

92d Congress }
2d Session }

COMMITTEE PRINT

**IMPLEMENTATION OF
AMENDMENTS TO IMPROVE THE
WORK INCENTIVE
PROGRAM**

**COMMITTEE ON FINANCE
UNITED STATES SENATE**
RUSSELL B. LONG, *Chairman*



JUNE 26, 1972

Prepared by the staff and printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE

79-880 O

WASHINGTON : 1972

5362-16

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IMPLEMENTATION OF AMENDMENTS TO IMPROVE THE WORK INCENTIVE PROGRAM

The Work Incentive Program as Originally Enacted

The Work Incentive Program was created by the Congress as part of the Social Security Amendments of 1967. It represents an attempt to cope with the problem of rapidly growing dependency on welfare by dealing with the major barriers which prevented many of the women who headed families on welfare from becoming financially independent by working. Major features of the WIN program as originally enacted are outlined in the following paragraphs.

Referral for work and training.—The State welfare agencies were to determine which welfare recipients were appropriate for referral for work and training, but they could not require participation from persons in the following categories:

1. Children under age 16 or going to school;
2. Persons with illness, incapacity, advanced age, or such remoteness from a project that they would be precluded from effective participation in work or training; or
3. Persons whose substantially continuous presence in the home was required because of the illness or incapacity of another member of the household.

For all those referred, the welfare agency was required to assure necessary child care arrangements for the children involved. An individual who desired to participate in work or training was to be considered for assignment and, unless specifically disapproved, was to be referred to the program.

Work and training program.—The Secretary of Labor was required to establish an employability plan for each person referred. Persons referred by the State welfare agency to the Department of Labor were to be handled according to three priorities. Under the first priority, the Secretary of Labor was to place as many persons as possible directly in employment or on-the-job training, without further preparation.

Under the second priority, all persons found suitable were to receive training appropriate to their needs, and up to \$30 a month as a training incentive payment. After training, as many persons as possible were to be placed in regular employment.

Under the third priority, the employment office was required to make arrangements for special work projects (public service employment) to employ those found to be unsuitable for training and those for whom no jobs in the regular economy could be found at the time. These special projects were to be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose. It was required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they performed was covered under a minimum wage

statute. In addition, the work performed under special projects could not result in the displacement of regularly employed workers.

Auerbach Report on Operations of the Work Incentive Program

Funds were first appropriated for the Work Incentive Program in July 1968. Almost from the first, operations under the program were disappointing. In 1969 the Department of Labor contracted with the Auerbach Corporation to study the operations of the Work Incentive Program and to make recommendations for improving it. The Auerbach Corporation conducted onsite evaluations in 23 cities and published a detailed report on each, as well as an overall appraisal of the Work Incentive program. The Auerbach report detailed the problems in implementing the Work Incentive Program and concluded: "The basic idea of WIN is workable—though some aspects of the legislation require modification." The Auerbach report pointed to the following as some of the reasons for the slow development of the Work Incentive Program and its lack of impact on the welfare rolls:

1. On-the-job training, highly desirable because of its virtual guarantee of employment upon successful completion of training, was largely ignored under the Work Incentive Program.

2. Special work projects (public service employment) also were aimed at providing actual employment for welfare recipients; but though the law required that they be established in all States, only one State had implemented this provision in a substantial way.

3. Lack of day care was having a great inhibiting effect on welfare mother participation in the program.

4. Lack of coordination between welfare and employment agencies was inhibiting progress. In some cases, lack of referral of trainable people by some State welfare agencies was a problem. Also, bureaucratic rivalry of long standing between welfare and employment agencies was carried over to WIN in some States. This situation on the local level was compounded by lack of coordination on the Federal level between the Department of Labor and the Department of Health, Education, and Welfare.

5. Lack of adequate transportation was a serious problem for many WIN projects, affecting the enrollees' ability both to participate in the program and to secure employment.

6. Lack of medical supportive services (physical examinations and ability to remedy minor health problems) was cited as a major problem.

7. Commenting on the need for job development, the Auerbach Corporation stated:

Although the WIN concept is built around jobs for welfare recipients, there has been little investigation of the labor market to determine exactly where and how jobs can be obtained, and how many jobs are actually available or likely to become available for WIN enrollees. Now that the program is underway, there is a growing feeling among local WIN staff that many participants, women in particular, will not obtain jobs in the already tightly restricted market existing in many communities.

Legislative Action in 1971

In December 1971 the President signed into law legislation proposed by Senator Talmadge designed to improve the effectiveness of the Work Incentive Program. The new law, designed to take into account the problems outlined in the Auerbach Report, made these changes:

1. To end the problem of widely differing rates of referrals and program participation, States (instead of determining which cases are "appropriate" on an individual basis) are now required to have each individual who applies for AFDC register with the Secretary of Labor (as a condition for receiving assistance) unless the individual is:

- (a) a child under age 16 or attending school;
- (b) ill, incapacitated, or of advanced age;
- (c) so remote from a WIN project that his effective participation is precluded;
- (d) caring for another member of the household who is ill or incapacitated;
- (e) the mother or other relative of a child under age six who is caring for the child; or
- (f) a mother in a family where the father has registered.

2. Under prior law, each State was required to pay for 20% of the WIN funds allocated to the State. Under the amendment, this figure was reduced to 10%.

