

103^D CONGRESS
2^D SESSION

H. R. 4414

To reconnect welfare families to the world of work, make work pay, strengthen families, require personal responsibility, and support State flexibility.

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1994

Mr. McCURDY (for himself, Mr. WHEAT, Mr. CLEMENT, Mr. DARDEN, Mr. DEAL, Ms. LONG, Mr. SWETT, Mr. TANNER, Mr. JOHNSON of Georgia, Ms. LAMBERT, Mr. PAYNE of Virginia, Mr. BARLOW, Mr. SKELTON, Mr. GORDON, Mr. MINGE, Mr. LIPINSKI, Mr. ORTON, Mr. BREWSTER, Mr. MANN, Mr. KLINK, Mr. PETERSON of Minnesota, Mr. LAUGHLIN, Mr. ROWLAND, Mr. PETE GEREN of Texas, Ms. KAPTUR, Mr. MONTGOMERY, Mr. HAYES, and Mr. TAYLOR of Mississippi) introduced the following bill; which was referred jointly to the Committees on Ways and Means, Agriculture, Energy and Commerce, Education and Labor, and the Judiciary

A BILL

To reconnect welfare families to the world of work, make work pay, strengthen families, require personal responsibility, and support State flexibility.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Independence for Fam-
5 ilies Act of 1994”.

1 SEC. 2. TABLE OF CONTENTS.

2 The table of contents of this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—TIME-LIMITED TRANSITIONAL ASSISTANCE

- Sec. 101. Limitation on duration of AFDC benefits.
- Sec. 102. Job search requirement.
- Sec. 103. Transitional child care benefits for persons who exhaust AFDC.
- Sec. 104. Establishment of Federal data base.

TITLE II—MAKE WORK PAY

Subtitle A—Health Care

- Sec. 201. Transitional medicaid benefits.

Subtitle B—Earned Income Tax Credit

- Sec. 211. Notice of availability required to be provided to applicants and former recipients of AFDC, food stamps, and medicaid.
- Sec. 212. Notice of availability of earned income tax credit and dependent care tax credit to be included on W-4 form.

Subtitle C—Child Care

- Sec. 221. Dependent care credit to be refundable; high-income taxpayers ineligible for credit.
- Sec. 222. Increased Federal matching rate for child care costs of the 50 States and the District of Columbia.
- Sec. 223. Maintenance of effort.
- Sec. 224. Notice of eligibility for transitional child care benefits required to be provided to applicants for, and upon termination of, AFDC.
- Sec. 225. Extension of eligibility for transitional child care benefits.
- Sec. 226. Increased funding for at-risk child care.
- Sec. 227. Authority to use certain child care funds for training.
- Sec. 228. Transitional child care for 2-parent families.
- Sec. 229. Sense of the Congress regarding the Child Care Development and Block Grant Act.
- Sec. 230. Use of child care funds to create child care jobs for welfare recipients.
- Sec. 230A. Sense of the Congress regarding child care vouchers.

Subtitle D—AFDC Work Disregards

- Sec. 231. Option to increase disregard of earned income.
- Sec. 232. State option to establish voluntary diversion program.
- Sec. 233. Elimination of quarters of coverage requirement for married teens under AFDC-UP program.

Subtitle E—AFDC Asset Limitations

- Sec. 241. Increase in resource thresholds; separate threshold for vehicles.
- Sec. 242. Limited disregard of amounts saved for postsecondary education, the purchase of a first car or a first home, or the establishment or operation of a microenterprise.

Sec. 243. Treatment of microenterprises.

TITLE III—THE WORK FIRST PROGRAM

Subtitle A—AFDC

Sec. 301. Work first program.

Sec. 302. Regulations.

Sec. 303. Applicability to States.

Subtitle B—Targeted Jobs Tax Credit

Sec. 311. Increase in minimum period of employment required to receive credit.

TITLE IV—FAMILY RESPONSIBILITY AND IMPROVED CHILD SUPPORT ENFORCEMENT

Subtitle A—Enhancement of Ability to Identify and Locate Noncustodial Parents

Sec. 401. Expansion of functions of Federal parent locator service.

Sec. 402. Expansion of data bases accessed by parent locator systems.

Sec. 403. National parent locator network.

Sec. 404. Private access to locate and enforcement services.

Subtitle B—Paternity Establishment

Sec. 411. Sense of the Congress.

Sec. 412. Availability of parenting social services for new fathers.

Sec. 413. AFDC benefits conditioned on cooperation in identifying noncustodial parent.

