

(iv) The recipient is pursuing or agrees to pursue an educational or training program for which the recipient is eligible and otherwise suited, provided that the completion of the program will substantially improve the recipient's prospects of obtaining permanent employment in a full-time, unsubsidized job, and the recipient provides periodic evidence to the Department of satisfactory progress; or

(v) A recipient meets any other specific criteria as defined by the Secretary by regulation.

(3) Whenever the Department grants an extension, the Department must make an affirmative finding that good cause exists, including a statement specifying the statutory or regulatory authority for the extension and the facts upon which the extension is granted.

(4) A recipient shall fulfill the work requirements of this subsection in one of the following ways:

(i) By working at least 30 hours per week for a business that participates in a grant diversion program;

(ii) By participating in a community work experience program, under which the recipient shall perform community service interspersed with job search activities and shall be required to work a minimum of 20 hours per week;

(iii) By working part time in an unsubsidized job and participating in a community work experience program for a minimum of 20 hours per week; or

(iv) By working full time in an unsubsidized job.

(5) A recipient may only be required to participate in the work requirements of this subsection to the extent that necessary child care resources, work placement resources, and transportation are available.

(6) Contingent on the receipt of a federal waiver providing for at least 50 percent federal matching funds, a recipient who obtains full-time, unsubsidized employment shall, if health insurance is not provided by the employer, receive up to 2 years of medical assistance coverage from the date of employment.

(7) The amounts paid to a recipient under the grant diversion program shall be considered to be earned income, as defined in § 32 (c)(2) of the Internal Revenue Code, for purposes of the earned income tax credit to the extent allowed by law.

(f) (1) The Secretary shall create and establish a grant diversion program as part of the pilot under this section.

(2) The Secretary shall solicit participation in the grant diversion program from businesses willing to hire AFDC recipients.

(3) The Secretary shall pay businesses for their participation in the grant diversion program from State and federal funds that have been appropriated for AFDC payments and food stamps.