3. To assure that persons referred for work and training are ready to participate, each State welfare agency is now required to set up a separate administrative unit to make arrangements for supportive services needed by welfare recipients in order to participate in the WIN program and for certification to the Labor Department of those who are ready for employment or training. There was no comparable provision in prior law, and many referrals for participation were simply paper referrals.

4. To provide a financial incentive for States to provide the supportive services welfare recipients need in order to participate in the WIN program, any State which does not prepare and refer to the Labor Department at least 15% of the people who are required to register will suffer a financial penalty. Specifically, the Federal matching for cash assistance payments under AFDC (which varies between 50% and 83% among the States) will be reduced by one percentage point for every percentage point the actual proportion is below the 15% figure.

5. The Federal matching rate for supportive services, including child care, provided by the welfare department to enable its recipients to participate in the WIN program was increased from 75% under prior law to 90%.

6. To place greater emphasis on employment-based training (as opposed to classroom training), a minimum of 33⅓% of total expenditures under the WIN program is required to go for on-the-job training and public service employment. There was no comparable provision in prior law.

7. One-half of the appropriated WIN funds will be allotted to the States based on the number of registrants for the WIN program (in fiscal years 1973 and 1974, the allotment is based on the number of AFDC recipients).

8. The Labor Department is required to accord priority to those referred to the WIN program in the following order, taking into account employability potential:

- (a) unemployed fathers;
- (b) mothers who volunteer for participation;
- (c) other mothers and pregnant women under 19 years of age;
- (d) dependent children and relatives age 16 or over who are not in school, working, or in training; and
- (e) all other persons.

9. To simplify the funding of public service employment, the prior funding arrangement for special work projects was deleted and authorizations for public service employment will be provided for 100% of the wages in the first year of an individual's employment, 75% in the second year, 50% in the third year and no Federal funding after that.

10. To mandate coordination between the two Federal agencies involved, the Secretaries of Labor and Health, Education, and Welfare are required to issue joint regulations, which among other things provide for the establishment of:

- (a) a national committee to coordinate uniform reporting and similar requirements for the administration of the WIN program; and
- (b) a regional coordination committee to review and approve Statewide operational plans.

The welfare and manpower agencies are required to develop joint State operational plans detailing how the WIN program will be operated in the State.

11. The Department of Labor is authorized to pay allowances for travel and other costs necessary for and directly related to participation in the WIN program and to provide technical assistance to the providers of employment or training under the WIN program.

12. To relate training to actual jobs, the Secretary of Labor is required to establish in each State, municipality, or other geographical area with a significant number of WIN registrants a Labor Market Advisory Council whose function is to identify the types of jobs available or likely to become available in the area; no WIN institutional training can be established unless it is related to the jobs identified as being available.

13. It is made clear that the Secretary of Labor is to utilize existing manpower programs to the maximum possible extent in implementing the WIN program.

14. Federal matching for costs related to supervision and materials needed for public service employment is authorized.

15. The effective date of all of the provisions is July 1, 1972.

Problems With Implementation of the Talmadge Amendment to the Work Incentive Program

The amendments enacted by the Congress last year were intended to remove any legislative barriers that stood in the way of the success

of the Work Incentive Program. Unfortunately, there have been reports that rather than to remove barriers, the new law is being used to justify new administrative barriers which may frustrate both the welfare recipients who want to be placed in jobs and the Congress that wishes to help them find employment.

Major problems with implementation of the amendments to the WIN program are outlined in the paragraphs that follow.

1. Appropriation Request Delayed

The amendments were enacted in December 1971, and become effective in July 1972. Nevertheless, the appropriation request associated with the amendments was delayed until June 19, 1972 when it was submitted to the Congress; the budget justifications were not submitted to the Appropriations Committees until June 22. Because of this delay, the appropriation associated with the amendments will not be part of the regular 1973 Labor-Health, Education, and Welfare appropriation bill, but instead must await a later supplemental appropriation bill.

It might be noted by way of contrast that funds for the Occupational Health and Safety Act, passed in December 1970, were requested as part of the President's budget submitted to the Congress in January 1971.

The budget request associated with the original Work Incentive Program was similarly delayed in 1968. Later the Labor Department stated that one of the reasons for the slow start of the WIN program was congressional failure to appropriate funds promptly.

2. Using Enactment of the Talmadge Amendment as a Vehicle for Initiating Features of H.R. 1

Several States have complained that the new amendments are being used by the Labor Department as a pilot project for the implementation of some of the features of the welfare expansion proposal under H.R. 1. The Labor Department regularly describes the Talmadge amendment as a transitional step to H.R. 1, a view of the amendment not supported by the legislative history. Thus Assistant Secretary Lovell in his testimony to the House Appropriations Committee stated that the Department of Labor "will try to operate beginning July 1 under the amendment to this program in such a fashion as to provide experience in operating H.R. 1 when it becomes law."

In this regard, it might be noted that the Auerbach Corporation last year reported that one of the reasons for poor Labor Department performance in administering the Work Incentive Program was that persons had been moved from administration of the Work Incentive Program in order to work with the Labor Department's H.R. 1 planning group.

The elements noted below, as well as the budget request itself, appear to contemplate a move in the direction of a "federalization of WIN," as the manpower provisions of H.R. 1 were characterized in the report of the Committee on Ways and Means.