Sec. 414. Increase in pass-through of collected child support to AFDC recipients.

Subtitle C—Improvement of Child Support Order Establishment Process

Sec. 421. National Child Support Guidelines Commission.

Subtitle D—Child Support Enforcement

Sec. 431. National reporting of new hires and child support information.

Sec. 432. Certain benefits subject to garnishment.

Sec. 433. Seizure of lottery winnings, settlements, payouts, awards, and bequests, and sale of forfeited property, to pay child support arrearages.

Sec. 434. Reporting of child support arrearages to credit bureaus.

Sec. 435. Liability of grandparents for financial support of children of their minor children.

Sec. 436. Sense of the Congress regarding programs for noncustodial parents unable to meet child support obligations.

TITLE V—TEEN PREGNANCY AND FAMILY STABILITY

Subtitle A—Federal Role

Sec. 501. State option not to deny AFDC for additional children.

Sec. 502. Minors receiving AFDC required to live under responsible adult supervision.

Sec. 503. Task force to reduce teenage pregnancy.

- Sec. 504. Incentive for teen parents to attend school.
- Sec. 505. State option to disregard 100-hour rule under AFDC-UP program.
- Sec. 506. State option to disregard 6-month limitation on AFDC-UP benefits.
- Sec. 507. Elimination of quarters of coverage requirement under AFDC-UP program for families in which both parents are teens.

Subtitle B—State Role

- Sec. 511. Teenage pregnancy prevention and family stability.
- Sec. 512. Availability of family planning services.

TITLE VI—PROGRAM SIMPLIFICATION

Subtitle A—Increased State Flexibility

- Sec. 601. State option to provide AFDC through electronic benefit transfer systems.
- Sec. 602. Deadline for action on application for waiver of requirement applicable to program of aid to families with dependent children.

Subtitle B—Coordination of AFDC and Food Stamp Programs

- Sec. 611. Amendments to part A of title IV of the Social Security Act.
- Sec. 612. Amendments to the Food Stamp Act of 1977.

Subtitle C—Fraud Reduction

- Sec. 631. Sense of the Congress in support of the efforts of the administration to address the problems of fraud and abuse in the supplemental security income program.
- Sec. 632. Study on feasibility of single tamper-proof identification card to serve programs under both the Social Security Act and health reform legislation.

TITLE VII—FINANCING

Subtitle A—Ineligibility of Certain Aliens for Certain Social Services

- Sec. 701. Certain aliens ineligible for aid to families with dependent children.
- Sec. 702. Certain aliens ineligible for supplemental security income benefits.
- Sec. 703. Illegal aliens not eligible for earned income tax credit.
- Sec. 704. Disqualification of certain aliens to receive food stamp benefits.
- Sec. 705. Certain aliens ineligible for medical assistance under medicaid.

Subtitle B—Other Provisions Relating to Aliens

- Sec. 711. Sponsor responsibility for costs of general cash public assistance provided to an alien.
- Sec. 712. Enforcement of affidavits of support or financial responsibility by State and local governments providing assistance.
- Sec. 713. Authority to States and localities to limit assistance to aliens and to distinguish among classes of aliens in providing general public assistance.
- Sec. 714. Federal financial assistance to States for assistance to immigrants.

Subtitle C—Limitation on Emergency Assistance Expenditures

- Sec. 721. Limitation on expenditures for emergency assistance.

Subtitle D—Family Day Care Homes Program Improvements

Sec. 731. Improvement of operation of family or group day care homes located in low- and moderate-income areas under the child and adult care food program under the National School Lunch Act.

Subtitle E—Collection of Certain State and Local Taxes on Out-of-State Sales

Sec. 741. Short title.
 Sec. 742. Findings.
 Sec. 743. Sense of Congress.
 Sec. 744. Authority for collection of sales tax.
 Sec. 745. Treatment of local sales taxes.
 Sec. 746. Return and remittance requirements.
 Sec. 747. Nondiscrimination and exemptions.
 Sec. 748. Application of State law.
 Sec. 749. Toll-free information service.
 Sec. 750. Definitions.
 Sec. 751. Effective date.

TITLE VIII—EFFECTIVE DATE

Sec. 801. Effective date.

