An entity conducting a program or activity funded under this section shall establish and maintain a procedure for the filing and adjudication of grievances by employees of worksite employers who are not participants in the program, or such employees' representatives, or by participants in such a program or activity alleging a violation of a provision of this subsection that is similar to the grievance procedure established by a State for purposes of section 407(f)(3) of the Social Security Act (42 U.S.C. 607(f)(3)).

(7) NONPREEMPTION OF STATE LAW- The provisions of this subsection shall not be construed to preempt any provision of State law that affords greater protections to employees or participants than are afforded by this subsection.

(8) TREATMENT OF AMOUNTS PAID TO PARTICIPANTS- Amounts paid to a participant in a program or activity funded under this section shall be--

(A) considered earned income for purpose of determining the participant's eligibility for the child tax credit established under section 24 of the Internal Revenue Code of 1986, the earned income tax credit established under section 32 of such Code, and any other tax benefit established under such Code the eligibility for which is based on earned income; and

(B) disregarded for purposes of determining the participant's, the participant's family's, or the participant's household's eligibility for, or amount of, assistance or benefits provided under any means-tested program funded in whole or in part with Federal funds.

(e) Application-

(1) REQUIREMENTS FOR ALL APPLICATIONS-

(A) IN GENERAL- A State desiring to receive a grant to conduct a demonstration project under this section shall submit an application--

(i) to the Secretary of Health and Human Services, in the case of a grant under subsection (a); or

(ii) to the Secretary of Labor, in the case of a grant under subsection (b);

at such time, in such manner, and containing such information or assurances as the Secretary of Health and Human Services or the Secretary of Labor, as appropriate, may require.

(B) COMPLIANCE WITH WORKER PROTECTIONS AND LABOR STANDARDS- The application shall include an assurance that the State and any entity conducting a program or activity under the project shall comply with the worker protections and labor standards established in accordance with such protections under subsection (d).

(C) NONDISCRIMINATION- The application shall include an assurance that the State and any entity conducting a program or activity under the demonstration project shall comply with section 188(a)(2) of the Workforce Investment Act of 1998 (29 U.S.C. 2938(a)(2)) to the same extent that such section would apply to the entity if the program or activity conducted under the demonstration project was considered to be funded or otherwise financially assisted under that Act.

(D) ASSURANCE GRANT WILL SUPPLEMENT, NOT SUPPLANT, OTHER STATE FUNDING- The application shall include an assurance from the chief executive officer of the State that funds made available under the grant will supplement, and not supplant, other funds used by the State to establish or support employment placements for low-income parents.

(2) SPECIFIC DEMONSTRATION PROJECT REQUIREMENTS-

(A) COURT-SUPERVISED OR IV-D AGENCY-SUPERVISED EMPLOYMENT PROGRAMS FOR NONCUSTODIAL PARENTS- In order to conduct a demonstration project described in subsection (a), a State shall include in the application submitted to the Secretary of Health and Human Services the following:

- (i) Evidence of an agreement between the State and 1 or more counties to establish an employment program that meets the requirements of subsection (a).
- (ii) The number of potential noncustodial parents to be served by the program.
- (iii) The purposes specific to that State's program.
- (iv) The median income of the target population.

(B) PUBLIC-PRIVATE CAREER PATHWAYS PARTNERSHIPS- In order to conduct a demonstration project described in paragraph (2) of subsection (b), a State shall include in the application submitted to the Secretary of Labor a description of--

- (i) the number, characteristics, and employment and earnings status of disadvantaged individuals in the State or applicable region where the program is to be conducted;
- (ii) which business and industry sectors, or occupational clusters that cut across sectors, will be targeted by the career pathways partnership, based on overall economic benefit to the community, the current and future demand for workers, the advancement opportunities for workers, the wages at each step of the career pathway, and availability of worker benefits;
- (iii) the interventions that will be put in place to address any educational deficits, limited English proficiency, or learning disabilities of individuals who participate in the program and to ensure that such individuals have the academic, technical, communications, and other job skills to function in the jobs targeted by the partnership;
- (iv) how the members of the partnership will collaborate on the development of curriculum and delivery of training that will provide the necessary occupational, academic and other work-related skills and credentialing needed for the specific labor market areas;
- (v) the supports that will be used to provide counseling, mentoring or other support to individuals while in training or to assist them in navigating in complicated work environments;
- (vi) the set of career exposure activities that will be put in place to provide hands-on experience such as work experience, on the job training, internships, or work-study;
- (vii) the agreements that are in place with employers, industry groups, and labor organizations, where applicable, to ensure access to jobs and advancement opportunities in the targeted businesses, industry, or occupations;
- (viii) how the workforce education providers in the partnership will assess the employment barriers and needs of local disadvantaged individuals who participate in the program and will identify resources for meeting those needs;
- (ix) how the workforce education providers will work with partnership employers, business and industry groups, labor organizations, where applicable, and local economic development organizations to identify the priority workforce needs of the local industry;
- (x) how the partnerships will ensure that the appropriate program delivery models and formal agreements are in place to ensure maximum benefits to the individuals receiving career pathway partnership services and to the employers and labor organizations, where applicable, in the partnership and the industries or businesses they represent;