Wage levels.—Labor Department's regulations related to the Talmadge amendment require that wages paid on a job be not less than three-quarters of the Federal minimum wage, even if the prevailing rate for the occupation in the locality is lower than three-quarters of the minimum wage. There is no such requirement in present law, but there is such a requirement in H.R. 1.

Hearings process.—Persons threatened with a welfare cutoff because of failure without good cause to accept employment or participate in training may appeal the decision. This feature of the law was not changed by the Talmadge amendment, yet the Labor Department intends to use the Talmadge amendment as a vehicle for replacing State unemployment compensation referees (who have been handling appeals on whether or not refusal was for good cause) with Federal hearing examiners. The Labor Department justifies this move as follows:

The Talmadge Amendment to the Social Security Act provides an opportunity for moving in an orderly manner towards the federalized adjudication system which will be required by the proposed Welfare Reform Act (H.R. 1). (Section 9364(1) of draft WIN Handbook.)

3. Restricting Job Opportunities

The regulations of the Labor Department incorporate a series of requirements whose cumulative effect is to restrict the possibility of placing WIN participants into private or public jobs. None of these requirements discussed below have any basis in the legislative history.

Length of working day.—The regulations state that a person is too remote from a WIN project (and thus does not even have to register for work and training) if it takes more than 10 hours for him or her to leave home, get to work and return. In the case of an 8-hour job with a 1-hour lunch period, this leaves only one-half hour each way for commuting, much less than the normal commuting time in a metropolitan area. This limit on commuting time will severely restrict job availability and training opportunities.

Imposition of Federal health and safety standards.—The regulations state that work and training sites must be in compliance with "established Federal . . . health and safety standards." Labor Department inspections under the Occupational Health and Safety Act have found that only one-fourth of employers are in compliance with the Labor Department regulations, and it would thus seem that three-fourths of all jobs would not be considered proper for placement of WIN enrollees. Furthermore, as this standard applies to the public service employment program, the effect of the regulation is to make the Labor Department safety and health regulations applicable to State and local governments even though the Occupational Health and Safety Act specifically exempts such governments from these regulations.

Minimum wage.—As mentioned earlier, the regulations require that wages paid on a job be not less than three-fourths of minimum wage, even if the prevailing rate for the occupation in the locality is lower than that. This is a requirement of H.R. 1, but is not contained in the Talmadge amendment.

Wages and welfare levels.—The Labor Department regulations (29 CFR 56.26(c)(2)) do not permit the placement of an unemployed father in a job unless the job pays as much as the family's AFDC payment plus employment-related expenses. In view of the very broad definition of work expenses now applicable under AFDC regulations, this provision of the WIN regulations would severely restrict placement possibilities in many States with relatively higher AFDC payment levels.

Nature of public service employment.—The law as amended provides 100 percent Federal funding of wages for public service employment in the first year of an individual's employment, 75 percent in the second year, 50 percent in the third year, and no Federal funding thereafter. Evidently, then, the Congress intended that public service employment could continue for at least three years. Yet the Labor Department WIN handbook contemplates requiring that each sponsor or employer under a public service employment program agree to hire each participant into his regular unsubsidized work force within 6 to 12 months of initial employment. By cutting off *all* Federal funds for a public service job after the first year, this feature of the Labor Department plans (with no basis in the legislation) would severely restrict public service employment opportunities for WIN participants. The State of New Mexico in particular has been frustrated by this restriction in its efforts to establish public service jobs for WIN participants. That State would like to hire welfare recipients in permanent jobs in the health area, with at least partial Federal funding for three years.

Limiting public service employment in relation to on-the-job training.—In order to reduce the WIN program's overemphasis on classroom training and to encourage job development, the Talmadge amendment requires that one-third of expenditures under the WIN program be for on-the-job training and public service employment. By grouping together these two kinds of employment, the Congress intended to allow States flexibility in meeting the requirement that one-third of expenditures be for on-the-job training and public service employment. The Labor Department, however, has established a policy administratively that there be two on-the-job training positions for every one public service employment position in every State WIN manpower agency contract. Thus the creation of public service jobs, for no apparent good reason, would be limited by the amount of on-the-job training that is available. This arbitrary administrative provision can only serve to limit the employment opportunities for WIN participants.

4. Obstacles to Quick Placement

The Talmadge amendment requires that every employable individual, as a condition of eligibility for welfare, register with the Labor Department for manpower services, training, and employment.

The Labor Department has interpreted this provision so that registration will be made by the welfare agency without any referral of the recipient to the employment office where some determination could be made as to the registrant's employability. The welfare agency then bundles up these forms and sends them to the manpower agency, but the registrant remains unseen by job placement personnel. Apart from the question of the apparent disregard for the intent of Congress that the recipient register with the Labor Department, this paper shuffling seems to delay for a considerable period of time the ability of the employment service to put a job-ready individual to work. Before the employment office will see these registrants, they will have to go through a separate appraisal and certification process. This process is portrayed on charts A and B.