1 **TITLE I—TIME-LIMITED**
 2 **TRANSITIONAL ASSISTANCE**

3 **SEC. 101. LIMITATION ON DURATION OF AFDC BENEFITS.**

4 Section 402(a) of the Social Security Act (42 U.S.C.
 5 602(a)) is amended—

6 (1) by striking “and” at the end of paragraph
 7 (44);

8 (2) by striking the period at the end of para-
 9 graph (45) and inserting “; and”; and

10 (3) by inserting after paragraph (45) the fol-
 11 lowing:

12 “(46) in the case of a State that has exercised
 13 the option provided for in paragraph (52), provide
 14 that a family shall not be eligible for aid under the
 15 State plan if a member of the family is prohibited

1 from participating in the State program established
2 under part F by reason of section 487(c).”.

3 **SEC. 102. JOB SEARCH REQUIREMENT.**

4 (a) IN GENERAL.—Section 402(a) of the Social Secu-
5 rity Act (42 U.S.C. 602(a)), as amended by section 101
6 of this Act, is amended—

7 (1) by striking “and” at the end of paragraph
8 (45);

9 (2) by striking the period at the end of para-
10 graph (46) and inserting “; and”; and

11 (3) by inserting after paragraph (46) the fol-
12 lowing:

13 “(47) provide that participation in job search
14 activities shall be a condition of eligibility for aid
15 under the State plan, except during any period of
16 unsubsidized full-time employment in the private
17 sector.”.

18 **SEC. 103. TRANSITIONAL CHILD CARE BENEFITS FOR PER-**
19 **SONS WHO EXHAUST AFDC.**

20 Section 402(g)(1)(A)(ii) of the Social Security Act
21 (42 U.S.C. 602(g)(1)(A)(ii)) is amended by inserting “or
22 subsection (a)(46)” before the period.

1 **SEC. 104. ESTABLISHMENT OF FEDERAL DATA BASE.**

2 Section 402 of the Social Security Act (42 U.S.C.
3 602) is amended by inserting after subsection (c) the fol-
4 lowing:

5 “(d) The Secretary shall establish and maintain a
6 data base of participants in State programs established
7 under parts F and G which shall be made available to the
8 States for use in administering subsection (a)(46).”.

9 **TITLE II—MAKE WORK PAY**

10 **Subtitle A—Health Care**

11 **SEC. 201. TRANSITIONAL MEDICAID BENEFITS.**

12 (a) EXTENSION OF MEDICAID ENROLLMENT FOR
13 FORMER AFDC RECIPIENTS FOR 1 ADDITIONAL YEAR.—

14 (1) IN GENERAL.—Section 1925(b)(1) of the
15 Social Security Act (42 U.S.C. 1396r-6(b)(1)) is
16 amended by striking the period at the end and in-
17 serting the following: “, and that the State shall
18 offer to each such family the option of extending
19 coverage under this subsection for any of the first 2
20 succeeding 6-month periods, in the same manner
21 and under the same conditions as the option of ex-
22 tending coverage under this subsection for the first
23 succeeding 6-month period.”.

24 (2) CONFORMING AMENDMENTS.—Section
25 1925(b) of such Act (42 U.S.C. 1396r-6(b)) is
26 amended—

1 (A) in the heading, by striking “EXTEN-
2 SION” and inserting “EXTENSIONS”;

3 (B) in the heading of paragraph (1), by
4 striking “REQUIREMENT” and inserting “IN
5 GENERAL”;

6 (C) in paragraph (2)(B)(ii)—

7 (i) in the heading, by striking “PE-
8 RIOD” and inserting “PERIODS”, and

9 (ii) by striking “in the period” and in-
10 sserting “in each of the 6-month periods”;

11 (D) in paragraph (3)(A), by striking “the
12 6-month period” and inserting “any 6-month
13 period”;

14 (E) in paragraph (4)(A), by striking “the
15 extension period” and inserting “any extension
16 period”; and

17 (F) in paragraph (5)(D)(i), by striking “is
18 a 3-month period” and all that follows and in-
19 sserting the following: “is, with respect to a par-
20 ticular 6-month additional extension period pro-
21 vided under this subsection, a 3-month period
22 beginning with the 1st or 4th month of such ex-
23 tension period.”.

24 (b) EFFECTIVE DATE.—The amendments made by
25 subsection (a) shall apply to calendar quarters beginning

1 on or after October 1, 1996, without regard to whether
2 or not final regulations to carry out such amendments
3 have been promulgated by such date.

