H. R. 4074

To strengthen and expand proven anti-poverty programs and initiatives.

IN THE HOUSE OF REPRESENTATIVES

October 16, 2017

Ms. Lee (for herself, Ms. Slaughter, Ms. Moore, Ms. Jackson Lee, Mrs. Beatty, Mr. Hastings, Ms. Norton, Mrs. Torres, Mr. Evans, Mr. Payne, Mr. Takano, Mr. Butterfield, Mr. Espaillat, Ms. Jayapal, Mr. Pocan, Mrs. Watson Coleman, Mr. Carson of Indiana, Mr. Conyers, Ms. Schakowsky, Ms. McCollum, Mr. Grijalva, Ms. Speier, Mr. McNerney, Mr. Serrano, and Mr. Ellison) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on House Administration, Oversight and Government Reform, Education and the Workforce, Financial Services, Agriculture, Transportation and Infrastructure, Rules, the Budget, and the Judiciary, 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 strengthen and expand proven anti-poverty programs and initiatives.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Pathways Out of Poverty Act of 2017'.

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DIVISION A EDUCATION

TITLE I STRONG START FOR AMERICA'S CHILDREN

Subtitle A Access to Voluntary Prekindergarten for Low- and Moderate-Income Families

SEC. 111. PURPOSES.

The purposes of this subtitle are to-

(1) establish a Federal-State partnership to provide access to high-quality public prekindergarten programs for all children from low-income and moderate-income families to ensure that they enter kindergarten prepared for success;

(2) broaden participation in such programs to include children from additional middle-class families; and

(3) promote access to high-quality kindergarten, and high-quality early childhood education programs and settings for children.

SEC. 112. DEFINITIONS.

In this subtitle:

(1) Child with a disability. The term 'child with a disability' has the meaning given the term in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

(2) Comprehensive early learning assessment system. The term 'comprehensive early learning assessment system' -

(A) means a coordinated and comprehensive system of multiple assessments, each of which is valid and reliable for its specified purpose and for the population with which it will be used, that-

(i) organizes information about the process and context of young children's learning and development to help early childhood educators make informed instructional and programmatic decisions; and

(ii) conforms to the recommendations of the National Research Council reports on early childhood; and
(B) includes, at a minimum-

(i) child screening measures;

(ii) child formative assessments;

(iii) measures of environmental quality; and

(iv) measures of the quality of adult-child interactions.

(3) Dual language learner. The term 'dual language learner' means an individual who is limited English proficient.

(4) Early childhood education program. The term 'early childhood education program' has the meaning given the term under section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003).

(5) Elementary school. The term 'elementary school' has the meaning given the term in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(6) Eligibility determination date. The term 'eligibility determination date' means the date used to determine eligibility for public elementary school in the community in which the eligible local entity involved is located.

(7) Eligible local entity. The term 'eligible local entity' means-

(A) a local educational agency, including-

(i) a charter school or a charter management organization that acts as a local educational agency; or

(ii) an educational service agency in partnership with a local educational agency;

(B) an entity that carries out an early childhood education program; or

(C) a consortium of entities described in subparagraph (A) or (B).

(8) Full-day. The term 'full-day' means a day that is-

(A) equivalent to a full school day at the public elementary schools in a State; and

(B) not less than 5 hours a day.

(9) High-quality prekindergarten program. The term 'high-quality prekindergarten program' means a prekindergarten program supported by an eligible local entity that includes, at a minimum, the following elements based on nationally recognized standards:

(A) Serves children who-

(i) are age 4 or children who are age 3 or 4, by the eligibility determination date (including children who turn age 5 while attending the program); or
(ii) have attained the legal age for State-funded prekindergarten.

(B) Requires high qualifications for staff, including that teachers meet the requirements of one of the following clauses:

(i) The teacher has a bachelor's degree in early childhood education or a related field with coursework that demonstrates competence in early childhood education.

(ii) The teacher-

(I) has a bachelor's degree in any field;

(II) has demonstrated knowledge of early childhood education by passing a State-approved assessment in early childhood education;

(III) while employed as a teacher in the prekindergarten program, is engaged in ongoing professional development in early childhood education for not less than 2 years; and

(IV) not more than 3 years after starting employment as a teacher in the prekindergarten program, enrolls in and completes a State-approved educator preparation program in which the teacher receives training and support in early childhood education.

(iii) The teacher has a bachelor's degree with a credential, license, or endorsement that demonstrates competence in early childhood education.

(C) Maintains an evidence-based maximum class size.

(D) Maintains an evidence-based child to instructional staff ratio.

(E) Offers a full-day program.

(F) Provides developmentally appropriate, evidence-based curricula and learning environments that are aligned with the State's early learning and development standards described in section 115(1).

(G) Offers instructional staff salaries comparable to kindergarten through grade 12 teaching staff.

(H) Provides for ongoing monitoring and program evaluation to ensure continuous improvement.

(I) Offers accessible comprehensive services for children that include, at a minimum-

(i) screenings for vision, dental, health (including mental health), and development and referrals, and assistance obtaining services, when appropriate;

(ii) family engagement opportunities that take into account home language, such as parent conferences (including parent input about their child's development) and support services, such as parent education;

(iii) nutrition services, including nutritious meals and snack options aligned with requirements set by the most recent Child and Adult Care Food Program guidelines promulgated by the Department of Agriculture as well as regular, age-appropriate, nutrition education for children and their families;
(iv) programs coordinated with local educational agencies and entities providing programs authorized under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419 and 1431 et seq.);

(v) physical activity programs aligned with evidence-based guidelines, such as those recommended by the Institute of Medicine, and which take into account and accommodate children with disabilities;

(vi) additional support services, as appropriate, based on the findings of the needs analysis as described in section 120; and

(vii) on-site coordination, to the maximum extent feasible.

(J) Provides high-quality professional development for all staff, including regular in-classroom observation for teachers and teacher assistants by individuals trained in such observation.

(K) Meets the education performance standards in effect under section 641A(a)(1)(B) of the Head Start Act (42 U.S.C. 9836a(a)(1)(B)).

(L) Maintains evidence-based health and safety standards.

(10) Governor. The term 'Governor' means the chief executive officer of a State.

(11) Homeless child. The term 'homeless child' means a child or youth described in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)).

(12) Institution of higher education. The term 'institution of higher education' has the meaning given the term in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002).

(13) Indian tribe; tribal organization. The terms 'Indian tribe' and 'tribal organization' have the meanings given the terms in 658P of the Child Care and Development Block Grant of 1990 (42 U.S.C. 9858n).

(14) Limited english proficient. The term 'limited English proficient' has the meaning given the term in section 637 of the Head Start Act (42 U.S.C. 9832).

(15) Local educational agency; state educational agency; educational service agency. The terms 'local educational agency', 'State educational agency', and 'educational service agency' have the meanings given the terms in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(16) Migratory child. The term 'migratory child' has the meaning given the term in section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6399).

(17) Outlying area. The term 'outlying area' means each of the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau.

(18) Poverty line. The term 'poverty line' means the official poverty line (as defined by the Office of Management and Budget)-

(A) adjusted to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period or other interval for which the data are available; and
(B) applicable to a family of the size involved.

(19) Secondary school. The term 'secondary school' has the meaning given the term in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(20) Secretary. The term 'Secretary' means the Secretary of Education.

(21) State. Except as otherwise provided in this subtitle, the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and each of the outlying areas.

(22) State advisory council on early childhood education and care. The term 'State Advisory Council on Early Childhood Education and Care' means the State Advisory Council on Early Childhood Education and Care established under section 642B(b) of the Head Start Act (42 U.S.C. 9837b(b)).

SEC. 113. PROGRAM AUTHORIZATION.

From amounts made available to carry out this subtitle, the Secretary, in consultation with the Secretary of Health and Human Services, shall award grants to States to implement high-quality prekindergarten programs, consistent with the purposes of this subtitle described in section 111. For each fiscal year, the funds provided under a grant by a State shall equal the allotment determined for the State under section 114.

SEC. 114. ALLOTMENTS AND RESERVATIONS OF FUNDS.

(a) Reservation. From the amount made available each fiscal year to carry out this subtitle, the Secretary shall-

(1) reserve not less than 1 percent and not more than 2 percent for payments to Indian tribes and tribal organizations;

(2) reserve \(\frac{1}{2}\) of 1 percent for the outlying areas to be distributed among the outlying areas on the basis of their relative need, as determined by the Secretary in accordance with the purposes of this subtitle;

(3) reserve \(\frac{1}{2}\) of 1 percent for eligible local entities that serve children in families who are engaged in migrant or seasonal agricultural labor; and

(4) reserve not more than 1 percent or $30,000,000, whichever amount is less, for national activities, including administration, technical assistance, and evaluation.

(b) Allotments.-

(1) In general. From the amount made available each fiscal year to carry out this subtitle and not reserved under subsection (a), the Secretary shall make allotments to States in accordance with paragraph (2) that have submitted an approved application.

(2) Allotment amount.-

(A) In general. Subject to subparagraph (B), the Secretary shall allot the amount made available under paragraph (1) for a fiscal year among the States in proportion to the number of children who are age 4 who reside within the State and are from families with incomes at or below 200 percent of the poverty line for the most recent year for which satisfactory data are available, compared to the number of such children who reside in all such States for that fiscal year.
(B) Minimum allotment amount. No State receiving an allotment under subparagraph (A) may receive less than 1/2 of 1 percent of the total amount allotted under such subparagraph.

(3) Reallotment and carry over.-

(A) In general. If one or more States do not receive an allotment under this subsection for any fiscal year, the Secretary may use the amount of the allotment for that State or States, in such amounts as the Secretary determines appropriate, for either or both of the following:

(i) To increase the allotments of States with approved applications for the fiscal year, consistent with subparagraph (B).

(ii) To carry over the funds to the next fiscal year.

(B) Reallotment. In increasing allotments under subparagraph (A)(i), the Secretary shall allot to each State with an approved application an amount that bears the same relationship to the total amount to be allotted under subparagraph (A)(i), as the amount the State received under paragraph (2) for that fiscal year bears to the amount that all States received under paragraph (2) for that fiscal year.

(4) State. For purposes of this subsection, the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

(c) Flexibility. The Secretary may make minimal adjustments to allotments under this subsection, which shall neither lead to a significant increase or decrease in a State's allotment determined under subsection (b), based on a set of factors, such as the level of program participation and the estimated cost of the activities specified in the State plan under section 116(a)(2).

SEC. 115. STATE ELIGIBILITY CRITERIA.

A State is eligible to receive a grant under this subtitle if the State demonstrates to the Secretary that the State-

(1) has established or will establish early learning and development standards that describe what children from birth to kindergarten entry should know and be able to do, are universally designed and developmentally, culturally, and linguistically appropriate, are aligned with the State's challenging academic content standards and challenging student academic achievement standards, as adopted under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(1)), and cover the essential domains of school readiness, which address-

(A) physical well-being and motor development;

(B) social and emotional development;

(C) approaches to learning, including creative arts expression;

(D) developmentally appropriate oral and written language and literacy development; and

(E) cognition and general knowledge, including early mathematics and early scientific development;

(2) has the ability or will develop the ability to link prekindergarten data with its elementary school and secondary school data for the purpose of collecting longitudinal information for all children participating in the State's high-quality
prekindergarten program and any other federally funded early childhood program that will remain with the child through the child's public education through grade 12;

(3) offers State-funded kindergarten for children who are eligible children for that service in the State; and

(4) has established a State Advisory Council on Early Childhood Education and Care.

SEC. 116. STATE APPLICATIONS.

(a) In General. To receive a grant under this subtitle, the Governor of a State, in consultation with the Indian tribes and tribal organizations in the State, if any, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. At a minimum, each such application shall include-

(1) an assurance that the State-

(A) will coordinate with and continue to participate in the programs authorized under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419 and 1431 et seq.), the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and the maternal, infant, and early childhood home visiting programs funded under section 511 of the Social Security Act (42 U.S.C. 711) for the duration of the grant;

(B) will designate a State-level entity (such as an agency or joint interagency office), selected by the Governor, for the administration of the grant, which shall coordinate and consult with the State educational agency if the entity is not the State educational agency; and

(C) will establish, or certify the existence of, program standards for all State prekindergarten programs consistent with the definition of a high-quality prekindergarten program under section 112;

(2) a description of the State's plan to-

(A) use funds received under this subtitle and the State's matching funds to provide high-quality prekindergarten programs, in accordance with section 117(d), with open enrollment for all children in the State who-

(i) are described in section 112(9)(A); and

(ii) are from families with incomes at or below 200 percent of the poverty line;

(B) develop or enhance a system for monitoring eligible local entities that are receiving funds under this subtitle for compliance with quality standards developed by the State and to provide program improvement support, which may be accomplished through the use of a State-developed system for quality rating and improvement;

(C) if applicable, expand participation in the State's high-quality prekindergarten programs to children from families with incomes above 200 percent of the poverty line;

(D) carry out the State's comprehensive early learning assessment system, or how the State plans to develop such a system, ensuring that any assessments are culturally, developmentally, and age-appropriate and consistent with the recommendations from the study on Developmental Outcomes and Assessments for Young Children by the National Academy of Sciences, consistent with section 649(j) of the Head Start Act (42 U.S.C. 9844);

(E) develop, implement, and make publicly available the performance measures and targets described in section 119;
(F) increase the number of teachers with bachelor's degrees in early childhood education, or with bachelor's degrees in another closely related field and specialized training in early childhood education, including how institutions of higher education will support increasing the number of teachers with such degrees and training, including through the use of assessments of prior learning, knowledge, and skills to facilitate and expedite attainment of such degrees;

(G) coordinate and integrate the activities funded under this subtitle with Federal, State, and local services and programs that support early childhood education and care, including programs supported under this subtitle, the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), the Head Start Act (42 U.S.C. 9831 et seq.), the Community Services Block Grant Act (42 U.S.C. 9901 et seq.), the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), the temporary assistance for needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State incentive grant program under section 14006 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), federally funded early literacy programs, the maternal, infant, and early childhood home visiting programs funded under section 511 of the Social Security Act (42 U.S.C. 711), health improvements to child care funded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), the program under subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.), the Investing In Innovation program under section 14007 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), programs authorized under part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.), the Fostering Connections to Success and Increasing Adoptions Act of 2008 (Public Law 110-351), and any other Federal, State, or local early childhood education programs used in the State;

(H) award subgrants to eligible local entities, and in awarding such subgrants, facilitate a delivery system of high-quality prekindergarten programs that includes diverse providers, such as providers in community-based, public school, and private settings, and consider the system's impact on options for families;

(I) in the case of a State that does not have a funding mechanism for subgranting funds to implement high-quality prekindergarten, use objective criteria in awarding subgrants to eligible local entities that will implement high-quality prekindergarten programs, including actions the State will take to ensure that eligible local entities will coordinate with local educational agencies or other early learning providers, as appropriate, to carry out activities to provide children served under this subtitle with a successful transition from preschool into kindergarten, which activities shall include-

(i) aligning curricular objectives and instruction;

(ii) providing staff professional development, including opportunities for joint-professional development on early learning and kindergarten through grade 3 standards, assessments, and curricula;

(iii) coordinating family engagement and support services; and

(iv) encouraging the shared use of facilities and transportation, as appropriate;

(J) use the State early learning and development standards described in section 115(1) to address the needs of dual language learners, including by incorporating benchmarks related to English language development;

(K) identify barriers, and propose solutions to overcome such barriers, which may include seeking assistance under section 126, in the State to effectively use and integrate Federal, State, and local public funds and private funds for early childhood education that are available to the State on the date on which the application is submitted;
(L) support articulation agreements (as defined in section 486A of the Higher Education Act of 1965 (20 U.S.C. 1093a)) between public 2-year and public 4-year institutions of higher education in the State for early childhood teacher preparation programs and related fields;

(M) ensure that the higher education programs in the State have the capacity to prepare a workforce to provide high-quality prekindergarten programs;

(N) support workforce development, including State and local policies that support prekindergarten instructional staff’s ability to earn a degree, certification, or other specializations or qualifications, including policies on leave, substitutes, and child care services, including non-traditional hour child care;

(O) hold eligible local entities accountable for use of funds;

(P) ensure that the State's early learning and development standards are integrated into the instructional and programmatic practices of high-quality prekindergarten programs and related programs and services, such as those provided to children under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419 and 1431 et seq.);

(Q) increase the number of children in the State who are enrolled in high-quality kindergarten programs and carry out a strategy to implement such a plan;

(R) coordinate the State's activities supported by grants under this subtitle with activities in State plans required under the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), the Head Start Act (42 U.S.C. 9831 et seq.), the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.);

(S) encourage eligible local entities to coordinate with community-based learning resources, such as libraries, arts and arts education programs, appropriate media programs, family literacy programs, public parks and recreation programs, museums, nutrition education programs, and programs supported by the Corporation for National and Community Service;

(T) work with eligible local entities, in consultation with elementary school principals, to ensure that high-quality prekindergarten programs have sufficient facilities to meet the needs of children eligible for prekindergarten;

(U) support local early childhood coordinating entities, such as local early childhood councils, if applicable, and help such entities to coordinate early childhood education programs with high-quality prekindergarten programs to ensure effective and efficient delivery of early childhood education program services;

(V) ensure that the provision of high-quality prekindergarten programs will not lead to a diminution of services for infants and toddlers or disrupt the care of infants and toddlers in the geographic area served by the eligible local entity, which may include demonstrating that the State will direct funds to provide high-quality early childhood education and care to infants and toddlers in accordance with section 117(d); and

(W) ensure that all high-quality prekindergarten programs the State supports under this Act will conduct criminal history background checks that meet the requirements of subsection (b) on employees and applicants for employment with direct access to children; and

(3) an inventory of the State's higher education programs that prepare individuals for work in a high-quality prekindergarten program, including-
(A) certification programs;

(B) associate degree programs;

(C) baccalaureate degree programs;

(D) master's degree programs; and

(E) other programs that lead to a specialization in early childhood education, or a related field.

(b) Criminal History Background Checks.-

(1) In general. The criminal history background checks required under subsection (a)(2)(W) shall include-

(A) a search of the State criminal registry or repository in the State in which the employee resides and previously resided;

(B) a search of the State-based child abuse and neglect registries and databases in the State in which the employee resides and previously resided;

(C) a Federal Bureau of Investigation fingerprint check using the Integrated Automated Fingerprint Identification System; and

(D) a search of the National Sex Offender Registry established under section 119 of the Adam Walsh Child Protection and Safety Act of 2006 (42 U.S.C. 16919).

(2) Prohibition of employment. To be eligible to receive a grant under this subtitle, a State shall prohibit an individual with direct access to children from employment with a program supported with grant funds under this subtitle if the individual has been convicted of a violent felony or any violent or sexual crime against a minor, as defined by the State.

(3) Updated checks. To be eligible to receive a grant under this subtitle, each criminal history background check conducted on an employee as required under subsection (a)(2)(W) shall be periodically repeated or updated in accordance with State law.

(4) Appeal process. To be eligible to receive a grant under this subtitle, a State shall provide an individual with a timely process by which to-

(A) appeal the results of a criminal history background check conducted under this section to challenge the accuracy or completeness of the information produced by such background check; and

(B) seek appropriate relief for any final employment decision based on materially inaccurate or incomplete information produced by such background check.

(c) Development of Application. In developing an application for a grant under this subtitle, a State shall consult with the State Advisory Council on Early Childhood Education and Care and incorporate such Council's recommendations, where applicable.

(d) Construction. Nothing in this section shall be construed to alter or otherwise affect the rights, remedies, and procedures afforded school employees, local educational agency employees, and the employees of early childhood
education programs under Federal, State, or local laws (including applicable regulations or court orders) or under the terms of collective bargaining agreements, memoranda of understanding, or other agreements between such employees and their employers.

SEC. 117. STATE USE OF FUNDS.

(a) Reservation for Quality Improvement Activities.-

(1) In general. A State that receives a grant under this subtitle may reserve for, not more than the first 4 years such State receives such a grant, not more than 20 percent of the grant funds for quality improvement activities if such activities support the elements of high-quality prekindergarten programs. Such quality improvement activities may include supporting teachers and principals in a State's high-quality prekindergarten program, licensed or regulated child care, or Head Start programs to enable such teachers to earn a baccalaureate degree in early childhood education, or closely related field, through activities which may include-

(A) expanding or establishing scholarships, counseling, and compensation initiatives to cover the cost of tuition, fees, materials, transportation, and release time for such teachers; and

(B) providing ongoing professional development opportunities, including regular in-classroom observation by individuals trained in such observation, for such teachers, principals, and teachers assistants to enable such teachers, principals, and teachers assistants to carry out the elements of high-quality prekindergarten programs, which may include activities that address-

(i) promoting children's development across the essential domains of early learning and development;

(ii) developmentally appropriate teacher-child interaction;

(iii) effective family engagement;

(iv) providing culturally competent instruction;

(v) working with a diversity of children and families, including children with special needs and dual language learners;

(vi) childhood nutrition and physical education programs; and

(vii) supporting the implementation of evidence-based curricula.

(2) Not subject to matching. The amount reserved under paragraph (1) shall not be subject to the matching requirements under section 120.

(3) Coordination. A State that reserves an amount under paragraph (1) shall coordinate the use of such amount with activities funded under section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) and the Head Start Act (42 U.S.C. 9831 et seq.).

(4) Construction. A State may not use funds reserved under this subsection to meet the requirement described in section 112(9)(G).
(b) Subgrants for High-Quality Prekindergarten Programs. A State that receives a grant under this subtitle shall award subgrants of sufficient size to eligible local entities to enable such eligible local entities to implement high-quality prekindergarten programs for children who-

(1) are described in section 112(9)(A);

(2) reside within the State; and

(3) are from families with incomes at or below 200 percent of the poverty line.

c) Administration. A State that receives a grant under this subtitle may reserve not more than 1 percent of the grant funds for administration of the grant, and may use part of that reservation for the maintenance of the State Advisory Council on Early Childhood Education and Care.

d) Early Childhood Education and Care Programs for Infants and Toddlers.-

(1) Use of allotment for infants and toddlers. An eligible State may apply to use, and the appropriate Secretary may grant permission for the State to use, not more than 15 percent of the funds made available through a grant received under this subtitle to award subgrants to early childhood education programs to provide, consistent with the State's early learning and development guidelines for infants and toddlers, high-quality early childhood education and care to infants and toddlers who reside within the State and are from families with incomes at or below 200 percent of the poverty line.

(2) Application. To be eligible to use the grant funds as described in paragraph (1), the State shall submit an application to the appropriate Secretary at such time, in such manner, and containing such information as the Secretary may require. Such application shall, at a minimum, include a description of how the State will-

(A) designate a lead agency which shall administer such funds;

(B) ensure that such lead agency, in coordination with the State's Advisory Council on Early Childhood Education and Care, will collaborate with other agencies in administering programs supported under this subsection for infants and toddlers in order to obtain input about the appropriate use of such funds and ensure coordination with programs for infants and toddlers funded under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), the Head Start Act (42 U.S.C. 9831 et seq.) (including any Early Learning Quality Partnerships established in the State under section 645B of the Head Start Act, as added by section 202), the Race to the Top and Early Learning Challenge program under section 14006 of Public Law 111-5 (123 Stat. 283), the maternal, infant, and early childhood home visiting programs funded under section 511 of the Social Security Act (42 U.S.C. 711), and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.);

(C) ensure that infants and toddlers who benefit from amounts made available under this subsection will transition to and have the opportunity to participate in a high-quality prekindergarten program supported under this subtitle;

(D) in awarding subgrants, give preference to early childhood education programs that have a plan to increase services to children with special needs, including children with developmental delays or disabilities, children who are dual language learners, homeless children, children who are in foster care, children of migrant families, children eligible for free or reduced-price lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), or children in the child welfare system; and
(E) give priority to activities carried out under this subsection that will increase access to high-quality early childhood education programs for infants and toddlers in local areas with significant concentrations of low-income families that do not currently benefit from such programs.

(3) Eligible providers. A State may use the grant funds as described in paragraph (1) to serve infants and toddlers only by working with early childhood education program providers that-

(A) offer full-day, full-year care, or otherwise meet the needs of working families; and

(B) meet high-quality standards, such as-

(i) Early Head Start program performance standards under the Head Start Act (42 U.S.C. 9831 et seq.); or

(ii) high-quality, demonstrated, valid, and reliable program standards that have been established through a national entity that accredits early childhood education programs.

(4) Federal administration.-

(A) In general. The Secretary of Education shall bear responsibility for obligating and disbursing funds to support activities under this subsection and ensuring compliance with applicable laws and administrative requirements, subject to paragraph (3).

(B) Interagency agreement. The Secretary of Education and the Secretary of Health and Human Services shall jointly administer activities supported under this subsection on such terms as such Secretaries shall set forth in an interagency agreement. The Secretary of Health and Human Services shall be responsible for any final approval of a State's application under this subsection that addresses the use of funds designated for services to infants and toddlers.

(C) Appropriate secretary. In this subsection, the term 'appropriate Secretary' used with respect to a function, means the Secretary designated for that function under the interagency agreement.

SEC. 118. ADDITIONAL PREKINDERGARTEN SERVICES.

(a) Prekindergarten for 3-Year-Olds. Each State that certifies to the Secretary that the State provides universally available, voluntary, high-quality prekindergarten programs for 4-year-old children who reside within the State and are from families with incomes at or below 200 percent of the poverty line may use the State's allocation under section 114(b) to provide high-quality prekindergarten programs for 3-year-old children who reside within the State and are from families with incomes at or below 200 percent of the poverty line.

(b) Subgrants. In each State that has a city, county, or local educational agency that provides universally available high-quality prekindergarten programs for 4-year-old children who reside within the State and are from families with incomes at or below 200 percent of the poverty line the State may use amounts from the State's allocation under section 114(b) to award subgrants to eligible local entities to enable such eligible local entities to provide high-quality prekindergarten programs for 3-year-old children who are from families with incomes at or below 200 percent of the poverty line and who reside in such city, county or local educational agency.

SEC. 119. PERFORMANCE MEASURES AND TARGETS.
(a) In General. A State that receives a grant under this subtitle shall develop, implement, and make publicly available the performance measures and targets for the activities carried out with grant funds. Such measures shall, at a minimum, track the State's progress in-

(1) increasing school readiness across all domains for all categories of children, as described in section 123(b)(7), including children with disabilities and dual language learners;

(2) narrowing school readiness gaps between minority and nonminority children, and low-income children and more advantaged children, in preparation for kindergarten entry;

(3) decreasing placement for children in elementary school in special education programs and services as described in part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.);

(4) increasing the number of programs meeting the criteria for high-quality prekindergarten programs, as defined by the State and in accordance with section 112;

(5) decreasing the need for grade-to-grade retention in elementary school;

(6) if applicable, ensuring that high-quality prekindergarten programs do not experience instances of chronic absence among the children who participate in such programs;

(7) increasing the number and percentage of low-income children in high-quality early childhood education programs that receive financial support through funds provided under this subtitle; and

(8) providing high-quality nutrition services, nutrition education, physical activity, and obesity prevention programs.

(b) Prohibition of Misdiagnosis Practices. A State shall not, in order to meet the performance measures and targets described in subsection (a), engage in practices or policies that will lead to the misdiagnosis or under-diagnosis of disabilities or developmental delays among children who are served through programs supported under this subtitle.

SEC. 120. MATCHING REQUIREMENTS.

(a) Matching Funds.-

(1) In general. Except as provided in paragraph (2), a State that receives a grant under this subtitle shall provide matching funds from non-Federal sources, as described in subsection (c), in an amount equal to-

(A) 10 percent of the Federal funds provided under the grant in the first year of grant administration;

(B) 10 percent of the Federal funds provided under the grant in the second year of grant administration;

(C) 20 percent of the Federal funds provided under the grant in the third year of grant administration;

(D) 30 percent of the Federal funds provided under the grant in the fourth year of grant administration;

(E) 40 percent of the Federal funds provided under the grant in the fifth year of grant administration;

(F) 50 percent of the Federal funds provided under the grant in the sixth year of grant administration;
(G) 75 percent of the Federal funds provided under the grant in the seventh year of grant administration; and

(H) 100 percent of the Federal funds provided under the grant in the eighth and following years of grant administration.

(2) Reduced match rate. A State that meets the requirements under subsection (b) may provide matching funds from non-Federal sources at a reduced rate. The full reduced matching funds rate shall be in an amount equal to-

(A) 5 percent of the Federal funds provided under the grant in the first year of grant administration;

(B) 5 percent of the Federal funds provided under the grant in the second year of grant administration;

(C) 10 percent of the Federal funds provided under the grant in the third year of grant administration;

(D) 20 percent of the Federal funds provided under the grant in the fourth year of grant administration;

(E) 30 percent of the Federal funds provided under the grant in the fifth year of grant administration;

(F) 40 percent of the Federal funds provided under the grant in the sixth year of grant administration;

(G) 50 percent of the Federal funds provided under the grant in the seventh year of grant administration;

(H) 75 percent of the Federal funds provided under the grant in the eighth year of grant administration; and

(I) 100 percent of the Federal funds provided under the grant in the ninth and following years of the grant administration.

(b) Reduced Match Rate Eligibility. A State that receives a grant under this subtitle may provide matching funds from non-Federal sources at the full reduced rate under subsection (a)(2) if the State-

(1)(A) offers enrollment in high-quality prekindergarten programs to not less than half of children in the State who are-

(i) age 4 on the eligibility determination date; and

(ii) from families with incomes at or below 200 percent of the poverty line; and

(B) has a plan for continuing to expand access to high-quality prekindergarten programs for such children in the State; and

(2) has a plan to expand access to high-quality prekindergarten programs to children from moderate income families whose income exceeds 200 percent of the poverty line.

(c) Non-Federal Resources.-

(1) In cash. A State shall provide the matching funds under this section in cash.

(2) Funds to be considered as matching funds. A State may include, as part of the State's matching funds under this section, not more than 10 percent of the amount of State funds designated for State prekindergarten programs or to supplement Head Start programs under the Head Start Act (42 U.S.C. 9831 et seq.) as of the date of enactment of this Act, but may not include any funds that are attributed as matching funds, as part of a non-Federal share, or as a maintenance of effort requirement, for any other Federal program.
(d) Maintenance of Effort.-

(1) In general. If a State reduces its combined fiscal effort per student or the aggregate expenditures within the State to support early childhood education programs for any fiscal year that a State receives a grant authorized under this subtitle relative to the previous fiscal year, the Secretary shall reduce support for such State under this subtitle by the same amount as the decline in State and local effort for such fiscal year.

(2) Waiver. The Secretary may waive the requirements of paragraph (1) if-

(A) the Secretary determines that a waiver would be appropriate due to a precipitous decline in the financial resources of a State as a result of unforeseen economic hardship or a natural disaster that has necessitated across-the-board reductions in State services, including early childhood education programs; or

(B) due to the circumstances of a State requiring reductions in specific programs, including early childhood education, if the State presents to the Secretary a justification and demonstration why other programs could not be reduced and how early childhood programs in the State will not be disproportionately harmed by such State action.

(e) Supplement Not Supplant. Grant funds received under this title shall be used to supplement and not supplant other Federal, State, and local public funds expended on public prekindergarten programs in the State.

SEC. 121. ELIGIBLE LOCAL ENTITY APPLICATIONS.

(a) In General. An eligible local entity desiring to receive a subgrant under section 117(b) shall submit an application to the State, at such time, in such manner, and containing such information as the State may reasonably require.

(b) Contents. Each application submitted under subsection (a) shall include the following:

(1) Parent and family engagement. A description of how the eligible local entity plans to engage the parents and families of the children such entity serves and ensure that parents and families of eligible children are aware of the services provided by the eligible local entity, which shall include a plan to-

(A) carry out meaningful parent and family engagement, through the implementation and replication of evidence-based or promising practices and strategies, which shall be coordinated with parent and family engagement strategies supported under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) and part A of title I and title V of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq. and 7201 et seq.), if applicable, to-

(i) provide parents and family members with the skills and opportunities necessary to become full partners in their children's education, in particular the families of dual language learners and children with disabilities;

(ii) improve child development; and

(iii) strengthen relationships among prekindergarten staff and parents and family members; and

(B) perform community outreach to encourage families with eligible children to participate in the eligible local entity's high-quality prekindergarten program, including-

(i) homeless children:
(ii) dual language learners;

(iii) children in foster care;

(iv) children with disabilities; and

(v) migrant children.

(2) Coordination and alignment. A description of how the eligible local entity will-

(A) coordinate, if applicable, the eligible local entity's activities with-

(i) Head Start agencies (consistent with section 642(e)(5) of the Head Start Act (42 U.S.C. 9837(e)(5)), if the local entity is not a Head Start agency;

(ii) local educational agencies, if the eligible local entity is not a local educational agency;

(iii) providers of services under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.);

(iv) programs carried out under section 619 of the Individuals with Disabilities Education Act (20 U.S.C. 1419); and

(v) if feasible, other entities carrying out early childhood education programs and services within the area served by the local educational agency;

(B) if applicable, develop and implement a systematic procedure for transferring, with parental consent, early childhood education program records for each participating child to the school in which such child will enroll in kindergarten;

(C) develop a plan to promote continuity of developmentally appropriate instructional programs and shared expectations with local elementary schools for children's learning and development as children transition to kindergarten;

(D) organize, if feasible, and participate in joint training, when available, including transition-related training for school staff and early childhood education program staff;

(E) establish comprehensive transition policies and procedures, with applicable elementary schools and principals, for the children served by the eligible local entity that support the school readiness of children transitioning to kindergarten;

(F) conduct outreach to parents, families, and elementary school teachers and principals to discuss the educational, developmental, and other needs of children entering kindergarten;

(G) help parents, including parents of children who are dual language learners, understand and engage with the instructional and other services provided by the kindergarten in which such child will enroll after participation in a high-quality prekindergarten program; and

(H) develop and implement a system to increase program participation of underserved populations of eligible children, especially homeless children, children eligible for a free or reduced-price lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), parents of children who are dual language learners, and parents of children with disabilities.
(3) Protections for special populations. A description of how the eligible local entity will meet the diverse needs of 
children in the community to be served, including children with disabilities, children whose native language is not English, 
children with other special needs, children in the State foster care system, and homeless children. Such description shall 
demonstrate, at a minimum, how the entity plans to-

(A) ensure the eligible local entity's high-quality prekindergarten program is accessible and appropriate for children with 
disabilities and dual language learners;

(B) establish effective procedures for providing necessary early intervening services to children with disabilities prior to 
an eligibility determination by the State or local agency responsible for providing services under section 619 or part C 
of the Individuals with Disabilities Education Act (20 U.S.C. 1419 and 1431 et seq.);

(C) establish effective procedures for timely referral of children with disabilities to the State or local agency described 
in subparagraph (B);

(D) ensure that the eligible local entity's high-quality prekindergarten program works with appropriate entities to address 
the elimination of barriers to immediate and continuous enrollment for homeless children; and

(E) ensure access to and continuity of enrollment in high-quality prekindergarten programs for migratory children, if 
applicable, and homeless children, including through policies and procedures that require-

(i) outreach to identify migratory children and homeless children;

(ii) immediate enrollment, including enrollment during the period of time when documents typically required for 
enrollment, including health and immunization records, proof of eligibility, and other documents, are obtained;

(iii) continuous enrollment and participation in the same high-quality prekindergarten program for a child, even if the 
child moves out of the program's service area, if that enrollment and participation are in the child's best interest, including 
by providing transportation when necessary;

(iv) professional development for high-quality prekindergarten program staff regarding migratory children and 
homelessness among families with young children; and

(v) in serving homeless children, collaboration with local educational agency liaisons designated under section 722(g) 
(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(g)(1)(J)(ii)), and local homeless service 
providers.

(4) Accessible comprehensive services. A description of how the eligible local entity plans to provide accessible 
comprehensive services, described in section 112(9)(I), to the children the eligible local entity serves. Such description 
shall provide information on how the entity will-

(A) conduct a data-driven community assessment in coordination with members of the community, including parents 
and community organizations, or use a recently conducted data-driven assessment, which-

(i) may involve an external partner with expertise in conducting such needs analysis, to determine the most appropriate 
social or other support services to offer through the eligible local entity's on-site comprehensive services to children who 
participate in high-quality prekindergarten programs; and
(ii) shall consider the resources available at the school, local educational agency, and community levels to address the needs of the community and improve child outcomes; and

(B) have a coordinated system to facilitate the screening, referral, and provision of services related to health, nutrition, mental health, disability, and family support for children served by the eligible local entity.