CHART A

How a Welfare Recipient Ready for Immediate Employment is Placed in a Job

AS CONTEMPLATED BY THE CONGRESS:

**Welfare
recipient**

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graph TD; A[Welfare recipient] --> B[registers with Labor Dept. as under unemployment compensation, provides information on work history and job readiness]; B --> C[Placed in job];
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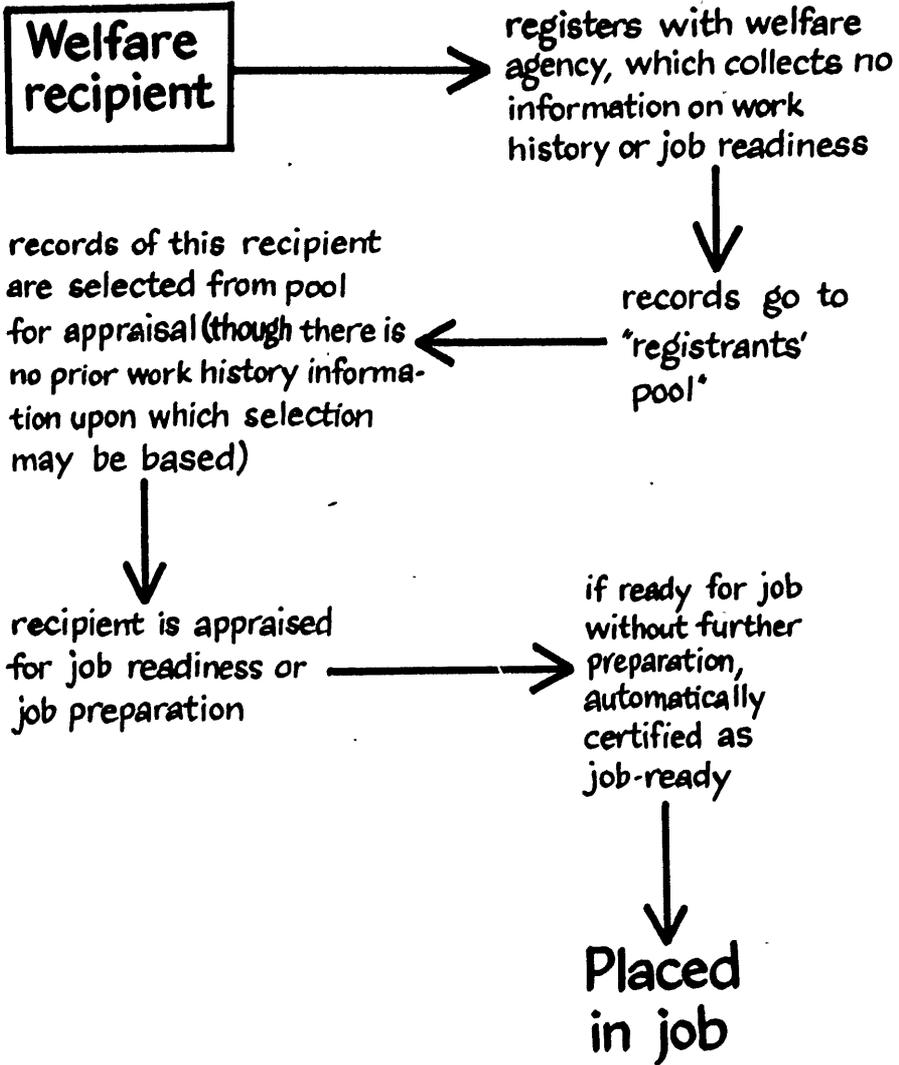
registers with Labor
Dept. as under unemployment
compensation, provides
information on work
history and job readiness

**Placed
in job**

CHART B

How a Welfare Recipient Ready for Immediate Employment is Placed in a Job

AS CONTEMPLATED BY THE LABOR DEPARTMENT:



5. Restrictions on Participation in Work and Training

Certification procedure.—In enacting the Talmadge amendment, the Congress had been concerned about the situation in some States where there had been mass “paper referrals” to nonexisting training slots, while in other States not enough referrals were made by welfare agencies. To remedy this situation, the Talmadge amendment requires the welfare agency to certify to the Secretary of Labor those individuals who are ready to participate in the WIN Program. That certification can be made only when the welfare agency is in a position to provide child care and other supportive services. The amendment contemplated a close working relationship between the Labor Department and Welfare agencies so that supportive services permitting a welfare recipient to participate were ready when the work or training opportunity is available.

The Labor and HEW regulations, however, provide that the State welfare agencies will not certify an individual to the Labor Department *until the Labor Department requests a certification*. This means that the Labor Department may restrict the flow of eligibles into the program even where the welfare agency has many more persons that it could i. good faith certify as ready for jobs. This is particularly critical since the welfare agency, not the manpower agency, is faced with a reduction in Federal AFDC matching if it does not certify at least 15 percent of its registrants to the Labor Department. But even if the manpower agency does call for the certification of more than 15 percent of the registrants, the effect of the regulation is to reduce participation in work and training to the level that the Labor Department determines unilaterally (rather than in consultation with the welfare agency)—regardless of the potential of the welfare recipients for employment.

Presumption that persons on welfare two years or more are unemployable.—The State of California reports that the Labor Department has decided that only recipients who have been on the welfare rolls less than 24 months will be certified for participation in the Work Incentive Program. While these persons may generally be easier to place, there seems little reason to eliminate in one stroke 50 percent of the registrants from possible placement.