4 **Subtitle B—Earned Income Tax**
5 **Credit**

6 **SEC. 211. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-**
7 **VIDED TO APPLICANTS AND FORMER RECIPI-**
8 **ENTS OF AFDC, FOOD STAMPS, AND MEDIC-**
9 **AID.**

10 (a) AFDC.—Section 402(a) of the Social Security
11 Act (42 U.S.C. 602(a)), as amended by sections 101 and
12 102(a) of this Act, is amended—

13 (1) by striking “and” at the end of paragraph
14 (46);

15 (2) by striking the period at the end of para-
16 graph (47) and inserting “; and”; and

17 (3) by inserting after paragraph (47) the fol-
18 lowing:

19 “(48) provide that the State agency must pro-
20 vide written notice of the existence and availability
21 of the earned income credit under section 32 of the
22 Internal Revenue Code of 1986 to—

23 “(A) any individual who applies for aid
24 under the State plan, upon receipt of the appli-
25 cation; and

1 “(B) any individual whose aid under the
2 State plan is terminated, in the notice of termi-
3 nation of benefits.”.

4 (b) FOOD STAMPS.—Section 11(e) of the Food
5 Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

6 (1) in paragraph (24) by striking “and” at the
7 end;

8 (2) in paragraph (25) by striking the period at
9 the end and inserting “; and”; and

10 (3) by inserting after paragraph (25) the fol-
11 lowing:

12 “(26) that whenever a household applies for
13 food stamp benefits, and whenever such benefits are
14 terminated with respect to a household, the State
15 agency shall provide to each member of such house-
16 hold notice of—

17 “(A) the existence of the earned income
18 tax credit under section 32 of the Internal Rev-
19 enue Code of 1986; and

20 “(B) the fact that such credit may be ap-
21 plicable to such member.”.

22 (c) MEDICAID.—Section 1902(a) of the Social Secu-
23 rity Act (42 U.S.C. 1396a(a)) is amended—

24 (1) by striking “and” at the end of paragraph
25 (61);

1 (2) by striking the period at the end of para-
2 graph (62) and inserting “; and”; and

3 (3) by adding at the end the following new
4 paragraph:

5 “(63) provide that the State shall provide notice
6 of the existence and availability of the earned income
7 tax credit under section 32 of the Internal Revenue
8 Code of 1986 to each individual applying for medical
9 assistance under the State plan and to each individ-
10 ual whose eligibility for medical assistance under the
11 State plan is terminated.”.

12 **SEC. 212. NOTICE OF AVAILABILITY OF EARNED INCOME**
13 **TAX CREDIT AND DEPENDENT CARE TAX**
14 **CREDIT TO BE INCLUDED ON W-4 FORM.**

15 Section 11114 of the Omnibus Budget Reconciliation
16 Act of 1990 (relating to program to increase public aware-
17 ness) is amended by adding at the end the following new
18 sentence: “Such means shall include printing a notice of
19 the availability of such credits on the forms used by em-
20 ployees to determine the proper number of withholding ex-
21 emptions under chapter 24 of the Internal Revenue Code
22 of 1986.”.

1 **Subtitle C—Child Care**

2 **SEC. 221. DEPENDENT CARE CREDIT TO BE REFUNDABLE;** 3 **HIGH-INCOME TAXPAYERS INELIGIBLE FOR** 4 **CREDIT.**

5 (a) CREDIT TO BE REFUNDABLE.—

6 (1) IN GENERAL.—Section 21 of the Internal
7 Revenue Code of 1986 (relating to expenses for
8 household and dependent care services necessary for
9 gainful employment) is hereby moved to subpart C
10 of part IV of subchapter A of chapter 1 of such
11 Code (relating to refundable credits) and inserted
12 after section 34.

13 (2) TECHNICAL AMENDMENTS.—

14 (A) Section 35 of such Code is redesign-
15 nated as section 36.

16 (B) Section 21 of such Code is redesign-
17 nated as section 35.

18 (C) Paragraph (1) of section 35(a) of such
19 Code (as redesignated by subparagraph (B)) is
20 amended by striking “this chapter” and insert-
21 ing “this subtitle”.

22 (D) Subparagraph (C) of section 129(a)(2)
23 of such Code is amended by striking “section
24 21(e)” and inserting “section 35(e)”.

1 (E) Paragraph (2) of section 129(b) of
2 such Code is amended by striking “section
3 21(d)(2)” and inserting “section 35(d)(2)”.

4 (F) Paragraph (1) of section 129(e) of
5 such Code is amended by striking “section
6 21(b)(2)” and inserting “section 35(b)(2)”.

7 (G) Subsection (e) of section 213 of such
8 Code is amended by striking “section 21” and
9 inserting “section 35”.