- (xi) how partnership employers and labor organizations, where applicable, will be actively involved in identifying specific workforce education needs, planning the curriculum, assisting in training activities, providing job opportunities, and coordinating job retention for individuals hired after training through the program and followup support; and
- (xii) how the partnership will build on existing career pathways programs, where applicable, to serve the targeted population.

(3) APPLICATIONS BY INDIAN TRIBES OR TRIBAL ORGANIZATIONS- The Secretary of Health and Human Services and the Secretary of Labor may exempt an Indian tribe or tribal organization from any requirement of this section that the Secretary of Health and Human Services or the Secretary of Labor determines would be inappropriate to apply to the Indian tribe or tribal organization, taking into account the resources, needs, and other circumstances of the Indian tribe or tribal organization.

(f) Priorities and Requirements for Awarding Grants-

(1) IN GENERAL- Subject to paragraphs (2) and (3), the Secretary of Health and Human Services (in the case of a grant under subsection (a)) and the Secretary of Labor (in the case of a grant under subsection (b)) shall give priority to making grants under this section to entities that--

(A) demonstrate success with respect to meeting the goals of quality job placement, long-term unsubsidized job retention, and, where applicable, increasing child support payments, decreasing unpaid child support arrearages, and increasing the involvement of low-income noncustodial parents with their children through their participation in responsible fatherhood activities, including participation in programs that provide culturally relevant curricula in core subjects including--

- (i) conducting activities with children;
- (ii) improving communication skills;
- (iii) child support management;
- (iv) providing financially for the family's security and well-being;
- (v) managing stress and anger;
- (vi) maintaining physical and mental health;
- (vii) parenting and relationship skills;
- (viii) child development; and
- (ix) barriers to responsible parenthood, including substance abuse, unemployment, criminal justice system involvement, and inadequate housing; and

(B) coordinate with, and link individuals as applicable to, other public and private benefits and employment services for low-income adults among the different systems or programs in which such adults are involved, including the criminal justice system, the State programs funded under each part of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (including programs and activities funded under section 403(a)(2) of the Social Security Act (42 U.S.C. 603(a)(2)), educational assistance and student aid programs, and job training or employment programs, including State employment agencies.

(2) PERFORMANCE MEASURES- In making grants under this section, the Secretary of Health and Human Services (in the case of a grant under subsection (a)) and the Secretary of Labor (in the case of a grant under subsection (b)) shall ensure that grantees demonstrate a plan for implementing measures to track their performance with respect to meeting the goals of quality job placement, long-term unsubsidized job retention, and, where applicable, increasing child support payments, decreasing child support arrearages, and increasing the involvement of low-income noncustodial parents with their children.

(3) REFLECTIVE OF TARGET POPULATIONS- In making grants under this section, the Secretary of Health and Human Services (in the case of a grant under subsection (a)) and the Secretary of Labor (in the case of a grant under subsection (b)) shall give priority to States with proposed demonstration projects that are designed to target low-income adults, including custodial and noncustodial parents, and low-income married couples.

(4) SUBSTANTIAL FUNDING FOR EACH OF THE PURPOSES- In making grants under subsection (b), the Secretary of Labor shall ensure that a substantial share of the amount appropriated under subsection (j) for a fiscal year is used for carrying out each of the projects described in paragraphs (1) and (2) of subsection (b).

(g) Regulatory and Policy Flexibility- The Secretary of Labor and the Secretary of Health and Human Services, in coordination with the Secretary of Education and the Attorney General, shall work with grantees under this section to resolve policy barriers that may impede blending of Federal resources to support these demonstration projects.

(h) Evaluation- The Secretary of Health and Human Services (in the case of a grant under subsection (a)) and the Secretary of Labor (in the case of a grant under subsection (b)) shall provide for an independent and rigorous evaluation of the demonstration projects conducted under this section that includes, to the maximum extent feasible, random assignment or other appropriate statistical techniques, in order to assess the effectiveness of the projects.