6. Lack of Joint Administration by Federal Agencies

The cornerstone of the Talmadge amendment is the idea that a successful WIN program is dependent upon joint planning and the mutual cooperative efforts of the labor and welfare bureaucracies. Preliminary indications from the States are that unless strong leadership is exerted, the Talmadge amendment may, in the words of one State official, result only “in considerable increased administrative work, tremendous amounts of paper shuffling, and little placement.”

Pointing to the continuing lack of joint effort at the national level are the two separate, but voluminous, manuals prepared by the Department of Labor and by the Department of HEW, respectively. The question can be legitimately asked as to why the Executive Branch is incapable of producing one document for use of all persons working on the WIN program. Moreover, in several respects the two manuals are inconsistent, and sometimes reflect differing philosophical approaches.

Statistical Material

TABLE 1.—CURRENT ENROLLMENT IN THE WORK INCENTIVE PROGRAM

<i>Month</i>	<i>Current enrollment</i>
August 1968.....	387
December 1968.....	19,035
June 1969.....	61,847
December 1969.....	74,225
June 1970.....	89,511
December 1970.....	103,472
June 1971.....	109,182
December 1971.....	111,582
January 1972.....	113,485
February 1972.....	115,998
March 1972.....	119,136

TABLE 2.—AFDC RECIPIENTS EXEMPTED FROM REGISTRATION AND THOSE REQUIRED TO REGISTER FOR WORK AND TRAINING, FISCAL YEAR 1973

	Recipients	Percent of caseload
Not required to register:		
Children under age 16.....	8,050,000	63.8
Mothers caring for children under age 6.....	1,599,000	12.7
Children age 16 and older attending school.....	777,000	6.2
Adults ill, incapacitated, or of advanced age.....	675,000	5.3
Mothers in families where the father registers.....	163,000	1.3
Other adults so remote from a WIN project that effective participation is precluded.....	150,000	1.2
Other adults caring for an ill or incapacitated member of the household.....		
Subtotal, not required to register.....	11,414,000	90.5
Persons not required to register but who volunteer to do so.....	-300,000	-2.4
Total recipients not registering	11,114,000	88.1
Required to register:		
Mothers not exempted from registration.....	905,000	7.2
Unemployed fathers.....	163,000	1.3
Children age 16 and older not attending school.....	138,000	1.1
Subtotal, required to register..	1,206,000	9.6
Persons not required to register but who volunteer to do so.....	300,000	2.4
Total registrants	1,506,000	12.0
Total recipients	12,620,000	100.0

TABLE 3.—LABOR DEPARTMENT PLANS FOR REGISTRANTS

	<i>Persons</i>
1. Total registrants.....	1,506,000
2. Not ready for immediate employment or training..	1,019,000
3. Ready for immediate employment or training.....	487,000
(a) Placed directly in employment.....	75,000
(b) Assigned to other manpower programs (36,800 man-years).....	123,000
(c) Assigned to work and training opportunities under WIN program (138,800 man-years).....	289,000
4. Recipients in work status on June 30, 1973.....	264,000
(a) Placed directly in employment.....	75,000
(b) Terminated WIN program and entered into employment.....	60,000
(c) Employed but in followup status.....	30,000
(d) In work-related components of WIN program.....	99,000
5. Average enrollment in WIN program:	
(a) On July 1, 1972.....	129,000
(b) On June 30, 1973.....	160,000
6. Number of children for whom child care will be provided in fiscal year 1973 (186,000 child care years).....	1,177,000
(a) Children of recipients directly placed in jobs.....	618,000
(b) Children of enrollees assigned to other manpower programs.....	130,000
(c) Children of WIN participants.....	429,000

Source: Budget justification submitted to Appropriations Committee.

TABLE 4.—FISCAL YEAR 1973 BUDGET FOR WORK INCENTIVE PROGRAM (PROGRAM COSTS FUNDED)

	Original fiscal year 1973 request			Fiscal year 1973 revised request		
	Workload	Unit cost	Total cost	Workload	Unit cost	Total cost
Registration and adjudication (participants).....				1,500,000		\$12,572,000
Callup for job bank search, etc. (participants).....				750,000	\$15	11,000,000
Direct placement and followup (participants).....				75,000	250	18,750,000
Adjudication-worktest (participants).....				33,750	118	4,000,000
On-the-job training (man-years).....	8,000	\$1,300	\$10,400,000	24,500	2,020	49,490,000
Institutional training (man-years).....	63,000	1,810	114,030,000	40,300	2,388	96,222,000
Work experience and orientation (man years).....	20,000	1,600	32,000,000	18,000	2,111	38,156,000
Special work project and public service employment (man-years).....	8,000	400	3,200,000	8,000	5,200	41,600,000
Employability planning, job development and follow-up (man-years).....	50,000	400	20,000,000	48,000	605	29,040,000
Program direction and evaluation.....			¹ 8,503,000			¹ 18,103,000
Subtotal, training and incentives.....	149,000		188,133,000			318,933,000
Child care (child care years).....	186,000	500	93,000,000	186,000	720	134,000,000
Other services and administration.....						99,600,000
Federal administration.....						4,600,000
Subtotal, child care, other services and administration, and Federal administration.....			93,000,000			238,200,000
Subtotal program costs funded.....			281,133,000			557,133,000
Available from prior year.....			—117,950,000			—142,450,000
Available for subsequent.....			41,950,000			40,450,000
Total obligations.....			205,133,000			455,133,000

¹ Includes annualized pay increase costs—effect ½ year (\$62,000) full year 1973 (\$133,000).