10 (H) Paragraph (2) of section 1324(b) of
11 title 31, United States Code, is amended by in-
12 serting before the period “or from section 35 of
13 such Code”.

14 (I) The table of sections for subpart C of
15 part IV of subchapter A of chapter 1 of such
16 Code is amended by striking the item relating
17 to section 35 and inserting the following:

“Sec. 35. Expenses for household and dependent care services
necessary for gainful employment.

“Sec. 36. Overpayments of tax.”.

18 (J) The table of sections for subpart A of
19 such part IV is amended by striking the item
20 relating to section 21.

21 (b) HIGHER-INCOME TAXPAYERS INELIGIBLE FOR
22 CREDIT.—Subsection (a) of section 35 of such Code, as
23 redesignated by subsection (a), is amended by adding at
24 the end the following new paragraph:

1 “(o) Notwithstanding any other provision of this
2 part, the amount otherwise payable to a State under this
3 part for a fiscal year shall be reduced by the percentage
4 (if any) by which the total expenditures by the State under
5 this part for the fiscal year does not exceed the average
6 annual expenditures by the State under this part during
7 fiscal years 1994, 1995, and 1996.”.

8 **SEC. 224. NOTICE OF ELIGIBILITY FOR TRANSITIONAL**
9 **CHILD CARE BENEFITS REQUIRED TO BE**
10 **PROVIDED TO APPLICANTS FOR, AND UPON**
11 **TERMINATION OF, AFDC.**

12 Section 402(a) of the Social Security Act (42 U.S.C.
13 602(a)), as amended by sections 101, 102(a), and 211(a)
14 of this Act, is amended—

15 (1) by striking “and” at the end of paragraph
16 (47);

17 (2) by striking the period at the end of para-
18 graph (48);

19 (3) by inserting after paragraph (48) the fol-
20 lowing:

21 “(49) provide that the State agency must pro-
22 vide written notice that, upon termination of aid
23 under the State plan, a family may be eligible for
24 child care benefits under section 402(g)(1)(A)(ii),
25 to—

1 “(A) any individual who applies for aid
2 under the State plan, upon receipt of the appli-
3 cation; and

4 “(B) any individual whose aid under the
5 State plan is terminated, in the notice of termi-
6 nation of benefits.”.

7 **SEC. 225. EXTENSION OF ELIGIBILITY FOR TRANSITIONAL**
8 **CHILD CARE BENEFITS.**

9 Section 402(g)(1)(A) of the Social Security Act (42
10 U.S.C. 602(g)(1)(A)) is amended—

11 (1) in clause (iii), by striking “12” and insert-
12 ing “24”; and

13 (2) in clause (iv), by striking “3 of the 6” and
14 inserting “1 of the “24”.

15 **SEC. 226. INCREASED FUNDING FOR AT-RISK CHILD CARE.**

16 Section 403(n) of the Social Security Act (42 U.S.C.
17 603(n)) is amended—

18 (1) in paragraph (1)(A), by striking “the Fed-
19 eral medical assistance percentage (as defined in sec-
20 tion 1905(b))” and inserting “80 percent”; and

21 (2) in paragraph (2)(B)—

22 (A) by striking “and” at the end of clause
23 (iv); and

24 (B) by striking clause (v) and inserting the
25 following:

1 “(v) \$300,000,000 for each of fiscal years
2 1995, 1996, and 1997;

3 “(vi) \$500,000,000 for fiscal year 1998;

4 “(vii) \$1,000,000,000 for fiscal year 1999;

5 “(viii) \$1,500,000,000 for fiscal year 2000; and

6 “(vi) \$2,000,000,000 for fiscal year 2001.”.

7 **SEC. 227. AUTHORITY TO USE CERTAIN CHILD CARE FUNDS**
8 **FOR TRAINING.**

9 (a) TRANSITIONAL CHILD CARE FUNDS.—Section
10 402(g)(1)(A)(ii) of the Social Security Act (42 U.S.C.
11 602(g)(1)(A)(ii)) is amended by inserting “training or”
12 before “employment” the first place such term appears.

13 (b) AT-RISK CHILD CARE FUNDS.—Section
14 402(i)(1)(B) of such Act (42 U.S.C. 602(i)(1)(B)) is
15 amended by inserting “or receive training for work” before
16 the semicolon.