(i) General Definitions- In this section:

- (1) STATE- The term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and includes an Indian tribe or tribal organization.
- (2) IV-D AGENCY- The term 'IV-D agency' means the State or local agency responsible for administering the State program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).
- (3) INDIAN TRIBE; TRIBAL ORGANIZATION- The terms 'Indian tribe' and 'tribal organization' have the meaning given such terms in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(j) Appropriation- Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to carry out this section--

- (1) for programs administered by the Secretary of Health and Human Services under subsection (a), \$15,000,000 for each of fiscal years 2011 through 2015; and
- (2) for programs administered by the Secretary of Labor under subsection (b), \$35,000,000 for each of fiscal years 2011 through 2015.

SEC. 103. HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD PROGRAMS.

(a) Ensuring Funding for Responsible Fatherhood Programs- Section 403(a)(2)(C) of the Social Security Act (42 U.S.C. 603(a)(2)(C)) is amended--

- (1) in the subparagraph heading, by striking 'LIMITATION ON USE OF' and inserting 'REQUIREMENT TO USE CERTAIN'; and
- (2) in clause (i), by striking 'may not award more than \$50,000,000' and inserting 'shall award at least 1/2 of the amounts'.

(b) Voluntary Participation-

(1) ASSURANCE- Section 403(a)(2)(A)(ii)(II) of the Social Security Act (42 U.S.C. 603(a)(2)(A)(ii)(II)) is amended--

- (A) in item (aa), by striking 'and' at the end;
- (B) in item (bb), by striking the period at the end and inserting a semicolon; and
- (C) by adding at the end the following new items:

'(cc) if the entity is a State or an Indian tribe or tribal organization, to not condition the receipt of assistance under the program funded under this part, under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)), or under any other program funded under this title on enrollment in any such programs or activities; and

'(dd) to permit any individual who has begun to participate in a particular program or activity funded under this paragraph, including an individual whose participation is specified in the individual responsibility plan developed for the individual in accordance with section 408(b), to transfer to another such program or activity funded under this paragraph upon notification to the entity and the State agency responsible for administering the State program funded under this part.'

(2) PROHIBITION- Section 408(a) of such Act (42 U.S.C. 608(a)) is amended by adding at the end the following:
'(12) BAN ON CONDITIONING RECEIPT OF TANF OR CERTAIN OTHER BENEFITS ON PARTICIPATION IN A HEALTHY MARRIAGE OR RESPONSIBLE FATHERHOOD PROGRAM- A State to which a grant is made under section 403 shall not condition the receipt of assistance under the State program funded under this part, under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)), or under any other program funded under this title, on participation in a healthy marriage promotion activity (as defined in section 403(a)(2)(A)(iii)) or in an activity promoting responsible fatherhood (as defined in section 403(a)(2)(C)(ii)).'

(3) PENALTY- Section 409(a) of such Act (42 U.S.C. 609(a)) is amended by adding at the end the following:
'(16) PENALTY FOR CONDITIONING RECEIPT OF TANF OR CERTAIN OTHER BENEFITS ON PARTICIPATION IN A HEALTHY MARRIAGE OR RESPONSIBLE FATHERHOOD PROGRAM- If the Secretary determines that a State has violated section 408(a)(12) during a fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 5 percent of the State family assistance grant.'

(c) Activities Promoting Responsible Fatherhood- Section 403(a)(2)(C)(ii) of the Social Security Act (42 U.S.C. 603(a)(2)(C)(ii)) is amended--

- (1) in subclause (I), by striking 'marriage or sustain marriage' and insert 'healthy relationships and marriages or to sustain healthy relationships or marriages';

- (2) in subclause (II), by inserting 'educating youth who are not yet parents about the economic, social, and family consequences of early parenting, helping participants in fatherhood programs work with their own children to break the cycle of early parenthood,' after 'child support payments,'; and
 - (3) in subclause (III), by striking 'fathers' and inserting 'low-income fathers and other low-income noncustodial parents who are not eligible for assistance under the State program funded under this part'.
- (d) Reauthorization- Section 403(a)(2)(D) of such Act (42 U.S.C. 603(a)(2)(D)) is amended by striking '2006 through 2010' and inserting '2011 through 2015'.
- (e) Effective Date- The amendments made by this section shall take effect on October 1, 2010.

SEC. 104. ELIMINATION OF SEPARATE TANF WORK PARTICIPATION RATE FOR 2-PARENT FAMILIES.