Source: Budget justification submitted to Appropriations Committee.

**Excerpts From Title IV of the Social Security Act as Modified
by Public Law 92-223**

**Excerpts From Title IV of the Social Security Act as
Modified by Public Law 92-223**

[Deletes the matter enclosed in brackets and insert the matter
printed in italic]

**TITLE IV—GRANTS TO STATES FOR AID AND SERVICES
TO NEEDY FAMILIES WITH CHILDREN AND FOR
CHILD-WELFARE SERVICES**

PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

- Sec. 401. Appropriation.
- Sec. 402. State Plans for Aid and Services to Needy Families With Children.
- Sec. 403. Payment to States.
- Sec. 404. Operation of State Plans.
- Sec. 405. Use of Payments for Benefit of Child.
- Sec. 406. Definitions.
- Sec. 407. Dependent Children of Unemployed Fathers.
- Sec. 408. Federal Payments for Foster Home Care of Dependent Children.
- Sec. 409. Community Work and Training Programs.
- Sec. 410. Assistance by Internal Revenue Service in Locating Parents.

* * * * *

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

- Sec. 430. Purpose.
- Sec. 431. Appropriation.
- Sec. 432. Establishment of Programs.
- Sec. 433. Operation of Program.
- Sec. 434. Incentive Payment.
- Sec. 435. Federal Assistance.
- Sec. 436. Period of Enrollment.
- Sec. 437. Relocation of Participants.
- Sec. 438. Participants not Federal Employees.
- Sec. 439. Rules and Regulations.
- Sec. 440. Annual Report.
- Sec. 441. Evaluation and Research.
- Sec. 442. [Review of Special Work Projects by a State Panel] *Technical Assistance for Providers of Employment or Training.*
- Sec. 443. Collection of State Share.
- Sec. 444. Agreements With Other Agencies Providing Assistance to Families of Unemployed Parents.

Part A—Aid to Families With Dependent Children.

Appropriation

Section 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for aid and services to needy families with children.

State Plans for Aid and Services to Needy Families With Children

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

* * * * *

(15) provide—

(A) for the development of a program, for each appropriate relative and dependent child receiving aid under the plan, and for each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), [with the objective of—

(i) assuring, to the maximum extent possible, that such relative, child, and individual will enter the labor force and accept employment so that they will become self-sufficient, and

(ii)] for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life,

[(B) for the implementation of such programs by—

(i) assuring that such relative, child, or individual who is referred to the Secretary of Labor pursuant to clause (19) is furnished child-care services and] *and for implementing such program by assuring* that in all appropriate cases family planning services are offered to them, [and

(ii) in appropriate cases, providing aid to families with dependent children in the form of payments of the types described in section 406(b)(2), and

(C) that the] *but acceptance* [by such child, relative, or individual] of family planning services provided under the plan shall be voluntary on the part of such [child, relative, or] *members and* individuals and shall not be a prerequisite to eligibility for or the receipt of any other service [or aid] under the plan[.]; and

[(D) for such review of each such program as may be necessary (as frequently as may be necessary, but at least once a year) to insure that it is being effectively implemented,

[(E) for furnishing the Secretary with such reports as he may specify showing the results of such programs, and

[(F)](B) to the extent that [such programs] *services provided* under this clause or clause (14) are [developed and implemented by services] furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency; as the case may be, responsible for the furnishing of such services;

* * * * *

(19) provide—

[(A) for the prompt referral to the Secretary of Labor or his representative for participation under a work incentive program established by part C of—

[(i) each appropriate child and relative who has attained age sixteen and is receiving aid to families with dependent children,

[(ii) each appropriate individual (living in the same home as a relative and child receiving such aid) who has attained such age and whose needs are taken into account in making the determination under section 402(a)(7), and

[(iii) any other person claiming aid under the plan (not included in clauses (i) and (ii)), who, after being informed of the work incentive programs established by part C, requests such referral unless the State agency determines that participation in any of such programs would be inimical to the welfare of such person or the family;

[except that the State agency shall not so refer a child, relative, or individual under clauses (i) and (ii) if such child, relative, or individual is—

[(iv) a person with illness, incapacity, or advanced age,

[(v) so remote from any of the projects under the work incentive programs established by part C that he cannot effectively participate under any of such programs,

[(vi) a child attending school full time, or

[(vii) a person whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;]

(A) that every individual, as a condition of eligibility for aid under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

(i) a child who is under age 16 or attending school full time;

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

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

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

(v) a mother or other relative of a child under the age of six who is caring for the child; or

(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);

and that any individual referred to in clause (v) shall be advised of her option to register, if she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to her in the event she should decide so to register;

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

(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of [20] 10 per centum of the cost of such programs, as specified in section 435(b);

(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the program established by section 432(b)(3) shall be disregarded in determining the needs of an individual under section 402(a)(7), and (ii) in determining such individual's needs the additional expenses attributable to his participation in a program established by section 432(b) (2) or (3) shall be taken into account;

