

~~(3) Institutions of [postsecondary] HIGHER education may provide school credits to students who participate in demonstration projects under this section with satisfactory results.~~

(a) (1) The Secretary shall establish demonstration projects through grants to nonprofit organizations, LOCAL EDUCATION AGENCIES, LOCAL MANAGEMENT BOARDS, LOCAL HEALTH DEPARTMENTS, RELIGIOUS ORGANIZATIONS, AND INSTITUTIONS OF HIGHER EDUCATION, which shall jointly develop proposals for these demonstration projects with local departments of social services.

(2) [(i) Subject to subparagraph (ii) of this paragraph, the Secretary shall allocate to demonstration projects under this section at least 10% of the total savings that, as of July 1, the Family Investment Program anticipates achieving during the current fiscal year through caseload reductions or other reductions in the total amount of cash assistance benefits paid to families compared to the total amount of cash assistance benefits budgeted.]

[(ii)](1) Not more than 50% of the funding allocated for demonstration projects under this section shall be allocated to a single demonstration project.

[(iii)](II) The funds allocated for demonstration projects under this section are incentive funds over and above any transfer of program benefits to a third party.

(3) At least one of the demonstration projects under this section shall be located in counties other than the two counties with the largest numbers of FIP recipients.

(4) [(i) At least one of the demonstration projects shall be located at or near an elementary or secondary school and shall include school-based resources in the services provided to demonstration project participants.

[(ii) Demonstration projects located at or near an elementary or secondary school shall, to the extent feasible, incorporate a parenting education component which encourages parent involvement in the development of their children.

(5) The funds allocated to demonstration projects under this section may not be used in the furtherance of sectarian religious instruction or worship.

[(6)](5) [Savings] FUNDS allocable to demonstration projects under the provisions of paragraph (2) of this subsection shall, if feasible, be used for demonstration projects in the subdivisions which generated the savings.

[(7)](6) The Secretary shall award grants for these demonstration projects through a competitive bid process which includes:

(i) The issuance of a request for proposals; and

(ii) The establishment of an evaluation panel to review competing proposals and to make a recommendation to the Secretary concerning which proposals have the greatest programmatic and financial merit.

[(b) The request for proposals for these demonstration projects shall require offerors to specify the ways in which the proposed demonstration project will create incentives for increased employment and child support collections.