- (a) In General- Section 407 of the Social Security Act (42 U.S.C. 607) is amended--
- (1) in subsection (a)--
 - (A) beginning in the heading, by striking 'Participation Rate Requirements' and all that follows through 'A State' in paragraph (1) and inserting 'Participation Rate Requirements- A State'; and
 - (B) by striking paragraph (2);
 - (2) in subsection (b)--
 - (A) in paragraph (1)(A), by striking 'subsection (a)(1)' and inserting 'subsection (a)';
 - (B) in paragraph (2), by striking the paragraph heading and all that follows through 'A family' and inserting 'SPECIAL RULE- A family';
 - (C) in paragraph (4), by striking 'paragraphs (1)(B) and (2)(B)' and inserting 'determining monthly participation rates under paragraph (1)(B)'; and
 - (D) in paragraph (5), by striking 'rates' and inserting 'rate'; and
 - (3) in subsection (c)--
 - (A) in paragraph (1)(B), in the matter preceding clause (i), by striking 'subsection (b)(2)(B)' and inserting 'subsection (b)(1)(B)(i)'; and
 - (B) in paragraph (2)(D)--
 - (i) by striking 'paragraphs (1)(B)(i) and (2)(B) of subsection (b)' and inserting 'subsection (b)(1)(B)(i)'; and
 - (ii) by striking 'and in 2-parent families, respectively,'.
- (b) Effective Date-
- (1) IN GENERAL- The amendments made by subsection (a) shall take effect on the date of enactment of this Act and shall apply to the determination of minimum participation rates for months beginning on or after that date.
 - (2) LIMITATION ON PENALTY IMPOSITION- Notwithstanding section 409(a)(3) of the Social Security Act, the Secretary of Health and Human Services shall not impose a penalty against a State under that section on the basis of the State's failure to satisfy the participation rate required for any of fiscal years 2006 through 2009 if the State demonstrates that the State would have met such requirement if, with respect to those months of any of such fiscal years that began prior to or on the date of enactment of this Act, the State were permitted to count 2-parent families that met the requirements of section 407(c)(1)(A) of the Social Security Act (42 U.S.C. 607(c)(1)(A)) in the determination of monthly participation rates under section 407(b)(1)(B)(i) of such Act (42 U.S.C. 607(b)(1)(B)(i)).

SEC. 105. BAN ON RECOVERY OF MEDICAID COSTS FOR BIRTHS.

- (a) Ban on Recovery-
- (1) IN GENERAL- Section 454 of the Social Security Act (42 U.S.C. 654), is amended--
 - (A) by striking 'and' at the end of paragraph (32);
 - (B) by striking the period at the end of paragraph (33) and inserting a semicolon; and
 - (C) by inserting after paragraph (33) the following:
 - '(34) provide that, except as provided in section 1902(a)(25)(F)(ii), the State shall not use the State program operated under this part to collect any amount owed to the State by reason of costs incurred under the State plan approved under title XIX for the birth of a child for whom support rights have been assigned pursuant to section 471(a)(17) or 1912; and'.
 - (2) RULE OF CONSTRUCTION- Nothing in section 454(34) of the Social Security Act (42 U.S.C. 654(34)), as added by paragraph (1), shall be construed as affecting the application of section 1902(a)(25) of such Act (42 U.S.C. 1396a(a)(25)) with respect to a State (relating to the State Medicaid plan requirement for the State to take all reasonable measures to ascertain the legal liability of third parties to pay for care and services available under the plan).

(3) REPEAL OF CERTAIN DRA AMENDMENTS- For provisions repealing amendments to section 454 of the Social Security Act made by section 7301(b)(1)(C) of the Deficit Reduction Act of 2005, see section 106(a)(3) of this Act.

(b) Clarification That Ban on Recovery Does Not Apply With Respect to Insurance of a Parent With an Obligation To Pay Child Support- Clause (ii) of section 1902(a)(25)(F) of the Social Security Act (42 U.S.C. 1396a(a)(25)(F)) is amended by inserting 'only if such third-party liability is derived through insurance,' before 'seek'.

(c) Effective Date-

(1) IN GENERAL- Except as provided in paragraph (2), the amendments made by this section take effect on October 1, 2009.

(2) EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT- In the case of a State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session is considered to be a separate regular session of the State legislature.

SEC. 106. IMPROVED COLLECTION AND DISTRIBUTION OF CHILD SUPPORT.

(a) Distribution of Child Support-

(1) FULL DISTRIBUTION OF CHILD SUPPORT COLLECTED; REFORM OF RULES FOR DISTRIBUTION OF CHILD SUPPORT COLLECTED ON BEHALF OF CHILDREN IN FOSTER CARE-

(A) IN GENERAL- Section 457 of the Social Security Act (42 U.S.C. 657) is amended--

(i) by striking subsection (a) and inserting the following:

'(a) Full Distribution of Amounts Collected on Behalf of Any Family- Subject to subsection (c), the entire amount collected on behalf of any family as support by a State pursuant to a plan approved under this part shall be paid by the State to the family.'; and

(ii) by striking subsections (c) through (e) and inserting the following:

'(c) Amounts Collected for Child for Whom Foster Care Maintenance Payments Are Made- Notwithstanding the preceding provisions of this section, amounts collected by a State as child support for months in any period on behalf of a child for whom a public agency is making foster care maintenance payments under part E shall be paid to the public agency responsible for supervising the placement of the child, which may use the payments in the manner it determines will serve the best interests of the child, including setting such payments aside for the child's future needs or use.'