[(E) that, with respect to any individual referred pursuant to subparagraph (A) who is participating in a special work project under the program established by section 432(b)(3), (i) the State agency, after proper notification by the Secretary of Labor, will pay to such Secretary (at such times and in such manner as the Secretary of Health, Education, and Welfare prescribes) the money payments such State would otherwise make to or on behalf of such individual (including such money payments with respect to such individual's family), or 80 per centum of such individual's earnings under such program, whichever is lesser and (ii) the State agency will supplement any earnings received by such individual by payments to such individual (which payments shall be considered aid under the plan) to the extent that such payments when added to the individual's earnings from his participation in such special work project will be equal to the amount of the aid that would have been payable by the State agency with respect to such individual's family had he not participated in such special work project, plus 20 per centum of such individual's earnings from such special work project; and]

(F) that if and for so long as any child, relative, or individual ([referred] certified to the Secretary of Labor pursuant to subparagraph [(A) (i) and (ii) and section 407(b)(2)] (G)) has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary

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

(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;

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

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

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

except that the State agency shall for a period of sixty days, make payments of the type described in section 406(b)(2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take the individual's needs into account in the case of an individual specified in clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor; and

(G) that the State agency will have in effect a special program which (i) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to subparagraph (A), in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under part C, and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under part C, (iii) will participate in the development of operational and employability plans under section 433(b); and (iv) provides for purposes of clause (ii); that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available;

Payment to States

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

* * * * *

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

(A) 75 per centum of so much of such expenditures as are for—

(i) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section,

(ii) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is applying for aid to families with dependent children or who, within such period or periods as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of such aid, or

(iii) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

(B) one-half of the remainder of such expenditures.

* * * * *

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

(d)(1) *Notwithstanding subparagraph (A) of subsection (a)(3) the rate specified in such subparagraph shall be 90 per centum (rather than 75 per centum) with respect to social and supportive services provided pursuant to section 402(a)(19)(G).*

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

* * * * *

Dependent Children of Unemployed Fathers

Sec. 407. (a) The term "dependent child" shall, notwithstanding section 406(a), include a needy child who meets the requirements of section 406(a)(2), who has been deprived of parental support or care by reason of the unemployment (as determined in accordance with standards prescribed by the Secretary) of his father, and who is living with any of the relatives specified in section 406(a)(1) in a place of residence maintained by one or more of such relatives as his (or their) own home.

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

(1) requires the payment of aid to families with dependent children with respect to a dependent child as defined in subsection (a) when—

(A) such child's father has not been employed (as determined in accordance with standards prescribed by the Secretary) for at least 30 days prior to the receipt of such aid,

(B) such father has not without good cause, within such period (of not less than 30 days) as may be prescribed by the Secretary, refused a bona fide offer of employment or training for employment, and

(C) (i) such father has 6 or more quarters of work (as defined in subsection (d)(1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d)(3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

(2) provides—

(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be [referred] *certified* to the Secretary of Labor as provided in section 402(a)(19) within thirty days after receipt of aid with respect to such children;

(B) for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, designed to assure maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained; and

(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a) if, and for as long as, such child's father—

(i) is not currently registered with the public employment offices in the State, or

(ii) receives unemployment compensation under an unemployment compensation law of a State or of the United States.

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

* * * * *

Part C—Work Incentive Program for Recipients of Aid Under State Plan Approved Under Part A

Purpose

Sec. 430. The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in [special work projects] *public service employment*, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

Appropriation

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

(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33½ per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b)(1)(B) and for carrying out the program of public service employment referred to in section 432(b)(3).

(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State

receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

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

(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 408(a)(19)(A) bears to the average number of individuals in all States who, during such month, are so registered.

Establishment of Programs

Sec. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

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

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

[(d) Using funds appropriated under this part, the Secretary, in order to carry out the purposes of this part, shall utilize his authority under the Manpower Development and Training Act of 1962, the Act of June 6, 1933, as amended (48 Stat. 113), and other Acts, to the extent such authority is not inconsistent with this Act.]

(d) In providing the manpower training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the services and opportunities so required

are provided, the Secretary of Labor shall use the funds appropriated to him under this part to provide programs required by this part through such other Act, to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.

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

(f)(1) The Secretary of Labor shall establish in each State, municipality, or other appropriate geographic area with a significant number of persons registered pursuant to section 402(a)(19)(A) a Labor Market Advisory Council the function of which will be to identify and advise the Secretary of the types of jobs available or likely to become available in the area served by the Council; except that if there is already located in any area an appropriate body to perform such function, the Secretary may designate such body as the Labor Market Advisory Council for such area.

(2) Any such Council shall include representatives of industry, labor, and public service employers from the area to be served by the Council.

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

Operation of Program

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

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

(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local level, and shall indicate (i) for each area within the State the number and

type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which information provided by the Labor Market Advisory Council (established pursuant to section 432(f)) for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a)(19)(G), and the regional joint committee (established pursuant to section 439) for the area in which such State is located.

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

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

(d) To the extent practicable and where necessary, work incentive programs established by this part shall include, in addition to the regular counseling, testing, and referral available through the Federal-State Employment Service System, program orientation, basic education, training in communications and employability skills, work experience, institutional training, on-the-job training, job development, and special job placement and followup services, required to assist participants in securing and retaining employment and securing possibilities for advancement.