(5) Workforce. A description of how the eligible local entity plans to support the instructional staff of such entity's high-quality prekindergarten program, which shall, at a minimum, include a plan to provide high-quality professional development, or facilitate the provision of high-quality professional development through an external partner with expertise and a demonstrated track record of success, based on scientifically valid research, that will improve the knowledge and skills of high-quality prekindergarten teachers and staff through activities, which may include-

(A) acquiring content knowledge and learning teaching strategies needed to provide effective instruction that addresses the State's early learning and development standards described under section 115(1);

(B) enabling high-quality prekindergarten teachers and staff to pursue specialized training in early childhood development;

(C) enabling high-quality prekindergarten teachers and staff to acquire the knowledge and skills to provide instruction and appropriate language and support services to increase the English language skills of dual language learners;

(D) enabling high-quality prekindergarten teachers and staff to acquire the knowledge and skills to provide developmentally appropriate instruction for children with disabilities;

(E) promoting classroom management;

(F) providing high-quality induction and support for incoming high-quality prekindergarten teachers and staff in high-quality prekindergarten programs, including through the use of mentoring programs that have a demonstrated track record of success;

(G) promoting the acquisition of relevant credentials, including in ways that support career advancement through career ladders; and

(H) enabling high-quality prekindergarten teachers and staff to acquire the knowledge and skills to provide culturally competent instruction for children from diverse backgrounds.

SEC. 122. REQUIRED SUBGRANT ACTIVITIES.

(a) In General. An eligible local entity that receives a subgrant under section 117(b) shall use subgrant funds to implement the elements of a high-quality prekindergarten program for the children described in section 117(b).

(b) Coordination.-

(1) Local educational agency partnerships with local early childhood education programs. A local educational agency that receives a subgrant under this subtitle shall provide an assurance that the local educational agency will enter into strong partnerships with local early childhood education programs, including programs supported through the Head Start Act (42 U.S.C. 9831 et seq.).
(2) Eligible local entities that are not local educational agencies. An eligible local entity that is not a local educational agency that receives a subgrant under this subtitle shall provide an assurance that such entity will enter into strong partnerships with local educational agencies.

SEC. 123. REPORT AND EVALUATION.

(a) In General. Each State that receives a grant under this subtitle shall prepare an annual report, in such manner and containing such information as the Secretary may reasonably require.

(b) Contents. A report prepared under subsection (a) shall contain, at a minimum-

(1) a description of the manner in which the State has used the funds made available through the grant and a report of the expenditures made with the funds;

(2) a summary of the State's progress toward providing access to high-quality prekindergarten programs for children eligible for such services, as determined by the State, from families with incomes at or below 200 percent of the poverty line, including the percentage of funds spent on children from families with incomes-

(A) at or below 100 percent of the poverty line;

(B) at or below between 101 and 150 percent of the poverty line; and

(C) at or below between 151 and 200 percent of the poverty line;

(3) an evaluation of the State's progress toward achieving the State's performance targets, described in section 119;

(4) data on the number of high-quality prekindergarten program teachers and staff in the State (including teacher turnover rates and teacher compensation levels compared to teachers in elementary schools and secondary schools), according to the setting in which such teachers and staff work (which settings shall include, at a minimum, Head Start programs, public prekindergarten, and child care programs) who received training or education during the period of the grant and remained in the early childhood education program field;

(5) data on the kindergarten readiness of children in the State;

(6) a description of the State's progress in overcoming barriers to the effective use of Federal, State, and local public funds and private funds, for early childhood education;

(7) the number and percentage of children in the State participating in high-quality prekindergarten programs, disaggregated by race, ethnicity, family income, child age, disability, whether the children are homeless children, and whether the children are dual language learners;

(8) data on the availability, affordability, and quality of infant and toddler care in the State;

(9) the number of operational minutes per week and per year for each eligible local entity that receives a subgrant;

(10) the local educational agency and ZIP code in which each eligible local entity that receives a subgrant operates;
(11) information, for each of the local educational agencies described in paragraph (10), on the percentage of the costs of the public early childhood education programs that is funded from Federal, from State, and from local sources, including the percentages from specific funding programs;

(12) data on the number and percentage of children in the State participating in public kindergarten programs, disaggregated by race, family income, child age, disability, whether the children are homeless children, and whether the children are dual language learners, with information on whether such programs are offered-

(A) for a full-day; and

(B) at no cost to families; and

(13) data on the number of individuals in the State who are supported with scholarships, if applicable, to meet the baccalaureate degree requirement for high-quality prekindergarten programs, as defined in section 112.

(c) Submission. A State shall submit the annual report prepared under subsection (a), at the end of each fiscal year, to the Secretary, the Secretary of Health and Human Services, and the State Advisory Council on Early Childhood Education and Care.

(d) Cooperation. An eligible local entity that receives a subgrant under this subtitle shall cooperate with all Federal and State efforts to evaluate the effectiveness of the program the entity implements with subgrant funds.

(e) National Report. The Secretary shall compile and summarize the annual State reports described under subsection (c) and shall prepare and submit an annual report to Congress that includes a summary of such State reports.

SEC. 124. PROHIBITION OF REQUIRED PARTICIPATION OR USE OF FUNDS FOR ASSESSMENTS.

(a) Prohibition on Required Participation. A State receiving a grant under this subtitle shall not require any child to participate in any Federal, State, local, or private early childhood education program, including a high-quality prekindergarten program.

(b) Prohibition on Use of Funds for Assessment. A State receiving a grant under this subtitle and an eligible local entity receiving a subgrant under this subtitle shall not use any grant or subgrant funds to carry out any of the following activities:

(1) An assessment that provides rewards or sanctions for individual children, teachers, or principals.

(2) An assessment that is used as the primary or sole method for assessing program effectiveness.

(3) Evaluating children, other than for the purposes of-

(A) improving instruction or the classroom environment;

(B) targeting professional development;

(C) determining the need for health, mental health, disability, or family support services;

(D) program evaluation for the purposes of program improvement and parent information; and
improving parent and family engagement.

SEC. 125. COORDINATION WITH HEAD START PROGRAMS.

(a) Increased Access for Younger Children. Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Health and Human Services shall develop a process-

(1) for use in the event that Head Start programs funded under the Head Start Act (42 U.S.C. 9831 et seq.) operate in States or regions that have achieved sustained universal, voluntary access to 4-year-old children who reside within the State and who are from families with incomes at or below 200 percent of the poverty line to high-quality prekindergarten programs; and

(2) for how such Head Start programs will begin converting slots for children who are age 4 on the eligibility determination date to children who are age 3 on the eligibility determination date, or, when appropriate, converting Head Start programs into Early Head Start programs to serve infants and toddlers.

(b) Community Need and Resources. The process described in subsection (a) shall-

(1) be carried out on a case-by-case basis and shall ensure that sufficient resources and time are allocated for the development of such a process so that no child or cohort is excluded from currently available services; and

(2) ensure that any conversion shall be based on community need and not on the aggregate number of children served in a State or region that has achieved sustained, universal, voluntary access to high-quality prekindergarten programs.

(c) Public Comment and Notice. Not fewer than 90 days after the development of the proposed process described in subsection (a), the Secretary and the Secretary of Health and Human Services shall publish a notice describing such proposed process for conversion in the Federal Register providing at least 90 days for public comment. The Secretaries shall review and consider public comments prior to finalizing the process for conversion of Head Start slots and programs.

(d) Reports to Congress. Concurrently with publishing a notice in the Federal Register as described in subsection (c), the Secretaries shall provide a report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate that provides a detailed description of the proposed process described in subsection (a), including a description of the degree to which Head Start programs are providing State-funded high-quality prekindergarten programs as a result of the grant opportunity provided under this subtitle in States where Head Start programs are eligible for conversion described in subsection (a).

SEC. 126. TECHNICAL ASSISTANCE IN PROGRAM ADMINISTRATION.

In providing technical assistance to carry out activities under this title, the Secretary shall coordinate that technical assistance, in appropriate cases, with technical assistance provided by the Secretary of Health and Human Services to carry out the programs authorized under the Head Start Act (42 U.S.C. 9831 et seq.), the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and the maternal, infant and early childhood home visiting programs assisted under section 511 of the Social Security Act (42 U.S.C. 711).

SEC. 127. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle-
(1) $1,300,000,000 for fiscal year 2018;

(2) $3,250,000,000 for fiscal year 2019;

(3) $5,780,000,000 for fiscal year 2020;

(4) $7,580,000,000 for fiscal year 2021;

(5) $8,960,000,000 for fiscal year 2022; and

(6) such sums as may be necessary for each of fiscal years 2023 through 2027.

Subtitle B Prekindergarten Development Grants

SEC. 151. PREKINDERGARTEN DEVELOPMENT GRANTS.

(a) In General. From the amounts appropriated under subsection (f), the Secretary of Education, in consultation with the Secretary of Health and Human Services, shall award competitive grants to States that wish to increase the capacity and build the infrastructure within the State to offer high-quality prekindergarten programs.

(b) Eligibility. A State that is not receiving funds under section 115 may compete for grant funds under this subtitle if the State provides an assurance that the State will, through the support of grant funds awarded under this subtitle, meet the eligibility requirements of section 115 not later than 3 years after the date the State first receives grant funds under this subtitle.

(c) Grants.-

(1) Duration. The Secretary shall award grants to States under this subtitle for a period of not more than 3 years and such grants shall not be renewed.

(2) Authority to subgrant.-

(A) In general. A State receiving a grant under this subtitle may use the grant funds to make subgrants to eligible local entities (defined in section 112(7)) to carry out activities under the grant.

(B) Eligible local entities. An eligible local entity receiving a subgrant under subparagraph (A) shall comply with the requirements for States receiving a grant under this subtitle, as appropriate.

(d) Application.-

(1) In general. A Governor of a State that desires to receive a grant under this subtitle shall submit an application to the Secretary of Education at such time, in such manner, and accompanied by such information as the Secretary may reasonably require, including a description of how the State plans to become eligible for grants under section 115 by not later than 3 years after the date the State first receives grant funds under this subtitle.

(2) Development of application. In developing an application for a grant under this subtitle, a Governor of a State shall consult with the State Advisory Council on Early Childhood Education and Care, and incorporate their recommendations, where applicable.
(e) Matching Requirement.-

(1) In general. To be eligible to receive a grant under this subtitle, a State shall contribute for the activities for which the grant was awarded non-Federal matching funds in an amount equal to not less than 20 percent of the amount of the grant.

(2) Non-federal funds. To satisfy the requirement of paragraph (1), a State may use-

(A) cash; or

(B) an in-kind contribution.

(3) Financial hardship waiver. The Secretary may waive paragraph (1) or reduce the amount of matching funds required under that paragraph for a State that has submitted an application for a grant under this subtitle if the State demonstrates, in the application, a need for such a waiver or reduction due to extreme financial hardship, as determined by the Secretary of Education.

(f) Authorization of Appropriations. There are authorized to be appropriated to carry out this subtitle-

(1) $750,000,000 for fiscal year 2018; and

(2) such sums as may be necessary for each of fiscal years 2019 through 2027.

TITLE II YOUTH PROMISE/FEDERAL COORDINATION OF LOCAL AND TRIBAL JUVENILE JUSTICE INFORMATION AND EFFORTS

SEC. 201. PROMISE ADVISORY PANEL.

(a) Organization of State Advisory Group Member Representatives. Section 223(f) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(f)) is amended-

(1) in paragraph (1), by striking 'an eligible organization composed of member representatives of the State advisory groups appointed under subsection (a)(3)' and inserting 'a nonpartisan, nonprofit organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986,'; and

(2) by amending paragraph (2) to read as follows:

'(2) Assistance. To be eligible to receive such assistance, such organization shall-

'(A) be governed by individuals who-

'(i) have been appointed by a chief executive of a State to serve as a State advisory group member under subsection (a)(3); and

'(ii) are elected to serve as a governing officer of such organization by a majority of the Chairs (or Chair-designees) of all such State advisory groups;

'(B) include member representatives from a majority of such State advisory groups, who shall be representative of regionally and demographically diverse States and jurisdictions;
(C) annually seek appointments by the chief executive of each State of one State advisory group member and one alternate State advisory group member from each such State to implement the advisory functions specified in clauses (iv) and (v) of subparagraph (D), including serving on the PROMISE Advisory Panel, and make a record of any such appointments available to the public; and

(D) agree to carry out activities that include-

(i) conducting an annual conference of such member representatives for purposes relating to the activities of such State advisory groups;

(ii) disseminating information, data, standards, advanced techniques, and program models;

(iii) reviewing Federal policies regarding juvenile justice and delinquency prevention;

(iv) advising the Administrator with respect to particular functions or aspects of the work of the Office, and appointing a representative, diverse group of members of such organization under subparagraph (C) to serve as an advisory panel of State juvenile justice advisors (referred to as the 'PROMISE Advisory Panel') to carry out the functions specified in subsection (g); and

(v) advising the President and Congress with regard to State perspectives on the operation of the Office and Federal legislation pertaining to juvenile justice and delinquency prevention.

(b) PROMISE Advisory Panel. Section 223 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633) is further amended by adding at the end the following new subsection:

(g) PROMISE Advisory Panel.-

(1) Functions. The PROMISE Advisory Panel required under subsection (f)(2)(D) shall-

(A) assess successful evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention carried out by PROMISE Coordinating Councils under section 511 of title V of division A of the Pathways Out of Poverty Act of 2017;

(B) provide the Administrator with a list of individuals and organizations with experience in administering or evaluating practices that serve youth involved in, or at risk of involvement in, juvenile delinquency and criminal street gang activity, from which the Administrator shall select individuals who shall-

(i) provide to the Administrator peer reviews of applications submitted by units of local government and Indian tribes pursuant to title V of division A of the Pathways Out of Poverty Act of 2017, to ensure that such applications demonstrate a clear plan to-

(I) serve youth as part of an entire family unit; and

(II) coordinate the delivery of service to youth among agencies; and

(ii) advise the Administrator with respect to the award and allocation of PROMISE Planning grants to local and tribal governments that develop PROMISE Coordinating Councils, and of PROMISE Implementation grants to such PROMISE Coordinating Councils, pursuant to title V of division A of the Pathways Out of Poverty Act of 2017; and
'(C) develop performance standards to be used to evaluate programs and activities carried out with grants under title V of division A of the Pathways Out of Poverty Act of 2017, including the evaluation of changes achieved as a result of such programs and activities related to decreases in juvenile delinquency and criminal street gang activity, including-

'(i) prevention of involvement by at-risk youth in juvenile delinquency or criminal street gang activity;

'(ii) diversion of youth with a high risk of continuing involvement in juvenile delinquency or criminal street gang activity; and

'(iii) financial savings from deferred or eliminated costs, or other benefits, as a result of such programs and activities, and the reinvestment by the unit or tribe of any such savings.

'(2) Annual report. Not later than 18 months after the date of the effective date of this subsection, and annually thereafter, the PROMISE Advisory Panel shall prepare a report containing the findings and determinations under paragraph (1) (A) and shall submit such report to Congress, the President, the Attorney General, and the chief executive and chief law enforcement officer of each State, unit of local government, and Indian tribe.'.

(c) Authorization of Appropriations. Section 299(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5671(a)(1)) is amended to read as follows:

'(1) There are authorized to be appropriated such sums as may be necessary to carry out this title for each of the fiscal years 2015 through 2017.'

SEC. 202. GEOGRAPHIC ASSESSMENT OF RESOURCE ALLOCATION.

(a) Grant for Collection of Data To Determine Need. Subject to the availability of appropriations, the Administrator of the Office of Juvenile Justice and Delinquency Prevention shall award a grant, on a competitive basis, to an organization to-

(1) collect and analyze data related to the existing juvenile delinquency and criminal street gang activity prevention and intervention needs and resources in each designated geographic area;

(2) use the data collected and analyzed under paragraph (1) to compile a list of designated geographic areas that have the most need of resources, based on such data, to carry out juvenile delinquency and criminal street gang activity prevention and intervention;

(3) use the data collected and analyzed under paragraph (1) to rank the areas listed under paragraph (2) in descending order by the amount of need for resources to carry out juvenile delinquency and criminal street gang activity prevention and intervention, ranking the area with the greatest need for such resources highest; and

(4) periodically update the list and rankings under paragraph (3) as the Administrator determines to be appropriate.

(b) Data Sources. In compiling such list and determining such rankings, the organization shall collect and analyze data relating to juvenile delinquency and criminal street gang activity prevention and intervention-

(1) using the geographic information system and Web-based mapping application known as the Socioeconomic Mapping and Resource Topography (SMART) system;
(2) from the Department of Health and Human Services, the Department of Labor, the Department of Housing and Urban Development, and the Department of Education; and

(3) from the annual KIDS Count Data Book and other data made available by the KIDS Count initiative of the Annie E. Casey Foundation.

(c) Use of Data by the Administrator. The list and rankings required by this section shall be provided to the Administrator to be used to provide funds under this section in the most strategic and effective manner to ensure that resources and services are provided to youth in the communities with the greatest need for such resources and services.

(d) Limitation on Use of Collected Data. The information collected and analyzed under this section may not be used for any purpose other than to carry out the purposes of this section. Such information may not be used for any purpose related to the investigation or prosecution of any person, or for profiling of individuals based on race, ethnicity, socio-economic status, or any other characteristic.

(e) Authorization and Limitation of Appropriations. Of the amount appropriated for fiscal year 2018 to carry out this section and subtitle A of title V of this Act, not more than 1 percent of such amount, or $1,000,000, whichever is less, shall be available to carry out this section.

TITLE III PROMISE GRANTS

SEC. 301. PURPOSES.

The purposes of the grant programs established under this title are to-

(1) enable local and tribal communities to assess the unmet needs of youth who are involved in, or are at risk of involvement in, juvenile delinquency or criminal street gangs;

(2) develop plans appropriate for a community to address those unmet needs with juvenile delinquency and gang prevention and intervention practices; and

(3) implement and evaluate such plans in a manner consistent with this title.

SEC. 302. DEFINITIONS.

In this title:

(1) Administrator. The term 'Administrator' means the Administrator of the Office of Juvenile Justice and Delinquency Prevention.

(2) Community. The term 'community' means a unit of local government or an Indian tribe, or part of such a unit or tribe, as determined by such a unit or tribe for the purpose of applying for a grant under this title.

(3) Designated geographic area. The term 'designated geographic area' means a 5-digit postal ZIP Code assigned to a geographic area by the United States Postal Service.

(4) Evidence-based.
(A) In general. The term 'evidence-based', when used with respect to a practice relating to juvenile delinquency and criminal street gang activity prevention and intervention, means a practice (including a service, program, activity, intervention, technology, or strategy) for which the Administrator has determined-

(i) causal evidence documents a relationship between the practice and its intended outcome, based on measures of the direction and size of a change, and the extent to which a change may be attributed to the practice; and

(ii) the use of scientific methods rules out, to the extent possible, alternative explanations for the documented change.

(B) Scientific methods. For the purposes of subparagraph (A), the term 'scientific methods' means-

(i) evaluation by an experimental trial, in which participants are randomly assigned to participate in the practice that is subject to such trial; or

(ii) evaluation by a quasi-experimental trial, in which the outcomes for participants are compared with outcomes for a control group that is made up of individuals who are similar to such participants.

(5) Intervention. The term 'intervention' means the provision of programs and services that are supported by research, are evidence-based or promising practices, and are provided to youth who are involved in, or who are identified by evidence-based risk assessment methods as being at high risk of continued involvement in, juvenile delinquency or criminal street gangs, as a result of indications that demonstrate involvement with problems such as truancy, substance abuse, mental health treatment needs, or siblings who have had involvement with juvenile or criminal justice systems.

(6) Juvenile delinquency and criminal street gang activity prevention. The term 'juvenile delinquency and criminal street gang activity prevention' means the provision of programs and resources to children and families who have not yet had substantial contact with criminal justice or juvenile justice systems, that-

(A) are designed to reduce potential juvenile delinquency and criminal street gang activity risks; and

(B) are evidence-based or promising educational, health, mental health, school-based, community-based, faith-based, parenting, job training, social opportunities and experiences, or other programs, for youth and their families, that have been demonstrated to be effective in reducing juvenile delinquency and criminal street gang activity risks.

(7) Promising. The term 'promising', when used with respect to a practice relating to juvenile delinquency and criminal street gang activity prevention and intervention, means a practice (including a service, program, activity, intervention, technology, or strategy) that, based on statistical analyses or a theory of change, the Administrator has determined-

(A) has outcomes from an evaluation that demonstrate such practice reduces juvenile delinquency and criminal street gang activity; and

(B) is part of a study being conducted to determine if such a practice is evidence-based.

(8) State. The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and any other territories or possessions of the United States.

(9) Theory of change. The term 'theory of change' means a program planning strategy approved by the Administrator that outlines the types of interventions and outcomes essential to achieving a set of program goals.
(10) Youth. The term 'youth' means-

(A) an individual who is 18 years of age or younger; or

(B) in any State in which the maximum age at which the juvenile justice system of such State has jurisdiction over individuals exceeds 18 years of age, an individual who is such maximum age or younger.

Subtitle A PROMISE Assessment and Planning Grants

SEC. 310. PROMISE ASSESSMENT AND PLANNING GRANTS AUTHORIZED.

(a) Grants Authorized. The Administrator is authorized to award grants to units of local government and Indian tribes to assist PROMISE Coordinating Councils with planning and assessing evidence-based and promising practices relating to juvenile delinquency and criminal street gang activity prevention and intervention, especially for youth who are involved in, or who are at risk of involvement in, juvenile delinquency and criminal street gang activity. Such PROMISE Coordinating Councils shall-

(1) conduct an objective needs and strengths assessment in accordance with section 512; and

(2) develop a PROMISE Plan in accordance with section 513, based on the assessment conducted in accordance with section 512.

(b) Grant Duration, Amount, and Allocation.-

(1) Duration. A grant awarded under this section shall be for a period not to exceed one year.

(2) Maximum grant amount. A grant awarded under this section shall not exceed $300,000.

(c) Allocation.-

(1) Minimum allocation. Subject to the availability of appropriations, the Administrator shall ensure that the total funds allocated under this section to units of local governments and Indian tribes in a State shall not be less than $1,000,000.

(2) Ratable reduction. If the amount made available for grants under this section for any fiscal year is less than the amount required to provide the minimum allocation of funds under paragraph (1) to units of local government and Indian tribes in each State, then the amount of such minimum allocation shall be ratably reduced.

SEC. 311. PROMISE COORDINATING COUNCILS.

To be eligible to receive a grant under this subtitle, a unit of local government or an Indian tribe shall establish a PROMISE Coordinating Council for each community of such unit or tribe, respectively, for which such unit or tribe is applying for a grant under this subtitle. Each such community shall include one or more designated geographic areas identified on the list required under section 402(a)(2). The members of such a PROMISE Coordinating Council shall be representatives of public and private sector entities and individuals that-

(1) shall include, to the extent possible, at least one representative from each of the following:

(A) the local chief executive's office;
(B) a local educational agency;

(C) a local health agency or provider;

(D) a local mental health agency or provider, unless the representative under subparagraph (C) also meets the requirements of this subparagraph;

(E) a local public housing agency;

(F) a local law enforcement agency;

(G) a local child welfare agency;

(H) a local juvenile court;

(I) a local juvenile prosecutor’s office;

(J) a private juvenile residential care entity;

(K) a local juvenile public defender’s office;

(L) a State juvenile correctional entity;

(M) a local business community representative; and

(N) a local faith-based community representative;

(2) shall include two representatives from each of the following:

(A) parents who have minor children, and who have an interest in the local juvenile or criminal justice systems;

(B) youth between the ages of 15 and 24 who reside in the jurisdiction of the unit or tribe; and

(C) members from nonprofit community-based organizations that provide effective delinquency prevention and intervention to youth in the jurisdiction of the unit or tribe; and

(3) may include other members, as the unit or tribe determines to be appropriate.

SEC. 312. NEEDS AND STRENGTHS ASSESSMENT.

(a) Assessment. Each PROMISE Coordinating Council receiving funds from a unit of local government or Indian tribe under this subtitle shall conduct an objective strengths and needs assessment of the resources of the community for which such PROMISE Coordinating Council was established, to identify the unmet needs of youth in the community with respect to evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention. Such assessment shall include, with respect to the community for which such PROMISE Coordinating Council was established-

(1) the number of youth who are at risk of involvement in juvenile delinquency or street gang activity;
(2) the number of youth who are involved in juvenile delinquency or criminal street gang activity, including the number of such youth who are at high risk of continued involvement;

(3) youth unemployment rates during the summer;

(4) the number of individuals on public financial assistance (including a breakdown of the numbers of men, women, and children on such assistance);

(5) the estimated number of youth who are chronically truant;

(6) the number of youth who have dropped out of school in the previous year;

(7) for the year before such assessment, the estimated total amount expended (by the community and other entities) for the incarceration of offenders who were convicted or adjudicated delinquent for an offense that was committed in such community, including amounts expended for the incarceration of offenders in prisons, jails, and juvenile facilities that are located in the United States but are not located in such community;

(8) a comparison of the amount under paragraph (7) with an estimation of the amount that would be expended for the incarceration of offenders described in such paragraph if the number of offenders described in such paragraph was equal to the national average incarceration rate per 100,000 population;

(9) a description of evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention available for youth in the community, including school-based programs, after school programs (particularly programs that have activities available for youth between 3 p.m. and 6 p.m. in the afternoon), weekend activities and programs, youth mentoring programs, faith and community-based programs, summer activities, and summer jobs, if any; and

(10) a description of evidence-based and promising intervention practices available for youth in the community.

(b) Limitation on Use of Assessment Information. Information gathered pursuant to this section may be used for the sole purpose of developing a PROMISE Plan in accordance with this subtitle.

SEC. 313. PROMISE PLAN COMPONENTS.

(a) In General. Each PROMISE Coordinating Council receiving funds from a unit of local government or Indian tribe under this subtitle shall develop a PROMISE Plan to provide for the coordination of, and, as appropriate, to support the delivery of, evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention to youth and families who reside in the community for which such PROMISE Coordinating Council was established. Such a PROMISE Plan shall-

(1) include the strategy by which the PROMISE Coordinating Council plans to prioritize and allocate resources and services toward the unmet needs of youth in the community, consistent with the needs and available resources of communities with the greatest need for assistance, as determined pursuant to section 402;

(2) include a combination of evidence-based and promising prevention and intervention practices that are responsive to the needs of the community; and

(3) ensure that cultural and linguistic needs of the community are met.
(b) Mandatory Components. Each PROMISE Plan shall-

(1) include a plan to connect youth identified in paragraphs (1) and (2) of section 512(a) to evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention;

(2) identify the amount or percentage of local funds that are available to the PROMISE Coordinating Council to carry out the PROMISE Plan;

(3) provide strategies to improve indigent defense delivery systems, with particular attention given to groups of children who are disproportionately represented in the State delinquency system and Federal criminal justice system, as compared to the representation of such groups in the general population of the State;

(4) provide for training (which complies with the American Bar Association Juvenile Justice Standards for the representation and care of youth in the juvenile justice system) of prosecutors, defenders, probation officers, judges and other court personnel related to issues concerning the developmental needs, challenges, and potential of youth in the juvenile justice system (including training related to adolescent development and mental health issues, and the expected impact of evidence-based practices and cost reduction strategies);

(5) ensure that the number of youth involved in the juvenile delinquency and criminal justice systems does not increase as a result of the activities undertaken with the funds provided under this subtitle;

(6) describe the coordinated strategy that will be used by the PROMISE Coordinating Council to provide at-risk youth with evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention;

(7) propose the performance evaluation process to be used to carry out section 530(d), which shall include performance measures to assess efforts to address the unmet needs of youth in the community with evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention; and

(8) identify the research partner the PROMISE Coordinating Council will use to obtain information on evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention, and for the evaluation under section 530(d) of the results of the activities carried out with funds under this subtitle.

c) Voluntary Components. In addition to the components under subsection (b), a PROMISE Plan may include evidence-based or promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention in the following categories:

(1) Early childhood development services (such as pre-natal and neo-natal health services), early childhood prevention, voluntary home visiting programs, nurse-family partnership programs, parenting and healthy relationship skills training, child abuse prevention programs, Early Head Start, and Head Start.

(2) Child protection and safety services (such as foster care and adoption assistance programs), family stabilization programs, child welfare services, and family violence intervention programs.

(3) Youth and adolescent development services, including job training and apprenticeship programs, job placement and retention training, education and after school programs (such as school programs with shared governance by students, teachers, and parents, and activities for youth between the hours of 3 p.m. and 6 p.m. in the afternoon), mentoring programs, conflict resolution skills training, sports, arts, life skills, employment and recreation programs, summer
jobs, and summer recreation programs, and alternative school resources for youth who have dropped out of school or demonstrate chronic truancy.

(4) Health and mental health services, including cognitive behavioral therapy, play therapy, and peer mentoring and counseling.

(5) Substance abuse counseling and treatment services, including harm-reduction strategies.

(6) Emergency, transitional, and permanent housing assistance (such as safe shelter and housing for runaway and homeless youth).

(7) Targeted gang prevention, intervention, and exit services such as tattoo removal, successful models of anti-gang crime outreach programs (such as 'street worker' programs), and other criminal street gang truce or peacemaking activities.

(8) Training and education programs for pregnant teens and teen parents.

(9) Alternatives to detention and confinement programs (such as mandated participation in community service, restitution, counseling, and intensive individual and family therapeutic approaches).

(10) Pre-release, post-release, and reentry services to assist detained and incarcerated youth with transitioning back into and reentering the community.

SEC. 314. AUTHORIZATION OF APPROPRIATIONS.

Subject to the limitation under section 402(e), there are authorized to be appropriated for fiscal year 2018, such sums as may be necessary to carry out this subtitle and section 402.

Subtitle B PROMISE Implementation Grants

SEC. 320. PROMISE IMPLEMENTATION GRANTS AUTHORIZED.

(a) PROMISE Implementation Grants Authorized. The Administrator of the Office of Juvenile Justice and Delinquency Prevention is authorized to award grants to units of local government and Indian tribes to assist PROMISE Coordinating Councils with implementing PROMISE Plans developed pursuant to subtitle A.

(b) Grant Duration and Amount.-

(1) Duration. A grant awarded under this subtitle shall be for a three-year period.

(2) Maximum grant amount. A grant awarded under this subtitle shall not be for more than $10,000,000 per year for each year of the grant period.

(c) Non-Federal Funds Required. For each fiscal year during the three-year grant period for a grant under this subtitle, each unit of local government or Indian tribe receiving such a grant for a PROMISE Coordinating Council shall provide, from non-Federal funds, in cash or in-kind, 25 percent of the costs of the activities carried out with such grant.

(d) Evaluation. Of any funds provided to a unit of local government or an Indian tribe for a grant under this subtitle, not more than $100,000 shall be used to provide a contract to a competitively selected organization to assess the progress of
the unit or tribe in addressing the unmet needs of youth in the community, in accordance with the performance measures under section 513(b)(7).

SEC. 321. PROMISE IMPLEMENTATION GRANT APPLICATION REQUIREMENTS.

(a) Application Required. To be eligible to receive a PROMISE Implementation grant under this subtitle, a unit of local government or Indian tribe that received a PROMISE Assessment and Planning grant under subtitle A shall submit an application to the Administrator of the Office of Juvenile Justice and Delinquency Prevention not later than one year after the date such unit of local government or Indian tribe was awarded such grant under subtitle A, in such manner, and accompanied by such information, as the Administrator, after consultation with the organization under section 223(f)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(f)(1)), may require.

(b) Contents of Application. Each application submitted under subsection (a) shall-

(1) identify potential savings from criminal justice costs, public assistance costs, and other costs avoided by utilizing evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention;

(2) document-

(A) investment in evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention to be provided by the unit of local government or Indian tribe;

(B) the activities to be undertaken with the grants funds;

(C) any expected efficiencies in the juvenile justice or other local systems to be attained as a result of implementation of the programs funded by the grant; and

(D) outcomes from such activities, in terms of the expected numbers related to reduced criminal activity;

(3) describe how savings sustained from investment in prevention and intervention practices will be reinvested in the continuing implementation of the PROMISE Plan; and

(4) provide an assurance that the local fiscal contribution with respect to evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention in the community for which the PROMISE Coordinating Council was established for each year of the grant period will not be less than the local fiscal contribution with respect to such practices in the community for the year preceding the first year of the grant period.

SEC. 322. GRANT AWARD GUIDELINES.

(a) Selection and Distribution. Grants awarded under this subtitle shall be awarded on a competitive basis. The Administrator shall-

(1) take such steps as may be necessary to ensure that grants are awarded to units of local governments and Indian tribes in areas with the highest concentrations of youth who are-

(A) at risk of involvement in juvenile delinquency or criminal street gang activity; and
(B) involved in juvenile delinquency or street gang activity and who are at high risk of continued involvement; and

(2) give consideration to the need for grants to be awarded to units of local governments and Indian tribes in each region of the United States, and among urban, suburban, and rural areas.

(b) Extension of Grant Award. The Administrator may extend the grant period under section 530(b)(1) for a PROMISE Implementation grant to a unit of local government or an Indian tribe, in accordance with regulations issued by the Administrator.

(c) Renewal of Grant Award. Subject to the availability of appropriations, the Administrator may renew a PROMISE Implementation grant to a unit of local government or an Indian tribe to provide such unit or tribe with additional funds to continue implementation of a PROMISE Plan. Such a renewal-

(1) shall be initiated by an application for renewal from a unit of local government or an Indian tribe;

(2) shall be carried out in accordance with regulations issued by the Administrator; and

(3) shall not be granted unless the Administrator determines such a renewal to be appropriate based on the results of the evaluation conducted under section 523(a) with respect to the community of such unit or tribe for which a PROMISE Coordinating Council was established, and for which such unit or tribe is applying for renewal.

SEC. 323. REPORTS.

Not later than one year after the end of the grant period for which a unit of local government or an Indian tribe receives a PROMISE Implementation grant, and annually thereafter for as long as such unit or tribe continues to receive Federal funding for a PROMISE Coordinating Council, such unit or tribe shall report to the Administrator regarding the use of Federal funds to implement the PROMISE Plan developed under subtitle A.

SEC. 324. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle such sums as may be necessary for each of the fiscal years 2018 through 2020.

Subtitle C General PROMISE Grant Provisions

SEC. 330. NONSUPPLANTING CLAUSE.

A unit of local government or Indian tribe receiving a grant under this title shall use such grant only to supplement, and not supplant, the amount of funds that, in the absence of such grant, would be available to address the needs of youth in the community with respect to evidence-based and promising practices related to juvenile delinquency and criminal street gang activity prevention and intervention.

SEC. 331. GRANT APPLICATION REVIEW PANEL.

The Administrator of the Office of Juvenile Justice and Delinquency Prevention, in conjunction with the PROMISE Advisory Panel, shall establish and utilize a transparent, reliable, and valid system for evaluating applications for PROMISE Assessment and Planning grants and for PROMISE Implementation grants, and shall determine which applicants meet the criteria for funding, based primarily on a determination of greatest need (in accordance with section
402), with due consideration to other enumerated factors and the indicated ability of the applicant to successfully implement the program described in the application.

SEC. 332. EVALUATION OF PROMISE GRANT PROGRAMS.

Subject to the availability of appropriations under this title, the Administrator shall, in consultation with the organization provided assistance under section 223(f)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(f)(1)), provide for an evaluation of the programs and activities carried out with grants under this title. In carrying out this section, the Administrator shall-

(1) award grants to institutions of higher education (including institutions that are eligible to receive funds under part F of title III of the Higher Education Act of 1965 (20 U.S.C. 1067q et seq.)), to facilitate the evaluation process and measurement of achieved outcomes;

(2) identify evidence-based and promising practices used by PROMISE Coordinating Councils under PROMISE Implementation grants that have proven to be effective in preventing involvement in, or diverting further involvement in, juvenile delinquency or criminal street gang activity; and

(3) ensure-

(A) that such evaluation is based on the performance standards that are developed by the PROMISE Advisory Panel in accordance with section 223(g) of the Juvenile Justice and Delinquency Prevention Act of 1974 (as added by section 401(b) of title IV of this division);

(B) the development of longitudinal and clinical trial evaluation and performance measurements with regard to the evidence-based and promising practices funded under this title; and

(C) the dissemination of the practices identified in paragraph (2) to units of local government and Indian tribes to promote the use of such practices by such units and tribes to prevent involvement in, or to divert further involvement in, juvenile delinquency or criminal street gang activity.

TITLE IV PELL GRANT PRESERVATION AND EXPANSION ACT

SEC. 401. SHORT TITLE.