(B) FOSTER CARE STATE PLAN AMENDMENT- Section 471(a)(17) of the Social Security Act (42 U.S.C. 671(a)(17)) is amended--

(i) by inserting 'and consistent with the child's case plan' after 'where appropriate'; and

(ii) by striking 'secure an assignment to the State of any rights to support' and inserting 'establish paternity and establish, modify, and enforce child support obligations'.

(C) SOCIAL SECURITY ACT AMENDMENTS-

(i) CHILD SUPPORT STATE PLAN AMENDMENT- Section 454 of the Social Security Act (42 U.S.C. 654), as amended by section 104(a)(1) of this Act, is amended by inserting after paragraph (34) the following:

'(35) provide that a State shall pay all collected child support to the payee, except as provided in section 457(c).'

(ii) DISBURSEMENT OF SUPPORT PAYMENTS- Section 454B(c) of the Social Security Act (42 U.S.C. 654b(c)) is amended by adding at the end the following new paragraph:

'(3) DISBURSEMENT TO FAMILIES- The State disbursement unit shall pay all collected child support to the payee, except as otherwise provided in section 457.'

(2) CONFORMING AMENDMENTS-

(A) Section 409(a)(7)(B)(i)(I)(aa) of such Act (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by striking '457(a)(1)(B)' and inserting '457(a)'.

(B) Section 454(5) of such Act (42 U.S.C. 654(5)) is amended by striking '(A) in any case' and all that follows through '(B)'.

(C) Section 466(a)(3)(B) of such Act (42 U.S.C. 666(a)(3)(B)) is amended--

(i) by striking 'shall be distributed in accordance with section 457 in the case of overdue support assigned to a State pursuant to section 408(a)(3) or 471(a)(17), or, in any other case,'; and

(ii) and inserting `or to the public agency responsible for supervising the placement of the child, which may use the payments in the manner the public agency determines will serve the best interest of the child' before the semicolon.

(3) REPEAL OF CERTAIN DRA AMENDMENTS- Effective on the date of enactment of this Act, subsections (a) and (b) of section 7301 of the Deficit Reduction Act of 2005 (Public Law 109-171; 120 Stat. 141) are repealed and parts A and D of title IV of the Social Security Act shall be applied as if the amendments made by such subsections had not been enacted.

(b) Prohibition on Conditioning Receipt of TANF on Assignment of Support- Section 408(a)(3) of the Social Security Act (42 U.S.C. 608(a)(3)) is amended--

(1) in the paragraph heading, by striking `NO ASSISTANCE FOR FAMILIES NOT' and inserting `PROHIBITION ON CONDITIONING ASSISTANCE FOR FAMILIES ON';

(2) by inserting `not' after `shall';

(3) by inserting `or under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))' after `this part'; and

(4) by striking `, not exceeding the total amount of assistance so paid to the family.'

(c) Requirement To Disregard Percentage of Child Support Collected in Determining Amount and Type of TANF Assistance- Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by adding at the end the following new paragraph:

`(12) REQUIREMENT TO DISREGARD PERCENTAGE OF CHILD SUPPORT COLLECTED IN DETERMINING AMOUNT AND TYPE OF TANF ASSISTANCE- A State to which a grant is made under section 403 shall disregard at least the same percentage of amounts collected as support on behalf of a family as the percentage of earned income that the State disregards, in determining the amount or type of assistance provided to the family under the State program funded under this part or under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).'

(d) Restoration of Federal Funding- Effective on the date of enactment of this Act, section 7309 of the Deficit Reduction Act of 2005 (Public Law 109-171; 120 Stat. 147) is repealed and part D of title IV of the Social Security Act shall be applied as if the amendment made by subsection (a) of that section had not been enacted.

(e) Repeal of Mandatory Fee for Child Support Collection- Effective on the date of enactment of this Act, section 7310 of the Deficit Reduction Act of 2005 (Public Law 109-171; 120 Stat. 147) is repealed and part D of title IV of the Social Security Act shall be applied as if the amendments made by that section had not been enacted.