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

(2) Such agreements shall provide—

[(A) for the payment by the Secretary to each employer a portion of the wages to be paid by the employer to the individuals for the work performed;]

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

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

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

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

[(3) The Secretary shall establish one or more accounts in each State with respect to the special work projects established and maintained pursuant to this subsection and place into such accounts the amounts paid to him by the State agency pursuant to section 402(a)(19)(E). The amounts in such accounts shall be available for the payments specified in subparagraph (A) of paragraph (2). At the end of each fiscal year and for such period of time as he may establish, the Secretary shall determine how much of the amounts paid to him by the State agency pursuant to section 402(a)(19)(E) were not expended as provided by the preceding sentence of this paragraph and shall return such unexpended amounts to the State, which amounts shall be regarded as overpayments for purposes of section 403(b)(2).]

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

(f) Before entering into a project under [any of the programs established by this part] section 432(b)(3), the Secretary shall have reasonable assurances that—

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

(2) such project will not result in the displacement of employed workers,

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

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

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

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

Incentive Payment

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

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

Federal Assistance

Sec. 435. (a) Federal assistance under this part shall not exceed **[80]** 90 per centum of the costs of carrying out this part. Non-Federal contributions may be cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

(b) Costs of carrying out this part include costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the Secretary, but may not include any reimbursement for time spent by participants in work, training, or other participation in the program **[**; except that with respect to special work projects under the program established by section 432(b)(3), the costs of carrying out this part shall include only the costs of administration**]**.

Period of Enrollment

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

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

Relocation of Participants

Sec. 437. The Secretary may assist participants to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employable and self-supporting. Such assistance shall be given only to participants who concur in their relocation and who will be employed at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for participants, their dependents, and their household belongings plus such relocation allowance as the Secretary determines to be reasonable.

Participants Not Federal Employees

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

Rules and Regulations

Sec. 439. [The Secretary may issue such rules and regulations as he finds necessary to carry out the purposes of this part: *Provided*, That in developing policies for programs established by this part the Secretary shall consult with the Secretary of Health, Education, and Welfare.] *The Secretary and the Secretary of Health, Education, and Welfare shall, not later than July 1, 1972 issue regulations to carry out the purposes of this part. Such regulations shall provide for the establishment, jointly by the Secretary and the Secretary of Health, Education, and Welfare, of (1) a national coordination committee the duty of which shall be to establish uniform reporting and similar requirements for the administration of this part, and (2) a regional coordination committee for each region which shall be responsible for review and approval of statewide operational plans developed pursuant to section 433(b).*

Annual Report

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

Evaluation and Research

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

[Review of Special Work Projects by a State Panel]

[Sec. 442. (a) The Secretary shall make an agreement with any State which is able and willing to do so under which the Governor of the State will create one or more panels to review applications tentatively approved by the Secretary for the special work projects in such State to be established by the Secretary under the program established by section 432(b)(3).

[(b) Each such panel shall consist of not more than five and not less than three members, appointed by the Governor. The members shall include one representative of employers and one representative of employees; the remainder shall be representatives of the general public. No special work project under such program developed by the Secretary pursuant to an agreement under section 433(e)(1) shall, in any State which has an agreement under this section, be established or maintained under such program unless such project has first been approved by a panel created pursuant to this section.]

Technical Assistance for Providers of Employment or Training

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

Collection of State Share

Sec. 443. If a non-Federal contribution of [20] 10 per centum of the costs of the work incentive programs established by this part is not made in any State (as specified in section 402(a)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 because of the State's failure to comply substantially with a provision required by section 402. If the Secretary of Health, Education, and Welfare does withhold such action, he shall, after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections 3(a), 403(a), 1003(a), 1403(a), 1603(a), and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(19)(C)) equals [20] 10 per centum of the costs of such work incentive programs. Such withholding shall remain in effect until such time as the Secretary has assurances from the State that such [20] 10 per centum will be contributed as required by section 402. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health, Education, and Welfare to the Secretary. Such payment shall be considered a non-Federal contribution for purposes of section 435.

Agreements With Other Agencies Providing Assistance to Families of Unemployed Parents

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

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

- (1) the purpose of which is to provide aid or assistance to the families of unemployed parents,
- (2) which is not established pursuant to part A of title IV of the Social Security Act,
- (3) which is financed entirely from funds appropriated by the Congress, and
- (4) none of the financing of which is made available under any program established pursuant to title V of the Economic Opportunity Act.

(c)(1) Any agreement under this section with a qualified State agency shall provide that such agency will, with respect to all individuals receiving aid or assistance under the program of aid or assistance to families of unemployed parents administered by such agency, comply with the requirements imposed by [section 402(a)(15) and] section 402(a)(19) [(F)] in the same manner and to the same extent as if (A) such qualified agency were the agency in such State administering or supervising the administration of a State plan approved under part A of this title, and (B) individuals receiving aid or assistance under the program administered by such qualified agency were recipients of aid under a State plan which is so approved.

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

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

(d) The Secretary shall, at the request of any qualified State agency referred to in subsection (a) of this section and upon receipt from it of a list of the names of individuals rereferred to the Secretary, furnish to such agency the names of each individual on such list participating in [a special work project] *public service employment* under section 433(a)(3) whom the Secretary determines should continue to participate in such [project] *employment*. The Secretary shall not comply with any such request with respect to an individual on such list unless such individual has been [referred] *certified* to the Secretary by such agency under such section 402(a) [(15)] (19) (G) for a period of at least six months.