This title may be cited as the 'Pell Grant Preservation and Expansion Act'.

SEC. 402. FINDINGS.

Congress finds the following:

(1) The United States needs individuals with the knowledge, skills, and abilities that enable them to thrive as educated citizens in society and successfully participate in an interconnected economy.

(2) Investments in higher education through student aid such as the Federal Pell Grant program under section 401 of the Higher Education Act of 1965 (20 U.S.C. 1070a) help students and families reach, afford, and complete education and training opportunities beyond high school.
(3) The Federal Pell Grant program is the largest source of federally funded grant aid for postsecondary education.

(4) The Federal Pell Grant program allows millions of people of the United States to attend college and is especially vital to students of color. Three in five African-American undergraduate students, and one-half of all Latino undergraduate students, rely on the Federal Pell Grant program.

(5) The Federal Pell Grant program should continue to be a reliable source of funding for aspiring students, their families, and future generations that they can count on to be there for them when they seek higher education.

(6) To stabilize Federal Pell Grant funding and ensure the grant will continue to serve millions of students now and in the future, the program should become a fully mandatory program that grows with inflation.

(7) Protecting surplus funds, restoring prior eligibility cuts, and expanding access to underserved students will give millions of students and families the critical student aid support they need and deserve.

SEC. 403. REFERENCES.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

SEC. 404. FUNDING FEDERAL PELL GRANTS THROUGH MANDATORY FUNDING.

(a) Mandatory Funding; Reinstating Eligibility for Incarcerated Individuals. Section 401 (20 U.S.C. 1070a) is amended-

(1) in subsection (a)(1), by striking 'through fiscal year 2017';

(2) in subsection (b),

(A) by striking paragraphs (1), (6), and (7);

(B) by redesignating paragraph (8) as paragraph (7);

(C) by striking subparagraph (A) of paragraph (2);

(D) by redesignating subparagraph (B) of paragraph (2) as paragraph (2);

(E) by inserting before paragraph (2) (as redesignated by subparagraph (D)) the following:

'(1) Amount. The amount of the Federal Pell Grant for a student eligible under this subpart shall be-

'(A) the maximum Federal Pell Grant described in paragraph (6); less

'(B) the amount equal to the amount determined to be the expected family contribution with respect to such student for such year.';

(F) in paragraph (4), by striking 'maximum amount of a Federal Pell Grant award determined under paragraph (2)(A)' and inserting 'maximum Federal Pell Grant described in paragraph (6)';
(G) in paragraph (5), by striking 'maximum amount of a Federal Pell Grant award determined under paragraph (2)(A)' and inserting 'maximum amount of a Federal Pell Grant award described in paragraph (6)';

(H) by inserting after paragraph (5) the following:

'(6) Maximum federal pell grant.-

'(A) Award year 2018-2019. For award year 2018-2019, the maximum Federal Pell Grant shall be $6,420.

'(B) Subsequent award years. For award year 2019-2020 and each subsequent award year, the maximum Federal Pell Grant shall be equal to the total maximum Federal Pell Grant for the preceding award year under this paragraph-

'(i) increased by the annual adjustment percentage for the award year for which the amount under this subparagraph is being determined; and

'(ii) rounded to the nearest $5.

'(C) Definition of annual adjustment percentage. In this paragraph, the term 'annual adjustment percentage', as applied to an award year, is equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary, using the definition in section 478(f)) for the most recent calendar year ending prior to the beginning of that award year.'; and

(I) in paragraph (7), as redesignated by subparagraph (B), by striking 'may exceed' and all that follows through the period and inserting 'may exceed the maximum Federal Pell Grant available for an award year.';

(3) in subsection (f)-

(A) in paragraph (1), by striking the matter preceding subparagraph (A) and inserting the following: 'After receiving an application for a Federal Pell Grant under this subpart, the Secretary (including any contractor of the Secretary processing applications for Federal Pell Grants under this subpart) shall, in a timely manner, furnish to the student financial aid administrator at each institution of higher education that a student awarded a Federal Pell Grant under this subpart is attending, the expected family contribution for each such student. Each such student financial administrator shall'; and

(B) in paragraph (3)-

(i) by striking 'after academic year 1986-1987'; and

(ii) in paragraph (3), by striking 'the Committee on Appropriations of the Senate, the Committee on Appropriations of the House of Representatives, and';

(4) by striking subsections (g) and (h);

(5) by redesignating subsections (i) and (j) as subsections (g) and (h), respectively; and

(6) by adding at the end the following:
(k) Appropriation of Funds. There are authorized to be appropriated, and there are appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for fiscal year 2017 and each subsequent fiscal year to provide the maximum Federal Pell Grant for which a student shall be eligible under this section during an award year.

(b) Repeal of Scoring Requirement. Section 406 of H. Con. Res. 95 (109th Congress) is amended-

(1) by striking subsection (b); and

(2) by striking '(a) In General. Upon' and inserting the following: 'Upon'.

SEC. 405. RESTORING FEDERAL PELL GRANT ELIGIBILITY FOR BORROWER DEFENSE.

Section 401(c)(5) (20 U.S.C. 1070a(c)(5)) is amended-

(1) by striking '(5) The period' and inserting the following: '(5) Maximum period.-

'(A) In general. Except as provided in subparagraph (B), the period'; and

(2) by adding at the end the following:

'(B) Exception.-

'(i) In general. Any Federal Pell Grant that a student received during a period described in subclause (I) or (II) of clause (ii) shall not count towards the student's duration limits under this paragraph.

'(ii) Applicable periods. Clause (i) shall apply with respect to any Federal Pell Grant awarded to a student to attend an institution-

'(I) during a period-

'(aa) for which the student received a loan under this title; and

'(bb) for which the loan described in item (aa) is forgiven under-

'(AA) section 437(c)(1) or 464(g)(1) due to the closing of the institution;

'(BB) section 455(h) due to the student's successful assertion of a defense to repayment of the loan; or

'(CC) section 432(a)(6), section 685.215 of title 34, Code of Federal Regulations (or a successor regulation), or any other loan forgiveness provision or regulation under this Act, as a result of a determination by the Secretary or a court that the institution committed fraud or other misconduct; or

'(II) during a period for which the student did not receive a loan under this title but for which, if the student had received such a loan, the student would have qualified for loan forgiveness under subclause (I)(bb).'

SEC. 406. FEDERAL PELL GRANT ELIGIBILITY FOR DREAMER STUDENTS.
Section 484 (20 U.S.C. 1091) is amended-

(1) in subsection (a)(5), by inserting ', or be a Dreamer student, as defined in subsection (u)' after 'becoming a citizen or permanent resident'; and

(2) by adding at the end the following:

'(u) Dreamer Students.-

'(1) In general. In this section, the term 'Dreamer student' means an individual who-

'(A) was younger than 16 years of age on the date on which the individual initially entered the United States;

'(B) has provided a list of each secondary school that the student attended in the United States; and

'(C)(i) has earned a high school diploma, the recognized equivalent of such diploma from a secondary school, or a high school equivalency diploma in the United States or is scheduled to complete the requirements for such a diploma or equivalent before the next academic year begins;

'(ii) has acquired a degree from an institution of higher education or has completed not less than 2 years in a program for a baccalaureate degree or higher degree at an institution of higher education in the United States and has made satisfactory academic progress, as defined in subsection (c), during such time period;

'(iii) at any time was eligible for a grant of deferred action under-

'(I) the June 15, 2012, memorandum from the Secretary of Homeland Security entitled 'Exercising Prosecutorial Discretion with Respect to Individuals Who Came to the United States as Children'; or

'(II) the November 20, 2014, memorandum from the Secretary of Homeland Security entitled 'Exercising Prosecutorial Discretion with Respect to Individuals Who Came to the United States as Children and with Respect to Certain Individuals Who Are the Parents of U.S. Citizens or Permanent Residents'; or

'(iv) has served in the uniformed services, as defined in section 101 of title 10, United States Code, for not less than 4 years and, if discharged, received an honorable discharge.

'(2) Hardship exception. The Secretary shall issue regulations that direct when the Department shall waive the requirement of subparagraph (A) or (B), or both, of paragraph (1) for an individual to qualify as a Dreamer student under such paragraph, if the individual-

'(A) demonstrates compelling circumstances for the inability to satisfy the requirement of such subparagraph (A) or (B), or both; and

'(B) satisfies the requirement of paragraph (1)(C).'

SEC. 407. REPEAL OF SUSPENSION OF ELIGIBILITY UNDER THE HIGHER EDUCATION ACT OF 1965 FOR GRANTS, LOANS, AND WORK ASSISTANCE FOR DRUG-RELATED OFFENSES.

(a) Repeal. Subsection (r) of section 484 (20 U.S.C. 1091(r)) is repealed.
(b) Revision of FAFSA Form. Section 483 of the Higher Education Act of 1965 (20 U.S.C. 1090) is amended by adding at the end the following:

'(i) Convictions. The Secretary shall not include any question about the conviction of an applicant for the possession or sale of illegal drugs on the FAFSA (or any other form developed under subsection (a)).'

(c) Conforming Amendments. The Act (20 U.S.C. 1001 et seq.) is amended-

(1) in section 428(b)(3) (20 U.S.C. 1078(b)(3))-

(A) in subparagraph (C), by striking '485(l)' and inserting '485(k)'; and

(B) in subparagraph (D), by striking '485(l)' and inserting '485(k)';

(2) in section 435(d)(5) (20 U.S.C. 1085(d)(5))-

(A) in subparagraph (E), by striking '485(l)' and inserting '485(k)'; and

(B) in subparagraph (F), by striking '485(l)' and inserting '485(k)';

(3) in section 484 (20 U.S.C. 1091), as amended by section 6, by redesignating subsections (s), (t), and (u) as subsections (r), (s), and (t), respectively;

(4) in section 485 (20 U.S.C. 1092)-

(A) by striking subsection (k); and

(B) by redesignating subsections (l) and (m) as subsections (k) and (l), respectively; and


SEC. 408. EXTENDING FEDERAL PELL GRANT ELIGIBILITY OF CERTAIN SHORT-TERM PROGRAMS.

(a) In General. Section 401 (20 U.S.C. 1070a), as amended by section 404, is further amended by inserting after subsection (h) the following:

'(i) Job Training Federal Pell Grant Program.-

'(1) Definitions. In this subsection:

'(A) Eligible career pathway program. The term 'eligible career pathway program' means a program that-

'(i) meets the requirements of section 484(d)(2);

'(ii) is a program of training services listed under section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d)); and

'(iii) is part of a career pathway, as defined in section 3 of such Act (29 U.S.C. 3102).
(B) Job training program. The term 'job training program' means a career and technical education program at an institution of higher education that-

(i) provides not less than 150, and not more than 600, clock hours of instructional time over a period of not less than 8, and not more than 15, weeks;

(ii) provides training aligned with the requirements of employers in the State or local area, which may include in-demand industry sectors or occupations, as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102), in the State or local area (as defined in such section);

(iii) is a program of training services, and provided through an eligible provider of training services, listed under section 122(d) of such Act (29 U.S.C. 3152(d));

(iv) provides a student, upon completion of the program, with a recognized postsecondary credential, as defined in section 3 of such Act, that is recognized by employers in the relevant industry, including credentials recognized by industry or sector partnerships in the State or local area where the industry is located;

(v) has been determined, by the institution of higher education, to provide academic content, an amount of instructional time, and a recognized postsecondary credential that are sufficient to-

(I) meet the hiring requirements of potential employers; and

(II) satisfy any applicable educational prerequisite requirement for professional licensure or certification, so that the student who completes the program and seeks employment qualifies to take any licensure or certification examination needed to practice or find employment in an occupation that the program prepares students to enter;

(vi) may include integrated or basic skills courses; and

(vii) may be offered as part of an eligible career pathway program.

(2) In general. For the award year beginning on July 1, 2018, and each subsequent award year, the Secretary shall carry out a program through which the Secretary shall award job training Federal Pell Grants to students in job training programs. Each job training Federal Pell Grant awarded under this subsection shall have the same terms and conditions, and be awarded in the same manner, as a Federal Pell Grant awarded under subsection (a), except as follows:

(A) A student who is eligible to receive a job training Federal Pell Grant under this subsection is a student who-

(i) has not yet attained a baccalaureate degree or postbaccalaureate degree;

(ii) attends an institution of higher education;

(iii) is enrolled, or accepted for enrollment, in a job training program at such institution of higher education; and

(iv) meets all other eligibility requirements for a Federal Pell Grant (except with respect to the type of program of study, as provided in clause (iii)).

(B) The amount of a job training Federal Pell Grant for an eligible student shall be determined under subsection (b) (1), except that-
(i) the maximum Federal Pell Grant awarded under this subsection for an award year shall be 50 percent of the maximum Federal Pell Grant awarded under subsection (b)(5) applicable to that award year; and

(ii) subsection (b)(4) shall not apply.

(3) Inclusion in total eligibility period. Any period during which a student receives a job training Federal Pell Grant under this subsection shall be included in calculating the student's period of eligibility for Federal Pell Grants under subsection (c), and any regulations under such subsection regarding students who are enrolled in an undergraduate program on less than a full-time basis shall similarly apply to students who are enrolled in a job training program at an eligible institution on less than a full-time basis.'.

(b) Additional Safeguards. Section 496(a)(4) (20 U.S.C. 1099b(a)(4)) is amended-

(1) in subparagraph (A), by striking 'and' after the semicolon;

(2) in subparagraph (B)(ii), by inserting 'and' after the semicolon; and

(3) by adding at the end the following:

'(C) if such agency or association has or seeks to include within its scope of recognition the evaluation of the quality of institutions of higher education participating in the job training Federal Pell Grant program under section 401(i), such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that, with respect to such job training programs-

(i) the agency or association's standards include a process for determining whether the program provides training aligned with the requirements of employers in the State or local area served by the program; and

(ii) the agency or association requires a demonstration that the program-

(I) has identified each recognized postsecondary credential offered and the corresponding industry or sector partnership that actively recognizes each credential in the relevant industry in the State or local area where the industry is located; and

(II) provides the academic content and amount of instructional time that is sufficient to-

(aa) meet the hiring requirements of potential employers; and

(bb) satisfy any applicable educational prerequisites for professional licensure or certification requirements so that the student who completes the program and seeks employment qualifies to take any licensure or certification examination that is needed to practice or find employment in an occupation that the program prepares students to enter;'.

SEC. 409. PROVIDING FEDERAL PELL GRANTS FOR IRAQ AND AFGHANISTAN VETERAN'S DEPENDENTS.

(a) Amendments. Part A of title IV (20 U.S.C. 1070a et seq.) is amended-

(1) in section 401, as amended by section 408, by inserting after subsection (i) the following:

'(j) Scholarships for Veteran's Dependents.'
(1) Definition of eligible veteran's dependent. In this subsection, the term 'eligible veteran's dependent' means a dependent or an independent student-

(A) whose parent or guardian was a member of the Armed Forces of the United States and died as a result of performing military service in Iraq or Afghanistan after September 11, 2001; and

(B) who, at the time of the parent or guardian's death, was-

(i) less than 24 years of age; or

(ii) enrolled at an institution of higher education on a part-time or full-time basis.

(2) Grants.-

(A) In general. The Secretary shall award a Federal Pell Grant, as modified in accordance with the requirements of this subsection, to each eligible veteran's dependent to assist in paying the eligible veteran's dependent's cost of attendance at an institution of higher education.

(B) Designation. Federal Pell Grants made under this subsection may be known as 'Iraq and Afghanistan Service Grants'.

(3) Prevention of double benefits. No eligible veteran's dependent may receive a grant under both this subsection and subsection (a).

(4) Terms and conditions. The Secretary shall award Iraq and Afghanistan Service Grants under this subsection in the same manner and with the same terms and conditions, including the length of the period of eligibility, as the Secretary awards Federal Pell Grants under subsection (a), except that-

(A) the award rules and determination of need applicable to the calculation of Federal Pell Grants under subsection (a) shall not apply to Iraq and Afghanistan Service Grants;

(B) the provisions of paragraphs (1)(B) and (3) of subsection (b), and subsection (f), shall not apply;

(C) the maximum period determined under subsection (c)(5) shall be determined by including all Iraq and Afghanistan Service Grants received by the eligible veteran's dependent, including such Grants received under subpart 10 before the effective date of this subsection; and

(D) an Iraq and Afghanistan Service Grant to an eligible veteran's dependent for any award year shall equal the maximum Federal Pell Grant available under subsection (b)(5) for that award year, except that an Iraq and Afghanistan Service Grant-

(i) shall not exceed the cost of attendance of the eligible veteran's dependent for that award year; and

(ii) shall be adjusted to reflect the attendance by the eligible veteran's dependent on a less than full-time basis in the same manner as such adjustments are made for a Federal Pell Grant under subsection (a).

(5) Estimated financial assistance. For purposes of determinations of need under part F, an Iraq and Afghanistan Service Grant shall not be treated as estimated financial assistance as described in sections 471(3) and 480(j).
(2) by striking subpart 10 of part A (20 U.S.C. 1070h).

(b) Effective Date; Transition.-

(1) Effective date. The amendments made by this section shall take effect with respect to the award year immediately following the date of enactment of this Act.

(2) Transition. The Secretary shall take such steps as are necessary to transition from the Iraq and Afghanistan Service Grants program under subpart 10 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070h), as in effect on the day before the effective date of this section, and the Iraq and Afghanistan Service Grants program under section 401(j) of the Higher Education Act of 1965 (20 U.S.C. 1070a(j)), as amended by this section.

SEC. 410. INCREASING SUPPORT FOR WORKING STUDENTS BY 35 PERCENT.

(a) Dependent Students. Section 475(g)(2)(D) (20 U.S.C. 1087oo(g)(2)(D)) is amended to read as follows:

'(D) an income protection allowance (or a successor amount prescribed by the Secretary under section 478) of $9,010 for academic year 2018-2019;'.

(b) Independent Students Without Dependents Other Than a Spouse. Section 476(b)(1)(A)(iv) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended to read as follows:

'(iv) an income protection allowance (or a successor amount prescribed by the Secretary under section 478)-

'(I) for single or separated students, or married students where both are enrolled pursuant to subsection (a)(2), of $14,010 for academic year 2018-2019; and

'(II) for married students where one is enrolled pursuant to subsection (a)(2), of $22,460 for academic year 2018-2019;'.

(c) Independent Students With Dependents Other Than a Spouse. Section 477(b)(4) (20 U.S.C. 1087qq(b)(4)) is amended to read as follows:

'(4) Income protection allowance. The income protection allowance is determined by the following table (or a successor table prescribed by the Secretary under section 478), for academic year 2018-2019:

<table>
<thead>
<tr>
<th>Income Protection Allowance</th>
<th>Family Size</th>
</tr>
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<tbody>
<tr>
<td>(including student)</td>
<td>Number in College</td>
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<tr>
<td>2</td>
<td>$35,470</td>
</tr>
<tr>
<td>3</td>
<td>44,170</td>
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<td>4</td>
<td>54,540</td>
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<td>5</td>
<td>64,360</td>
</tr>
<tr>
<td>6</td>
<td>75,260</td>
</tr>
</tbody>
</table>

For each

14
Section 411. Increasing the Federal Pell Grant Auto-Zero Threshold.

Section 479(c) (20 U.S.C. 1087ss(c)) is amended-

(1) in paragraph (1)(B), by striking '$23,000' and inserting '$34,000';

(2) in paragraph (2)(B), by striking '$23,000' and inserting '$34,000'; and

(3) in the matter following paragraph (2)(B), by striking 'adjusted according to increases in the Consumer Price Index, as defined in section 478(f)' and inserting 'annually increased by the estimated percentage change in the Consumer Price Index, as defined in section 478(f), for the most recent calendar year ending prior to the beginning of an award year, and rounded to the nearest $1,000'.
(2) in section 402D(d)(1) (20 U.S.C. 1070a-14(d)(1)), by striking 'section 401(b)(2)(A)' and inserting 'section 401(b)(1)';

(3) in section 420R(d)(2) (20 U.S.C. 1070h(d)(2)), by striking 'subsection (b)(1), the matter following subsection (b)(2) (A)(v)',;

(4) in section 435(a)(5)(A)(i)(I) (20 U.S.C. 1085(a)(5)(A)(i)(I)), by striking 'under section 401(b)(2)(A)' and inserting ', as appropriate, under section 401(b)(2)(A) (as in effect on the day before the effective date of the Pell Grant Preservation and Expansion Act) or section 401(b)(1)';


(6) in section 485E(b)(1)(A) (20 U.S.C. 1092f(b)(1)(A)), by striking 'section 401(b)(2)(A)' and inserting 'section 401(b) (1)'; and


SEC. 414. EFFECTIVE DATE.

Except as otherwise provided, this title, and the amendments made by this title, shall take effect beginning on July 1, 2018, and shall apply to grant and award determinations made under title IV of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) beginning with the 2018-2019 award year.

DIVISION B HOUSING

TITLE V COMMON SENSE HOUSING INVESTMENT

SEC. 501. CONGRESSIONAL FINDINGS.

The Congress finds the following:

(1) Two principal Federal housing goals are to increase the rate of home ownership and make rental housing affordable for low-income families and individuals.

(2) Much more progress has been achieved on the first goal than on the second goal.

(3) The Federal Government devotes more than three times the amount of budgetary resources to supporting home ownership than it devotes to making affordable rental housing available.

(4) The burden of housing costs is more pronounced among renters than among owners.

(5) There is a shortage of more than 7 million homes affordable to families in the bottom 20 percent of income, meaning that there are only 30 affordable units for every 100 families.

(6) Only one in four families that qualify for rental housing assistance receives benefits.

(7) Housing assistance waiting lists can be 10 years long and in many communities are closed.
(8) The shortage of rental homes that are affordable for extremely low-income households to be the principal cause of homelessness in the United States.

(9) Public housing facilities in the United States have more than $26 billion in deferred maintenance after decades of neglect which results in a loss of 10,000 units each year.

(10) The low-income housing tax credit successfully provides 100,000 units of affordable housing every year.

(11) Every tax reform commission has recommended capping the mortgage interest deduction and converting it to a fairer and simpler credit.

(12) More than 75 percent of the value of the mortgage interest deduction inures to the benefit of the top 20 percent of earners.

(13) Fewer than half of tax filers with a home mortgage claim the mortgage interest deduction.

(14) Only 9 percent of rural tax filers claim the mortgage interest deduction.

(15) Ninety-six percent of homes sold between 2005 and 2011 sold for less than $500,000.

(16) A better approach that provides equitable benefits for families who buy homes, enables more low- and moderate-income homeowners to receive a benefit, and invests in affordable rental housing to assist those who used to be homeless or who have extremely or very low incomes is needed to strengthen families and communities.

SEC. 502. REPLACEMENT OF MORTGAGE INTEREST DEDUCTION WITH MORTGAGE INTEREST CREDIT.

(a) Nonrefundable Credit. Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25D the following new section:

SEC. 25E. INTEREST ON INDEBTEDNESS SECURED BY QUALIFIED RESIDENCE.

'(a) Allowance of Credit. In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the qualified residence interest paid or accrued during the taxable year.

'(b) Qualified Residence Interest. For purposes of this section-

'(1) In general. The term 'qualified residence interest' means interest which is paid or accrued during the taxable year on-

'(A) acquisition indebtedness with respect to any qualified residence of the taxpayer, or

'(B) home equity indebtedness with respect to any qualified residence of the taxpayer.

For purposes of the preceding sentence, the determination of whether any property is a qualified residence of the taxpayer shall be made as of the time the interest is accrued.
'(2) Overall limitation. The aggregate amount of indebtedness taken into account for any period for purposes of this section shall not exceed $500,000 ($250,000 in the case of a married individual filing a separate return).

'(3) Acquisition indebtedness. The term 'acquisition indebtedness' means any indebtedness which-

'(A) is incurred in acquiring, constructing, or substantially improving any qualified residence of the taxpayer, and

'(B) is secured by such residence.

Such term also includes any indebtedness secured by such residence resulting from the refinancing of indebtedness meeting the requirements of the preceding sentence (or this sentence), but only to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

'(4) Home equity indebtedness.-

'(A) In general. The term 'home equity indebtedness' means any indebtedness (other than acquisition indebtedness) secured by a qualified residence to the extent the aggregate amount of such indebtedness does not exceed-

'(i) the fair market value of such qualified residence, reduced by

'(ii) the amount of acquisition indebtedness with respect to such residence.

'(B) Limitation. The aggregate amount treated as home equity indebtedness for any period shall not exceed $100,000 ($50,000 in the case of a married individual filing a separate return).

'(c) Special Rules. For purposes of this section-

'(1) Qualified residence. The term 'qualified residence' means-

'(A) the principal residence (within the meaning of section 121) of the taxpayer, and

'(B) 1 other residence of the taxpayer which is selected by the taxpayer for purposes of this subsection for the taxable year and which is used by the taxpayer as a residence (within the meaning of section 280A(d)(1)).

'(2) Married individuals filing separate returns. If a married couple does not file a joint return for the taxable year-

'(A) such couple shall be treated as 1 taxpayer for purposes of paragraph (1), and

'(B) each individual shall be entitled to take into account 1 residence unless both individuals consent in writing to 1 individual taking into account the principal residence and 1 other residence.

'(3) Residence not rented. For purposes of paragraph (1)(B), notwithstanding section 280A(d)(1), if the taxpayer does not rent a dwelling unit at any time during a taxable year, such unit may be treated as a residence for such taxable year.

'(4) Unenforceable security interests. Indebtedness shall not fail to be treated as secured by any property solely because, under any applicable State or local homestead or other debtor protection law in effect on August 16, 1986, the security interest is ineffective or the enforceability of the security interest is restricted.
'(5) Special rules for estates and trusts. For purposes of determining whether any interest paid or accrued by an estate or trust is qualified residence interest, any residence held by such estate or trust shall be treated as a qualified residence of such estate or trust if such estate or trust establishes that such residence is a qualified residence of a beneficiary who has a present interest in such estate or trust or an interest in the residuary of such estate or trust.

'(d) Coordination With Deduction. In the case of any taxable year beginning in calendar years 2018 through 2022, the taxpayer may elect to apply this section in lieu of the deduction under section 163 for qualified residence interest.'.

'(b) Phaseout of Deduction. Section 163(h) of such Code is amended by adding at the end the following new paragraph:

'(5) Phaseout.-

'(A) In general. In the case of any taxable year beginning in a calendar year after 2017, the amount otherwise allowable as a deduction by reason of paragraph (2)(D) shall be the applicable percentage of such amount.

'(B) Applicable percentage. For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>For taxable years beginning in calendar year:</th>
<th>The applicable percentage is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>100% 19</td>
</tr>
<tr>
<td>2019</td>
<td>80% 19</td>
</tr>
<tr>
<td>2020</td>
<td>60% 19</td>
</tr>
<tr>
<td>2021</td>
<td>40% 19</td>
</tr>
<tr>
<td>2022</td>
<td>20% 19</td>
</tr>
<tr>
<td>2023 and thereafter</td>
<td>0% 19</td>
</tr>
</tbody>
</table>

(c) Phasedown of Mortgage Limit. Subparagraph (B) of section 163(h)(3) of such Code is amended by adding at the end the following:

'(iii) Phasedown.-

'(I) In general. In the case of any taxable year beginning in calendar years 2018 through 2022, clause (ii) shall be applied by substituting the amounts specified in the table in subclause (II) of this clause for '$1,000,000' and '$500,000', respectively.

'(II) Phasedown amounts. For purposes of subclause (I), the amounts specified in this subclause for a taxable year shall be the amounts specified in the following table:

<table>
<thead>
<tr>
<th>For taxable years beginning in calendar year:</th>
<th>Amount substituted for $1,000,000:</th>
<th>Amount substituted for $500,000:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,000,000</td>
<td>$500,000 19</td>
</tr>
<tr>
<td>2019</td>
<td>$900,000</td>
<td>$450,000 19</td>
</tr>
<tr>
<td>2020</td>
<td>$800,000</td>
<td>$400,000 19</td>
</tr>
</tbody>
</table>
2021  $700,000  $350,000
2022  $600,000  $300,000.

(d) Clerical Amendment. The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after section 25D the following new item:

'Sec 25E Interest on indebtedness secured by qualified residence.'.

(e) Effective Date. The amendments made by this section shall apply with respect to interest paid or accrued after December 31, 2017.

SEC. 503. DEDUCTION ALLOWED FOR INTEREST AND TAXES RELATING TO LAND FOR DWELLING PURPOSES OWNED OR LEASED BY COOPERATIVE HOUSING CORPORATIONS.

(a) In General. Subparagraph (B) of section 216(b)(1) of the Internal Revenue Code of 1986 is amended by inserting 'or land,' after 'building,'.

(b) Effective Date. The amendment made by subsection (a) shall apply to amounts paid or accrued after December 31, 2016.

SEC. 504. USE OF MORTGAGE INTEREST SAVINGS TO INCREASE LOW-INCOME HOUSING TAX CREDIT.

(a) In General. Subclause (I) of section 42(h)(3)(C)(ii) of the Internal Revenue Code of 1986 is amended by striking '$1.75' and inserting '$2.70'.

(b) Inflation Adjustment. Subparagraph (H) of section 42(h)(3) of such Code is amended to read as follows:

'(H) Cost-of-living adjustment.-

'(i) In general. In the case of a calendar year after 2016, the $2,000,000 amount in subparagraph (C) shall be increased by an amount equal to-

'(I) such dollar amount, multiplied by

'(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.

'(ii) Per capita amount. In the case of a calendar year after 2017, the $2.70 amount in subparagraph (C) shall be increased by an amount equal to-

'(I) such dollar amount, multiplied by

'(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2016' for 'calendar year 1992' in subparagraph (B) thereof.

'(iii) Rounding.-
'(I) In the case of the $2,000,000 amount, any increase under clause (i) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

'(II) In the case of the $2.70 amount, any increase under clause (ii) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.'.

(c) Eligible Basis. Clause (i) of section 42(d)(5)(B) of such Code is amended by striking 'and' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting ',', and', and by adding at the end the following:

'(III) in the case of a building containing units which are designated to serve extremely low-income households by the State housing credit agency and require the increase in credit under this subparagraph in order for such building to be financially feasible as part of a qualified low-income housing project, the eligible basis of such building determined by the portion of such units shall be 150 percent of such basis determined without regard to this subparagraph.'.

(d) Effective Date. The amendments made by this section shall apply to allocations made in calendar years beginning after December 31, 2016.

SEC. 505. USE OF MORTGAGE INTEREST SAVINGS FOR AFFORDABLE HOUSING PROGRAMS.

(a) Use of Savings. For each year, the Secretary of the Treasury shall determine the amount of revenues accruing to the general fund of the Treasury by reason of the enactment of section 602 that remain after use of such revenues in accordance with section 604 and shall credit an amount equal to such remaining revenues as follows:

(1) Housing trust fund. The Secretary shall credit the Housing Trust Fund established under section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4568) with an amount equal to 60 percent of the amount of such remaining revenues.

(2) Section 8 rental assistance. The Secretary shall credit an amount equal to 30 percent of the amount of such remaining revenues to the Secretary of Housing and Urban Development for use only for providing tenant- and project-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(3) Public housing capital fund. The Secretary shall credit an amount equal to 10 percent of the amount of such remaining revenues to the Public Housing Capital Fund under section 9(d) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)).

(b) Changes to Housing Trust Fund. Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall revise the regulations relating to the Housing Trust Fund established under section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4568) to provide that such section is carried out with the maximum amount of flexibility possible while complying with such section, which shall include revising such regulations-

(1) to increase the limitation on amounts from the Fund that are available for use for operating assistance for housing;

(2) to allow public housing agencies and tribally designated housing entities to be recipient of grants amounts from the Fund that are allocated to a State or State designated entity; and

(3) eliminate the applicability of rules for the Fund that are based on the HOME Investment Partnerships Act (42 U.S.C. 1721 et seq.).
TITLE VI LOW-INCOME HOUSING TAX CREDIT FOR HOMELESS YOUTH

SEC. 601. STUDENTS WHO WERE HOMELESS YOUTHS OR HOMELESS VETERANS PERMITTED TO OCCUPY LOW-INCOME HOUSING UNITS.

(a) In General. Section 42(i)(3)(D)(i) of the Internal Revenue Code of 1986 is amended by redesignating subclauses (II) and (III) as subclauses (IV) and (V) and inserting after subclause (I) the following new subclauses:

'(II) a student who was (prior to occupying such unit) a homeless child or youth (as defined in section 725 of the McKinney-Vento Homeless Assistance Act),

'(III) a student who was (prior to occupying such unit) a homeless veteran (as defined in section 2002 of title 38, United States Code),'.

(b) Effective Date. The amendments made by this section shall apply to determinations made on or after the date of the enactment of this Act.

SEC. 602. RENTERS TAX CREDIT.

(a) In General. Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

'SEC. 45S. RENTERS CREDIT.

'(a) In General. For purposes of section 38, in the case of a qualified credit recipient, the renters credit for any taxable year is an amount equal to the sum of the renters credit amounts allocated to such qualified credit recipient under this section for months ending during the taxable year.

'(b) Renters Credit Amount.-

'(1) In general. For purposes of this section, the term 'renters credit amount' means the rent reduction amount with respect to each rental unit which is occupied by a qualified renter.

'(2) Qualified renter. For purposes of this section, the term 'qualified renter' means a family unit with income not greater than the higher of-

'(A) 60 percent of local median income, or

'(B) 150 percent of the Federal poverty line,

in each case as determined by the Secretary of Housing and Urban Development for a family of the size involved.

'(3) Rent reduction amount. For purposes of this section-

'(A) In general. The term 'rent reduction amount' is the amount by which the fair market rent for the unit involved exceeds the rent charged to the qualified renter.
'(B) Limitation. The rent reduction amount taken into account under this section shall not exceed the excess of-

'(i) the rent charged to the qualified renter (or, if lower, specified modest rent), over

'(ii) 30 percent of the qualified renters income (prorated monthly) as determined by the renters credit agency of the State.

'(C) Specified modest rent. The term 'specified modest rent' means-

'(i) the Fair Market Rent determined by the Secretary of Housing and Urban Development for the ZIP code (if the unit is located in a metropolitan area) or non-metropolitan county, or

'(ii) such amount as may be determined by the State with respect to the area in which the unit is located if such amount is within 25 percent of the amount determined under clause (i) with respect to such unit.

'(D) Utilities. The renters credit agency of the State may determine whether and how to take into account the cost of utilities in determining the rent reduction amount.

'(E) Credit adjustment. The renters credit agency of the State may elect to increase the rent reduction amount such that such amount does not exceed 110 percent of such amount as determined without regard to this subparagraph.

'(c) Qualified Credit Recipient. For purposes of this section, the term 'qualified credit recipient' means, with respect to any rental unit occupied by a qualified renter, the owner of such unit but only to the extent of the renters credit amounts which have been allocated to such person by the renters credit agency. In lieu of the owner of the unit, the renters credit agency may treat the lender of any loan to such owner as the qualified credit recipient if such unit secures such loan.

'(d) Allocations by Renters Credit Agency to Credit Recipients.-

'(1) In general. The renters credit agency may make allocations of renters credit amounts to qualified credit recipients under this section on the basis of-

'(A) the identity of the qualified renter, such that the renters credit amount is allowed to the owner of any rental unit which such qualified renter occupies (or the lender referred to in subsection (c)) for any month, or

'(B) one or more rental units, such that the renters credit amount is allowed to the owner of such units (or the lender referred to in subsection (c)) for such months as such units are occupied by a qualified renter.

'(2) Restrictions on unit based allocations. A renters credit agency may make allocations of renters credit as described in paragraph (1)(B) only if-

'(A) such units are part of a project or building in which not more than 40 percent of the units receive allocations under this section (the Secretary may provide such exceptions to the requirement of this subparagraph as the Secretary determines appropriate for small buildings or buildings with respect to which more than 40 percent of the units were previously subsidized under other Federal programs), and

'(B) the Secretary has approved a mobility plan submitted by such renters credit agency which provides for an adequate method to ensure that qualified renters have the ability to move from a unit which is eligible for credit under this section without losing the rent subsidy provided by this section.

'(e) Allocations of Credit Authority to State Agencies.-
'(1) Renters credit dollar amount for agencies.-

'(A) State limitation. The aggregate credit amounts which a renters credit agency may allocate for any calendar year is the portion of the State renters credit ceiling allocated under this paragraph for such calendar year to such agency.

'(B) State ceiling initially allocated to state housing credit agencies. Except as provided in subparagraphs (D) and (E), the State renters credit ceiling for each calendar year shall be allocated to the renters credit agency of such State. If there is more than 1 renters credit agency of a State, all such agencies shall be treated as a single agency.