(f) Prohibition on Considering a Period of Incarceration Voluntary Unemployment- Section 466(a) of the Social Security Act (42 U.S.C. 666(a)) is amended by inserting after paragraph (19) the following:

`(20) PROCEDURES RELATING TO PERIODS OF INCARCERATION OF NONCUSTODIAL PARENTS-

`(A) IN GENERAL- Procedures which require that, in determining or modifying the amount of, or terms and conditions of, any support obligation of a noncustodial parent, the State--

`(i) shall not consider any period of incarceration of such parent as a period of voluntary unemployment that disqualifies the parent from obtaining a modification of the support obligation consistent with the parent's ability to pay child support; and

`(ii) subject to subparagraph (B) in the case of an incarcerated parent, may--

`(I) temporarily suspend any support obligation on the parent and the enforcement of any support obligation of the parent existing prior to the period of incarceration; and

`(II) temporarily prohibit the accrual of any interest on any support obligation of the parent existing prior to the period of incarceration during any such period.

`(B) NOTICE AND OPPORTUNITY TO CHALLENGE SUSPENSION- Such procedures shall require the State to provide a custodial parent with--

`(i) notice of any suspension of review, adjustment, or enforcement of a support obligation and of any prohibition on interest accrual on such obligation that is imposed in accordance with subparagraph (A)(ii); and

`(ii) an opportunity to request that the suspension or prohibition be terminated or modified on the basis that the noncustodial parent has sufficient income or resources to continue payment of the support obligation during the noncustodial parent's period of incarceration.'

(g) Review and Adjustment of Child Support Arrearages Upon Request- Section 466(a)(10) of the Social Security Act (42 U.S.C. 666(a)(10)) is amended by adding at the end the following:

`(D) REVIEW AND ADJUSTMENT OF ARREARAGES- Procedures which require the State to review, and if appropriate, reduce the balance of arrearages permanently assigned to the State under part A or E of this title, or under title XIX, pursuant to standards and procedures established by the State, in cases where the obligor lacks sufficient ability to pay the arrears, adjustment will promote timely payment of current support, or barriers, such as incarceration, may have limited the ability of the obligor to timely seek a

modification of the order, and it is in the best interests of the child to make such reduction. Nothing in the preceding sentence shall be construed as affecting arrearages that have not been permanently assigned to the State under any such part or title.'

(h) Study and Report- Not later than October 1, 2012, the Secretary of Health and Human Services shall study and submit a report to Congress regarding the following:

(1) The effect of age eligibility restrictions for the earned income tax credit established under section 32 of the Internal Revenue Code of 1986 for individuals without qualifying children on--

(A) the ability of young parents to pay child support;

(B) compliance with child support orders; and

(C) the relationship between young noncustodial parents and their children.

(2) The impact of State earned income tax credit programs, especially such programs with targeted benefits for noncustodial parents, on--

(A) the ability of noncustodial parents to pay child support;

(B) compliance with child support orders; and

(C) the relationship between noncustodial parents and their children.

(3) The challenges faced by legal immigrants and individuals for whom English is not their primary language in fulfilling child support and other noncustodial parenting obligations.

(i) Effective Date-

(1) IN GENERAL- Except as otherwise provided in this section, the amendments made by this section shall take effect on October 1, 2009, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after that date, and without regard to whether regulations to implement the amendments are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE- Notwithstanding paragraph (1), a State may elect to have the amendments made by the preceding provisions of this section apply to the State and to amounts collected by the State (and to payments under parts A and D of title IV of such Act), on and after such date as the State may select that is not later than September 30, 2009.

SEC. 107. COLLECTION OF CHILD SUPPORT UNDER THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

(a) Encouragement of Collection of Child Support- Section 5 of the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is amended--

(1) in subsection (e)--

(A) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively;

(B) in paragraph (4)(B), by striking 'paragraph (6)' and inserting 'paragraph (7)'; and

(C) by inserting after paragraph (4) the following:

'(5) DEDUCTION FOR CHILD SUPPORT RECEIVED-

'(A) IN GENERAL- A household shall be allowed a deduction of 20 percent of all legally obligated child support payments received from an identified or putative parent of a child in the household if that parent is not a household member.

'(B) ORDER OF DETERMINING DEDUCTIONS- A deduction under this paragraph shall be determined before the computation of the excess shelter deduction under paragraph (7).'; and

(2) in subsection (k)(4)(B), by striking 'subsection (e)(6)' and inserting 'subsection (e)(7)';

(b) Simplified Verification of Child Support Payments- Section 5(n) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(n)) is amended--

(1) in the subsection heading, by striking 'State Options to Simplify', and inserting 'Simplified'; and

(2) by striking 'Regardless of whether' and inserting the following:

'(1) IN GENERAL- A household that is paying legally obligated child support through the program under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) shall receive--

'(A) a deduction under subsection (e)(4); or

'(B) an exclusion for paid child support under subsection (d)(3).