17 **SEC. 228. TRANSITIONAL CHILD CARE FOR 2-PARENT FAMI-**
18 **LIES.**

19 Section 402(g)(1)(A)(i) of the Social Security Act (42
20 U.S.C. 602(g)(1)(A)(i)) is amended—

21 (1) by striking “and” at the end of subclause
22 (I);

23 (2) by striking the period at the end of
24 subclause (II) and inserting “; and”; and

25 (3) by adding at the end the following:

1 “(III) for each 2-parent family with a depend-
2 ent child requiring such care, if 1 parent in the fam-
3 ily is employed and the other parent in the family
4 is not available to provide such care because such
5 other parent is employed or receiving training, to the
6 extent that such care is determined by the State
7 agency to be necessary for either parent to accept
8 employment, remain employed, or receive such train-
9 ing;”.

10 **SEC. 229. SENSE OF THE CONGRESS REGARDING THE**
11 **CHILD CARE DEVELOPMENT AND BLOCK**
12 **GRANT ACT.**

13 It is the sense of the Congress that the Child Care
14 Development and Block Grant Act should be reauthorized
15 to allow States greater flexibility in the use of their funds
16 to strengthen child care quality and to increase supply.

17 **SEC. 230. USE OF CHILD CARE FUNDS TO CREATE CHILD**
18 **CARE JOBS FOR WELFARE RECIPIENTS.**

19 Section 402(g)(3) of the Social Security Act (42
20 U.S.C. 602(g)(3)) is amended by adding at the end the
21 following:

22 “(C) Amounts expended by a State with a plan ap-
23 proved under part G for the creation of employment in
24 the field of child care (in accordance with State licensing
25 requirements) for recipients of aid under the State plan

1 approved under this part shall be considered amounts ex-
2 pended for child care pursuant to paragraph (1), and sub-
3 paragraph (B) of this paragraph shall not apply to such
4 amounts.”.

5 **SEC. 230A. SENSE OF THE CONGRESS REGARDING CHILD**
6 **CARE VOUCHERS.**

7 It is the sense of the Congress that—

8 (1) the States should institute a system under
9 which—

10 (A) vouchers are provided to each family
11 eligible for child care services under subsections
12 (g) and (i) of section 402 of the Social Security
13 Act, under programs operated with funds pro-
14 vided under title XX of the Social Security Act,
15 or under the Child Care Development and
16 Block Grant Act, which may be used by the
17 family to purchase child care services;

18 (B) 1 voucher is provided to the family for
19 each child in the family with respect to whom
20 child care services may be provided;

21 (C) the dollar value of each voucher is set
22 at a level that is greater than the dollar value
23 of the dependent care disregard under section
24 402(a)(8)(A)(iii) of the Social Security Act, and

1 is adjusted to reflect regional differences in the
2 kinds and costs of such services;

3 (D) a board consisting of child care provid-
4 ers and representatives from the State agency
5 referred to in section 402(a)(3) of the Social
6 Security Act annually negotiates and deter-
7 mines the dollar value of the child care vouchers
8 to be issued by the State; and

9 (E) the State agency referred to in section
10 402(a)(3) of the Social Security Act monitors
11 the performance of private providers of child
12 care services in the State and the compliance of
13 such providers with the system;

14 (2) the States should create a Consumer Infor-
15 mation Center responsible for maintaining an up-
16 dated roster of eligible providers of child care serv-
17 ices, and a record of the performance of such provid-
18 ers as evaluated by recipients of such services, which
19 should be published in a brochure that is available
20 to all persons who are eligible to receive such serv-
21 ices; and

22 (3) the States should loosen their regulations to
23 allow for the reimbursement of the child costs of li-
24 censed child care providers and unsolicited or home
25 care child care providers.

1 **Subtitle D—AFDC Work Disregards**

2 **SEC. 231. OPTION TO INCREASE DISREGARD OF EARNED IN-**
3 **COME.**

4 Section 402(a)(8)(A) of the Social Security Act (42
5 U.S.C. 602(a)(8)(A)) is amended—

6 (1) by striking “and” at the end of clause (vii);

7 and

8 (2) by adding at the end the following:

9 “(ix) if electing to disregard clauses (ii)
10 and (iv), shall disregard from the earned in-
11 come of any child, relative, or other individual
12 specified in clause (ii) an amount equal to not
13 less than the first \$120 and not more than the
14 first \$225 of the total of such earned income
15 not disregarded under any other clause of this
16 subparagraph, plus not more than $\frac{1}{3}$ of the re-
17 mainder of such earned income; and”.