'(C) State renters credit ceiling. The State renters credit ceiling applicable to any State and any calendar year shall be an amount equal to the sum of-

'(i) the unused State renters credit ceiling (if any) of such State for the preceding calendar year,

'(ii) the greater of-

'(I) $17.50 multiplied by the State population, or

'(II) $20,000,000,

'(iii) the amount of State renters credit ceiling returned in the calendar year, plus

'(iv) the amount (if any) allocated under subparagraph (D) to such State by the Secretary.

For purposes of clause (i), the unused State renters credit ceiling for any calendar year is the excess (if any) of the sum of the amounts described in clauses (ii) through (iv) over the aggregate renters credit dollar amount allocated for such year.

'(D) Unused renters credit carryovers allocated among certain states.-

'(i) In general. The unused renters credit carryover of a State for any calendar year shall be assigned to the Secretary for allocation among qualified States for the succeeding calendar year.

'(ii) Unused renters credit carryover. For purposes of this subparagraph, the unused renters credit carryover of a State for any calendar year is the excess (if any) of-

'(I) the unused State renters credit ceiling for the year preceding such year, over

'(II) the aggregate renters credit dollar amount allocated for such year.

'(iii) Formula for allocation of unused housing credit carryovers among qualified states. The amount allocated under this subparagraph to a qualified State for any calendar year shall be the amount determined by the Secretary to bear the same ratio to the aggregate unused renters credit carryovers of all States for the preceding calendar year as such State's population for the calendar year bears to the population of all qualified States for the calendar year. For purposes of the preceding sentence, population shall be determined in accordance with section 146(j).

'(iv) Qualified state. For purposes of this subparagraph, the term 'qualified State' means, with respect to a calendar year, any State-
'(I) which allocated its entire State renters credit ceiling for the preceding calendar year, and

'(II) for which a request is made (not later than May 1 of the calendar year) to receive an allocation under clause (iii).

'(E) Application of certain rules. For purposes of this paragraph, rules similar to the rules of subparagraphs (E), (F), and (G) of section 42(h)(3) shall apply.

'(F) Inflation adjustment.-

'(i) In general. In the case of a calendar year after 2017, the $20,000,000 and $17.50 amounts in subparagraph (C) shall each be increased by an amount equal to-

'(I) such dollar amount, multiplied by

'(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.

'(ii) Rounding.-

'(I) In the case of the $20,000,000 amount, any increase under clause (i) which is not a multiple of $50,000 shall be rounded to the next lowest multiple of $50,000.

'(II) In the case of the $17.50 amount, any increase under clause (i) which is not a multiple of 50 cents shall be rounded to the next lowest multiple of 50 cents.

'(f) Other Definitions. For purposes of this section-

'(1) Renters credit agency. The term 'renters credit agency' means, with respect to any State, the housing credit agency of such State (as defined in section 42(h)(8)(A)) or such other agency as is authorized to carry out the activities of the renters credit agency under this section.

'(2) Possessions treated as states. The term 'State' includes a possession of the United States.

'(g) Regulations. The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.'.

(b) Credit To Be Part of General Business Credit.-

(1) In general. Subsection (b) of section 38 of such Code is amended by striking 'plus' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting ', plus', and by adding at the end the following new paragraph:

'(37) the renters credit determined under section 45S(a).'

(2) Credit allowable against alternative minimum tax. Subparagraph (B) of section 38(c)(4) of such Code is amended by redesignating clauses (vii) through (ix) as clauses (viii) through (x), respectively, and by inserting after clause (vi) the following new clause:

'(vii) the credit determined under section 45S,'.
(c) Clerical Amendment. The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

'Sec 45S Renters credit.'.

(d) Effective Date. The amendments made by this section shall apply to allocations made for calendar years after 2016 and to taxable years ending after December 31, 2016.

DIVISION C NUTRITION

TITLE VII IMPROVING TEMPORARY ASSISTANCE TO NEEDY FAMILIES PROGRAM

SEC. 701. REFERENCES.

Except as otherwise expressly provided in this title, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.

SEC. 702. STATE PLANS REQUIRED TO ADDRESS WHETHER AND HOW STATES WILL PROVIDE ASSISTANCE TO NEEDIEST GEOGRAPHIC AREAS.

Section 402(a)(1)(A)(i) (42 U.S.C. 602(a)(1)(A)(i)) is amended by inserting ', including whether and how the State will give priority to providing benefits and services in areas of the State with the greatest need (such as areas with the greatest unemployment rates, the greatest poverty rates, and the least job opportunity to population ratios)' before the period.

SEC. 703. FUNDING OF THE TANF PROGRAM.

(a) State Family Assistance Grant.-

(1) In general. Section 403(a)(1) (42 U.S.C. 603(a)(1)) is amended-

(A) in subparagraph (A), by striking 'fiscal year 2012' and inserting 'fiscal year 2013 and each succeeding fiscal year'; and

(B) by striking subparagraphs (B) and (C) and inserting the following:

'B State family assistance grant.-

'i In general. The State family assistance grant payable to a State for a fiscal year shall be the greater of-

'I the adjusted basic block grant, plus the amount required to be paid to the State under paragraph (3) (as in effect on September 30, 2010) for fiscal year 2010; or

'II the amount required to be paid to the State under this paragraph for the preceding fiscal year.

'i Adjusted basic block grant. In clause (i), the term 'adjusted block grant' means, with respect to a State, the product of-

'ii Adjusted block grant. In clause (ii), the term 'adjusted block grant' means, with respect to a State, the product of-
'(I) the amount required to be paid to the State under this paragraph for fiscal year 2010 (determined without regard to any reduction pursuant to section 409 or 412(a)(1));

'(II) 1.00, plus the percentage (if any) by which the average of the CPI for the 12-month period ending with June of the preceding fiscal year exceeds the average of the CPI for the 12-month period ending with June 1996, expressed as a decimal; and

'(III) 1.00, plus the percentage (if any) by which the most recent estimate by the Bureau of the Census of the population of the State that has not attained 18 years of age exceeds the most recent estimate by the Bureau of the Census of that population as of July 1, 1996, expressed as a decimal.

'(iii) CPI defined. In clause (ii), the term 'CPI' means the last Consumer Price Index for All Urban Consumers published by the Department of Labor for the period involved.

'(C) Appropriation. Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as are necessary for grants under this paragraph for each fiscal year.'.

(2) Conforming amendment to eliminate supplemental grants for population increases in certain states. Section 403(a) (42 U.S.C. 603(a)) is amended by striking paragraph (3).

(b) Penalty for Failure To Maintain Effort Adjusted for Inflation. Section 409(a)(7) (42 U.S.C. 609(a)(7)) is amended-

(1) in subparagraph (A), by inserting 'the inflation-adjusted' before 'historic State expenditures'; and

(2) in subparagraph (B), by redesignating clauses (iii) through (v) as clauses (iv) through (vi), respectively, and inserting after clause (ii) the following:

'(iii) Inflation-adjusted historic state expenditures. The term 'inflation-adjusted historic State expenditures' means, with respect to a fiscal year-

'(I) historic State expenditures; multiplied by

'(II) 1.00, plus (in the case of fiscal year 2018 or any succeeding fiscal year) the percentage (if any) by which the average of the CPI (as defined in section 403(a)(1)(B)(iii)) for the 12-month period ending with June of the preceding fiscal year exceeds the average of the CPI (as so defined) for the 12-month period ending with June 2016, expressed as a decimal.'.

(c) Modification of Contingency Fund.-

(1) In general. Section 403(b) (42 U.S.C. 603(b)) is amended by striking all that follows paragraph (1) and inserting the following:

'(2) Grants.-

'(A) In general. The Secretary shall make a grant to each eligible State and each Indian tribe that is an economically needy entity for a calendar quarter, in an amount equal to 80 percent of the amount (if any) by which the total amount of relevant expenditures of the entity for the quarter exceeds the total amount of the relevant expenditures of the entity for the corresponding quarter in the base year of the entity, subject to paragraph (2).
'(B) Limitation. The total amount payable to an entity under this subsection for a fiscal year shall not exceed an amount equal to 25 percent of the amount payable to the entity-

'(i) if the entity is a State, under section 403(a)(1) for the fiscal year; or

'(ii) if the entity is an Indian tribe, under section 412(a)(1) for the fiscal year.

'(3) Definitions. In paragraph (2):

'(A) Economically needy entity. The term 'economically needy entity' means an entity with respect to a calendar quarter-

'(i) if the seasonally adjusted average unemployment rate with respect to the entity for the quarter or any of the preceding 4 calendar quarters exceeds 6.5 percent; or

'(ii) in the case that the unemployment rate information described in clause (i) is not available with respect to the entity, if the entity meets such qualifications as the Secretary, in consultation with the Secretary of Labor, shall, by regulation, prescribe.

'(B) Base year. The term 'base year' means, with respect to an entity, and a calendar quarter in a fiscal year-

'(i) except as provided in clause (ii), whichever of the 2 fiscal years most recently preceding the first fiscal year of the most recent contingency fund eligibility period for the entity, is the fiscal year in which the relevant expenditures of the entity were the lesser; or

'(ii) if the first year of the period referred to in clause (i) is fiscal year 2018, whichever of fiscal year 2007 or 2008 is the fiscal year in which the relevant expenditures of the entity were the lesser.

'(C) Contingency fund eligibility period. The term 'contingency fund eligibility period' means, with respect to an entity, a period of 1 or more consecutive calendar quarters for which the entity is an economically needy entity.

'(D) Relevant expenditures.

'(i) In general. The term 'relevant expenditures' means expenditures-

'(I) for assistance under the program funded under this part of the entity (including, in the case of a State, any qualified State expenditures (as defined in section 409(a)(7)(B)(i)) and any expenditures under any other State program funded by such expenditures);

'(II) for child care;

'(III) for subsidized employment under the program funded under this part of the entity (including, in the case of a State, such expenditures under any other State program funded by qualified State expenditures (as defined in section 409(a) (7)(B)(i)), other than expenditures made using Federal funds or with respect to which the entity received a grant made under paragraph (3) of this subsection; and

'(IV) for administrative costs associated with making the expenditures referred to in the preceding subclauses of this clause.

'(ii) Child care expenditures. For purposes of clause (i), expenditures for child care consist of the following:
'(I) Amounts transferred under section 404(d)(1)(B).

'(II) Expenditures for child care assistance from Federal funds provided under this part.

'(III) In the case of an entity that is a State, expenditures for child care assistance that are qualified State expenditures (as defined in section 409(a)(7)(B)(i)), but only to the extent exceeding the total expenditures of the State (other than from Federal funds) for child care in fiscal year 1994 or 1995 (whichever is the greater).

'(iii) Authority to collect and adjust data. In determining the amount of the expenditures of a State for basic assistance, child care, and subsidized employment, during any period for which the State requests funds under this subsection, and during the base year of the State, the Secretary may make appropriate adjustments to the data, on a State-by-State basis, to ensure that the data are comparable with respect to the groups of families served and the types of aid provided. The Secretary may develop a mechanism for collecting expenditure data, including procedures which allow States to make reasonable estimates, and may set deadlines for making revisions to the data.

'(4) Use of grant. Each State to which a grant is made under this subsection shall use the grant to serve areas of the State with the greatest need (as referred to in section 402(a)(1)(A)).

'(5) Appropriation.-

'(A) In general. Out of any funds in the Treasury of the United States not otherwise appropriated, there are appropriated for payment to the Fund-

'(i) $2,500,000,000 for fiscal year 2018; and

'(ii) for each succeeding fiscal year, the amount appropriated under this paragraph for the then preceding fiscal year, increased by the percentage (if any) by which the amount appropriated under section 403(a)(1) for the fiscal year involved exceeds the amount appropriated under such section for the then preceding fiscal year.

'(B) Availability. Amounts made available under this paragraph for a fiscal year shall remain available until expended.

'(6) Actions to be taken in anticipation of exhaustion of fund. The Secretary shall monitor the amount in, and the rate at which amounts are paid from, the Fund, and if the Secretary determines that the Fund will be exhausted within 6 months, the Secretary shall-

'(A) notify the Congress of the determination; and

'(B) develop and communicate to each State and Indian tribe that is an economically needy entity as of the date of the determination, the procedure for allocating amounts in the Fund among such entities.'.

(2) Elimination of penalty for failure of state receiving amounts from contingency fund to maintain 100 percent of historic effort.-

(A) In general. Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (10) and redesignating paragraphs (11) through (16) as paragraphs (10) through (15), respectively.

(B) Conforming amendments. Section 409 (42 U.S.C. 609) is amended in each of subsections (b)(2) and (c)(4), by striking '(10), (12), or (13)' and inserting '(11), or (12)'.
(3) Conforming amendment. Section 409(a)(3)(C) (42 U.S.C. 609(a)(3)(C)) is amended by striking 'needy State (as defined in section 403(b)(6))' and inserting 'economically needy entity (as defined in section 403(b)(3)(A)).'

(4) Amounts provided to territories from the contingency fund to be disregarded for purposes of limitation on payments to the territories. Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by inserting '403(b),' before '406,.'

(d) Matching Grants for Subsidized Employment.-

(1) In general. Section 403(a) (42 U.S.C. 603(a)), as amended by subsection (a)(2) of this section, is further amended by inserting after paragraph (2) the following:

'(3) Matching grants for subsidized employment.-

'(A) In general. The Secretary shall make a grant-

'(i) to each eligible State that is 1 of the 50 States or the District of Columbia, for each fiscal year for which the State is an MOE State; and

'(ii) to each State that is not 1 of the 50 States or the District of Columbia, and to each Indian tribe, for each fiscal year for which the State or tribe, as the case may be, meets such terms and conditions as the Secretary shall, by regulation, establish, which shall be comparable to the terms and conditions under which grants are made under clause (i).

'(B) MOE state. In subparagraph (A), the term 'MOE State' means a State if the qualified expenditures of the State (as defined in section 409(a)(7)(B)(i)) for the fiscal year exceeds the applicable percentage (as defined in clause (ii) of such section) of inflation-adjusted historic State expenditures (as defined in clause (iii) of such section) of the State with respect to the fiscal year.

'(C) Amount of grant.-

'(i) States.-

'(I) In general. The grant to be made to a State under subparagraph (A)(i) for a fiscal year shall be in an amount equal to 50 percent of the excess expenditures of the State for subsidized employment during the fiscal year.

'(II) Excess expenditures of the state for subsidized employment. The term 'excess expenditures of the State for subsidized employment' means, with respect to a fiscal year, the lesser of-

'(aa) the excess described in subparagraph (B) with respect to the State for the fiscal year; or

'(bb) an amount equal to the total expenditures of the State for subsidized employment funded under this part or under any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)), excluding those with respect to which a grant is made to the State under subsection (b) of this section, during the fiscal year.

'(ii) Indian tribes. The grant to be made to an Indian tribe under this paragraph shall be in such amount as the Secretary deems appropriate.
(D) Use of grant. Notwithstanding section 404, a State or Indian tribe to which a grant is made under this paragraph shall use the grant solely to finance subsidized employment activities, and to serve areas of the State with the greatest need (as referred to in section 402(a)(1)(A)).

(E) Appropriation. Out of any funds in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as are necessary for grants under this paragraph for each fiscal year.'.

(2) Amounts provided to territories from the matching grant to be disregarded for purposes of limitation on payments to the territories. Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by inserting '403(a)(3),' after '403(a)(2),'.

(3) Data reports required with respect to families that include an individual participating in subsidized employment programs. Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended, in the matter before clause (i), by inserting ',', and families that include an individual participating in subsidized employment funded with Federal funds or qualified State expenditures (as so defined)' before the colon.

(e) Tribal Family Assistance Grants. Section 412(a)(1) (42 U.S.C. 612(a)(1)) is amended-

(1) in subparagraph (A), by striking 'fiscal year 2012' and inserting 'each fiscal year'; and

(2) in subparagraph (B)-

(A) by redesignating clause (ii) as clause (iii); and

(B) by striking clause (i) and inserting the following:

(i) In general. The amount determined under this subparagraph for a fiscal year is an amount equal to the sum of the adjusted historic expenditures for the fiscal year with respect to each State in which a service area of the Indian tribe is located.

(ii) Adjusted historic expenditures defined. In clause (i), the term 'adjusted historic expenditures' means, with respect to a fiscal year, a State, and an Indian tribe, the total amount of the Federal payments to the State under section 403 (as then in effect) for fiscal year 1994 attributable to expenditures (other than child care expenditures) by the State under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service areas identified by the tribe pursuant to subsection (b)(1)(C) of this section that are in the State, increased by the percentage (if any) by which the amount of the grant payable under section 403(a)(1) for the fiscal year to the State exceeds the amount of the grant so payable to the State for fiscal year 2010.'.

(f) Census Bureau Study. Section 414 (42 U.S.C. 614) is amended-

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

(a) In General. The Director of the Bureau of the Census shall conduct a study to assess the effects of policies and programs related to low-income families, including policies and programs under State programs funded under this part or funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)), including changes and policies in such programs made pursuant to the Rewriting to Improve and Secure an Exit Out of Poverty Act. The Director shall design the study in consultation with the Secretary. Every 5 years, the Director shall, in consultation with the Secretary, revise the content and nature of the study to reflect emerging policy issues related to low-income families.'; and

(2) in subsection (b), by striking 'fiscal year 2012' and inserting 'each fiscal year'.
(g) Funding of Studies and Evaluations. Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended by striking 'fiscal year 2012' and inserting 'each fiscal year'.

(h) Matching Grants to Certain Territories. Section 1108 (42 U.S.C. 1308) is amended-

1. in subsection (a)(2), by inserting 'section 403(a)(1) (to the extent exceeding the amount required to be so paid to the territory for fiscal year 2011),' before '403(a)(2)'; and

2. in subsection (b)(2), by striking 'fiscal year 2012' and inserting 'each fiscal year'.

**SEC. 704. WORK REQUIREMENTS.**

(a) Participation Rate Requirement. Section 407 (42 U.S.C. 607) is amended by striking subsections (a) and (b) and inserting the following:

'(a) Participation Rate Requirement.-

'(1) In general. A State to which a grant is made under section 403 for a fiscal year shall achieve a minimum participation rate of 50 percent with respect to all families residing in the State that include a work-eligible individual.

'(2) Work-eligible individual defined.-

'(A) In general. In subsection (a), the term 'work-eligible individual', subject to subparagraphs (B) and (C), means-

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

'(ii) a former recipient of such assistance who is-

'(I) a parent of a dependent child who is such a recipient; and

'(II) no longer eligible for assistance under the State program funded under this part by reason of section 408(a)(7); and

'(iii) a participant in a subsidized employment program funded under this part or under any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

'(B) Exclusion of individuals sanctioned or undergoing pre-sanction review. The term 'work-eligible individual' does not include any individual with respect to whom-

'(i) there is in effect a penalty imposed by the State under subsection (e) of this section; or

'(ii) the State has initiated (but not completed) the pre-sanction review process pursuant to section 408(a)(14)(A).

'(C) State option to exclude certain individuals. A State may exclude from the term 'work-eligible individual' any resident of the State who is-

'(i) a single parent caring for a child who has not attained 1 year of age;
(ii) a recipient of supplemental security income benefits under title XVI, disability insurance benefits under title II, or other Federal or State benefits based on disability;

(iii) an applicant for supplemental security income benefits under title XVI;

(iv) an individual who is needed in the home of the individual to care for a disabled member of the family of the individual; or

(v) an individual who (but for the exercise of the State option under this clause) would be a work-eligible individual under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.

(b) Calculation of Participation Rates.-

(1) Average monthly rate. For purposes of subsection (a), the participation rate of a State for a fiscal year is the average of the participation rates of the State for each month in the fiscal year.

(2) Monthly participation rate. For purposes of paragraph (1), the participation rate of a State for a month, expressed as a percentage, is-

(A) the number of families residing in the State that include a work-eligible individual who is engaged in work for the month; divided by

(B) the number of families residing in the State that include a work-eligible individual.'.

(b) Participation Requirements. Section 407(c) (42 U.S.C. 607(c)) is amended to read as follows:

(c) Engaged in Work. For purposes of subsection (b):

(1) General rule. An individual is engaged in work for a month in a fiscal year if the recipient is participating in work activities for an average of at least 20 hours per week during the month.

(2) Individuals complying with a modified employability plan deemed to be engaged in work. An individual is deemed to be engaged in work for a month if the State determines that the individual is in substantial compliance with the activities and hourly participation requirements of a modified employability plan developed for the individual in accordance with section 408(h).

(3) Single teen head of household or married teen who maintains satisfactory school attendance deemed to be engaged in work. An individual who is married or a head of household and has not attained 20 years of age is deemed to be engaged in work for a month if the recipient maintains satisfactory attendance at secondary school or the equivalent during the month.'.

(c) Elimination of 12-Month Limit on Counting Vocational Educational Training as a Work Activity. Section 407(d)(8) (42 U.S.C. 607(d)(8)) is amended by striking '(not to exceed 12 months with respect to any individual)'.

SEC. 705. WORK RULES.

(a) Option of Recipient To Have Trained Personnel Assess Certain Barriers to Employment; Additional Matters Required To Be Assessed. Section 408(b)(1) (42 U.S.C. 608(b)(1)) is amended-
(1) by inserting '(which, at the option of the recipient, shall be conducted by trained personnel with respect to barriers to employment specified by the recipient)' after 'assessment'; and

(2) by striking 'and employability' and inserting 'employability, physical and mental impairments, English proficiency, child care needs, and whether the recipient is a victim of domestic or sexual violence'.

(b) Individual Responsibility Plans.-

(1) Plans required; plans to include well-being plans for children. Section 408(b)(2)(A) (42 U.S.C. 608(b)(2)(A)) is amended-

(A) in the matter preceding clause (i), by striking 'may' and inserting 'shall';

(B) in clause (iv)-

(i) by inserting ', supports,' after 'counseling'; and

(ii) by striking 'and' at the end;

(C) in clause (v), by striking the period and inserting '; and'; and

(D) by adding at the end the following:

'(vi) describe a well-being plan for each child in the family.'.

(2) Deadline for completion of plan. Section 408(b)(2)(B) (42 U.S.C. 608(b)(2)(B)) is amended by striking 'individual ' and all that follows and inserting 'individual within 90 days after the individual is determined eligible for the assistance.'.

(3) Sanction for failure of state to develop plan. Section 409(a) (42 U.S.C. 609(a)), as amended by section 903(c)(2)(A) of this title, is amended by adding at the end the following:

'(16) Penalty for failure of state to develop required individual responsibility plan.-

'(A) In general. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(b)(2) during the 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 not more than 5 percent of the State family assistance grant.

'(B) Penalty based on severity of failure. The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance'.

(4) Conforming amendment. Section 408(b) (42 U.S.C. 608(b)) is amended by striking paragraph (4).

(c) Modified Employability Plans for Certain Individuals With Disabilities. Section 408 (42 U.S.C. 608) is amended by adding at the end the following:

'(h) Authority To Develop Modified Employability Plan for a Recipient of Assistance With, or Caring for a Family Member With, a Disability.-
'(1) In general. A State may develop a modified employability plan for a recipient of assistance under the State program funded under this part-

'(A) who-

'(i) is a work-eligible individual (as defined in section 407(a)(2)); and

'(ii) has been determined by a qualified medical, mental health, addiction, or social services professional (as determined by the State) to have a disability; or

'(B) who is caring for a family member with a disability (as so determined).

'(2) Contents of plan. The modified employability plan shall-

'(A) include a determination that, because of the disability of the recipient or the individual for whom the recipient is caring, reasonable modification of work activities, hourly participation requirements, or both, is needed in order for the recipient to participate in the activities;

'(B) describe the modified work activities in which the recipient is required to participate;

'(C) specify the number of hours per week for which the recipient is required to participate in the modified work activities, based on an evaluation by the State of the circumstances of the family;

'(D) describe the services, supports, and modifications that the State will provide to the recipient or the family of the recipient;

'(E) be developed in cooperation with the recipient; and

'(F) be reviewed not less often than every 6 months.

'(3) Definitions. In this subsection:

'(A) Disability. The term 'disability' means a mental or physical impairment, including substance abuse or addiction, that-

'(i) constitutes or results in a substantial impediment to employment; or

'(ii) substantially limits 1 or more major life activities.

'(B) Modified work activities. The term 'modified work activities' means activities which the State has determined will help the recipient become employable.'.

(d) Sanctions.-

(1) General sanction provisions.-

(A) Prohibition on imposing lifetime or full family sanction.-

(i) Prohibition. Section 408(a) (42 U.S.C. 608(a)) is amended by adding at the end the following:
'(13) Prohibition on imposing lifetime or full family sanction. A State to which a grant is made under section 403 shall not impose a lifetime prohibition on the provision of assistance to any individual or 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)) on the basis of the failure of a member of the family to comply with a program requirement.'.

(ii) Penalty. Section 409(a) (42 U.S.C. 609), as amended by section 903(c)(2)(A) of this title and subsection (b)(3) of this section, is amended by adding at the end the following:

'(17) Penalty for imposing lifetime or full family sanction. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(a)(13) during the 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.'.

(B) Due process protections.-

(i) In general. Section 408(a) (42 U.S.C. 608(a)), as amended by subparagraph (A)(i) of this paragraph, is amended by adding at the end the following:

'(14) Sanction procedures.-

(A) Pre-sanction review process. Before imposing a sanction against an individual or family receiving assistance 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)) for failure to comply with program requirements, the State shall take the following steps:

(i) Provide or send notice to the individual or family, and, if the recipient's native language is not English, through a culturally competent written or verbal translation, of the following information:

(I) The specific reason for the proposed sanction.

(II) The amount of the proposed sanction.

(III) The length of time during which the proposed sanction would be in effect.

(IV) The steps required to come into compliance or to show good cause for noncompliance.

(V) That the agency will provide assistance to help the individual demonstrate good cause for noncompliance, or come into compliance with program requirements.

(VI) That the individual may appeal the determination to impose a sanction, and the steps that the individual must take to pursue such an appeal.

(ii)(I) Ensure that, subject to clause (iii)-

(aa) an individual, other than the individual who determined that a sanction be imposed, will review the determination and have the authority to take the actions described in subclause (II); and

(bb) the individual or family against whom the sanction is to be imposed shall be afforded the opportunity to meet with the individual who is reviewing the determination to impose the sanction.
(II) The actions described in this subclause are the following:

(aa) Modify the determination to impose a sanction.

(bb) Determine that there was good cause for the failure to comply.

(cc) Recommend modifications to the individual responsibility or employment plan of an individual.

(dd) Make such other determinations and take such other actions as may be appropriate.

(iii) The review required under clause (ii) shall include consideration of the following:

(I) To the extent applicable, whether barriers to compliance exist, such as a physical or mental impairment (including mental illness, substance abuse, mental retardation, or a learning disability), domestic or sexual violence, limited proficiency in English, limited literacy, homelessness, or the need to care for a child with a disability or health condition, that contributed to the noncompliance.

(II) Whether the noncompliance resulted from failure to receive or have access to services identified as necessary in an individual responsibility or employment plan.

(III) Whether changes to the individual responsibility or employment plan of an individual should be made in order for the individual to come into compliance.

(IV) Whether there is good cause for any noncompliance.

(V) Whether the sanction policies of the State have been applied properly.

(B) Sanction follow-up requirements. If a State imposes a sanction on a family or individual for failing to comply with program requirements, the State shall-

(i) provide or send notice to the individual or family, in language calculated to be understood by the individual or family, and, if the individual's or family's native language is not English, through a culturally competent translation, of the reason for the sanction and the steps the individual or family must take to end the sanction;

(ii) resume full assistance, services, or benefits to the individual or family under the program (if the individual or family is otherwise eligible for the assistance, services, or benefits) once the individual who was not in compliance with program requirements that led to the sanction complies with the requirements for a reasonable period of time, as determined by the State and subject to State discretion to reduce the period; and

(iii) if the State has not resumed providing the assistance, services, or benefits as of the end of the 120-day period that begins on the date that is 60 days after the date on which the sanction was imposed, provide notice to the individual or family, in language calculated to be understood by the individual or family, of the steps the individual or family must take to end the sanction, and of the availability of assistance to come into compliance or demonstrate good cause for noncompliance.

(C) Notice to evicted persons. The State shall make a reasonable effort to provide to an individual or family that has been evicted from a residence for failure to pay rent or as a result of another problem related to poverty, any notice required by this paragraph to be provided to the individual or family.
(ii) Penalty. Section 409(a) (42 U.S.C. 609(a)), as amended by section 903(c)(2)(A) of this title, subsection (b)(3) of this section, and subparagraph (A)(ii) of this paragraph, is amended by adding at the end the following:

'(18) Penalty for failure to follow sanction procedures.-

'(A) In general. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(a)(14) during the 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 not more than 5 percent of the State family assistance grant.

'(B) Penalty based on severity of failure. The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.'.

(iii) State plan requirement to describe how states will notify applicants and recipients of their rights under the program and of potential benefits and services available under the program. Section 402(a)(1)(B)(iii) (42 U.S.C. 602(a)(1)(B)(iii)) is amended by inserting ', and will notify applicants and recipients of assistance under the program of the rights of individuals under all laws applicable to program activities and of all potential benefits and services available under the program' before the period.

(2) Modifications to work sanction.-

(A) Elimination of full family sanction; state required to establish certain good cause exceptions. Section 407(e)(1) (42 U.S.C. 607(e)(1)) is amended-

(i) by striking 'shall ' and all that follows through subparagraph (B) and inserting 'shall reduce the amount of assistance otherwise payable to the family pro rata with respect to any period during a month in which the individual so refuses,'; and

(ii) by striking 'may establish' and inserting the following 'shall establish, which shall include the decline of an offer of employment at a wage less than the greater of the applicable Federal or State minimum wage, or 80 percent of the wage that would have governed had the minimum hourly rate under the Fair Labor Standards Act been applicable to the offer of employment, at a site subject to a strike or lockout at the time of refusal, or for medical reasons or a lack of sufficient physical strength or stamina'.

(B) Prohibition on sanctioning individual for failure to engage in work if individual has a child under age 6 months or if failure results from inability to secure child care or after-school arrangements for a child under age 13. Section 407(e)(2) (42 U.S.C. 607(e)(2)) is amended by striking 'refusal' and all that follows and inserting 'failure of an individual to engage in work required in accordance with this section if-

'(A) the individual is a single custodial parent caring for a child who has not attained 6 months of age; or

'(B) the individual is the single custodial parent caring for a child who has not attained 13 years of age, and the failure resulted from the inability of the individual to secure child care or after-school arrangements for the child'.

(3) Modifications to child support sanction. Section 408(a)(2) (42 U.S.C. 608(a)(2)) is amended by striking 'State ' and all that follows and inserting 'State shall deduct from the assistance that would otherwise be provided to the family of the individual under the State program funded under this part an amount equal to 25 percent of the amount of the assistance.'.
(e) Related State Plan Requirement. Section 402(a) (42 U.S.C. 602(a)) is amended by adding at the end the following:

'(8) Certification that employment assessments and sanction reviews will be conducted by competent personnel. A certification by the chief executive officer of the State that the employment assessments conducted pursuant to section 408(b)(1) and the sanction reviews conducted pursuant to section 408(a)(14)(A) will be conducted by personnel who have sufficient education, training, and professional competence to do so, which shall include information on the education, training, and professional competence that State will require of the personnel.'.

SEC. 706. PROHIBITION ON IMPOSING LIMIT OF LESS THAN 60 MONTHS ON DURATION OF ASSISTANCE.

(a) Prohibition.-

(1) In general. Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended-

(A) in the paragraph heading, by striking 'No assistance for more than 5 years' and inserting 'Durational limits on assistance';

(B) in the heading for subparagraph (A), by striking 'In general' and inserting 'No assistance for more than 5 years'; and

(C) by adding at the end the following:

'(H) Prohibition on limiting duration of assistance to less than 60 months. A State to which a grant is made under section 403 shall not impose a limit of less than 60 months on the duration for which a family may be provided assistance from Federal or State funds 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)).'.

(2) Conforming amendment. The heading of section 409(a)(9) (42 U.S.C. 609(a)(9)) is amended by striking '5-year limit' and inserting 'rules governing durational limits'.

(b) Requirement To Conduct Outreach To Inform Potentially Eligible Families of Elimination of Durational Limit on Assistance of Less Than 60 Months.-

(1) In general. Section 408(a) (42 U.S.C. 608(a)), as amended by section 905(d)(1) of this title, is amended by adding at the end the following:

'(15) Requirement to conduct outreach to inform potentially eligible recipients of assistance of elimination of durational limit on assistance of less than 60 months. A State to which a grant is made under section 403 for a fiscal year that, before the effective date of this paragraph, denied assistance under the State program funded under this part or any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)) to an individual or family on the basis of a durational limit on the assistance that was imposed other than under section 408(a)(7) shall conduct outreach to inform individuals and families who were so denied that they may be eligible for additional months of the assistance.'.

(2) Penalty. Section 409(a) (42 U.S.C. 609(a)), as amended by sections 903(c)(2)(A) and 905(d)(1) of this title, is amended by adding at the end the following:

'(19) Failure to conduct outreach to inform potentially eligible recipients of assistance of elimination of durational limit on assistance of less than 60 months. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(a)(15) during the 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) State Plan Required To Include Description of How Potentially Eligible Recipients Will Be Informed of Elimination of Durational Limit on Assistance of Less Than 60 Months. Section 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended by adding at the end the following:

'(vi) In the case of a State that, before the date this clause takes effect, denied assistance under the program to an individual or family on the basis of a durational limit on the assistance that was imposed other than under section 408(a)(7), the document shall describe how the State intends to inform the individuals and families who were so denied that they may be eligible for additional months of the assistance.'.

SEC. 707. RESPONSE OF TANF PROGRAM TO ECONOMIC RECESSIONS.

(a) Inapplicability of Durational Limit on Assistance. Section 408(a)(7) (42 U.S.C. 608(a)(7)), as amended by section 906(a)(1)(C) of this title, is amended by adding at the end the following:

'(I) Inapplicability of durational limit during recession. Subparagraph (A) shall not apply in a State during any month which is in a high unemployment period with respect to the State.

'(J) Disregard of assistance provided during recession. In determining the number of months for which an adult has received assistance under a State or tribal program funded under this part or any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)), the State or tribe shall disregard any month which is in a high unemployment period with respect to the State.

'(K) 6-month grace period required after recession. Subparagraph (A) shall not apply to a recipient of assistance under the State program funded under this part or any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)) during the 6-month period that begins with the month immediately following a high unemployment period with respect to the State if the recipient received the assistance for the last month of the period.'.

(b) Requirement To Conduct Outreach To Inform Potentially Eligible Families of Suspension of Durational Limit on Assistance.

(1) In general. Section 408(a) (42 U.S.C. 608(a)), as amended by sections 905(d)(1) and 906(b)(1) of this title, is amended by adding at the end the following:

'(16) Requirement to conduct outreach to inform potentially eligible recipients of suspension of durational limit on assistance. In each month which is a high unemployment period with respect to a State to which a grant is made under section 403 for a fiscal year, the State shall conduct outreach to inform individuals and families who are potentially eligible for assistance under the State program funded under this part or any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)) of the suspension of any durational limit on assistance under the program.'.

(2) Penalty. Section 409(a) (42 U.S.C. 609(a)), as amended by sections 903(c)(2)(A), 905(d)(1), and 906(b)(2), is amended by adding at the end the following:

'(20) Failure to conduct outreach to inform potentially eligible recipients of suspension of durational limit on assistance. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has
violated section 408(a)(16) during the 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) State Plan Required To Include Description of How Potentially Eligible Recipients Will Be Informed of Suspension of Time Limits During Recession. Section 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)), as amended by section 906(c) of this title, is amended by adding at the end the following:

'(vii) The document shall describe how the State intends to inform potentially eligible recipients of assistance under the program of the suspension of durational limits on the assistance during a high unemployment period with respect to the State.’.

(d) High Unemployment Period Defined. Section 419 (42 U.S.C. 619) is amended by adding at the end the following:

'(6) High unemployment period defined. The term 'high unemployment period' means, with respect to a State, a period of 1 or more consecutive months if the average rate of total unemployment in the State (seasonally adjusted) for the period consisting of the then most recent 3 months for which data for all States are published equals or exceeds 6.5 percent.’.

SEC. 708. REQUIREMENT THAT STATES USE MERIT-BASED SYSTEM IN ADMINISTRATION OF TANF PROGRAMS.