'(2) STATE OPTIONS- Regardless of whether'.

(c) Inclusion of Economic Opportunities Programs in Definition of Work Program- Section 6(o)(2) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(o)(2)) is amended--

(1) in subparagraph (C), by striking 'or' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting '; or'; and

(3) by adding at the end the following:

`(E) participate in and comply with the requirements of a demonstration project under section 106 of the Julia Carson Responsible Fatherhood and Healthy Families Act of 2009;'

(d) Effective Date-

(1) IN GENERAL- This section and the amendments made by this section take effect on October 1, 2009.

(2) STATE OPTION- A State may implement the amendments made by subsections (a) and (b) for participating households at the first recertification of the households that occurs on or after October 1, 2009.

SEC. 108. GRANTS SUPPORTING HEALTHY FAMILY PARTNERSHIPS FOR DOMESTIC VIOLENCE INTERVENTION AND PREVENTIONS.

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

`(6) GRANTS SUPPORTING HEALTHY FAMILY PARTNERSHIPS FOR DOMESTIC VIOLENCE INTERVENTION AND PREVENTION-

`(A) IN GENERAL- The Secretary shall award grants on a competitive basis to healthy family partnerships to develop and implement promising practices for--

`(i) assessing and providing services to individuals and families affected by domestic violence, including through caseworker training, the provision of technical assistance to community partners, and the implementation of safe visitation and exchange programs; or

`(ii) preventing domestic violence, particularly as a barrier to economic security, and fostering healthy relationships.

`(B) EDUCATION SERVICES- In awarding grants under subparagraph (A), the Secretary shall ensure that 10 percent of the funds made available under such grants are used for high schools and other secondary educational institutions and institutions of higher education to provide education services on the value of healthy relationships, responsible parenting, and healthy marriages characterized by mutual respect and nonviolence, and the importance of building relationships skills such as communication, conflict resolution, and budgeting.

`(C) APPLICATION- The respective entity and organization of a healthy family partnership entered into for purposes of receiving a grant under this paragraph shall submit a joint application to the Secretary, at such time and in such manner as the Secretary shall specify, containing--

`(i) a description of how the partnership intends to carry out the activities described in subparagraph (A);

`(ii) an assurance that funds made available under the grant shall be used to supplement, and not supplant, other funds used by the entity or organization to carry out programs, activities, or services described in subparagraph (A) or (B); and

`(iii) such other information as the Secretary may require.

`(D) GENERAL RULES GOVERNING USE OF FUNDS- The rules of section 404, other than subsection (b) of that section, shall not apply to a grant made under this paragraph.

`(E) DEFINITIONS- In this paragraph:

`(i) DOMESTIC VIOLENCE- The term 'domestic violence' has the meaning given that term in section 402(a)(7)(B).

`(ii) HEALTHY FAMILY PARTNERSHIP- The term 'healthy family partnership' means a partnership between--

`(I) an entity receiving funds under a grant made under paragraph (2) to promote healthy marriage or responsible fatherhood; and

`(II) an organization with demonstrated expertise working with survivors of domestic violence.

`(F) APPROPRIATION- Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2011 through 2015, \$25,000,000 for purposes of awarding grants to healthy family partnerships under this paragraph.'

SEC. 109. PROCEDURES TO ADDRESS DOMESTIC VIOLENCE.

(a) In General- Section 403(a)(2) of the Social Security Act (42 U.S.C. 603(a)(2)) is amended--

(1) by redesignating subparagraph (D) as subparagraph (F); and

(2) by inserting after subparagraph (C) the following:

`(D) REQUIREMENTS FOR RECEIPT OF FUNDS- An entity may not be awarded a grant under this paragraph unless the entity, as a condition of receiving funds under such a grant--

(i) identifies in its application for the grant the domestic violence experts at the local, State, or national level with whom the entity will consult in the development and implementation of the programs and activities of the entity;

(ii) on award of the grant, and in consultation with such domestic violence experts, develops a written protocol which describes--

(I) how the entity will identify instances or risks of domestic violence;

(II) the procedures for responding to such instances or risk, including making service referrals and providing protections and appropriate assistance for identified individuals and families;

(III) how confidentiality issues will be addressed; and

(IV) the domestic violence training that will be provided to ensure effective and consistent implementation of the protocol; and

(iii) in an annual report to the Secretary, includes a description of the domestic violence protocols, and a description of any implementation issues identified with respect to domestic violence and how the issues were addressed.

(E) DOMESTIC VIOLENCE DEFINED- In this paragraph, the term 'domestic violence' has the meaning given that term in section 402(a)(7)(B).'