18 **SEC. 232. STATE OPTION TO ESTABLISH VOLUNTARY DI-**
19 **VERSION PROGRAM.**

20 Section 402(a) of the Social Security Act (42 U.S.C.
21 602(a)), as amended by sections 101, 102(a), 211(a), and
22 224 of this Act, is amended—

23 (1) by striking “and” at the end of paragraph

24 (48);

1 (2) by striking the period at the end of para-
2 graph (49) and inserting “; and”; and

3 (3) by inserting after paragraph (49) the fol-
4 lowing:

5 “(50) at the option of the State, and in such
6 part or parts of the State as the State may select,
7 provide that—

8 “(A) upon the recommendation of the case-
9 worker who is handling the case of a family eli-
10 gible for aid under the State plan, the State
11 shall, in lieu of any other payment under the
12 State plan to a family during a 3-month period,
13 make a lump-sum payment to the family for the
14 3-month period in an amount equal to 3 times
15 the amount of the monthly benefit to which the
16 family is entitled under the State plan;

17 “(B) a lump-sum payment pursuant to
18 subparagraph (A) shall not be made more than
19 once to any family; and

20 “(C) if, during a 3-month period for which
21 the State has made a lump-sum payment to a
22 family pursuant to subparagraph (A), the fam-
23 ily applies for and (but for the lump-sum pay-
24 ment) would be eligible for aid under the State
25 plan for a greater monthly benefit than the

1 monthly benefit to which the family was entitled
2 under the State plan at the time of the calcula-
3 tion of the lump sum payment, then, notwith-
4 standing subparagraph (A), the State shall, for
5 that part of the 3-month period that remains
6 after the family becomes eligible for the greater
7 monthly benefit, provide monthly benefits to the
8 family in an amount equal to—

9 “(i) 3 times the amount by which the
10 greater monthly benefit exceeds the former
11 monthly benefit; divided by

12 “(ii) the whole number of months re-
13 maining in the 3-month period.”.

14 **SEC. 233. ELIMINATION OF QUARTERS OF COVERAGE RE-**
15 **QUIREMENT FOR MARRIED TEENS UNDER**
16 **AFDC-UP PROGRAM.**

17 Section 407(b)(1)(A)(iii)(I) of the Social Security Act
18 (42 U.S.C. 607(b)(1)(A)(iii)(I)) is amended by inserting
19 “except in the case of a family in which the parents are
20 married and neither parent has attained 20 years of age,”
21 after “(I)”.

1 **Subtitle E—AFDC Asset**
2 **Limitations**

3 **SEC. 241. INCREASE IN RESOURCE THRESHOLDS; SEPA-**
4 **RATE THRESHOLD FOR VEHICLES.**

5 Section 402(a)(7)(B) of the Social Security Act (42
6 U.S.C. 602(a)(7)(B)) is amended—

7 (1) by striking “\$1,000 or such lower amount
8 as the State may determine” and inserting
9 “\$2,000”; and

10 (2) in clause (i), by striking “such amount as
11 the Secretary may prescribe” and inserting “the dol-
12 lar amount prescribed by the Secretary of Agri-
13 culture under section 5(g) of the Food Stamp Act of
14 1977”.

15 **SEC. 242. LIMITED DISREGARD OF AMOUNTS SAVED FOR**
16 **POST-SECONDARY EDUCATION, THE PUR-**
17 **CHASE OF A FIRST CAR OR A FIRST HOME, OR**
18 **THE ESTABLISHMENT OR OPERATION OF A**
19 **MICROENTERPRISE.**

20 (a) DISREGARD FROM RESOURCES.—Section
21 402(a)(7)(B) of the Social Security Act (42 U.S.C.
22 602(a)(7)(B)) is amended—

23 (1) by striking “or” before “(iv)”; and

24 (2) by inserting “, or (v) any amount not ex-
25 ceeding \$8,000 in 1 qualified asset account (as de-

1 fined in section 406(i) of 1 member of such family”
2 before “; and”.

3 (b) DISREGARD FROM INCOME.—

4 (1) IN GENERAL.—Section 402(a)(8)(A) of such
5 Act (42 U.S.C. 602(a)(8)(A)), as amended by sec-
6 tion 231 of this Act, is amended—

7 (A) by striking “and” at the end of clause
8 (viii); and

9 (B) by inserting after clause (ix) the fol-
10 lowing new clause:

11 “(x) shall disregard any interest or in-
12 come earned on a qualified asset account
13 (as defined in section 406(i)) and paid into
14 the account, to the extent that the total
15 amount in the account, after such pay-
16 ment, does not exceed \$8,000; and”.