(a) Program Requirement. Section 408(a) (42 U.S.C. 608(a)), as amended by sections 905(d)(1), 906(b)(1), and 907(b)(1) of this title, is amended by adding at the end the following:

'(17) Requirement to use merit-based system in administering program. A State to which a grant is made under section 403 shall establish and maintain personnel standards through a merit-based system, in administering the State program funded under this part and any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)).‘.

(b) Penalty. Section 409(a) (42 U.S.C. 609), as amended by sections 903(c)(2)(A), 905(d)(1), 906(b)(2), and 907(b)(2) of this title, is amended by adding at the end the following:

'(21) Penalty for failure to use merit-based system in administering program. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(a)(17) during the 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.‘.

SEC. 709. BAN ON USING FEDERAL TANF FUNDS TO REPLACE STATE AND LOCAL SPENDING THAT DOES NOT MEET THE DEFINITION OF QUALIFIED STATE EXPENDITURES.

(a) Prohibition. Section 408(a) (42 U.S.C. 608(a)), as amended by sections 905(d)(1), 906(b)(1), 907(b)(1), and 908(a) of this title, is amended by adding at the end the following:

'(18) Ban on using federal tanf funds to replace state or local spending that is not a qualified state expenditure. A State to which a grant is made under section 403, and a sub-State entity that receives funds from such a grant, shall not expend any part of the grant funds to supplant State or local spending for benefits or services which are not qualified State expenditures (within the meaning of section 409(a)(7)(B)(i)).‘.
(b) Penalty. Section 409(a) (42 U.S.C. 609), as amended by sections 903(c)(2)(A), 905(d)(1), 906(b)(2), 907(b)(2), and 908(b) of this title, is amended by adding at the end the following:

'(22) Use of federal tanf funds to replace state or local spending that is not a qualified state expenditure. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(a)(18) during the 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.'.

SEC. 710. TANF ASSISTANCE TO MEET BASIC FAMILY ECONOMIC NEEDS.

(a) State Plan Requirement. Section 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)), as amended by sections 906(c) and 907(d) of this title, is amended by adding at the end the following:

'(viii) Family budget provisions. The document shall set forth a family budget of a dollar amount sufficient to meet the basic economic needs (including food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses) of a family, how the family budget is adjusted for family size, the method used to estimate the family budget (including a statement of the relationship between shelter and utility costs and the fair market rents in localities in the State), and the relationship between the amount of assistance provided to each family under the program and the amount of the family budget for the family.'.

(b) Program Requirement. Section 408(a) (42 U.S.C. 608(a)), as amended by sections 905(d)(1), 906(b)(1), 907(b)(1), 908(a), and 909(a) of this title, is amended by adding at the end the following:

'(19) Requirement that amount of assistance meet basic economic needs. A State to which a grant is made under section 403 shall ensure that the total amount of assistance provided to a family under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for which the family is eligible is sufficient to meet the basic economic needs of the family, taking into account all earned and unearned income of the family and an amount not to exceed the value of the supplemental nutrition assistance benefits provided to the family under the Food and Nutrition Act of 2008.'.

(c) Penalty. Section 409(a) (42 U.S.C. 609), as amended by sections 903(c)(2)(A), 905(d)(1), 906(b)(2), 907(b)(2), 908(b), and 909(b) of this title, is amended by adding at the end the following:

'(23) Penalty for failure of state tanf assistance to meet basic economic needs of a recipient family. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(a)(19) during the 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.'.

SEC. 711. STATE PLANS AND REPORTS ON CHILD POVERTY.

(a) Child Poverty Reduction as a Purpose of the TANF Program. Section 401(a)(1) (42 U.S.C. 601(a)(1)) is amended by redesignating paragraphs (1) through (4) as paragraphs (2) through (5), respectively, and by inserting before paragraph (2) (as so redesignated) the following:

'(1) reduce poverty among children;'.

(b) State Plan Provisions.
(1) Matters required to be addressed. Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by adding at the end the following:

'(ix) Goals and methods for reducing child poverty. Reduce child poverty using Federal funds provided under this part and State funds, including establishing numerical goals for reducing child poverty.

'(x) Goals and tracking of work outcomes. Track work-related outcomes for recipients of assistance under the program, such as employment entries, wages, and job retention, including establishing numerical goals for work-related outcomes for recipients.

'(xi) Provide preventative services to families at risk of abuse or neglect. Provide benefits and services to families at risk of having their children removed from the home because of abuse and neglect, using Federal funds provided under this part and State funds.

'(xii) How noncustodial parents will be served. Serve noncustodial parents, using Federal funds provided under this part and State funds.'.

(2) Public availability. Section 402(c) (42 U.S.C. 602(c)) is amended to read as follows:

'(c) Public Availability.-

'(1) In general. The State shall make available to the public, including by posting on a public website of the State or another appropriate website-

'(A) each draft of any plan or plan amendment to be submitted by the State under this section, for at least 45 days before the submission; and

'(B) any such plan or amendment certified by the Secretary to be complete.

'(2) Procedures. The State shall establish procedures to receive and respond to comments from the public, private sector organizations, and local governments on any draft referred to in paragraph (1).'

(c) Annual Performance Report. Section 411 (42 U.S.C. 611) is amended by adding at the end the following:

'(e) Annual Performance Report by States. Not later than December 31 of each year, each eligible State shall submit to the Secretary (in accordance with such form and content rules as the Secretary, in consultation with the National Governor's Association, National Association of State Legislatures, and the American Public Human Services Association, develops) a report on the following aspects of the State program funded under this part in the preceding fiscal year:

'(1) Whether the State met the child poverty reduction goals set forth in the State plan. This part of the report shall include a discussion of the factors, including benefits, services, and activities funded with Federal funds provided under this part or State funds, which contributed to the meeting of, or the failure to meet, the goals.

'(2) Whether the work programs of the State were effective in meeting the objectives and numerical goals of the State plan. This part of the report shall include a discussion of data derived from the tracking of recipients, including-

'(A) the number of families that left the State program funded under this part;

'(B) the employment rate for those who left the program in each calendar quarter;
(C) the wage rates of those who left the program, including the percentage of leavers who, in each calendar quarter, earned an amount equal to at least 50 percent of the average wage then paid in the State; and

(D) the employment outcomes of those who left the program because of a durational limit on assistance, reported at 6 months, 12 months, 24 months, and 36 months after leaving the program.

The Secretary shall provide States with technical assistance in preparing this part of the report, including by providing States with data from the National Directory of New Hires.

(3) Whether the State has been effective in providing benefits and services under the program to persons with disabilities. This part of the report shall include a report on recipients of assistance under the State program funded under this part who participated in work activities (as defined in section 407(d)) pursuant to a modified employability plan due to disability, including the following:

(A) The aggregate number of recipients with modified employability plans due to a disability.

(B) The percentage of all recipients with modified employability plans who substantially complied with activities set forth in the plans each month of the fiscal year.

(C) Information regarding the most prevalent types of physical and mental impairments that provided the basis for the disability determinations.

(D) The percentage of cases with a modified employability plan in which the recipient had a disability, was caring for a child with a disability, or was caring for another family member with a disability.

(E) A description of the most prevalent types of modification in work activities or hours of participation that were included in the modified employability plans.

(F) A description of the qualifications of the staff who determined whether individuals had a disability, of the staff who determined that individuals needed modifications to their work requirements, and of the staff who developed the modified employability plans.

(4) The effectiveness of the benefits and services provided under the State program in reducing the number of children removed from their homes because of abuse and neglect. This part of the report shall include an analysis which includes the following:

(A) The number of families provided the benefits or services that were at risk of having their children removed from the home.

(B) The number of families served by the program that had 1 or more children removed from the home because of abuse or neglect.

(5) An analysis of the extent to which the benefits and services under the State program were provided to noncustodial parents.

(6) How funds provided to the State under this part, with a separate accounting for funds provided under section 403(a)(3) and funds provided under section 403(b), were used to serve areas of the State with the greatest need (as referred to in section 402(a)(1)(A)(i)). This part of the report shall include supporting data."
(d) Annual Report to Congress on the Efforts of State Programs To Promote and Support Employment for Individuals With Disabilities. Section 411 (42 U.S.C. 611), as amended by subsection (c) of this section, is amended by adding at the end the following:

'(f) Report by Secretary. Not later than July 31 of each fiscal year, the Secretary shall submit to the Congress a report, entitled 'Efforts in State TANF Programs to Promote and Support Employment for Individuals with Disabilities', that includes information on State efforts to engage individuals with disabilities in work activities during the preceding fiscal year. The report shall include the following information:

'(1) For each State, the number of individuals for whom the State has developed a modified employability plan.

'(2) The types of physical and mental impairments that provided the basis for the disability determination, and whether the individual with the disability was an adult recipient or minor child head of household, a child, or a non-recipient family member.

'(3) The types of modifications that States have included in modified employability plans.

'(4) The extent to which individuals with a modified employability plan are participating in work activities.

'(5) For each State, an analysis of the extent to which the option to establish modified employability plans was a factor in the State achieving or not achieving the minimum participation rate required by section 407(a).

(e) Report to Congress on Legislative Options To Reward States With High Employment Rates and High Rates of Employment at Good Wages. Within 4 years after the effective date of this section, the Secretary of Health and Human Services shall submit to the Congress a report that sets forth options for the enactment of legislation to provide financial or other rewards to States that have high rates of employment and high rates of employment at good wages.

SEC. 712. REQUIREMENT THAT STATES ADOPT STANDARDS AND PROCEDURES TO ADDRESS DOMESTIC AND SEXUAL VIOLENCE AMONG TANF RECIPIENTS.

(a) In General. Section 402(a)(7) (42 U.S.C. 602(a)(7)) is amended-

(1) by striking the paragraph heading and inserting 'Certification of standards and procedures regarding domestic and sexual violence';

(2) by striking subparagraph (A) and inserting the following:

'(A) In general. A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure the right and entitlement of victims of domestic or sexual violence (notwithstanding section 401(b)) seeking or receiving assistance under the State program funded under this part or any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i))-

'(i) to be screened and identified while maintaining the confidentiality of the victims;

'(ii) to be referred to counseling and supportive services;

'(iii) to be granted a waiver, pursuant to a determination of good cause, of program requirements such as time limits (for so long as necessary), residency requirements, child support cooperation requirements, and family cap provisions, in
cases where compliance with the requirements would make it more difficult for the victims to escape domestic or sexual violence or unfairly penalize the victims or other individuals who are at risk of further domestic or sexual violence;

'(iv) to apply to participate in the program on the same day the victim appears in person in a program office during office hours;

'(v) to have an application that contains the name, address, and signature of the victim considered to be filed on the date the application is submitted;

'(vi) to receive at the time of application a clear, written statement explaining what the victim must do to cooperate in obtaining verification and otherwise completing the application process; and

'(vii) if the victim has completed the application process, to have the eligibility of the victim for assistance determined promptly, and to be provided assistance retroactive to the application date if determined eligible within 30 days after the application date.'; and

(3) in subparagraph (B)-

(A) in the subparagraph heading, by inserting 'or sexual' after 'Domestic'; and

(B) in the text, by inserting 'or sexual' after 'domestic'.

(b) Report to the Congress on Best Practices of States. Section 413 (42 U.S.C. 613) is amended by adding at the end the following:

'(k) Report to Congress on Best Practices of States in Addressing Domestic and Sexual Violence Suffered by TANF Recipients. Every 4 years, the Secretary shall prepare and submit to the Congress a report which examines the practices of States in implementing section 402(a)(7), and identifies the best practices used to do so.'.

(c) Effective Date. The amendments made by this section shall take effect on October 1, 2017.

### SEC. 713. CHILD CARE ENTITLEMENT.

(a) Replacement of Requirement That Portion of Funds Be Used for Certain Populations With Child Care Guarantee. Section 418(b)(2) (42 U.S.C. 618(b)(2)) is amended to read as follows:

'(2) Child care to be guaranteed for certain populations. As a condition of receiving funds under this section, a State shall guarantee the provision of child care services to-

'(A) each recipient of assistance under the State program funded under this part or under a State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) of this Act, and to each work-eligible individual (as defined in section 407(a)(2) of this Act), for any period in which the recipient or individual is-

'(i) participating in a work activity (as defined in section 407(d) of this Act);

'(ii) employed, and in a family the total income of which does not exceed 250 percent of the poverty line (within the meaning of section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section applicable to a family of the size involved); or
(iii) engaged in employment subsidized by the State; or

(B) each individual who is a former recipient of assistance under such a program or a former work-eligible individual, for any portion of the 24-month period, beginning with the date the individual left the program involved, in which the individual is employed and in a family that meets the income requirement of subparagraph (A)(ii).

(b) Elimination of State Caps. Section 418(a) (42 U.S.C. 618(a)) is amended-

(1) in paragraph (2)-

(A) by striking subparagraphs (B) and (D) and redesignating subparagraph (C) as subparagraph (B); and

(B) in subparagraph (B) (as so redesignated), by striking 'the lesser of the State's allotment under subparagraph (B) or'; and

(2) in paragraph (5), by striking '(2)(C)' and inserting '(2)(B)'.

(c) Open-Ended Entitlement. Section 418(a) (42 U.S.C. 618(a)) is amended-

(1) in paragraph (1), by striking 'Subject to the amount appropriated under paragraph (3), each' and inserting 'Each'; and

(2) in paragraph (3), by striking 'appropriated ' and all that follows and inserting 'appropriated such sums as are necessary to carry out this section for each fiscal year.'.

(d) Use of Funds in Accordance With Child Care and Development Block Grant Act of 1990 Except as Required by Child Care Guarantee. Section 418(c) (42 U.S.C. 618(c)) is amended by inserting 'except to the extent that such a requirement or limitation would interfere with the provision of child care services required by subsection (b)(2)' before the period.

SEC. 714. CHILD SUPPORT ENFORCEMENT.

(a) Elimination of Ban on Providing Assistance to Families Not Assigning Certain Support Rights to the State.-

(1) In general. Section 408(a) (42 U.S.C. 608(a)) is amended by striking paragraph (3).

(2) Conforming amendments. The following provisions are each amended by inserting after 'section 408(a)(3)' the following: '(as in effect before the effective date of the amendments made by title IX of the Pathways Out of Poverty Act of 2017 took effect)'.

(A) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)).

(B) Section 452(h) (42 U.S.C. 652(h)).

(C) Section 454(5)(A) (42 U.S.C. 654(5)(A)).

(D) Section 456(a)(1) (42 U.S.C. 656(a)(1)).


(F) Section 457(a)(3)(A) (42 U.S.C. 657(a)(3)(A)).
(G) Section 457(a)(3)(B) (42 U.S.C. 657(a)(3)(B)).

(H) Section 464(a)(1) (42 U.S.C. 664(a)(1)).

(I) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)).

(b) Requirement That All Child Support Collected on Behalf of a Child in a Family Receiving TANF Be Distributed to the Family.-

(1) In general. Section 457 (42 U.S.C. 657) is amended-

(A) in subsection (c)(1), by striking 'means ' and all that follows through '(B) foster' and inserting 'means foster'; and

(B) by adding at the end the following:

'(f) Notwithstanding the preceding provisions of this section, all amounts collected by a State as child support on behalf of a child in a family that is receiving assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) shall be distributed to the family.'.

(2) Conforming amendments. Section 458(b)(5)(C)(i)(I) (42 U.S.C. 658(b)(5)(C)(i)(I)) is amended-

(A) by inserting 'is collected on behalf of a child described in section 457(f) or' after 'involved'; and

(B) by striking 'A or'.

SEC. 715. STATE OPTION TO EXTEND ELIGIBILITY FOR ASSISTANCE TO CHILDREN THROUGH AGE 21; PROHIBITION ON CONSIDERING FINANCIAL AID TIED TO EDUCATION OF CHILD IN DETERMINING ELIGIBILITY FOR, OR AMOUNT OF ASSISTANCE; PROHIBITION ON IMPOSING ADDITIONAL REQUIREMENTS BASED ON EDUCATIONAL ENROLLMENT OF CHILD.

(a) State Option To Extend TANF to Children Under Age 22. Section 419(2) (42 U.S.C. 619(2)) is amended-

(1) by striking 'or' at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting '; or'; and

(3) by adding at the end the following:

'(C) at the option of the State, has not attained 22 years of age.'.

(b) Ban on Considering Financial Aid Tied to Education of Child in Determining Eligibility for, or Amount of Assistance; Ban on Imposing Additional Requirements Based on Educational Enrollment of Child.-

(1) Prohibitions. Section 408(a) (42 U.S.C. 608(a)), as amended by sections 903(c)(2)(A), 905(d)(1), 906(b)(1), 907(b)(1), 908(a), 909(a), and 910(b) of this title, is amended by adding at the end the following:
'(20) Ban on considering financial aid tied to education of child in determining eligibility for, or amount of assistance; ban on imposing additional requirements based on educational enrollment of child. A State to which a grant is made under section 403 for a fiscal year shall not-

'(A) consider financial aid tied to the training, school attendance, or postsecondary school attendance of a minor child in determining that the eligibility of the family of the child for, or the amount of assistance to be provided to the family, under the State program funded under this part or any other State program funded by qualified State expenditures (as defined in section 409(a)(7)(B)(i)); or

'(B) impose additional requirements on a family solely because the family includes a minor child who is enrolled in a training program, school, or post-secondary educational institution.'.

(2) Penalty. Section 409(a) (42 U.S.C. 609), as amended by sections 903(c)(2)(A), 905(d)(1), 906(b)(2), 907(b)(2), 908(b), 909(b), and 910(c) of this title, is amended by adding at the end the following:

'(24) Considering educational enrollment of child or of financial aid tied to education of child. If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 408(a)(20) during the 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.'.

SEC. 716. ELIMINATION OF CERTAIN OTHER BARS TO TANF ASSISTANCE.

(a) Bar on Assistance for Persons Convicted of Drug Felonies. Section 115 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (21 U.S.C. 862a) is amended-

(1) in the section heading by striking 'assistance and' and inserting 'supplemental nutrition assistance';

(2) in subsection (a), by striking 'for ' and all that follows through '(2) benefits' and inserting 'for benefits';

(3) in subsection (b), by striking all through 'The amount of benefits' and inserting the following:

'(b) Effects on Benefits for Others. The amount of benefits';

(4) in subsection (c), by striking 'assistance or'; and

(5) in subsection (e), by striking 'it ' and all that follows through 'in section 3(s)' and inserting 'it in section 3(s)'.

(b) Bar on Assistance for Unwed Teen Parents Not in School. Section 408(a) (42 U.S.C. 608(a)) is amended by striking paragraph (4).

(c) Bar on Assistance for Teens Not in an Adult-Supervised Living Arrangement. Section 408(a) (42 U.S.C. 608(a)) is amended by striking paragraph (5).

(d) Redesignation of Provisions.-

(1) In general. Section 408(a) (42 U.S.C. 608(a)), as amended by the preceding provisions of this title, is amended by redesignating paragraphs (6) through (20) as paragraphs (3) through (17), respectively.

(2) Conforming amendments.-
(A) Section 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is amended by striking '408(a)(7)(C)(iii)' and inserting '408(a)(4)(C)(iii)'.

(B) Section 403(a)(5)(C)(ii)(II) (42 U.S.C. 603(a)(5)(C)(ii)(II)) is amended by striking '408(a)(7)(C)' and inserting '408(a)(4)(C)'.

(C) Section 403(a)(5)(C)(v) (42 U.S.C. 603(a)(5)(C)(v)) is amended by striking '408(a)(7)' and inserting '408(a)(4)'.

(D) Section 409(a)(7)(B)(i)(IV) (42 U.S.C. 609(a)(7)(B)(i)(IV)) is amended by striking '408(a)(7)' and inserting '408(a)(4)'.

(E) Section 409(a)(9) (42 U.S.C. 609(a)(9)) is amended by striking '408(a)(7)' and inserting '408(a)(4)'.

(F) Section 409(a)(17), as added by section 905(d)(1)(A)(ii) of this title, is amended by striking '408(a)(13)' and inserting '408(a)(10)'.

(G) Section 409(a)(18), as added by section 905(d)(1)(A)(ii) of this title, is amended by striking '408(a)(14)' and inserting '408(a)(11)'.

(H) Section 409(a)(19), as added by section 906(b)(2) of this title, is amended by striking '408(a)(15)' and inserting '408(a)(12)'.

(I) Section 409(a)(20), as added by section 907(b)(2) of this title, is amended by striking '408(a)(16)' and inserting '408(a)(13)'.

(J) Section 409(a)(21), as added by section 908(b) of this title, is amended by striking '408(a)(17)' and inserting '408(a)(14)'.

(K) Section 409(a)(22), as added by section 909(b) of this title, is amended by striking '408(a)(18)' and inserting '408(a)(15)'.

(L) Section 409(a)(23), as added by section 910(c) of this title, is amended by striking '408(a)(19)' and inserting '408(a)(16)'.

(M) Section 409(a)(24), as added by section 915(b)(2) of this title, is amended by striking '408(a)(20)' and inserting '408(a)(17)'.


SEC. 717. EFFECTIVE DATE.

(a) In General. Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on October 1, 2017, and shall apply to payments under title IV of the Social Security Act for calendar quarters beginning on or after such date, without regard to whether regulations to implement the amendments are promulgated by such date.

(b) Delay Permitted if State Legislation Required. If the Secretary of Health and Human Services determines that State legislation (other than legislation appropriating funds) is required in order for a State plan under part A or E of title IV of the Social Security Act to meet the additional requirements imposed by the amendments made by this title, the plan shall not be regarded as failing to meet any of the 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 the enactment of this Act. If the State has a 2-year legislative session, each year of the session is deemed to be a separate regular session of the State legislature.
TITLE VIII EMPLOYMENT ADVANCEMENT, RETENTION, AND NAVIGATION ACT

SEC. 811. FOCUS ON EMPLOYMENT.

(a) Purpose. Section 401(a) of the Social Security Act (42 U.S.C. 601(a)) is amended-

(1) in paragraph (3), by striking 'and' at the end;

(2) in paragraph (4), by striking the period at the end and inserting '; and'; and

(3) by adding at the end the following:

'(5) promote employment advancement among needy families.'.

(b) State Plan Requirement. Section 402(a)(1)(A) of such Act (42 U.S.C. 602(a)(1)(A)) is amended-

(1) by redesignating clauses (vii) and (viii) as clauses (viii) and (ix), respectively; and

(2) by inserting after clause (vi) the following:

'(vii) Establish numeric goals for increasing job entry, employment retention, and earnings gains for current and recent recipients of assistance under the program, and provide the Secretary with a narrative description of the activities and programs the State will implement to attain these goals.'.

SEC. 812. MODIFICATION RELATING TO THE CONTINGENCY FUND.

(a) Limitation on Use of Contingency Fund Grants. Section 403(b)(3) of the Social Security Act (42 U.S.C. 603(b)(3)) is amended by inserting at the end the following:

'(D) Limitation on use of funds. Funds received by a State under this paragraph shall be used solely to support training programs leading to a credential that is directly linked to the employment opportunities in the local area or region involved in order to promote the employment of current or recent recipients of assistance under the State program funded under this Part (including non-custodial parents of such recipients).'.

(b) Elimination of Maintenance of Effort Requirement for Contingency Fund. Section 409(a) of such Act (42 U.S.C. 609(a)) is amended by striking paragraph (10).

(c) Modification of Annual Reconciliation Requirement for Contingency Fund. Section 403(b)(6)(B)(i)(II) of such Act (42 U.S.C. 603(b)(6)(B)(i)(II)) is amended by inserting before 'historic' the following: 'the applicable percentage (as defined in section 409(a)(7)(B)(ii)) of'.

SEC. 813. TRAINING FOR IN-DEMAND JOBS.

(a) Vocational Educational Training for Employment in an In-Demand Occupation. Section 407(d)(8) of the Social Security Act (42 U.S.C. 607(d)(8)) is amended to read as follows:
'(8) vocational educational training not to exceed 12 months for any individual, or not to exceed 24 months for any individual participating in a training program leading to a credential that is directly linked to the employment opportunities in the individual's local area or region;'.

(b) Treatment of Students Under 20 Years of Age as Engaged in Work. Section 407(c)(2)(D) of such Act (42 U.S.C. 607(c)(2)(D)) is amended by striking ‘, or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph'.

SEC. 814. EFFECTIVE DATE.

The amendments made by this title shall take effect on the date of the enactment of this title.

TITLE IX RESTORING SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAMS FUNDING CUTS INSTITUTED IN FARM BILL (HEAT-AND-EAT)

SEC. 901. RESTORATION OF STANDARD UTILITY ALLOWANCES BASED ON THE RECEIPT OF ENERGY ASSISTANCE PAYMENTS.

(a) Standard Utility Allowances in the Supplemental Nutrition Assistance Program. Section 5(e)(6)(C) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(6)(C)) is amended-

(1) in clause (i) by striking ‘, subject to clause (iv)’, and

(2) in clause (iv) by striking subclause (I) and inserting the following:

'(I) In general. Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.’.

(b) Conforming Amendment. Section 2605(f)(2)(A) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)(2)(A)) is amended by striking ‘, except that, for purposes of the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.), such payments or allowances were greater than $20 annually, consistent with section 5(e)(6)(C)(iv)(I) of that Act (7 U.S.C. 2014(e)(6)(C)(iv)(I)), as determined by the Secretary of Agriculture’.

TITLE X HELPING HUNGRY STUDENTS LEARN

SEC. 1001. FINDINGS.

Congress makes the following findings:

(1) In 2012, nearly one in five children in America lived in a household that lacked access to nutritious food on a regular basis. That is 15.9 million American children who struggled with hunger at some time during the year.
Children who experience hunger are more likely to get sick and are more likely to be obese than those who do not. Children facing chronic hunger also find it more difficult to concentrate in school and tend to exhibit higher levels of behavioral, emotional, and academic problems.

Federal programs play an important role in addressing childhood hunger. In 2013, 21 million students participated in the free or reduced-price lunch program. Eleven million students participated in the free or reduced-price breakfast program. Three million low-income children received free meals during the summer months. Forty-seven percent of participants in the supplemental nutrition assistance program are under the age of 18.

On average, students who eat school breakfast achieve 17.5 percent higher scores on standardized math tests, and attend 1.5 more days of school each year than those who do not. Students who attend class more regularly are 20 percent more likely to graduate from high school. Participation in the school breakfast program is associated with children having a lower Body Mass Index.

SEC. 1002. SCHOOL LUNCH PROGRAM.

Section 9(b) of the Richard B. Russell National School Lunch Act is amended-

(1) in paragraph (1)(A), by inserting after the third sentence the following: 'Notwithstanding any other provision of this Act and the Child Nutrition Act of 1966, for each school year beginning on or after the July 1 of the year following the year of enactment of the Pathways Out of Poverty Act of 2017, the income guidelines for determining eligibility for free lunches shall be 185 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B); and

(2) in paragraph (9)(B), by inserting at the end the following:

'(iii) Termination of reduced-price category. Beginning with the school year beginning July 1 of the year following the year of enactment of the Pathways Out of Poverty Act of 2017, no child shall be determined eligible for a reduced price lunch.'.

SEC. 1003. SCHOOL BREAKFAST PROGRAM.

(a) Universal School Breakfast Program. Section 4(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(a)) is amended-

(1) by striking '(a) There' and inserting: '(a)(1) There'; and

(2) by adding at the end the following:

'(2) Universal school breakfast program. For each school year beginning on or after the July 1 of the year following the year of enactment of the Pathways Out of Poverty Act of 2017, each school participating in the school breakfast program under this section shall provide breakfast under the program to each student that desires such a breakfast at no cost to the student.'.

(b) National Average Payment Rate. Section 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(B)) is amended by adding at the end the following: 'Notwithstanding any other provision of this Act or the Richard B. Russell National School Lunch Act, for each school year beginning on or after the July 1 of the year following the year of enactment of the Pathways Out of Poverty Act of 2017, the national average payment for each breakfast served to
any child shall be equal to the national average payment for each free breakfast served during the school year beginning July 1 of the year of enactment of the Pathways Out of Poverty Act of 2017 (which shall be adjusted pursuant to section 11(a) of the Richard B. Russell National School Lunch Act).

(c) Severe Need Assistance. Section 4(d)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(d)(1)) is amended-

(1) by striking '(A) during' and inserting: '(A)(i) during';

(2) by striking '(B) in' and inserting '(ii) in';

(3) by striking 'subparagraph (A)' and inserting 'clause (i)';

(4) by striking 'met.' and inserting 'met; and'; and

(5) by adding at the end the following:

'(B) for each school year beginning on or after the July 1 of the year following the year of enactment of the Pathways Out of Poverty Act of 2017, there is an alternative breakfast serving model to increase participation in the school breakfast program, such as by serving breakfast in the classroom or having a school breakfast cart.'.

SEC. 1004. SUMMER ELECTRONIC BENEFITS TRANSFER FOR CHILDREN PROGRAM.

The Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) is amended by adding at the end the following:

'SEC. 30. SUMMER ELECTRONIC BENEFITS TRANSFER FOR CHILDREN PROGRAM.

'(a) In General. From the amount appropriated to carry out this section, the Secretary shall carry out a summer electronic benefits transfer for children program by awarding grants to States that desire to participate in such program to assist such States with the initial administrative costs of such participation.

'(b) Program Requirements. The summer electronic benefits transfer for children program carried out under this section shall have the same terms and conditions as the summer electronic benefits transfer for children demonstration project carried out under section 749(g) of the Agriculture, Rural Development, and Food and Drug Administration, and Related Agencies Appropriations Act, 2010 (Public Law 111-80; 123 Stat. 2131), except that the Secretary shall prescribe an annual adjustment for the monthly benefit of $60 per child that is adjusted at the time that the annual adjustments are made for the national average payment rates for breakfasts and lunches (pursuant to section 11(a) of this Act).

SEC. 1005. WEEKENDS AND HOLIDAYS WITHOUT HUNGER.

Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) is amended by adding at the end the following:

'(l) Weekends and Holidays Without Hunger.-

'(l) Definitions. In this subsection:

'(A) At-risk school child. The term 'at-risk school child' has the meaning given the term in section 17(r)(1).
'(B) Eligible institution.-

'(i) In general. The term 'eligible institution' means a public or private nonprofit institution that is determined by the Secretary to be able to meet safe food storage, handling, and delivery standards established by the Secretary.

'(ii) Inclusions. The term 'eligible institution' includes-

'(I) an elementary or secondary school or school food service authority;

'(II) a food bank or food pantry;

'(III) a homeless shelter; and

'(IV) such other type of emergency feeding agency as is approved by the Secretary.

'(2) Establishment. Subject to the availability of appropriations provided in advance in an appropriations Act specifically for the purpose of carrying out this subsection, the Secretary shall establish a program under which the Secretary shall provide commodities, on a competitive basis, to State agencies for the purposes of enabling eligible institutions to carry out projects to provide nutritious food to at-risk children on weekends and during extended school holidays during the school year.

'(3) Applications. To participate in the program under this subsection, a State agency shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

'(4) Eligibility.-

'(A) In general. To be eligible to receive commodities under this subsection, an eligible institution shall submit an application to the State agency involved at such time, in such manner, and containing such information as the State agency may require.

'(B) Plan. An application under subparagraph (A) shall include the plan of the eligible institution for the distribution of nutritious foods to at-risk school children under the project to be carried out under this subsection, including-

'(i) methods of food service delivery to at-risk school children;

'(ii) assurances that children receiving foods under the project will not be publicly separated or overtly identified;

'(iii) lists of the types of food to be provided under the project and provisions to ensure food quality and safety;

'(iv) information on the number of at-risk school children to be served and the per-child cost of providing the children with food; and

'(v) such other information as the Secretary determines to be necessary to assist the Secretary in evaluating projects that receive commodities under this subsection.

'(5) Priority. In selecting applications under this subsection, a State agency shall give priority to eligible institutions that-

'(A) have ongoing programs and experience serving populations with significant proportions of at-risk school children;
(B) have a good record of experience in food delivery and food safety systems;

(C) maintain high-quality control, accountability, and recordkeeping standards;

(D) provide children with readily consumable food of high nutrient content and quality;

(E) demonstrate cost efficiencies and the potential for obtaining supplemental funding from non-Federal sources to carry out projects; and

(F) demonstrate the ability to continue projects for the full approved term of the pilot project period.

(6) Guidelines.-

(A) In general. The Secretary shall issue guidelines containing the criteria for eligible institutions to receive commodities under this section from State agencies.

(B) Inclusions. The guidelines shall, to the maximum extent practicable within the funds available and applications submitted, take into account-

(i) geographical variations in project locations that will be carried out by eligible institutions to include qualifying projects in rural, urban, and suburban areas with high proportions of families with at-risk school children;

(ii) different types of projects that offer nutritious foods on weekends and during school holidays to at-risk school children; and

(iii) institutional capacity to collect, maintain, and provide statistically valid information necessary for the Secretary-

(I) to analyze and evaluate the results of the pilot project; and

(II) to make recommendations to Congress.

(7) Evaluation.-

(A) Interim evaluation. Not later than November 30, 2018, the Secretary shall complete an interim evaluation of the pilot program carried out under this subsection.

(B) Final report. Not later than December 31, 2020, the Secretary shall submit to Congress a final report that contains-

(i) an evaluation of the pilot program carried out under this subsection; and

(ii) any recommendations of the Secretary for legislative action.

(8) Funding.-

(A) Authorization of appropriations. There is authorized to be appropriated to carry out this subsection such sums as are necessary, to remain available until expended.
'(B) Availability of funds. Not more than 3 percent of the funds made available under subparagraph (A) may be used by the Secretary for expenses associated with review of the operations and evaluation of the projects carried out under this subsection.'

TITLE XI FOOD ASSISTANCE TO IMPROVE REINTEGRATION ACT

SEC. 1101. REPEAL OF DENIAL OF BENEFITS.

Section 115 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (21 U.S.C. 862a) is amended-

(1) in subsection (a) by striking paragraph (2);

(2) in subsection (b) by striking paragraph (2); and

(3) in subsection (e) by striking paragraph (2).

DIVISION D LABOR/JOB TRAINING

TITLE XII ASSISTANCE FOR THE UNEMPLOYED AND PATHWAYS BACK TO WORK

Subtitle A Supporting Unemployed Workers

SEC. 1201. SHORT TITLE.

This subtitle may be cited as the 'Supporting Unemployed Workers Act of 2017'.

PART I EXTENSION OF EMERGENCY UNEMPLOYMENT COMPENSATION AND CERTAIN EXTENDED BENEFITS PROVISIONS, AND ESTABLISHMENT OF SELF-EMPLOYMENT ASSISTANCE PROGRAM

SEC. 1211. EXTENSION OF EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAM.

(a) In General. Section 4007 of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended by striking 'January 1, 2014' and inserting 'January 1, 2018'.

(b) Funding. Section 4004(e)(1) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended-

(1) in subparagraph (I), by striking 'and' at the end;

(2) in subparagraph (J), by inserting 'and' at the end; and

(3) by inserting after subparagraph (J) the following:

'(K) the amendments made by section 1411(a) of the Supporting Unemployed Workers Act of 2017; and'.

(c) Effective Date. The amendments made by this section shall take effect as if included in the enactment of the American Taxpayer Relief Act of 2012 (Public Law 112-240; 26 U.S.C. 3304 note).
SEC. 1212. TEMPORARY EXTENSION OF EXTENDED BENEFIT PROVISIONS.

(a) In General. Section 2005 of the Assistance for Unemployed Workers and Struggling Families Act, as contained in Public Law 111-5 (26 U.S.C. 3304 note), is amended-

(1) by striking 'December 31, 2013' each place it appears and inserting 'December 31, 2017'; and

(2) in subsection (c), by striking 'June 30, 2014' and inserting 'June 30, 2018'.

(b) Extension of Matching for States With No Waiting Week. Section 5 of the Unemployment Compensation Extension Act of 2008 (Public Law 110-449; 26 U.S.C. 3304 note) is amended by striking 'June 30, 2014' and inserting 'June 30, 2018'.

(c) Extension of Modification of Indicators Under the Extended Benefit Program. Section 203 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note) is amended-

(1) in subsection (d), by striking 'December 31, 2013' and inserting 'December 31, 2017'; and

(2) in subsection (f)(2), by striking 'December 31, 2013' and inserting 'December 31, 2017'.

(d) Effective Date. The amendments made by this section shall take effect as if included in the enactment of the American Taxpayer Relief Act of 2012 (Public Law 112-240; 26 U.S.C. 3304 note).

SEC. 1213. ADDITIONAL EXTENDED UNEMPLOYMENT BENEFITS UNDER THE RAILROAD UNEMPLOYMENT INSURANCE ACT.