(b) Conforming Amendments- Section 403(a)(2) of such Act (42 U.S.C. 603(a)(2)), as amended by section 103(d) of this Act and subsection (a)(1) of this section, is amended--

(1) in subparagraph (A)(i)--

(A) by striking '(B) and (C)' and inserting '(B), (C), and (D)'; and

(B) by striking 'subparagraph (D)' and inserting 'subparagraph (F)';

(2) in subparagraphs (B)(i) and (C)(i), by striking '(D)' each place it appears and inserting '(F)'; and

(3) in subparagraph (F) (as so redesignated by subsection (a)(1) of this section), by striking '\$150,000,000 for each of fiscal years 2011 through 2015' and inserting '\$150,000,000 for each of fiscal years 2011 and 2012 and \$200,000,000 for each of fiscal years 2013 through 2015'.

TITLE II--REVENUE PROVISIONS

SEC. 201. INCREASE IN CREDIT PERCENTAGE UNDER EARNED INCOME TAX CREDIT FOR ELIGIBLE INDIVIDUALS WITH NO QUALIFYING CHILDREN.

(a) In General- The row in the table in subparagraph (A) of section 32(b)(1) of the Internal Revenue Code of 1986 relating to no qualifying children is amended to read as follows:

'No qualifying children 20 7.65'.

(b) Effective Date- The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2009.

SEC. 202. BROKER REPORTING OF CUSTOMER'S BASIS IN SECURITIES TRANSACTIONS.

(a) In General- Section 6045 of the Internal Revenue Code of 1986 (relating to returns of brokers) is amended to read as follows:

(g) Additional Information Required in the Case of Securities Transactions-

(1) IN GENERAL- If a broker is otherwise required to make a return under subsection (a) with respect to any applicable security, the broker shall include in such return the information described in paragraph (2).

(2) ADDITIONAL INFORMATION REQUIRED-

(A) IN GENERAL- The information required under paragraph (1) to be shown on a return with respect to an applicable security of a customer shall include for each reported applicable security the customer's adjusted basis in such security.

(B) EXEMPTION FROM REQUIREMENT- The Secretary shall issue such regulations or guidance as necessary concerning the application of the requirement under subparagraph (A) in cases in which a broker in making a return does not have sufficient information to meet such requirement with respect to the reported applicable security. Such regulations or guidance may--

(i) require such other information related to such adjusted basis as the Secretary may prescribe, and

the transaction is substantially in excess of the present value of the anticipated economic returns of the person lending the money or providing the financial capital. A public offering shall be treated as a borrowing, or an acquisition of financial capital, from a tax-indifferent party if it is reasonably expected that at least 50 percent of the offering will be placed with tax-indifferent parties.

`(B) ARTIFICIAL INCOME SHIFTING AND BASIS ADJUSTMENTS- The form of a transaction with a tax-indifferent party shall not be respected if--

`(i) it results in an allocation of income or gain to the tax-indifferent party in excess of such party's economic income or gain, or

`(ii) it results in a basis adjustment or shifting of basis on account of overstating the income or gain of the tax-indifferent party.

`(3) DEFINITIONS AND SPECIAL RULES- For purposes of this subsection--

`(A) ECONOMIC SUBSTANCE DOCTRINE- The term 'economic substance doctrine' means the common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose.

`(B) TAX-INDIFFERENT PARTY- The term 'tax-indifferent party' means any person or entity not subject to tax imposed by subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if the items taken into account with respect to the transaction have no substantial impact on such person's liability under subtitle A.

`(C) EXCEPTION FOR PERSONAL TRANSACTIONS OF INDIVIDUALS- In the case of an individual, this subsection shall apply only to transactions entered into in connection with a trade or business or an activity engaged in for the production of income.

`(D) TREATMENT OF LESSORS- In applying paragraph (1)(B)(ii) to the lessor of tangible property subject to a lease--

`(i) the expected net tax benefits with respect to the leased property shall not include the benefits of--

`(I) depreciation,

`(II) any tax credit, or

`(III) any other deduction as provided in guidance by the Secretary, and

`(ii) subclause (II) of paragraph (1)(B)(ii) shall be disregarded in determining whether any of such benefits are allowable.

`(4) OTHER COMMON LAW DOCTRINES NOT AFFECTED- Except as specifically provided in this subsection, the provisions of this subsection shall not be construed as altering or supplanting any other rule of law, and the requirements of this subsection shall be construed as being in addition to any such other rule of law.

`(5) REGULATIONS- The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection. Such regulations may include exemptions from the application of this subsection.'

(b) Effective Date- The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

END