(a) Extension. Section 2(c)(2)(D)(iii) of the Railroad Unemployment Insurance Act (45 U.S.C. 352(c)(2)(D)(iii)) is amended-

(1) by striking 'June 30, 2013' and inserting 'June 30, 2017'; and

(2) by striking 'December 31, 2013' and inserting 'December 31, 2017'.

(b) Clarification on Authority To Use Funds. Funds appropriated under either the first or second sentence of clause (iv) of section 2(c)(2)(D) of the Railroad Unemployment Insurance Act (45 U.S.C. 352(c)(2)(D)) shall be available to cover the cost of additional extended unemployment benefits provided under such section 2(c)(2)(D) by reason of the amendments made by subsection (a) as well as to cover the cost of such benefits provided under such section 2(c)(2)(D), as in effect on the day before the date of the enactment of this Act.

PART II REEMPLOYMENT NOW PROGRAM

SEC. 1221. ESTABLISHMENT OF REEMPLOYMENT NOW PROGRAM.

(a) In General. There is established the Reemployment NOW program to be carried out by the Secretary of Labor in accordance with this part in order to facilitate the reemployment of individuals who are receiving emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) (hereafter in this part referred to as 'EUC claimants').
(b) Authorization and Appropriation. There are authorized to be appropriated $4,000,000,000 for fiscal year 2017 to carry out the Reemployment NOW program under this part.

SEC. 1222. DISTRIBUTION OF FUNDS.

(a) In General. Of the amount made available under section 1321(b) to carry out this part, the Secretary of Labor shall-

(1) reserve up to 1 percent for the costs of Federal administration and for carrying out rigorous evaluations of the activities conducted under this part; and

(2) allot the remainder of the funds not reserved under paragraph (1) in accordance with the requirements of subsections (b) and (c) to States that have approved plans under section 1223.

(b) Allotment Formula.-

(1) Formula factors. The Secretary of Labor shall allot the funds available under subsection (a)(2) as follows-

(A) two-thirds of such funds shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States; and

(B) one-third of such funds shall be allotted on the basis of the relative number of individuals in each State who have been unemployed for 27 weeks or more, compared to the total number of individuals in all States who have been unemployed for 27 weeks or more.

(2) Calculation. For purposes of paragraph (1), the number of unemployed individuals and the number of individuals unemployed for 27 weeks or more shall be based on the data for the most recent 12-month period, as determined by the Secretary.

(c) Reallotment.-

(1) Failure to submit state plan. If a State does not submit a State plan by the time specified in section 1223(b), or a State does not receive approval of a State plan, the amount the State would have been eligible to receive pursuant to the formula under subsection (b) shall be allotted to States that receive approval of the State plan under section 1223 in accordance with the relative allotments of such States as determined by the Secretary under subsection (b).

(2) Failure to implement activities on a timely basis. The Secretary of Labor may, in accordance with procedures and criteria established by the Secretary, recapture the portion of the State allotment under this part that remains unobligated if the Secretary determines such funds are not being obligated at a rate sufficient to meet the purposes of this part. The Secretary shall reallocate such recaptured funds to other States that are not subject to recapture in accordance with the relative share of the allotments of such States as determined by the Secretary under subsection (b).

(3) Recapture of funds. Funds recaptured under paragraph (2) shall be available for reobligation not later than December 31, 2017.

SEC. 1223. STATE PLAN.
(a) In General. For a State to be eligible to receive an allotment under section 1222, a State shall submit to the Secretary of Labor a State plan in such form and containing such information as the Secretary may require, which at a minimum shall include-

(1) a description of the activities to be carried out by the State to assist in the reemployment of eligible individuals to be served in accordance with this part, including which of the activities authorized in sections 1224 through 1328 the State intends to carry out and an estimate of the amounts the State intends to allocate to the activities, respectively;

(2) a description of the performance outcomes to be achieved by the State through the activities carried out under this part, including the employment outcomes to be achieved by participants and the processes the State will use to track performance, consistent with guidance provided by the Secretary of Labor regarding such outcomes and processes;

(3) a description of coordination of activities to be carried out under this part with activities under title I of the Workforce Innovation and Opportunity Act (as in effect on the day before the date of enactment of the Workforce Innovation and Opportunity Act), the Wagner-Peyser Act, and other appropriate Federal programs;

(4) the timelines for implementation of the activities described in the plan and the number of EUC claimants expected to be enrolled in such activities by quarter;

(5) assurances that the State will participate in the evaluation activities carried out by the Secretary of Labor under this section;

(6) assurances that the State will provide appropriate reemployment services, including counseling, to any EUC claimant who participates in any of the programs authorized under this part; and

(7) assurances that the State will report such information as the Secretary may require relating to fiscal, performance and other matters, including employment outcomes and effects, which the Secretary determines are necessary to effectively monitor the activities carried out under this part.

(b) Plan Submission and Approval. A State plan under this section shall be submitted to the Secretary of Labor for approval not later than 30 days after the Secretary issues guidance relating to submission of such plan. The Secretary shall approve such plans if the Secretary determines that the plans meet the requirements of this part and are appropriate and adequate to carry out the purposes of this part.

(c) Plan Modifications. A State may submit modifications to a State plan that has been approved under this part, and the Secretary of Labor may approve such modifications, if the plan as modified would meet the requirements of this part and are appropriate and adequate to carry out the purposes of this part.

SEC. 1224. BRIDGE TO WORK PROGRAM.

(a) In General. A State may use funds allotted to the State under this part to establish and administer a Bridge to Work program described in this section.

(b) Description of Program. In order to increase individuals’ opportunities to move to permanent employment, a State may establish a Bridge to Work program to provide an EUC claimant with short-term work experience placements with an eligible employer, during which time such individual-

(1) shall be paid emergency unemployment compensation payable under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), as wages for work performed, and as specified in subsection (c);
shall be paid the additional amount described in subsection (e) as augmented wages for work performed; and

(3) may be paid compensation in addition to the amounts described in paragraphs (1) and (2) by a State or by a participating employer as wages for work performed.

(c) Program Eligibility and Other Requirements. For purposes of this program-

(1) individuals who, except for the requirements described in paragraph (3), are eligible to receive emergency unemployment compensation payments under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), and who choose to participate in the program described in subsection (b), shall receive such payments as wages for work performed during their voluntary participation in the program described under subsection (b);

(2) the wages payable to individuals described in paragraph (1) shall be paid from the emergency unemployment compensation account for such individual as described in section 4002 of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), and the amount in such individual's account shall be reduced accordingly;

(3) the wages payable to an individual described in paragraph (1) shall be payable in the same amount, at the same interval, on the same terms, and subject to the same conditions under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), except that-

(A) State requirements applied under such Act relating to availability for work and active search for work are not applicable to such individuals who participate for at least 25 hours per week in the program described in subsection (b) for the duration of such individual's participation in the program;

(B) State requirements applied under such Act relating to disqualifying income regarding wages earned shall not apply to such individuals who participate for at least 25 hours per week in the program described in subsection (b), and shall not apply with respect to-

(i) the wages described under subsection (b); and

(ii) any wages, in addition to those described under subsection (b), whether paid by a State or a participating employer for the same work activities;

(C) State prohibitions or limitations applied under such Act relating to employment status shall not apply to such individuals who participate in the program described in subsection (b); and

(D) State requirements applied under such Act relating to an individual's acceptance of an offer of employment shall not apply with regard to an offer of long-term employment from a participating employer made to such individual who is participating in the program described in subsection (b) in a work experience provided by such employer, where such long-term employment is expected to commence or commences at the conclusion of the duration specified in paragraph (4)(A);

(4) the program shall be structured so that individuals described in paragraph (1) may participate in the program for up to-

(A) 8 weeks, and
(B) 38 hours for each such week;

(5) a State shall ensure that all individuals participating in the program are covered by a workers' compensation insurance program; and

(6) the program meets such other requirements as the Secretary of Labor determines to be appropriate in guidance issued by the Secretary.

(d) State Requirements.-

(1) Certification of eligible employer. A State may certify as eligible for participation in the program under this section any employer that meets the eligibility criteria as established in guidance by the Secretary of Labor, except that an employer shall not be certified as eligible for participation in the program described under subsection (b)-

(A) if such employer-

(i) is a Federal, State, or local government entity;

(ii) would engage an eligible individual in work activities under any employer's grant, contract, or subcontract with a Federal, State, or local government entity, except with regard to work activities under any employer's supply contract or subcontract;

(iii) is delinquent with respect to any taxes or employer contributions described under sections 3301 and 3302(a)(1) of the Internal Revenue Code of 1986 or with respect to any related reporting requirements;

(iv) is engaged in the business of supplying workers to other employers and would participate in the program for the purpose of supplying individuals participating in the program to other employers; or

(v) has previously participated in the program and the State has determined that such employer has failed to abide by any of the requirements specified in subsection (h), (i), or (j), or by any other requirements that the Secretary may establish for employers under subsection (e)(6); and

(B) unless such employer provides assurances that it has not displaced existing workers pursuant to the requirements of subsection (h).

(2) Authorized activities. Funds allotted to a State under this part for the program-

(A) shall be used to-

(i) recruit employers for participation in the program;

(ii) review and certify employers identified by eligible individuals seeking to participate in the program;

(iii) ensure that reemployment and counseling services are available for program participants, including services describing the program under subsection (b), prior to an individual's participation in such program;

(iv) establish and implement processes to monitor the progress and performance of individual participants for the duration of the program;
(v) prevent misuse of the program; and

(vi) pay augmented wages to eligible individuals, if necessary, as described in subsection (e); and

(B) may be used-

(i) to pay workers' compensation insurance premiums to cover all individuals participating in the program, except that, if a State opts not to make such payments directly to a State administered workers' compensation program, the State involved shall describe in the approved State plan the means by which such State shall ensure workers' compensation or equivalent coverage for all individuals who participate in the program;

(ii) to pay compensation to a participating individual that is in addition to the amounts described in subsections (c)(1) and (e) as wages for work performed;

(iii) to provide supportive services, such as transportation, child care, and dependent care, that would enable individuals to participate in the program;

(iv) for the administration and oversight of the program; and

(v) to fulfill additional program requirements included in the approved State plan.

(e) Payment of Augmented Wages if Necessary. In the event that the wages described in subsection (c)(1) are not sufficient to equal or exceed the minimum wages that are required to be paid by an employer under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or the applicable State or local minimum wage law, whichever is higher, a State shall pay augmented wages to a program participant in any amount necessary to cover the difference between-

(1) such minimum wages amount; and

(2) the wages payable under subsection (c)(1).

(f) Effect of Wages on Eligibility for Other Programs. None of the wages paid under this section shall be considered as income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid furnished under any Federal or federally assisted program based on need.

(g) Effect of Wages, Work Activities, and Program Participation on Continuing Eligibility for Emergency Unemployment Compensation. Any wages paid under this section and any additional wages paid by an employer to an individual described in subsection (c)(1), and any work activities performed by such individual as a participant in the program, shall not be construed so as to render such individual ineligible to receive emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note).

(h) Nondisplacement of Employees.-

(1) Prohibition. An employer shall not use a program participant to displace (including a partial displacement, such as a reduction in the hours of non-overtime work, wages, or employment benefits) any current employee (as of the date of the participation).

(2) Other prohibitions. An employer shall not permit a program participant to perform work activities related to any job for which-
(A) any other individual is on layoff from the same or any substantially equivalent position;

(B) the employer has terminated the employment of any employee or otherwise reduced the workforce of the employer with the intention of filling or partially filling the vacancy so created with the work activities to be performed by a program participant;

(C) there is a strike or lock out at the worksite that is the participant's place of employment; or

(D) the job is created in a manner that will infringe in any way upon the promotional opportunities of currently employed individuals (as of the date of the participation).

(i) Prohibition on Impairment of Contracts. An employer shall not, by means of assigning work activities under this section, impair an existing contract for services or a collective bargaining agreement, and no such activity that would be inconsistent with the terms of a collective bargaining agreement shall be undertaken without the written concurrence of the labor organization that is signatory to the collective bargaining agreement.

(j) Limitation on Employer Participation. If, after 24 weeks of participation in the program, an employer has not made an offer of suitable long-term employment to any individual described under subsection (c)(1) who was placed with such employer and has completed the program, a State shall bar such employer from further participation in the program. States may impose additional conditions on participating employers to ensure that an appropriate number of participants receive offers of suitable long-term employment.

(k) Failure To Meet Program Requirements. If a State makes a determination based on information provided to the State, or acquired by the State by means of its administration and oversight functions, that a participating employer under this section has violated a requirement of this section, the State shall bar such employer from further participation in the program. The State shall establish a process whereby an individual described in subsection (c)(1), or any other affected individual or entity, may file a complaint with the State relating to a violation of any requirement or prohibition under this section.

(l) Participant Option To Terminate Participation in Bridge to Work Program.-

(1) Termination. An individual who is participating in a program described in subsection (b) may opt to discontinue participation in such program.

(2) Continued eligibility for emergency unemployment compensation. An individual who opts to discontinue participation in such program, is terminated from such program by a participating employer, or who has completed participation in such program, and who continues to meet the eligibility requirements for emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), shall receive emergency unemployment compensation payments with respect to subsequent weeks of unemployment, to the extent that amounts remain in the account established for such individual under section 4002(b) of such Act or to the extent that such individual commences receiving the amounts described in subsection (c), (d), or (e) of such section, respectively.

(m) Effect of Other Laws. Unless otherwise provided in this section, nothing in this section shall be construed to alter or affect the rights or obligations under any Federal, State, or local laws with respect to any individual described in subsection (c)(1) and with respect to any participating employer under this section.
(n) Treatment of Payments. All wages or other payments to an individual under this section shall be treated as payments of unemployment compensation for purposes of section 209 of the Social Security Act (42 U.S.C. 409) and for purposes of subtitle A and sections 3101, 3111, and 3301 of the Internal Revenue Code of 1986.

SEC. 1225. WAGE INSURANCE.

(a) In General. A State may use the funds allotted to the State under this part to provide a wage insurance program for EUC claimants.

(b) Benefits. The wage insurance program provided under this section may use funds allotted to the State under this part to pay, for a period not to exceed 2 years, to a worker described in subsection (c), up to 50 percent of the difference between-

(1) the wages received by the worker at the time of separation; and

(2) the wages received by the worker for reemployment.

(c) Individual Eligibility. The benefits described in subsection (b) may be paid to an individual who is an EUC claimant at the time such individual obtains reemployment and who-

(1) is at least 50 years of age;

(2) earns not more than $50,000 per year in wages from reemployment;

(3) is employed on a full-time basis as defined by the law of the State; and

(4) is not employed by the employer from which the individual was last separated.

(d) Total Amount of Payments. A State shall establish a maximum amount of payments per individual for purposes of payments described in subsection (b) during the eligibility period described in such subsection.

(e) Non-Discrimination Regarding Wages. An employer shall not pay a worker described in subsection (c) less than such employer pays to a regular worker in the same or substantially equivalent position.

SEC. 1226. ENHANCED REEMPLOYMENT STRATEGIES.

(a) In General. A State may use funds allotted under this part to provide a program of enhanced reemployment services to EUC claimants. In addition to the provision of services to such claimants, the program may include the provision of reemployment services to individuals who are unemployed and have exhausted their rights to emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note). The program shall provide reemployment services that are more intensive than the reemployment services provided by the State prior to the receipt of the allotment under this part.

(b) Types of Services. The enhanced reemployment services described in subsection (a) may include services such as-

(1) assessments, counseling, and other intensive services that are provided by staff on a one-to-one basis and may be customized to meet the reemployment needs of EUC claimants and individuals described in subsection (a);
(2) comprehensive assessments designed to identify alternative career paths;

(3) case management;

(4) reemployment services that are provided more frequently and more intensively than such reemployment services have previously been provided by the State; and

(5) services that are designed to enhance communication skills, interviewing skills, and other skills that would assist in obtaining reemployment.

SEC. 1227. SELF-EMPLOYMENT PROGRAMS.

A State may use funds allotted to the State under this part, in an amount specified under an approved State plan, for the administrative costs associated with starting up the self-employment assistance program described in section 4001(i) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note).

SEC. 1228. ADDITIONAL INNOVATIVE PROGRAMS.

(a) In General. A State may use funds allotted under this part to provide a program for innovative activities, which use a strategy that is different from the reemployment strategies described in sections 1224 through 1227 and which are designed to facilitate the reemployment of EUC claimants. In addition to the provision of activities to such claimants, the program may include the provision of activities to individuals who are unemployed and have exhausted their rights to emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note).

(b) Conditions. The innovative activities approved in accordance with subsection (a)-

(1) shall directly benefit EUC claimants and, if applicable, individuals described in subsection (a), either as a benefit paid to such claimant or individual or as a service provided to such claimant or individual;

(2) shall not result in a reduction in the duration or amount of, emergency unemployment compensation for which EUC claimants would otherwise be eligible;

(3) shall not include a reduction in the duration, amount of or eligibility for regular compensation or extended benefits;

(4) shall not be used to displace (including a partial displacement, such as a reduction in the hours of non-overtime work, wages, or employment benefits) any currently employed employee (as of the date of the participation) or allow a program participant to perform work activities related to any job for which-

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

(B) the employer has terminated the employment of any regular employee or otherwise reduced the workforce of the employer with the intention of filling or partially filling the vacancy so created with the work activities to be performed by a program participant;

(C) there is a strike or lock out at the worksite that is the participant's place of employment; or
(D) the job is created in a manner that will infringe in any way upon the promotional opportunities of currently employed
individuals (as of the date of the participation); and

(5) shall not be in violation of any Federal, State, or local law.

SEC. 1229. GUIDANCE AND ADDITIONAL REQUIREMENTS.

The Secretary of Labor may establish through guidance, without regard to the requirements of section 553 of title
5, United States Code, such additional requirements, including requirements regarding the allotment, recapture, and
reallotment of funds, and reporting requirements, as the Secretary determines to be necessary to ensure fiscal integrity,
effective monitoring, and appropriate and prompt implementation of the activities under this Act.

SEC. 1230. REPORT OF INFORMATION AND EVALUATIONS TO CONGRESS AND THE PUBLIC.

The Secretary of Labor shall provide to the appropriate Committees of the Congress and make available to the public
the information reported pursuant to section 1229 and the evaluations of activities carried out pursuant to the funds
reserved under section 1222(a)(1).

SEC. 1231. STATE.

For purposes of this part, the term 'State' has the meaning given that term in section 205 of the Federal-State Extended

PART III SHORT-TIME COMPENSATION PROGRAM

SEC. 1241. TEMPORARY FINANCING OF SHORT-TIME
COMPENSATION PAYMENTS IN STATES WITH PROGRAMS IN LAW.

(a) Payments to States.-

(1) In general. Subject to paragraph (3), there shall be paid to a State an amount equal to 100 percent of the amount of
short-time compensation paid under a short-time compensation program (as defined in section 3306(v) of the Internal
Revenue Code of 1986) under the provisions of the State law.

(2) Terms of payments. Payments made to a State under paragraph (1) shall be payable by way of reimbursement in
such amounts as the Secretary estimates the State will be entitled to receive under this section for each calendar month,
reduced or increased, as the case may be, by any amount by which the Secretary finds that the Secretary's estimates for
any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates
may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and
the State agency of the State involved.

(3) Limitations on payments.-

(A) General payment limitations. No payments shall be made to a State under this section for short-time compensation
paid to an individual by the State during a benefit year in excess of 26 times the amount of regular compensation
(including dependents' allowances) under the State law payable to such individual for a week of total unemployment.
(B) Employer limitations. No payments shall be made to a State under this section for benefits paid to an individual by the State under a short-time compensation program if such individual is employed by the participating employer on a seasonal, temporary, or intermittent basis.

(b) Applicability.-

(1) In general. Payments to a State under subsection (a) shall be available for weeks of unemployment-

(A) beginning on or after the date of the enactment of this Act; and

(B) ending on or before the date that is 3 years and 6 months after the date of the enactment of this Act.

(2) Three-year funding limitation for combined payments under this section and section 1243. States may receive payments under this section and section 1243 with respect to a total of not more than 156 weeks.

(c) Two-Year Transition Period for Existing Programs. During any period that the transition provision under section 1241(a)(3) is applicable to a State with respect to a short-time compensation program, such State shall be eligible for payments under this section. Subject to paragraphs (1)(B) and (2) of subsection (b), if at any point after the date of the enactment of this Act the State enacts a State law providing for the payment of short-time compensation under a short-time compensation program that meets the definition of such a program under section 3306(v) of the Internal Revenue Code of 1986, the State shall be eligible for payments under this section after the effective date of such enactment.

(d) Funding and Certifications.-

(1) Funding. There are appropriated, out of moneys in the Treasury not otherwise appropriated, such sums as may be necessary for purposes of carrying out this section.

(2) Certifications. The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this section.

(e) Definitions. In this section:

(1) Secretary. The term 'Secretary' means the Secretary of Labor.

(2) State; state agency; state law. The terms 'State', 'State agency', and 'State law' have the meanings given those terms in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

SEC. 1242. TEMPORARY FINANCING OF SHORT-TIME COMPENSATION AGREEMENTS.

(a) Federal-State Agreements.-

(1) In general. Any State which desires to do so may enter into, and participate in, an agreement under this section with the Secretary provided that such State's law does not provide for the payment of short-time compensation under a short-time compensation program (as defined in section 3306(v) of the Internal Revenue Code of 1986).

(2) Ability to terminate. Any State which is a party to an agreement under this section may, upon providing 30 days' written notice to the Secretary, terminate such agreement.

(b) Provisions of Federal-State Agreement.-
(1) In general. Any agreement under this section shall provide that the State agency of the State will make payments of short-time compensation under a plan approved by the State. Such plan shall provide that payments are made in accordance with the requirements under section 3306(v) of the Internal Revenue Code of 1986.

(2) Limitations on plans.-

(A) General payment limitations. A short-time compensation plan approved by a State shall not permit the payment of short-time compensation to an individual by the State during a benefit year in excess of 26 times the amount of regular compensation (including dependents' allowances) under the State law payable to such individual for a week of total unemployment.

(B) Employer limitations. A short-time compensation plan approved by a State shall not provide payments to an individual if such individual is employed by the participating employer on a seasonal, temporary, or intermittent basis.

(3) Employer payment of costs. Any short-time compensation plan entered into by an employer must provide that the employer will pay the State an amount equal to one-half of the amount of short-time compensation paid under such plan. Such amount shall be deposited in the State's unemployment fund and shall not be used for purposes of calculating an employer's contribution rate under section 3303(a)(1) of the Internal Revenue Code of 1986.

(c) Payments to States.-

(1) In general. There shall be paid to each State with an agreement under this section an amount equal to-

(A) one-half of the amount of short-time compensation paid to individuals by the State pursuant to such agreement; and

(B) any additional administrative expenses incurred by the State by reason of such agreement (as determined by the Secretary).

(2) Terms of payments. Payments made to a State under paragraph (1) shall be payable by way of reimbursement in such amounts as the Secretary estimates the State will be entitled to receive under this section for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that the Secretary's estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

(3) Funding. There are appropriated, out of moneys in the Treasury not otherwise appropriated, such sums as may be necessary for purposes of carrying out this section.

(4) Certifications. The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this section.

(d) Applicability.-

(1) In general. An agreement entered into under this section shall apply to weeks of unemployment-

(A) beginning on or after the date on which such agreement is entered into; and

(B) ending on or before the date that is 2 years and 13 weeks after the date of the enactment of this Act.
(2) Two-year funding limitation. States may receive payments under this section with respect to a total of not more than 104 weeks.

(e) Special Rule. If a State has entered into an agreement under this section and subsequently enacts a State law providing for the payment of short-time compensation under a short-time compensation program that meets the definition of such a program under section 3306(v) of the Internal Revenue Code of 1986, the State-  

(1) shall not be eligible for payments under this section for weeks of unemployment beginning after the effective date of such State law; and  

(2) subject to paragraphs (1)(B) and (2) of section 1442(b), shall be eligible to receive payments under section 1242 after the effective date of such State law.

(f) Definitions. In this section:

(1) Secretary. The term 'Secretary' means the Secretary of Labor.

(2) State; state agency; state law. The terms 'State', 'State agency', and 'State law' have the meanings given those terms in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

SEC. 1243. GRANTS FOR SHORT-TIME COMPENSATION PROGRAMS.

(a) Grants.-

(1) For implementation or improved administration. The Secretary shall award grants to States that enact short-time compensation programs (as defined in subsection (i)(2)) for the purpose of implementation or improved administration of such programs.

(2) For promotion and enrollment. The Secretary shall award grants to States that are eligible and submit plans for a grant under paragraph (1) for such States to promote and enroll employers in short-time compensation programs (as so defined).

(3) Eligibility.-

(A) In general. The Secretary shall determine eligibility criteria for the grants under paragraphs (1) and (2).

(B) Clarification. A State administering a short-time compensation program, including a program being administered by a State that is participating in the transition under the provisions of sections 1241(a)(3) and 1442(c), that does not meet the definition of a short-time compensation program under section 3306(v) of the Internal Revenue Code of 1986, and a State with an agreement under section 1243, shall not be eligible to receive a grant under this section until such time as the State law of the State provides for payments under a short-time compensation program that meets such definition and such law.

(b) Amount of Grants.-

(1) In general. The maximum amount available for making grants to a State under paragraphs (1) and (2) shall be equal to the amount obtained by multiplying $700,000,000 (less the amount used by the Secretary under subsection (e)) by the same ratio as would apply under subsection (a)(2)(B) of section 903 of the Social Security Act (42 U.S.C. 1103) for
purposes of determining such State's share of any excess amount (as described in subsection (a)(1) of such section) that would have been subject to transfer to State accounts, as of October 1, 2013, under the provisions of subsection (a) of such section.

(2) Amount available for different grants. Of the maximum incentive payment determined under paragraph (1) with respect to a State-

(A) one-third shall be available for a grant under subsection (a)(1); and

(B) two-thirds shall be available for a grant under subsection (a)(2).

(c) Grant Application and Disbursal.-

(1) Application. Any State seeking a grant under paragraph (1) or (2) of subsection (a) shall submit an application to the Secretary at such time, in such manner, and complete with such information as the Secretary may require. In no case may the Secretary award a grant under this section with respect to an application that is submitted after December 31, 2018.

(2) Notice. The Secretary shall, within 30 days after receiving a complete application, notify the State agency of the State of the Secretary's findings with respect to the requirements for a grant under paragraph (1) or (2) (or both) of subsection (a).

(3) Certification. If the Secretary finds that the State law provisions meet the requirements for a grant under subsection (a), the Secretary shall thereupon make a certification to that effect to the Secretary of the Treasury, together with a certification as to the amount of the grant payment to be transferred to the State account in the Unemployment Trust Fund (as established in section 904(a) of the Social Security Act (42 U.S.C. 1104(a))) pursuant to that finding. The Secretary of the Treasury shall make the appropriate transfer to the State account within 7 days after receiving such certification.

(4) Requirement. No certification of compliance with the requirements for a grant under paragraph (1) or (2) of subsection (a) may be made with respect to any State whose-

(A) State law is not otherwise eligible for certification under section 303 of the Social Security Act (42 U.S.C. 503) or approvable under section 3304 of the Internal Revenue Code of 1986; or

(B) short-time compensation program is subject to discontinuation or is not scheduled to take effect within 12 months of the certification.

d) Use of Funds. The amount of any grant awarded under this section shall be used for the implementation of short-time compensation programs and the overall administration of such programs and the promotion and enrollment efforts associated with such programs, such as through-

(1) the creation or support of rapid response teams to advise employers about alternatives to layoffs;

(2) the provision of education or assistance to employers to enable them to assess the feasibility of participating in short-time compensation programs; and

(3) the development or enhancement of systems to automate-

(A) the submission and approval of plans; and
(B) the filing and approval of new and ongoing short-time compensation claims.

(e) Administration. The Secretary is authorized to use 0.25 percent of the funds available under subsection (g) to provide for outreach and to share best practices with respect to this section and short-time compensation programs.

(f) Recoupment. The Secretary shall establish a process under which the Secretary shall recoup the amount of any grant awarded under paragraph (1) or (2) of subsection (a) if the Secretary determines that, during the 5-year period beginning on the first date that any such grant is awarded to the State, the State-

(1) terminated the State's short-time compensation program; or

(2) failed to meet appropriate requirements with respect to such program (as established by the Secretary).

(g) Funding. There are appropriated, out of moneys in the Treasury not otherwise appropriated, to the Secretary, $700,000,000 to carry out this section, to remain available without fiscal year limitation.

(h) Reporting. The Secretary may establish reporting requirements for States receiving a grant under this section in order to provide oversight of grant funds.

(i) Definitions. In this section:

(1) Secretary. The term 'Secretary' means the Secretary of Labor.

(2) Short-time compensation program. The term 'short-time compensation program' has the meaning given such term in section 3306(v) of the Internal Revenue Code of 1986.

(3) State; state agency; state law. The terms 'State', 'State agency', and 'State law' have the meanings given those terms in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

SEC. 1244. ASSISTANCE AND GUIDANCE IN IMPLEMENTING PROGRAMS.

(a) In General. In order to assist States in establishing, qualifying, and implementing short-time compensation programs (as defined in section 3306(v) of the Internal Revenue Code of 1986), the Secretary of Labor (in this section referred to as the 'Secretary') shall-

(1) develop model legislative language which may be used by States in developing and enacting such programs and periodically review and revise such model legislative language;

(2) provide technical assistance and guidance in developing, enacting, and implementing such programs; and

(3) establish reporting requirements for States, including reporting on-

(A) the number of estimated averted layoffs;

(B) the number of participating employers and workers; and

(C) such other items as the Secretary of Labor determines are appropriate.
(b) Model Language and Guidance. The model language and guidance developed under subsection (a) shall allow sufficient flexibility by States and participating employers while ensuring accountability and program integrity.

(c) Consultation. In developing the model legislative language and guidance under subsection (a), and in order to meet the requirements of subsection (b), the Secretary shall consult with employers, labor organizations, State workforce agencies, and other program experts.

SEC. 1245. REPORTS.

(a) Reports.-

(1) In general. Not later than 4 years after the date of the enactment of this Act, the Secretary of Labor shall submit to Congress and to the President a report or reports on the implementation of the provisions of this Act.

(2) Requirements. Any report under paragraph (1) shall at a minimum include the following:

(A) A description of best practices by States and employers in the administration, promotion, and use of short-time compensation programs (as defined in section 3306(v) of the Internal Revenue Code of 1986).

(B) An analysis of the significant challenges to State enactment and implementation of short-time compensation programs.

(C) A survey of employers in States that have not enacted a short-time compensation program or entered into an agreement with the Secretary on a short-time compensation plan to determine the level of interest among such employers in participating in short-time compensation programs.

(b) Funding. There are appropriated, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Labor, $1,500,000 to carry out this section, to remain available without fiscal year limitation.

Subtitle B Long-Term Unemployed Hiring Preferences

SEC. 1251. LONG-TERM UNEMPLOYED WORKERS WORK OPPORTUNITY TAX CREDITS.

(a) In General. Paragraph (3) of section 51(b) of the Internal Revenue Code is amended by inserting "$10,000 per year in the case of any individual who is a qualified long-term unemployed individual by reason of subsection (d)(11), and' before "$12,000 per year'.

(b) Long-Term Unemployed Individuals Tax Credits. Subsection (d) of section 51 of the Internal Revenue Code is amended-

(1) in paragraph (1), by striking 'or' at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting ', or', and by inserting after subparagraph (I) the following:

'(J) a qualified long-term unemployed individual.'; and

(2) by redesignating paragraphs (11) through (14) as paragraphs (12) through (15), respectively, and by inserting after paragraph (10) the following new paragraph:

'(11) Qualified long-term unemployed individual.
'(A) In general. The term 'qualified long-term unemployed individual' means any individual who was not a student for at least 6 months during the 1-year period ending on the hiring date and is certified by the designated local agency as having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 6 months.

'(B) Student. For purposes of this subsection, a student is an individual enrolled at least half-time in a program that leads to a degree, certificate, or other recognized educational credential for at least 6 months whether or not consecutive during the 1-year period ending on the hiring date.'.

(c) Simplified Certification. Section 51(d) of the Internal Revenue Code, as amended by subsection (b), is amended by adding at the end the following new paragraph:

'(16) Credit allowed for qualified long-term unemployed individuals.-

'(A) In general. Any qualified long-term unemployed individual under paragraph (11) will be treated as certified by the designated local agency as having aggregate periods of unemployment if the individual is certified by the designated local agency as being in receipt of unemployment compensation under State or Federal law for not less than 6 months during the 1-year period ending on the hiring date.

'(B) Regulatory authority. The Secretary in his discretion may provide alternative methods for certification.'.

(d) Credit Made Available to Tax-Exempt Employers in Certain Circumstances. Section 3111(e) of the Internal Revenue Code is amended-

(1) in the heading for the subsection is amended by inserting 'and Qualified Long-Term Unemployed Individuals' after 'Qualified Veterans';

(2) in paragraph (1) by inserting 'or qualified long-term unemployed individual' after 'qualified veteran';

(3) in paragraph (2) by inserting 'and qualified long-term unemployed individuals' after 'qualified veterans';

(4) in paragraph (3)(C) by inserting 'and qualified long-term unemployed individual, as the case may be,' after 'qualified veteran';

(5) in paragraph (4) by inserting 'or qualified long-term unemployed individual' after 'qualified veteran' both places it appears; and

(6) in paragraph (5) by striking 'and' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ', and', and by adding at the end the following:

'(C) the term 'qualified long-term unemployed individual' has meaning given such term by section 51(d)(11).';

(e) Effective Date. The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

Subtitle C Pathways Back to Work

SEC. 1261. SHORT TITLE.
This subtitle may be cited as the 'Pathways Back to Work Act of 2017'.

SEC. 1262. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to the Secretary of Labor $5,000,000,000 to carry out this subtitle.

SEC. 1263. AVAILABILITY OF FUNDS.

(a) In General. Of the amounts available under section 1262, the Secretary of Labor shall-

(1) allot $2,000,000,000 in accordance with section 1264 to provide subsidized employment to unemployed, low-income adults;

(2) allot $1,500,000,000 in accordance with section 1265 to provide summer and year-round employment opportunities to low-income youth; and

(3) award $1,500,000,000 in competitive grants in accordance with section 1266 to local entities to carry out work-based training and other work-related and educational strategies and activities of demonstrated effectiveness to unemployed, low-income adults and low-income youth to provide the skills and assistance needed to obtain employment.

(b) Reservation. The Secretary of Labor may reserve not more than 1 percent of amounts available under each of paragraphs (1) through (3) of subsection (a) for the costs of technical assistance, evaluations and Federal administration of this Act.

(c) Period of Availability. The amounts appropriated under this Act shall be available for obligation by the Secretary of Labor until December 31, 2018, and shall be available for expenditure by grantees and subgrantees until September 30, 2019.

SEC. 1264. SUBSIDIZED EMPLOYMENT FOR UNEMPLOYED, LOW-INCOME ADULTS.

(a) In General.

(1) Allotments. From the funds available under section 1263(a)(1), the Secretary of Labor shall make an allotment under subsection (b) to each State that has a State plan approved under subsection (c) and to each outlying area and Native American grantee under section 166 of the Workforce Innovation and Opportunity Act that meets the requirements of this section, for the purpose of providing subsidized employment opportunities to unemployed, low-income adults.

(2) Guidance. Not later than 30 days after the date of enactment of this Act, the Secretary of Labor, in coordination with the Secretary of Health and Human Services, shall issue guidance regarding the implementation of this section. Such guidance shall, consistent with this section, include procedures for the submission and approval of State and local plans and the allotment and allocation of funds, including reallocation and reallocation of such funds, that promote the expeditious and effective implementation of the activities authorized under this section.

(b) State Allotments.-

(1) Reservations for outlying areas and tribes. Of the funds described subsection (a)(1), the Secretary shall reserve-
(A) not more than one-quarter of 1 percent to provide assistance to outlying areas to provide subsidized employment to low-income adults who are unemployed; and

(B) 1.5 percent to provide assistance to grantees of the Native American programs under section 166 of the Workforce Investment and Opportunity Act to provide subsidized employment to low-income adults who are unemployed.

(2) States. After determining the amounts to be reserved under paragraph (1), the Secretary of Labor shall allot the remainder of the amounts described in subsection (a)(1) among the States as follows-

(A) one-third shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unemployed individuals in areas of substantial unemployment in all States;

(B) one-third shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

(C) one-third shall be allotted on the basis of the relative number of disadvantaged adults and youth in each State, compared to the total number of disadvantaged adults and youth in all States.

(3) Definitions. For purposes of the formula described in paragraph (2)-

(A) Area of substantial unemployment. The term 'area of substantial unemployment' means any contiguous area with a population of at least 10,000 and that has an average rate of unemployment of at least 6.5 percent for the most recent 12 months, as determined by the Secretary.

(B) Disadvantaged adults and youth. The term 'disadvantaged adults and youth' means an individual who is age 16 and older who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of-

(i) the poverty line; or

(ii) 70 percent of the lower living standard income level.

(C) Excess number. The term 'excess number' means, used with respect to the excess number of unemployed individuals within a State, the higher of-

(i) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State; or

(ii) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.

(4) Reallotment. If the Governor of a State does not submit a State plan by the time specified in subsection (c), or a State does not receive approval of a State plan, the amount the State would have been eligible to receive pursuant to the formula under paragraph (2) shall be added to the amounts available for the competitive grants under section 1263(a)(3).

(c) State Plan.-
(1) In general. For a State to be eligible to receive an allotment of the funds under subsection (b), the Governor of the State shall submit to the Secretary of Labor a State plan in such form and containing such information as the Secretary may require. At a minimum, such plan shall include-

(A) a description of the strategies and activities to be carried out by the State, in coordination with employers in the State, to provide subsidized employment opportunities to unemployed, low-income adults, including strategies relating to the level and duration of subsidies consistent with subsection (e)(2);

(B) a description of the requirements the State will apply relating to the eligibility of unemployed, low-income adults, consistent with section 1268(6), for subsidized employment opportunities, which may include criteria to target assistance to particular categories of such adults, such as individuals with disabilities or individuals who have exhausted all rights to unemployment compensation;

(C) a description of how the funds allotted to provide subsidized employment opportunities will be administered in the State and local areas, in accordance with subsection (d);

(D) a description of the performance outcomes to be achieved by the State through the activities carried out under this section and the processes the State will use to track performance, consistent with guidance provided by the Secretary of Labor regarding such outcomes and processes and with section 1267(b);

(E) a description of the coordination of activities to be carried out with the funds provided under this section with activities under title I of the Workforce Innovation and Opportunity Act, the TANF program under part A of title IV of the Social Security Act, and other appropriate Federal and State programs that may assist unemployed, low-income adults in obtaining and retaining employment;

(F) a description of the timelines for implementation of the activities described in subparagraph (A), and the number of unemployed, low-income adults expected to be placed in subsidized employment by quarter;

(G) assurances that the State will report such information as the Secretary of Labor may require relating to fiscal, performance and other matters that the Secretary determines is necessary to effectively monitor the activities carried out under this section; and

(H) assurances that the State will ensure compliance with the labor standards and protections described in section 1267(a) of this Act.

(2) Submission and approval of state plan.-

(A) Submission with other plans. The State plan described in this subsection may be submitted in conjunction with the State plan modification or request for funds required under section 1265, and may be submitted as a modification to a State plan that has been approved under section 102 of the Workforce Innovation and Opportunity Act.

(B) Submission and approval.-

(i) Submission. The Governor shall submit a plan to the Secretary of Labor not later than 75 days after the enactment of this Act and the Secretary of Labor shall make a determination regarding the approval or disapproval of such plans not later than 45 days after the submission of such plan. If the plan is disapproved, the Secretary of Labor may provide a reasonable period of time in which a disapproved plan may be amended and resubmitted for approval.
(ii) Approval. The Secretary of Labor shall approve a State plan that the Secretary determines is consistent with requirements of this section and reasonably appropriate and adequate to carry out the purposes of this section. If the plan is approved, the Secretary shall allot funds to States within 30 days after such approval.

(3) Modifications to state plan. The Governor may submit a modification to a State plan under this subsection consistent with the requirements of this section.

(d) Administration Within the State.-

(1) Option. The State may administer the funds for activities under this section through-

(A) the State and local entities responsible for the administration of the adult formula program under title I of the Workforce Innovation and Opportunity Act;

(B) the entities responsible for the administration of the TANF program under part A of title IV of the Social Security Act; or

(C) a combination of the entities described in subparagraphs (A) and (B).

(2) Within-state allocations.-

(A) Allocation of funds. The Governor may reserve up to 5 percent of the allotment under subsection (b)(2) for administration and technical assistance, and shall allocate the remainder, in accordance with the option elected under paragraph (1)-

(i) among local workforce investment areas within the State in accordance with the factors identified in subsection (b) (2), except that for purposes of such allocation references to a State in such paragraph shall be deemed to be references to a local workforce investment area and references to all States shall be deemed to be references to all local areas in the State involved, of which not more than 10 percent of the funds allocated to a local workforce investment area may be used for the costs of administration of this section; or

(ii) through entities responsible for the administration of the TANF program under part A of title IV of the Social Security Act in local areas in such manner as the State may determine appropriate.

(B) Local plans.-

(i) In general. In the case where the responsibility for the administration of activities is to be carried out by the entities described under paragraph (1)(A), in order to receive an allocation under subparagraph (A)(i), a local workforce investment board, in partnership with the chief elected official of the local workforce investment area involved, shall submit to the Governor a local plan for the use of such funds under this section not later than 30 days after the submission of the State plan. Such local plan may be submitted as a modification to a local plan approved under section 108 of the Workforce Innovation and Opportunity Act.

(ii) Contents. The local plan described in clause (i) shall contain the elements described in subparagraphs (A) through (H) of subsection (c)(1), as applied to the local workforce investment area.

(iii) Approval. The Governor shall approve or disapprove the local plan submitted under clause (i) within 30 days after submission, or if later, 30 days after the approval of the State plan. The Governor shall approve the plan unless the Governor determines that the plan is inconsistent with requirements of this section or is not reasonably appropriate.
and adequate to carry out the purposes of this section. If the Governor has not made a determination within the period specified under the first sentence of this clause, the plan shall be considered approved. If the plan is disapproved, the Governor may provide a reasonable period of time in which a disapproved plan may be amended and resubmitted for approval. The Governor shall allocate funds to local workforce investment areas with approved plans within 30 days after such approval.

(C) Reallocation of funds to local areas. If a local workforce investment board does not submit a local plan by the time specified in subparagraph (B) or the Governor does not approve a local plan, the amount the local workforce investment area would have been eligible to receive pursuant to the formula under subparagraph (A)(i) shall be allocated to local workforce investment areas that receive approval of the local plan under subparagraph (B). Such reallocations shall be made in accordance with the relative share of the allocations to such local workforce investment areas applying the formula factors described under subparagraph (A)(i).

(e) Use of Funds.—

(1) In general. The funds under this section shall be used to provide subsidized employment for unemployed, low-income adults. The State and local entities described in subsection (d)(1) may use a variety of strategies in recruiting employers and identifying appropriate employment opportunities, with a priority to be provided to employment opportunities likely to lead to unsubsidized employment in emerging or in-demand occupations in the local area. Funds under this section may be used to provide support services, such as transportation and child care, that are necessary to enable the participation of individuals in subsidized employment opportunities.

(2) Level of subsidy and duration. The States or local entities described in subsection (d)(1) may determine the percentage of the wages and costs of employing a participant for which an employer may receive a subsidy with the funds provided under this section, and the duration of such subsidy, in accordance with guidance issued by the Secretary. The State or local entities may establish criteria for determining such percentage or duration using appropriate factors such as the size of the employer and types of employment.

(f) Coordination of Federal Administration. The Secretary of Labor shall administer this section in coordination with the Secretary of Health and Human Services to ensure the effective implementation of this section.

SEC. 1265. SUMMER EMPLOYMENT AND YEAR-ROUND EMPLOYMENT OPPORTUNITIES FOR LOW-INCOME YOUTH.

(a) In General. From the funds available under section 1263(a)(2), the Secretary of Labor shall make an allotment under subsection (c) to each State that has a State plan modification (or other form of request for funds specified in guidance under subsection (b)) approved under subsection (d) and to each outlying area and Native American grantee under section 166 of the Workforce Innovation and Opportunity Act that meets the requirements of this section, for the purpose of providing summer employment and year-round employment opportunities to low-income youth.

(b) Guidance and Application of Requirements.—

(1) Guidance. Not later than 20 days after the date of enactment of this Act, the Secretary of Labor shall issue guidance regarding the implementation of this section. Such guidance shall, consistent with this section, include procedures for the submission and approval of State plan modifications, or for forms of requests for funds by the State as may be identified in such guidance, local plan modifications, or other forms of requests for funds from local workforce investment areas as may be identified in such guidance, and the allotment and allocation of funds, including reallocation and reallocation of such funds, that promote the expeditious and effective implementation of the activities authorized under this section.
(2) Requirements. Except as otherwise provided in the guidance described in paragraph (1) and in this section and other provisions of this Act, the funds provided for activities under this section shall be administered in accordance with subtitles B and E of title I of the Workforce Innovation and Opportunity Act relating to youth activities.

(c) State Allotments.-

(1) Reservations for outlying areas and tribes. Of the funds described in subsection (a), the Secretary shall reserve-

(A) not more than one-quarter of 1 percent to provide assistance to outlying areas to provide summer and year-round employment opportunities to low-income youth; and

(B) 1.5 percent to provide assistance to grantees of the Native American programs under section 166 of the Workforce Innovation and Opportunity Act to provide summer and year-round employment opportunities to low-income youth.

(2) States. After determining the amounts to be reserved under paragraph (1), the Secretary of Labor shall allot the remainder of the amounts described in subsection (a) among the States in accordance with the factors described in section 1264(b)(2) of this Act.

(3) Reallotment. If the Governor of a State does not submit a State plan modification or other request for funds specified in guidance under subsection (b) by the time specified in subsection (d)(2)(B), or a State does not receive approval of such State plan modification or request, the amount the State would have been eligible to receive pursuant to the formula under paragraph (2) shall be added to the amounts available for the competitive grants under section 1263(a)(3).

(d) State Plan Modification.-

(1) In general. For a State to be eligible to receive an allotment of the funds under subsection (c), the Governor of the State shall submit to the Secretary of Labor a modification to a State plan approved under section 102 of the Workforce Innovation and Opportunity Act, or other request for funds described in guidance in subsection (b), in such form and containing such information as the Secretary may require. At a minimum, such plan modification or request shall include-

(A) a description of the strategies and activities to be carried out to provide summer employment opportunities and year-round employment opportunities, including the linkages to educational activities, consistent with subsection (f);

(B) a description of the requirements the States will apply relating to the eligibility of low-income youth, consistent with section 1268(4), for summer employment opportunities and year-round employment opportunities, which may include criteria to target assistance to particular categories of such low-income youth, such as youth with disabilities, consistent with subsection (f);

(C) a description of the performance outcomes to be achieved by the State through the activities carried out under this section and the processes the State will use to track performance, consistent with guidance provided by the Secretary of Labor regarding such outcomes and processes and with section 1267(b);

(D) a description of the timelines for implementation of the activities described in subparagraph (A), and the number of low-income youth expected to be placed in summer employment opportunities, and year-round employment opportunities, respectively, by quarter;

(E) assurances that the State will report such information as the Secretary may require relating to fiscal, performance and other matters that the Secretary determines is necessary to effectively monitor the activities carried out under this section; and
(F) assurances that the State will ensure compliance with the labor standards protections described in section 1267(a).

(2) Submission and approval of state plan modification or request.-

(A) Submission. The Governor shall submit a modification of the State plan or other request for funds described in guidance in subsection (b) to the Secretary of Labor not later than 30 days after the issuance of such guidance. The State plan modification or request for funds required under this subsection may be submitted in conjunction with the State plan required under section 1264.

(B) Approval. The Secretary of Labor shall approve the plan or request submitted under subparagraph (A) within 30 days after submission, unless the Secretary determines that the plan or request is inconsistent with the requirements of this section. If the Secretary has not made a determination within 30 days, the plan or request shall be considered approved. If the plan or request is disapproved, the Secretary may provide a reasonable period of time in which a disapproved plan or request may be amended and resubmitted for approval. If the plan or request is approved, the Secretary shall allot funds to States within 30 days after such approval.

(3) Modifications to state plan or request. The Governor may submit further modifications to a State plan or request for funds identified under subsection (b) to carry out this section in accordance with the requirements of this section.

(e) Within-State Allocation and Administration.-

(1) In general. Of the funds allotted to the State under subsection (c), the Governor-

(A) may reserve up to 5 percent of the allotment for administration and technical assistance; and

(B) shall allocate the remainder of the allotment among local workforce investment areas within the State in accordance with the factors identified in section 1264(b)(2), except that for purposes of such allocation references to a State in such paragraph shall be deemed to be references to a local workforce investment area and references to all States shall be deemed to be references to all local areas in the State involved. Not more than 10 percent of the funds allocated to a local workforce investment area may be used for the costs of administration of this section.

(2) Local plan.-

(A) Submission. In order to receive an allocation under paragraph (1)(B), the local workforce investment board, in partnership with the chief elected official for the local workforce investment area involved, shall submit to the Governor a modification to a local plan approved under section 108 of the Workforce Innovation and Opportunity Act, or other form of request for funds as may be identified in the guidance issued under subsection (b), not later than 30 days after the submission by the State of the modification to the State plan or other request for funds identified in subsection (b), describing the strategies and activities to be carried out under this section.

(B) Approval. The Governor shall approve the local plan submitted under subparagraph (A) within 30 days after submission, unless the Governor determines that the plan is inconsistent with requirements of this section. If the Governor has not made a determination within 30 days, the plan shall be considered approved. If the plan is disapproved, the Governor may provide a reasonable period of time in which a disapproved plan may be amended and resubmitted for approval. The Governor shall allocate funds to local workforce investment areas with approved plans within 30 days after approval.
(3) Reallocation. If a local workforce investment board does not submit a local plan modification (or other request for funds identified in guidance under subsection (b)) by the time specified in paragraph (2), or does not receive approval of a local plan, the amount the local workforce investment area would have been eligible to receive pursuant to the formula under paragraph (1)(B) shall be allocated to local workforce investment areas that receive approval of the local plan modification or request for funds under paragraph (2). Such reallocations shall be made in accordance with the relative share of the allocations to such local workforce investment areas applying the formula factors described under paragraph (1)(B).

(f) Use of Funds.-

(1) In general. The funds provided under this section shall be used-

(A) to provide summer employment opportunities for low-income youth, ages 16 through 24, with direct linkages to academic and occupational learning, and may include the provision of supportive services, such as transportation or child care, necessary to enable such youth to participate; and

(B) to provide year-round employment opportunities, which may be combined with other activities authorized under section 129 of the Workforce Innovation and Opportunity Act, to low-income youth, ages 16 through 24, with a priority to out-of-school youth who are-

(i) high school dropouts; or

(ii) recipients of a secondary school diploma or its equivalent but who are basic skills deficient unemployed or underemployed.

(2) Program priorities. In administering the funds under this section, the local board and local chief elected officials shall give a priority to-

(A) identifying employment opportunities that are-

(i) in emerging or in-demand occupations in the local workforce investment area; or

(ii) in the public or nonprofit sector that meet community needs; and

(B) linking year-round program participants to training and educational activities that will provide such participants an industry-recognized certificate or credential.

(3) Performance accountability. For activities funded under this section, in lieu of the requirements described in section 116 of the Workforce Innovation and Opportunity Act, State and local workforce investment areas shall provide such reports as the Secretary of Labor may require regarding the performance outcomes described in section 1267(a)(5).

SEC. 1266. WORK-BASED EMPLOYMENT STRATEGIES OF DEMONSTRATED EFFECTIVENESS.

(a) In General. From the funds available under section 1263(a)(3), the Secretary of Labor shall award grants on a competitive basis to eligible entities to carry out work-based strategies of demonstrated effectiveness.

(b) Use of Funds. The grants awarded under this section shall be used to support strategies and activities of demonstrated effectiveness that are designed to provide unemployed, low-income adults or low-income youth with the skills that will
lead to employment as part of or upon completion of participation in such activities. Such strategies and activities may include-

(1) on-the-job training, registered apprenticeship programs, or other programs that combine work with skills development;

(2) sector-based training programs that have been designed to meet the specific requirements of an employer or group of employers in that sector and where employers are committed to hiring individuals upon successful completion of the training;

(3) training that supports an industry sector or an employer-based or labor-management committee industry partnership which includes a significant work-experience component;

(4) acquisition of industry-recognized credentials in a field identified by the State or local workforce investment area as a growth sector or demand industry in which there are likely to be significant job opportunities in the short term;

(5) connections to immediate work opportunities, including subsidized employment opportunities, or summer employment opportunities for youth, that includes concurrent skills training and other supports;

(6) career academies that provide students with the academic preparation and training, including paid internships and concurrent enrollment in community colleges or other postsecondary institutions, needed to pursue a career pathway that leads to postsecondary credentials and high-demand jobs; and

(7) adult basic education and integrated basic education and training models for low-skilled adults, hosted at community colleges or at other sites, to prepare individuals for jobs that are in demand in a local area.

c) Eligible Entity. An eligible entity shall include a local chief elected official, in collaboration with the local workforce investment board for the local workforce investment area involved (which may include a partnership with of such officials and boards in the region and in the State), or an entity eligible to apply for an Indian and Native American grant under section 166 of the Workforce Innovation and Opportunity Act, and may include, in partnership with such officials, boards, and entities, the following-

(1) employers or employer associations;

(2) adult education providers and postsecondary educational institutions, including community colleges;

(3) community-based organizations;

(4) joint labor-management committees;

(5) work-related intermediaries; or

(6) other appropriate organizations.

d) Application. An eligible entity seeking to receive a grant under this section shall submit to the Secretary of Labor an application at such time, in such manner, and containing such information as the Secretary may require. At a minimum, the application shall-
(1) describe the strategies and activities of demonstrated effectiveness that the eligible entities will carry out to provide unemployed, low-income adults and low-income youth with the skills that will lead to employment upon completion of participation in such activities;

(2) describe the requirements that will apply relating to the eligibility of unemployed, low-income adults or low-income youth, consistent with paragraphs (4) and (6) of section 1268, for activities carried out under this section, which may include criteria to target assistance to particular categories of such adults and youth, such as individuals with disabilities or individuals who have exhausted all rights to unemployment compensation;

(3) describe how the strategies and activities address the needs of the target populations identified in paragraph (2) and the needs of employers in the local area;

(4) describe the expected outcomes to be achieved by implementing the strategies and activities;

(5) provide evidence that the funds provided may be expended expeditiously and efficiently to implement the strategies and activities;

(6) describe how the strategies and activities will be coordinated with other Federal, State and local programs providing employment, education and supportive activities;

(7) provide evidence of employer commitment to participate in the activities funded under this section, including identification of anticipated occupational and skill needs;

(8) provide assurances that the grant recipient will report such information as the Secretary may require relating to fiscal, performance and other matters that the Secretary determines is necessary to effectively monitor the activities carried out under this section; and

(9) provide assurances that the use of the funds provided under this section will comply with the labor standards and protections described section 1267(a).

(e) Priority in Awards. In awarding grants under this section, the Secretary of Labor shall give a priority to applications submitted by eligible entities from areas of high poverty and high unemployment, as defined by the Secretary, such as Public Use Microdata Areas (PUMAs) as designated by the Census Bureau.

(f) Coordination of Federal Administration. The Secretary of Labor shall administer this section in coordination with the Secretary of Education, Secretary of Health and Human Services, and other appropriate agency heads, to ensure the effective implementation of this section.

SEC. 1267. GENERAL REQUIREMENTS.

(a) Labor Standards and Protections. Activities provided with funds under this Act shall be subject to the requirements and restrictions, including the labor standards, described in section 181 of the Workforce Innovation and Opportunity Act and the nondiscrimination provisions of section 188 of such Act, in addition to other applicable Federal laws.

(b) Reporting. The Secretary may require the reporting of information relating to fiscal, performance and other matters that the Secretary determines is necessary to effectively monitor the activities carried out with funds provided under this Act. At a minimum, grantees and subgrantees shall provide information relating to-
(1) the number of individuals participating in activities with funds provided under this Act and the number of such
individuals who have completed such participation;

(2) the expenditures of funds provided under the Act;

(3) the number of jobs created pursuant to the activities carried out under this Act;

(4) the demographic characteristics of individuals participating in activities under this Act; and

(5) the performance outcomes of individuals participating in activities under this Act, including-

(A) for adults participating in activities funded under section 1264 of this Act-

(i) entry in unsubsidized employment;

(ii) retention in unsubsidized employment; and

(iii) earnings in unsubsidized employment;

(B) for low-income youth participating in summer employment activities under sections 1265 and 1266-

(i) work readiness skill attainment using an employer validated checklist; and

(ii) placement in or return to secondary or postsecondary education or training, or entry into unsubsidized employment;

(C) for low-income youth participating in year-round employment activities under section 1265 or in activities under
section 1266-

(i) placement in or return to post-secondary education;

(ii) attainment of high school diploma or its equivalent;

(iii) attainment of an industry-recognized credential; and

(iv) entry into unsubsidized employment, retention, and earnings as described in subparagraph (A); and

(D) for unemployed, low-income adults participating in activities under section 1266-

(i) entry into unsubsidized employment, retention, and earnings as described in subparagraph (A); and

(ii) the attainment of industry-recognized credentials.

(c) Activities Required To Be Additional. Funds provided under this Act shall only be used for activities that are in
addition to activities that would otherwise be available in the State or local area in the absence of such funds.

(d) Additional Requirements. The Secretary of Labor may establish such additional requirements as the Secretary
determines may be necessary to ensure fiscal integrity, effective monitoring, and the appropriate and prompt
implementation of the activities under this Act.
(e) Report of Information and Evaluations to Congress and the Public. The Secretary of Labor shall provide to the appropriate Committees of the Congress and make available to the public the information reported pursuant to subsection (b) and the evaluations of activities carried out pursuant to the funds reserved under section 1263(b).

SEC. 1268. DEFINITIONS.

In this subtitle:

(1) Local chief elected official. The term 'local chief elected official' means the chief elected executive officer of a unit of local government in a local workforce investment area or in the case where more than one unit of general government, the individuals designated under an agreement described in section 107(c)(1)(B) of the Workforce Innovation and Opportunity Act.

(2) Local workforce investment area. The term 'local workforce investment area' means such area designated under section 106 of the Workforce Innovation and Opportunity Act.

(3) Local workforce investment board. The term 'local workforce investment board' means such board established under section 107 of the Workforce Innovation and Opportunity Act.

(4) Low-income youth. The term 'low-income youth' means an individual who-

(A) is age 16 through 24;

(B) meets the definition of a low-income individual provided in section 3 of the Workforce Innovation and Opportunity Act, except that States, local workforce investment areas under section 1265 and eligible entities under section 1266(c), subject to approval in the applicable State plans, local plans, and applications for funds, may increase the income level specified in subparagraph (B)(i) of such section to an amount not in excess of 200 percent of the poverty line for purposes of determining eligibility for participation in activities under sections 1265 and 1266 of this Act; and

(C) is in one or more of the categories specified in section 101(13)(C) of the Workforce Investment Act of 1998, as in effect on the day before the date of enactment of the Workforce Innovation and Opportunity Act.

(5) Outlying area. The term 'outlying area' means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau.

(6) Unemployed, low-income adult. The term 'unemployed, low-income adult' means an individual who-

(A) is age 18 or older;

(B) is without employment and is seeking assistance under this subtitle to obtain employment; and

(C) meets the definition of a 'low-income individual' under section 3 of the Workforce Innovation and Opportunity Act, except that for that States, local entities described in section 1264(d)(1) and eligible entities under section 1266(c), subject to approval in the applicable State plans, local plans, and applications for funds, may increase the income level specified in subparagraph (B)(i) of such section to an amount not in excess of 200 percent of the poverty line for purposes of determining eligibility for participation in activities under sections 1264 and 1266 of this Act.

(7) State. The term 'State' means each of the several States of the United States, the District of Columbia, and Puerto Rico.
Subtitle D Prohibition of Discrimination in Employment on the Basis of an Individual's Status as Unemployed

SEC. 1271. SHORT TITLE.

This subtitle may be cited as the 'Fair Employment Opportunity Act of 2017'.

SEC. 1272. FINDINGS AND PURPOSE.

(a) Findings. Congress finds that denial of employment opportunities to individuals because of their status as unemployed is discriminatory and burdens commerce by-

(1) reducing personal consumption and undermining economic stability and growth;

(2) squandering human capital essential to the Nation's economic vibrancy and growth;

(3) increasing demands for Federal and State unemployment insurance benefits, reducing trust fund assets, and leading to higher payroll taxes for employers, cuts in benefits for jobless workers, or both;

(4) imposing additional burdens on publicly funded health and welfare programs; and

(5) depressing income, property, and other tax revenues that the Federal Government, States, and localities rely on to support operations and institutions essential to commerce.

(b) Purposes. The purposes of this subtitle are-

(1) to prohibit employers and employment agencies from disqualifying an individual from employment opportunities because of that individual's status as unemployed;

(2) to prohibit employers and employment agencies from publishing or posting any advertisement or announcement for an employment opportunity that indicates that an individual's status as unemployed disqualifies that individual for the opportunity; and

(3) to eliminate the burdens imposed on commerce due to the exclusion of such individuals from employment.

SEC. 1273. DEFINITIONS.

As used in this subtitle-

(1) the term 'affected individual' means any person who was subject to an unlawful employment practice solely because of that individual's status as unemployed;

(2) the term 'Commission' means the Equal Employment Opportunity Commission;

(3) the term 'employee' means-

(A) an employee as defined in section 701(f) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(f));
(B) a State employee to which section 302(a)(1) of the Government Employee Rights Act of 1991 (42 U.S.C. 2000e-16b(a)(1)) applies;

(C) a covered employee, as defined in section 101 of the Congressional Accountability Act of 1995 (2 U.S.C. 1301) or section 411(c) of title 3, United States Code; or

(D) an employee or applicant to which section 717(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000e-16(a)) applies;

(4) the term 'employer' means-

(A) a person engaged in an industry affecting commerce (as defined in section 701(h) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(h))) who has 15 or more employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year, and any agent of such a person, but does not include a bona fide private membership club that is exempt from taxation under section 501(c) of the Internal Revenue Code of 1986;

(B) an employing authority to which section 302(a)(1) of the Government Employee Rights Act of 1991 applies;

(C) an employing office, as defined in section 101 of the Congressional Accountability Act of 1995 or section 411(c) of title 3, United States Code; or

(D) an entity to which section 717(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000e-16(a)) applies;

(5) the term 'employment agency' means any person regularly undertaking with or without compensation to procure employees for an employer or to procure for individuals opportunities to work as employees for an employer and includes an agent of such a person, and any person who maintains an Internet website or print medium that publishes advertisements or announcements of openings in jobs for employees;

(6) the term 'person' has the meaning given the term in section 701(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(a)); and

(7) the term 'status as unemployed', used with respect to an individual, means that the individual, at the time of application for employment or at the time of action alleged to violate this subtitle, does not have a job, is available for work and is searching for work.

SEC. 1274. PROHIBITED ACTS.

(a) Employers. It shall be an unlawful employment practice for an employer to-

(1) publish in print, on the Internet, or in any other medium, an advertisement or announcement for an employee for any job that includes-

(A) any provision stating or indicating that an individual's status as unemployed disqualifies the individual for any employment opportunity; or

(B) any provision stating or indicating that an employer will not consider or hire an individual for any employment opportunity based on that individual's status as unemployed;

(2) fail or refuse to consider for employment, or fail or refuse to hire, an individual as an employee because of the individual's status as unemployed; or
(3) direct or request that an employment agency take an individual's status as unemployed into account to disqualify an applicant for consideration, screening, or referral for employment as an employee.

(b) Employment Agencies. It shall be an unlawful employment practice for an employment agency to-

(1) publish, in print or on the Internet or in any other medium, an advertisement or announcement for any vacancy in a job, as an employee, that includes-

(A) any provision stating or indicating that an individual's status as unemployed disqualifies the individual for any employment opportunity; or

(B) any provision stating or indicating that the employment agency or an employer will not consider or hire an individual for any employment opportunity based on that individual's status as unemployed;

(2) screen, fail or refuse to consider, or fail or refuse to refer an individual for employment as an employee because of the individual's status as unemployed; or

(3) limit, segregate, or classify any individual in any manner that would limit or tend to limit the individual's access to information about jobs, or consideration, screening, or referral for jobs, as employees, solely because of an individual's status as unemployed.

(c) Interference With Rights, Proceedings or Inquiries. It shall be unlawful for any employer or employment agency to-

(1) interfere with, restrain, or deny the exercise of or the attempt to exercise, any right provided under this subtitle; or

(2) fail or refuse to hire, to discharge, or in any other manner to discriminate against any individual, as an employee, because such individual-

(A) opposed any practice made unlawful by this subtitle;

(B) has asserted any right, filed any charge, or has instituted or caused to be instituted any proceeding, under or related to this subtitle;

(C) has given, or is about to give, any information in connection with any inquiry or proceeding relating to any right provided under this subtitle; or

(D) has testified, or is about to testify, in any inquiry or proceeding relating to any right provided under this subtitle.

(d) Construction. Nothing in this subtitle is intended to preclude an employer or employment agency from considering an individual's employment history, or from examining the reasons underlying an individual's status as unemployed, in assessing an individual's ability to perform a job or in otherwise making employment decisions about that individual. Such consideration or examination may include an assessment of whether an individual's employment in a similar or related job for a period of time reasonably proximate to the consideration of such individual for employment is job-related or consistent with business necessity.

SEC. 1275. ENFORCEMENT.

(a) Enforcement Powers. With respect to the administration and enforcement of this subtitle
(1) the Commission shall have the same powers as the Commission has to administer and enforce-

(A) title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.); or


(2) the Librarian of Congress shall have the same powers as the Librarian of Congress has to administer and enforce title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) in the case of an affected individual who would be covered by such title;

(3) the Board (as defined in section 101 of the Congressional Accountability Act of 1995 (2 U.S.C. 1301)) shall have the same powers as the Board has to administer and enforce the Congressional Accountability Act of 1995 (2 U.S.C. 1301 et seq.) in the case of an affected individual who would be covered by section 201(a)(1) of such Act (2 U.S.C. 1311(a)(1));

(4) the Attorney General shall have the same powers as the Attorney General has to administer and enforce-

(A) title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.); or


(5) the President, the Commission, and the Merit Systems Protection Board shall have the same powers as the President, the Commission, and the Board, respectively, have to administer and enforce chapter 5 of title 3, United States Code, in the case of an affected individual who would be covered by section 411 of such title; and

(6) a court of the United States shall have the same jurisdiction and powers as the court has to enforce-

(A) title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) in the case of a claim alleged by such individual for a violation of such title;


(C) the Congressional Accountability Act of 1995 (2 U.S.C. 1301 et seq.) in the case of a claim alleged by such individual for a violation of section 201(a)(1) of such Act (2 U.S.C. 1311(a)(1)); and

(D) chapter 5 of title 3, United States Code, in the case of a claim alleged by such individual for a violation of section 411 of such title.

(b) Procedures. The procedures applicable to a claim alleged by an individual for a violation of this subtitle are-

(1) the procedures applicable for a violation of title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) in the case of a claim alleged by such individual for a violation of such title;
(2) the procedures applicable for a violation of section 302(a)(1) of the Government Employee Rights Act of 1991 (42 U.S.C. 2000e-16b(a)(1)) in the case of a claim alleged by such individual for a violation of such section;

(3) the procedures applicable for a violation of section 201(a)(1) of the Congressional Accountability Act of 1995 (2 U.S.C. 1311(a)(1)) in the case of a claim alleged by such individual for a violation of such section; and

(4) the procedures applicable for a violation of section 411 of title 3, United States Code, in the case of a claim alleged by such individual for a violation of such section.

c) Remedies.-

(1) In any claim alleging a violation of section 1274(a)(1) or 1274(b)(1) of this subtitle, an individual, or any person acting on behalf of the individual as set forth in section 1275(a) of this subtitle, may be awarded, as appropriate:

(A) An order enjoining the respondent from engaging in the unlawful employment practice.

(B) Reimbursement of costs expended as a result of the unlawful employment practice.

(C) An amount in liquidated damages not to exceed $1,000 for each day of the violation.

(D) Reasonable attorney's fees (including expert fees) and costs attributable to the pursuit of a claim under this subtitle, except that no person identified in section 733(a) of this subtitle shall be eligible to receive attorney's fees.

(2) In any claim alleging a violation of any other subsection of this subtitle, an individual, or any person acting on behalf of the individual as set forth in section 1275(a) of this subtitle, may be awarded, as appropriate, the remedies available for a violation of title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.), section 302(a)(1) of the Government Employee Rights Act of 1991 (42 U.S.C. 2000e-16b(a)(1)), section 201(a)(1) of the Congressional Accountability Act of 1995 (2 U.S.C. 1311(a)(1)), and section 411 of title 3, United States Code, except that in a case in which wages, salary, employment benefits, or other compensation have not been denied or lost to the individual, damages may be awarded in an amount not to exceed $5,000.

SEC. 1276. FEDERAL AND STATE IMMUNITY.

(a) Abrogation of State Immunity. A State shall not be immune under the 11th Amendment to the Constitution from a suit brought in a Federal court of competent jurisdiction for a violation of this subtitle.

(b) Waiver of State Immunity.-

(1) In general.-

(A) Waiver. A State's receipt or use of Federal financial assistance for any program or activity of a State shall constitute a waiver of sovereign immunity, under the 11th Amendment to the Constitution or otherwise, to a suit brought by an employee or applicant for employment of that program or activity under this subtitle for a remedy authorized under section 1275(c) of this subtitle.

(B) Definition. In this paragraph, the term 'program or activity' has the meaning given the term in section 606 of the Civil Rights Act of 1964 (42 U.S.C. 2000d-4a).
(2) Effective date. With respect to a particular program or activity, paragraph (1) applies to conduct occurring on or after the day, after the date of enactment of this Act, on which a State first receives or uses Federal financial assistance for that program or activity.

(c) Remedies Against State Officials. An official of a State may be sued in the official capacity of the official by any employee or applicant for employment who has complied with the applicable procedures of this subtitle, for relief that is authorized under this subtitle.

(d) Remedies Against the United States and the States. Notwithstanding any other provision of this subtitle, in an action or administrative proceeding against the United States or a State for a violation of this subtitle, remedies (including remedies at law and in equity) are available for the violation to the same extent as such remedies would be available against a nongovernmental entity.

**SEC. 1277. RELATIONSHIP TO OTHER LAWS.**

This subtitle shall not invalidate or limit the rights, remedies, or procedures available to an individual claiming discrimination prohibited under any other Federal law or regulation or any law or regulation of a State or political subdivision of a State.

**SEC. 1278. SEVERABILITY.**

If any provision of this subtitle, or the application of the provision to any person or circumstance, is held to be invalid, the remainder of this subtitle and the application of the provision to any other person or circumstances shall not be affected by the invalidity.

**SEC. 1279. EFFECTIVE DATE.**

This subtitle shall take effect on the date of enactment of this Act and shall not apply to conduct occurring before the effective date.

**TITLE XIII LIVING AMERICAN WAGE**

**SEC. 1301. SHORT TITLE.**

This title may be cited as the 'Raise the Wage Act'.

**SEC. 1302. MINIMUM WAGE INCREASES.**

(a) In General. Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

'(1) except as otherwise provided in this section, not less than-

'(A) $9.25 an hour, beginning on the effective date under section 7 of the Raise the Wage Act;

'(B) $10.10 an hour, beginning 1 year after such effective date;
'(C) $11.00 an hour, beginning 2 years after such effective date;
'(D) $12.00 an hour, beginning 3 years after such effective date;
'(E) $13.00 an hour, beginning 4 years after such effective date;
'(F) $13.50 an hour, beginning 5 years after such effective date;
'(G) $14.25 an hour, beginning 6 years after such effective date;
'(H) $15.00 an hour, beginning 7 years after such effective date; and
'(I) beginning on the date that is 8 years after such effective date, and annually thereafter, the amount determined by
the Secretary under subsection (h);'.

(b) Determination Based on Increase in the Median Hourly Wage of All Employees. Section 6 of the Fair Labor
Standards Act of 1938 (29 U.S.C. 206) is amended by adding at the end the following:

'(h)(1) Not later than each date that is 90 days before a new minimum wage determined under subsection (a)(1)(I) is
to take effect, the Secretary shall determine the minimum wage to be in effect under this subsection for each period
described in subsection (a)(1)(I). The wage determined under this subsection for a year shall be-
'(A) not less than the amount in effect under subsection (a)(1) on the date of such determination;
'(B) increased from such amount by the annual percentage increase, if any, in the median hourly wage of all employees
as determined by the Bureau of Labor Statistics; and
'(C) rounded to the nearest multiple of $0.05.
'(2) In calculating the annual percentage increase in the median hourly wage of all employees for purposes of paragraph
(1)(B), the Secretary, through the Bureau of Labor Statistics, shall compile data on the hourly wages of all employees
to determine such a median hourly wage and compare such median hourly wage for the most recent year for which data
are available with the median hourly wage determined for the preceding year.'.

SEC. 1303. TIPPED EMPLOYEES.

(a) Base Minimum Wage for Tipped Employees. Section 3(m)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C.
203(m)(1)) is amended to read as follows:
'(l) the cash wage paid such employee, which for purposes of such determination shall be not less than-
'(A) for the 1-year period beginning on the effective date under section 7 of the Raise the Wage Act, $4.15 an hour;
'(B) for each succeeding 1-year period until the hourly wage under this paragraph equals the wage in effect under section
6(a)(1) for such period, an hourly wage equal to the amount determined under this paragraph for the preceding year,
increased by the lesser of-
'(i) $1.15; or
'(ii) the amount necessary for the wage in effect under this paragraph to equal the wage in effect under section 6(a)(1) for such period, rounded to the nearest multiple of $0.05; and

'(C) for each succeeding 1-year period after the increase made pursuant to subparagraph (B)(ii), the minimum wage in effect under section 6(a)(1); and'.

(b) Tips Retained by Employees. Section 3(m) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)) is amended-

(1) in the second sentence of the matter following paragraph (2), by striking 'of this subsection, and all tips received by such employee have been retained by the employee' and inserting 'of this subsection. Any employee shall have the right to retain any tips received by such employee'; and

(2) by adding at the end the following: 'An employer shall inform each employee of the right and exception provided under the preceding sentence.'.

(c) Scheduled Repeal of Separate Minimum Wage for Tipped Employees.-

(1) Tipped employees. Section 3(m) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)), as amended by subsections (a) and (b), is further amended by striking the sentence beginning with 'In determining the wage an employer is required to pay a tipped employee,' and all that follows through 'of this subsection.' and inserting 'The wage required to be paid to a tipped employee shall be the wage set forth in section 6(a)(1).'.

(2) Publication of notice. Section 6(i) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(i)), as added by section 1305, is amended by striking 'or in accordance with subparagraph (B) or (C) of section 3(m)(1) (as applicable).'.

(3) Effective date. The amendments made by paragraphs (1) and (2) shall take effect on the date that is one day after the date on which the hourly wage under section 3(m)(1)(C) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)(1)(C)), as amended by subsection (a), takes effect.

SEC. 1304. NEWLY HIRED EMPLOYEES WHO ARE LESS THAN 20 YEARS OLD.

(a) Base Minimum Wage for Newly Hired Employees Who Are Less Than 20 Years Old. Section 6(g)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)(1)) is amended by striking 'a wage which is not less than $4.25 an hour.' and inserting the following: 'a wage at a rate that is not less than-

'(A) for the 1-year period beginning on the effective date under section 7 of the Raise the Wage Act, $5.00 an hour;

'(B) for each succeeding 1-year period until the hourly wage under this paragraph equals the wage in effect under section 6(a)(1) for such period, an hourly wage equal to the amount determined under this paragraph for the preceding year, increased by the lesser of-

'(i) $1.05; or

'(ii) the amount necessary for the wage in effect under this paragraph to equal the wage in effect under section 6(a)(1) for such period, rounded to the nearest multiple of $0.05; and

'(C) for each succeeding 1-year period after the increase made pursuant to subparagraph (B)(ii), the minimum wage in effect under section 6(a)(1).'.
(b) Scheduled Repeal of Separate Minimum Wage for Newly Hired Employees Who Are Less Than 20 Years Old.-

(1) In general. Section 6(g)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)(1)), as amended by subsection (a), shall be repealed effective on the date provided in paragraph (3).

(2) Publication of notice. Section 6(i) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(i)), as amended by section 1303(c)(2), is further amended by striking 'or subparagraph (B) or (C) of section 6(g)(1) (as applicable),'.

(3) Effective date. The repeal and amendment made by paragraphs (1) and (2), respectively, shall take effect on the date that is one day after the date on which the hourly wage under section 6(g)(1)(C) of the Fair Labor Standards Act, as amended by subsection (a), takes effect.

SEC. 1305. PUBLICATION OF NOTICE.

Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206), as amended by the preceding sections, is further amended by adding at the end the following:

'(i) Not later than 60 days prior to the effective date of any increase in the required wage determined under subsection (h), or in accordance with subparagraph (B) or (C) of section 3(m)(1) (as applicable), section 14(c)(1)(A) (as applicable), or subparagraph (B) or (C) of section 6(g)(1) (as applicable), the Secretary shall publish in the Federal Register and on the website of the Department of Labor a notice announcing each increase in such required wage.'.

SEC. 1306. PROMOTING ECONOMIC SELF-SUFFICIENCY FOR INDIVIDUALS WITH DISABILITIES.

(a) Wages.-

(1) Transition to fair wages for individuals with disabilities. Subparagraph (A) of section 14(c)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)(1)) is amended to read as follows:

'(A) at a rate that equals, or exceeds, the greater of-

'(i)(I) $4.25 an hour, beginning 1 year after the date the wage rate specified in section 6(a)(1)(A) takes effect;

'(II) $6.25 an hour, beginning 2 years after such date;

'(III) $8.25 an hour, beginning 3 years after such date;

'(IV) $10.25 an hour, beginning 4 years after such date;

'(V) $12.25 an hour, beginning 5 years after such date; and

'(VI) the wage rate in effect under section 6(a)(1), on the date that is 6 years after the date the wage specified in section 6(a)(1)(A) takes effect; or

'(ii) if applicable, the wage rate in effect on the day before the date of enactment of the Raise the Wage Act for the employment, under a special certificate issued under this paragraph, of the individual for whom the wage rate is being determined under this subparagraph,'.
(2) Prohibition on new special certificates; sunset. Section 14(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)) (as amended by paragraph (1)) is further amended by adding at the end the following:

'(6) Prohibition on new special certificates. Notwithstanding paragraph (1), the Secretary shall not issue a special certificate under this subsection to an employer that was not issued a special certificate under this subsection before the date of enactment of the Raise the Wage Act.

'(7) Sunset. Beginning on the day after the date on which the wage rate described in paragraph (1)(A)(i)(VI) takes effect, the authority to issue special certificates under paragraph (1) shall expire, and no special certificates issued under paragraph (1) shall have any legal effect.

'(8) Transition assistance. Upon request, the Secretary shall provide-

'(A) technical assistance and information to employers issued a special certificate under this subsection for the purposes of-

'(i) transitioning the practices of such employers to comply with this subsection, as amended by the Raise the Wage Act; and

'(ii) ensuring continuing employment opportunities for individuals with disabilities receiving a special minimum wage rate under this subsection; and

'(B) information to individuals employed at a special minimum wage rate under this subsection, which may include referrals to other Federal or State entities with expertise in competitive integrated employment.'.

(3) Effective date. The amendments made by this subsection shall take effect on the date of enactment of this Act.

(b) Publication of Notice.-

(1) Amendment. Section 6(i) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(i)), as amended by section 1304(b)(2), is further amended by striking 'section 14(c)(1)(A) (as applicable),'.

(2) Effective date. The amendment made by paragraph (1) shall take effect on the day after the date on which the wage rate described in paragraph (1)(A)(i)(VI) of section 14(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)), as amended by subsection (a)(1), takes effect.

SEC. 1307. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this title or the amendments made by this title, this title and the amendments made by this title shall take effect on the first day of the third month that begins after the date of enactment of this Act.

DIVISION E ANTI-POVERTY TAX PROVISIONS

TITLE XIV CHILD TAX CREDIT PERMANENCY

SEC. 1401. INFLATION ADJUSTMENT OF THE CHILD TAX CREDIT.

(a) Inflation Adjustment. Section 24 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:
'(g) Inflation Adjustment. In the case of any taxable year beginning in a calendar year after 2017, the $1,000 amount contained in subsection (a) shall be increased by an amount equal to-

'(1) such dollar amount, multiplied by

'(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2016' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.'.

(b) Effective Date. The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

TITLE XV EARNED INCOME TAX CREDIT

SEC. 1501. EXPANSION OF EARNED INCOME CREDIT.

(a) Credit Percentages for Individuals With No Qualifying Children. The item in the table in section 32(b)(1) of the Internal Revenue Code of 1986 under the column relating to the credit percentage is amended by striking '7.65' and inserting '15.3'.

(b) Phaseout Percentage for Individuals With No Qualifying Children. The item in the table in section 32(b)(1) of the Internal Revenue Code of 1986 under the column relating to the phaseout percentage is amended by striking '7.65' and inserting '15.3'.

(c) Phaseout Amount.-

(1) In general. The item in the table in section 32(b)(2)(A) of the Internal Revenue Code of 1986 under the column relating to the phaseout amount is amended by striking '$5,280' and inserting '$11,500'.

(2) Inflation adjustment.-

(A) In general. Section 32(j) of the Internal Revenue Code of 1986 is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

'(2) Exception. In the case of the amount in subsection (b)(2)(A) under the column relating to the phaseout amount for taxable years beginning after 2018, paragraph (1)(B)(i) shall be applied by substituting 'calendar year 2017' for 'calendar year 1995' and paragraph (1) shall not apply to such amount for taxable years beginning in 2016.'.

(B) Conforming amendments. Section 32(j) of the Internal Revenue Code of 1986 is amended-

(i) in paragraph (1)(B)(i) by inserting 'except as provided in paragraph (2)' before 'in the case of', and

(ii) in paragraph (2)(A) by inserting 'or (2)' after 'paragraph (1)'.

(d) Expansion of Age Range of Eligible Individuals. Section 32(c)(1)(A)(ii)(II) of the Internal Revenue Code of 1986 is amended by striking 'age 25 but not attained age 65' and inserting 'age 21 but not attained retirement age (as defined in section 216(l) of the Social Security Act)'.

(e) Effective Date. The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

TITLE XVI CHILD CARE ACCESS AND REFUNDABILITY EXPANSION ACT

SEC. 1601. CREDIT FOR DEPENDENT CARE EXPENSES.

(a) Credit Made Refundable.-

(1) In general. The Internal Revenue Code of 1986 is amended by redesignating section 21 as section 36C and by moving such section after section 36B.

(2) Credit not allowed to nonresident aliens. Section 36C(a)(1) of the Internal Revenue Code of 1986, as redesignated by this section, is amended by inserting '(other than a nonresident alien)' after 'In the case of an individual'.

(3) Conforming amendments.-

(A) Section 23(f)(1) of such Code is amended by striking 'section 21(e)' and inserting 'section 36C(e)'.

(B) Section 35(g)(6) of such Code is amended by striking 'section 21(e)' and inserting 'section 36C(e)'.

(C) Section 36C(a)(1) of such Code, as redesignated by this section, is amended by striking 'this chapter' and inserting 'this subtitle'.

(D) Section 129(a)(2)(C) of such Code is amended by striking 'section 21(e)' and inserting 'section 36C(e)'.

(E) Section 129(b)(2) of such Code is amended by striking 'section 21(d)(2)' and inserting 'section 36C(d)(2)'.

(F) Section 129(c)(1) of such Code is amended by striking 'section 21(b)(2)' and inserting 'section 36C(b)(2)'.

(G) Section 213(e) of such Code is amended by striking 'section 21' and inserting 'section 36C'.

(H) Section 6211(b)(4)(A) of such Code is amended by inserting '36C,' after '36B,'.

(I) Section 6213(g)(2)(H) of such Code is amended by striking 'section 21' and inserting 'section 36C'.

(J) Section 6213(g)(2)(L) of such Code is amended by striking 'section 21, 24, 32, or 6428' and inserting 'section 24, 32, 36C, or 6428'.

(K) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting '36C,' after '36B,'.

(L) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 21.

(M) The table of sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 36B the following new item:

'Sec 36C Expenses for household and dependent care services necessary for gainful employment.'.
(b) Inflation Adjustment of Income Thresholds for Credit Phasedown. Section 36C(e) of the Internal Revenue Code of 1986, as redesignated by this section, is amended by adding at the end the following new paragraph:

'(11) Inflation adjustment.-

'(A) In general. In the case of any taxable year beginning in a calendar year after 2017, the $2,000 amount and the $15,000 amount in subsection (a)(2) shall each be increased by an amount equal to-

'(i) such dollar amount, multiplied by

'(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2016' for 'calendar year 1992' in subparagraph (B) thereof.

'(B) Rounding. Any increase determined under subparagraph (A) shall be rounded to the nearest multiple of-

'(i) in the case of the $2,000 amount, $50, and

'(ii) in the case of the $15,000 amount, $100.'.

(c) Effective Date. The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 1602. AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.

(a) Authorization of Appropriations. Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended by striking '$2,668,534,969 for fiscal year 2019, and $2,748,591,018 for fiscal year 2020' and inserting '$4,100,000,000 for fiscal year 2019, and for each subsequent fiscal year the amount authorized to be appropriated for the previous fiscal year adjusted by the annual increase in the rate of inflation for such previous fiscal year'.

(b) Eligibility for Child Care Benefits. The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended-

(1) in section 658E(c)(2)(N) by striking '85 percent' each place it appears and inserting '150 percent'; and

(2) in section 658P(4)(B) by striking '85 percent' and inserting '150 percent'.

DIVISION I MISCELLANEOUS

TITLE I POVERTY IMPACT TRIGGER

SEC. 1701. CERTAIN POVERTY IMPACT LEGISLATION SUBJECT TO POINT OF ORDER.

Rule XXI of the Rules of the House of Representatives is amended by adding at the end the following new clause:

'Certain legislation reported by committees

'12. It shall not be in order to consider a bill or joint resolution of a public nature authorizing an appropriation of $10,000,000 or more, unless-
'(a) the committee report accompanying the bill or joint resolution includes a CBO Poverty Index Division impact statement; or

'(b) the chair of the committee reporting the bill or joint resolution submits such statement to be published in the Congressional Record before consideration of the bill or joint resolution.'.

SEC. 1702. CONGRESSIONAL BUDGET OFFICE POVERTY IMPACT DIVISION.

(a) In General. Section 202 of the Congressional Budget Act of 1974 (2 U.S.C. 602) is amended by adding at the end the following new subsection:

'(h) CBO Poverty Impact Division.-

'(1) Creation. There is established within the Office the CBO Poverty Impact Division (hereinafter in this subsection referred to as the 'Division').

'(2) Duties and functions.-

'(A) Preparation and submission of impact statement. When a chair of a committee of the House of Representatives submits a written request to the Division to prepare and submit to the committee a CBO Poverty Index Division impact statement, the Division shall prepare and submit such statement to the committee not later than 30 days after such request.

'(B) Content of impact statement. A CBO Poverty Index Division impact statement shall include the following:

'(i) A projected ratio equal to the amount of appropriations authorized in the bill or joint resolution that will benefit individuals and families below the poverty threshold over the total amount of appropriations authorized by the bill or joint resolution.

'(ii) A projection of the number of individual and family incomes-

'(I) that may decrease below the poverty threshold because of the bill or joint resolution; and

'(II) that may increase above the poverty threshold because of the bill or joint resolution.

'(iii) A projection as to how the legislation improves access to basic human services, including health care, housing, and education.

'(C) Poverty threshold defined. In this subsection, the term 'poverty threshold' means an income level below 200 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act).'

SEC. 1703. EXERCISE OF RULEMAKING POWERS.

Section 1901 of this title is enacted by the House of Representatives-
(1) as an exercise of the rulemaking power of the House of Representatives and as such it shall be considered as part of the Rules of the House of Representatives and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with the full recognition of the constitutional right of the House of Representatives to change such rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House of Representatives.

SEC. 1704. EFFECTIVE DATE.

The amendments made by this title shall apply to any bill or joint resolution reported by a committee of the House of Representatives after the 90-day period beginning on the date of enactment of this Act.

TITLE II HALF IN TEN ACT TO CREATE A NATIONAL STRATEGY TO REDUCE POVERTY

SEC. 1801. FINDINGS.

Congress finds the following:

(1) The persistence of poverty, and especially intergenerational poverty, in America can be seen as a deep, structural problem that implicates our value system and our educational and economic institutions.

(2) Poverty may be defined as the lack of basic necessities of life such as food, shelter, clothing, health care, education, economic security, and economic opportunity.

(3) Policy initiatives and many safety net programs addressing poverty have not kept pace with the needs of millions of Americans.

(4) The lack of an equitable distribution of housing choices across the country leads to isolation and concentrated poverty.

(5) The number of Americans living in poverty rose by over 2.6 million from 2009 to 2010 (U.S. Census Bureau, September 2011).

(6) There were 46.2 million Americans living in poverty in 2010, consisting of 15.1 percent of the American people (U.S. Census Bureau, September 2011).

(7) Poverty has a disproportionate impact on minority communities in America with 27.4 percent of African Americans, 26.6 percent of Hispanics, 12.1 percent of Asian Americans, and 9.9 percent of Whites living in poverty in the United States in 2010 (U.S. Census Bureau, September 2011).

(8) In 2010 a family of 4 was considered poor under the U.S. Census Bureau's official measure if the family's income was below $22,314.

(9) The economic consequences of poverty in the United States are estimated to be at least $500 billion per year (Center for American Progress, 2007).

(10) Children who grow up in poverty experience higher crime rates, decreased productivity, and higher health costs over their lives (Center for American Progress, 2007).
(11) 3,500,000 seniors lived in poverty in 2010 (U.S. Census Bureau, 2011).

(12) Young Americans, ages 18-24, experience a higher poverty rate than the national average (U.S. Census Bureau, 2011).

(13) 16,400,000 children lived in poverty in 2010 more than one in every five American children (U.S. Census Bureau, 2011).


(15) The 46,180,000 of Americans in poverty in 2010 was the largest number yet recorded in the 52 years for which poverty estimates are available (U.S. Census Bureau, 2011).

(16) The United States overseas territories have high levels of poverty and varying access to Federal anti-poverty programs. Poverty rates in 2009 for people over 18 were 41.4 percent in Puerto Rico, 53.7 percent in Guam, 65.1 percent in the United States Virgin Islands, 66.6 percent in the Commonwealth of the Northern Mariana Islands, and 52.6 percent in American Samoa.

(17) Individuals and families in poverty are more socially vulnerable to natural disasters, extreme weather and impacts of climate change and have greater difficulty preparing for, responding to and recovering from such events (Oxfam America, 2009).

(18) Children who live in families who fall into poverty for even short periods of time are at greater risk of a lifetime of lower earnings, lower educational attainment, and increased reliance on public services and increased rates of incarceration (First Focus, 2008).

(19) It is estimated that the additional 3 million children who were forced into poverty due to the recession of 2008, resulted in $35 billion in economic losses annually, and will cause at least $1.7 trillion in economic losses to the United States during their lifetimes (First Focus, 2008).

(20) Reducing poverty, especially child poverty, not only reduces costs for Federal, State, and local social services and benefits programs, but also increases tax revenue at all levels of government (Children's Defense Fund, 2009).

(21) The House of Representatives, on January 22, 2008, has resolved that it is the sense of Congress that the United States should set a national goal of cutting poverty in half over the next 10 years.

SEC. 1802. DEFINITIONS.

In this title:

(1) Federal agency. The term 'Federal agency' means any executive department, Government corporation, Government-controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency.

(2) Poverty. The term 'poverty' means an income level and living standard associated with and based on the official poverty measure as established and updated by the U.S. Census Bureau which establishes a threshold of minimum income necessary to achieve a standard of living free from deprivation of basic needs.
(3) Extreme poverty. The term 'extreme poverty' means having an income level or living standard at a level of extreme deprivation based on living with income below 50 percent of the Federal poverty line as established by the U.S. Census.

(4) Near poverty. The term 'near poverty' means having a level of household income below 200 percent of the Federal poverty line.

(5) Child poverty. The term 'child poverty' means poverty which impacts those persons under 18 years of age.

(6) Deprivation. The term 'deprivation' means lacking some or all basic human needs.

(7) Decent living standard. The term 'decent living standard' means the amount of annual income that would allow an individual to live beyond deprivation at a safe and decent, but modest, standard of living.

(8) Alternative poverty measures. The term 'alternative poverty measures' means measures and indicators, other than the traditional income based measure of poverty, which can provide a more detailed picture of the low-income and poverty stricken populations, such as the number of people who were kept above poverty by Government supports, the number of people who are poor due to medical expenses, child care, and work expenses, the rates of food insecurity, the number of people who are asset poor (with less than three months of income saved), the number of disconnected youth, teen birth rates, participation rates in Federal anti-poverty programs for all eligible populations, and the number of people who are unbanked.

(9) Regional costs of living. The term 'regional costs of living' means a measure of the differing costs of maintaining a given living standard in varying regional, geographic, urban or rural regions.

(10) Economic insecurity. The term 'economic insecurity' means the inability of individuals and households to cope with routine adverse or costly life events and the lack of means to maintain a decent standard of living and to recover from the costly consequences of those events.

(11) Economic stability. The term 'economic stability' means individuals and households have access to the means and support systems necessary to effectively cope with adverse or costly life events and have the ability to effectively recover from the consequences of those events while maintaining their standard of living or maintaining a decent standard of living.

(12) Digital divide. The term 'digital divide' means the gap between individuals, households, businesses and geographic areas at different socio-economic levels with regard to both their access information and communications technologies and including the imbalance both in physical access to technology and the resources, education and skills needed to effectively use computer technology and the Internet for a wide variety of activities.

(13) Outcomes. The term 'outcomes' means change in the economic status, economic instability or economic security of an individual, household or other population which is attributable to a planned intervention, benefit, or service or series of interventions, benefits, and services, regardless of whether such an intervention was intended to change such economic status.

(14) Disparate impact. The term 'disparate impact' refers to the historic and ongoing impacts of the pattern and practice of discrimination in employment, education, housing, banking and nearly every other aspect of American life in the economy, society or culture that have an adverse impact on minorities, women, or other protected groups, regardless of whether such practices were motivated by discriminatory intent.
SEC. 1803. ESTABLISHMENT OF THE FEDERAL INTERAGENCY WORKING GROUP ON REDUCING POVERTY.

(a) Establishment of Federal Interagency Working Group on Reducing Poverty. There is established within the Department of Health and Human Services, a Federal Interagency Working Group on Reducing Poverty, which shall be chaired by the Secretary of Health and Human Services, and whose members shall be selected by their respective agency heads from the senior ranks of their agencies, which shall-

(1) develop, within 180 days of enactment, a National Strategy to reduce the number of persons living in poverty in America in half within 10 years of the release of the 2012 Census report on Income, Poverty and Health Insurance Coverage in the United States: 2011, that includes goals and objectives relating to-

(A) reducing in half the number of Americans living in poverty as reported by the 2012 Census report on Income, Poverty and Health Insurance Coverage in the United States: 2011;

(B) eliminating child poverty in America;

(C) eliminating extreme poverty in America;

(D) improving the effectiveness and outcomes of poverty-related programs by improving our understanding of the root causes of poverty, the social, economic, and the cultural contributors to persistent intergenerational poverty;

(E) improving the measure of poverty to include more indicators and measures that can meaningfully account for other aspects relating to the measure of poverty, such as regional differences in costs of living, the impact of rising income inequality, the impact of the persistent 'digital divide', expanding the understanding of poverty by distinguishing a standard that measures a level of freedom from deprivation versus a standard that measures a standard of economic adequacy provided by a living wage and access to a decent living standard, and the impact of poverty on other measures of economic stability and economic outcomes, such as educational attainment, rates of incarceration, lifetime earnings, access to health care, health care outcomes, access to housing, and including other measures as necessary to improve our understanding of why poverty persists in America;

(F) eliminating the disparate rates of poverty based on race, ethnicity, gender, age, or sexual orientation and identity, especially among children in those households so impacted;

(G) measuring effectiveness of poverty related programs on the basis of long-term outcomes, including the long-term savings and value of preventive practice and policy, and employing fact-based measures of programs to make improvements;

(H) improving the accessibility of benefit and social services programs, reducing the complexity and difficulty of enrollment, and improving the rates of enrollment in need based programs for all eligible recipients to maximize the impact of benefits and social services programs on reducing the impacts of poverty and improving economic outcomes;

(I) making more uniform eligibility requirements to improve the coordination of service delivery, reduce gaps in eligibility, and improve outcomes of programs addressing poverty in the Federal Government;

(J) reducing the negative impacts of asset limits for eligibility which impact Federal, State and local poverty programs on the effectiveness of programs where limited eligibility creates gaps in necessary service and benefit delivery, and restricts access to benefits as individuals and families attempt to transition off of assistance programs and which can prevent
needy beneficiaries from improving long-term outcomes and achieving long-term economic independence from need-
based programs;

(K) identifying Federal programs, including those related to disaster relief, hazard mitigation, extreme weather
and climate change, and necessary reforms to better target resources towards disproportionately impacted socially
vulnerable, low-income and disadvantaged communities may provide greater socio-economic benefits;

(L) improving the ability of community-based organizations to participate in the development, oversight and
implementation of Federal poverty-related programs;

(M) improving access to good jobs with adequate wages and benefits by individuals living in poverty, low-income
households, and the unemployed;

(N) expanding and stabilizing poor and low-income persons connection to work and access to critical job training and/
or skills upgrade training that will lead to re-entry in the workforce;

(O) developing a comprehensive strategy to connect low-income young people and to re-connect currently disconnected
youth to education, work, and their community; and

(P) shifting the focus of poverty and means-tested programs across the Federal Government beyond the relief of
depivation and instead setting goals, measures, and outcomes more focused on measuring the success of programs in
supporting and improving how capable individuals and families can access educational and economic opportunities to
successfully transition away from accessing public assistance and benefits and achieving long-term economic stability
which will reduce long-term costs in domestic social needs programs, reduce long-term health care costs due to the
improved health of formerly poverty stricken households, increase the number of taxpaying individuals which will
increase revenue, and lower the enrollment and costs in need based benefits and services programs, thus improving
the economy and reducing long-term deficits for Federal, State, and local governments;

(2) oversee, coordinate, and integrate all policies and activities of the Federal Government, in coordination and
consultation with the Domestic Policy Council and the National Economic Council, across all agencies relating to
reducing the number of individuals, families, and children living below the Federal poverty line, in extreme poverty or
near poverty and increasing the number of households able to achieve long-term economic stability with assets sufficient
to maintain a decent living standard without relying on public-support-

(A) economic, commercial, and programmatic policies that can effect or relieve the effects of poverty through job
creation, and economic development targeted to low-income, minority, rural, urban and other populations who suffer
disparate rates of poverty, among Federal agencies; and

(B) services and benefits including emergency programs, discretionary economic programs, and other policies and
activities necessary to ensure that the Federal Government is able to mount effective responses to economic downturns
and increases in the rates of poverty;

(3) ensure that all relevant Federal agencies comply with appropriate guidelines, policies, and directives from the Federal
Interagency Working Group on Reducing Poverty and the Department of Health and Human Services and other Federal
agencies with responsibilities relating to poverty reduction or improving economic stability and independence;

(4) ensure that Federal agencies, State governments and relevant congressional committees have access to, receive,
and appropriately disseminate best practices in the administration of programs, have adequate resources to maximize
the public awareness of programs, increase the reach of those programs, especially into historically disenfranchised
communities, maximize enrollment for all eligible Americans, share relevant data, and issue relevant guidance in consultation with nongovernment organizations and policy experts in the field and State and local government officials who administer or direct policy for anti-poverty programs in increasing and maximizing the enrollment into and administration of programs and services designed to alleviate poverty;

(5) enact best practices for improved data collection, relevant to-

(A) reducing poverty;

(B) reducing the racial, ethnic, age, gender, and sexual orientation or sexual identity based disparities in the rates of poverty;

(C) adequately measuring the effectiveness, efficiency and impact of programs on the outcomes for individuals, families and communities who receive benefits and services;

(D) streamlining enrollment and eligibility for programs;

(E) improving long-term outcomes for individuals who are enrolled in service and benefit programs;

(F) reducing reliance on public programs;

(G) improving connections to work;

(H) improving economic stability;

(I) improving savings and investment, access to capital, increasing rates of entrepreneurship;

(J) improving our understanding of the impact of extreme weather and natural disasters on economically vulnerable communities and improving those communities' resilience to and recovery from extreme weather and natural disasters;

(K) improving access to living wage employment; and

(L) improving access to employment-based benefits; and

(6) study the feasibility of and test different interagency, State and local, public/private models of cooperative service and benefit delivery by creating necessary exemptions, waivers and funding sources to allow improved cooperation and innovation in the development of programs, practices, policies and procedures that advance the goal of reducing poverty and increasing economic opportunity.

(b) Director of National Poverty Policy. There shall be a Staff Director of National Poverty Policy, who shall be the head of the Federal Interagency Working Group on Reducing Poverty.

SEC. 1804. APPOINTMENT AND RESPONSIBILITIES OF THE DIRECTOR.

(a) Appointment.-

(1) In general. The Staff Director shall be appointed by the Secretary of Housing and Urban Development.
(2) Qualifications. The Secretary shall appoint the Staff Director from among individuals who have demonstrated ability and knowledge in social policy, improving outcome based management, issues of equity and equal opportunity and access to services and economic opportunity.

(b) Responsibilities. The Staff Director shall-

(1) advise the Secretary and all relevant cabinet secretaries, and agency officials regarding the establishment of policies, goals, objectives, and priorities for reducing poverty in America in half in ten years, ending child poverty, ending extreme poverty and eliminating racial, ethnic, gender, and sexual identity and orientation based disparities in the rates of poverty;

(2) advise the Secretary, when directed by the Secretary, advise relevant cabinet secretaries, heads of independent Federal agencies and other entities within the Executive Office of the President regarding mechanisms to improve the effectiveness, coordination, impact, and outcomes of social services, benefits, and other poverty reduction and economic opportunity programs, in collaboration with experts in the field, nongovernmental organizations, and other governments;

(3) work with Federal agencies to oversee, coordinate, and integrate the implementation of the National Plan or Strategy, including consultation with independent nongovernmental policy experts and service provider groups engaged in serving low-income persons, children and households, State and local government officials who administer or direct policy for anti-poverty programs, and with as many groups that directly represent low-income people, such as public housing tenants' associations, or other similar groups; and

(4) resolve any disputes that arise between Federal agencies relating to the National Plan to reduce poverty in half in ten years or other matters within the responsibility of the Office.

SEC. 1805. CONSULTATION.

(a) In General. The Director may consult and obtain recommendations from, as needed, such Presidential and other advisory entities such as consultation with independent nongovernmental policy experts and service provider groups engaged in serving low-income persons, children, and households; State and local government officials who administer or direct policy for anti-poverty programs, and groups made up of low-income people, such as public housing tenants' associations, or other similar groups as the Director determines will assist in carrying out the mission of the Office, including, but not limited to-

(1) the Administration for Children and Families (ACF);

(2) the Administration on Aging (AoA);

(3) the Department of Agriculture (USDA);

(4) the Bankruptcy Courts;

(5) the Bureau of Consumer Financial Protection;

(6) the Bureau of Economic Analysis (BEA);

(7) the Bureau of Indian Affairs (BIA);

(8) the Bureau of the Census;
(9) the Center for Nutrition Policy and Promotion;

(10) the Centers for Medicare & Medicaid Services (formerly the Health Care Financing Administration);

(11) the Commission on Civil Rights;

(12) the Office of Community Planning and Development;

(13) the Consumer Financial Protection Bureau;

(14) the Coordinating Council on Juvenile Justice and Delinquency Prevention;

(15) the Corporation for National and Community Service;

(16) the Council of Economic Advisers;

(17) the Department of Agriculture (USDA);

(18) the Department of Commerce (DOC);

(19) the Department of Defense (DOD);

(20) the Department of Education (ED);

(21) the Department of Health and Human Services (HHS);

(22) the Department of Housing and Urban Development (HUD);

(23) the Department of Justice (DOJ);

(24) the Department of Labor (DOL);

(25) the Department of the Treasury;

(26) the Department of Transportation (DOT);

(27) the Department of Veterans Affairs (VA);

(28) the Disability Employment Policy Office;

(29) the Domestic Policy Council;

(30) the Drug Enforcement Administration (DEA);

(31) the Economic Development Administration;

(32) the Economic Research Service;
(33) the English Language Acquisition Office;

(34) the Equal Employment Opportunity Commission (EEOC);

(35) the Fair Housing and Equal Opportunity;

(36) the Federal Bureau of Prisons;

(37) the Federal Housing Finance Board;

(38) the Federal Labor Relations Authority;

(39) the Federal Trade Commission (FTC);

(40) the Food and Nutrition Service;

(41) the Indian Health Service;

(42) the Interagency Council on Homelessness;

(43) the Internal Revenue Service (IRS);

(44) the Legal Services Corporation;

(45) the National AIDS Policy Office;

(46) the National Credit Union Administration;

(47) the National Economic Council;

(48) the National Institutes of Health (NIH);

(49) the National Labor Relations Board;

(50) the Occupational Safety & Health Administration (OSHA);

(51) the Office of Management and Budget (OMB);

(52) the Office of Refugee Resettlement;

(53) the Office of Policy Development and Research (Housing and Urban Development Department);

(54) the Small Business Administration (SBA);

(55) the Social Security Administration (SSA);

(56) the Substance Abuse and Mental Health Services Administration;

(57) the Veterans' Employment and Training Service; and
(58) the Women's Bureau (Labor Department).

(b) National Strategy. In developing and updating the National Strategy the Executive Director shall consult with the Domestic Policy Council, the National Economic Council, and, as appropriate, hold regional public hearings around the country to collect information and feedback from the public on their efforts and experience for the development and updating of the National Strategy and make this information available to the public.

SEC. 1806. REPORTS TO CONGRESS AND THE PUBLIC.

(a) In General. The Chair of the Federal Interagency Working Group on Reducing Poverty shall submit an annual report to the appropriate congressional committees describing the activities, ongoing projects, and plans of the Federal Government designed to meet the goals and objectives of the National Strategy on Poverty. The report shall include an accounting of the savings to the Government from any increased efficiencies in the delivery of services, any savings from reducing the numbers of Americans living in poverty and reductions in the demand for need-based services and benefits for which persons living in and near poverty are eligible, as well as an accounting of any increase in revenue collections due to the numbers of persons who become gainfully employed and pay taxes into the Treasury instead of drawing benefits and services from it.

(b) National Academy of Sciences Workshop. Within 90 days after funds are made available to carry out this title, the Secretary of Health and Human Services shall contract with the National Academy of Sciences (hereinafter in this subsection referred to as the 'NAS') to initiate a workshop series to provide necessary background information to enable the Working Group on Reducing Poverty to develop and finalize its plan.

(1) The NAS shall convene a steering committee to organize, plan, and conduct a public workshop on what is known about the economic and social costs of poverty, including, but not limited to the following:

(A) Macroeconomic costs (effects on productivity and economic output).

(B) Health costs (effects on health expenditures and health status).

(C) Crime and other social costs.

(D) Direct Federal budget effects (e.g., outlays for income support and other poverty reduction programs).

(E) Natural disaster related risks and costs.

(F) The workshop shall also consider poverty metrics (e.g., income poverty, food insecurity, and other measures of deprivation), and their role in assessing the effects of poverty and the performance of anti-poverty programs.

The NAS shall commission experts to prepare papers that summarize and critique the relevant literature estimating monetary and non-monetary economic and social impacts of poverty. A workshop summary shall be produced that, along with the papers, shall be available electronically on the NAS website. This workshop shall be convened within 6 months of receipt of a contract, the papers posted immediately, and the summary released by the end of month.

(2) The NAS steering committee shall organize, plan, and conduct a second public workshop on what is known about the economic and social costs and benefits of a variety of programs and strategies to reduce and prevent poverty. It shall take account of such issues as the following:
(A) Short-term versus long-term effects, including budget implications.

(B) Effects for different population groups, such as children, the elderly, immigrants, long-term single-parent families, displaced older workers, young people with large loans, people in areas of concentrated poverty and other social ills (e.g., Indian reservations, some inner city areas, some rural areas).

(C) Effects by depth of poverty and near-poverty (e.g., income to poverty ratios of less than 50 percent, less than 100 percent, less than 200 percent).

This second workshop shall be convened within 9 months of receipt of a contract, the papers posted immediately, and a summary released by the end of month 12.

(e) Report. The relevant sections of the report shall be posted on each agency's website on the plans and impacts specific to their agency.

(d) Public Report. A version of each report submitted under this section shall be made available to the public.

(e) Legislative Language. The Working Group on Reducing Poverty shall submit, as necessary, legislative language, including specific legislative recommendations to the Congress of the United States towards achieving the national goals.

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