17 (2) NONRECURRING LUMP SUM EXEMPT FROM
18 LUMP SUM RULE.—Section 402(a)(17) of such Act
19 (42 U.S.C. 602(a)(17)) is amended by adding at the
20 end the following: “; and that this paragraph shall
21 not apply to earned or unearned income received in
22 a month on a nonrecurring basis to the extent that
23 such income is placed in a qualified asset account
24 (as defined in section 406(i)) the total amount in

1 which, after such placement, does not exceed
2 \$8,000;”.

3 (3) TREATMENT AS INCOME.—Section
4 402(a)(7) of such Act (42 U.S.C. 602(a)(7)) is
5 amended—

6 (A) by striking “and” at the end of sub-
7 paragraph (B);

8 (B) by striking the semicolon at the end of
9 subparagraph (C) and inserting “; and”; and

10 (C) by adding at the end the following new
11 subparagraph:

12 “(D) shall treat as income any distribution
13 from a qualified asset account (as defined in
14 section 406(i)(1)) that is not a qualified dis-
15 tribution (as defined in section 406(i)(2));”.

16 (c) DEFINITIONS.—Section 406 of such Act (42
17 U.S.C. 606) is amended by adding at the end the follow-
18 ing:

19 “(i)(1) The term ‘qualified asset account’ means a
20 mechanism approved by the State (such as individual re-
21 tirement accounts, escrow accounts, or savings bonds) that
22 allows savings of an individual receiving aid to families
23 with dependent children to be used for a purpose described
24 in paragraph (2).

1 “(2) The term ‘qualified distribution’ means a dis-
2 tribution for expenses directly related to 1 or more of the
3 following purposes:

4 “(A) The attendance of a member of the family
5 at any postsecondary education program.

6 “(B) The purchase of residential real property
7 for the family that the family intends to occupy, if
8 no member of the family has an ownership interest
9 in such a property.

10 “(C) The purchase of an automobile if no mem-
11 ber of the family has an ownership interest in an
12 automobile.

13 “(D) The establishment or operation of a
14 microenterprise owned by a member of the family.

15 “(j) The term ‘microenterprise’ means a commercial
16 enterprise which has 5 or fewer employees, 1 or more of
17 whom owns the enterprise.”.

18 **SEC. 243. TREATMENT OF MICROENTERPRISES.**

19 (a) IN GENERAL.—Section 402(a) of the Social Secu-
20 rity Act (42 U.S.C. 602(a)), as amended by sections 101,
21 102(a), 211(a), 224, and 232 of this Act, is amended—

22 (1) by striking “and” at the end of paragraph
23 (49);

24 (2) by striking the period at the end of para-
25 graph (50) and inserting “; and”; and

1 (3) by inserting after paragraph (50) the fol-
2 lowing:

3 “(51) provide that the State agency—

4 “(A) shall not include as a resource of the
5 family of which a child referred to in paragraph
6 (7)(A) is a member, for purposes of paragraph
7 (7)(B), the first \$8,000 of the net worth (assets
8 reduced by liabilities with respect thereto) of 1
9 microenterprise (as defined in section 406(j)(1))
10 owned, in whole or in part, by the child or by
11 a relative or other individual referred to in
12 paragraph (7)(A), for a period not to exceed 2
13 years; and

14 “(B) shall take into consideration as
15 earned income of the family of which the child
16 is a member, only the net profits (as defined in
17 section 406(j)(2)) of 1 such microenterprise, for
18 a period not to exceed 2 years.”.

19 (b) DEFINITIONS.—Section 406(j) of such Act (42
20 U.S.C. 606(j)), as added by section 242(c) of this Act,
21 is amended—

22 (1) by inserting “(1)” after “(j)”; and

23 (2) by adding at the end the following:

1 “(2) The term ‘net profits’ means, with respect to
2 a microenterprise, the gross receipts of the
3 microenterprise, minus—

4 “(A) payments of principal or interest on a loan
5 to the microenterprise;

6 “(B) transportation expenses incurred in oper-
7 ating the microenterprise;

8 “(C) expenses incurred in maintaining inven-
9 tory for the microenterprise;

10 “(D) expenditures for the purchase of capital
11 equipment for the microenterprise;

12 “(E) cash retained by the microenterprise for
13 future use;

14 “(F) taxes paid by the microenterprise;

15 “(G) if the microenterprise is covered under a
16 policy of insurance against loss—

17 “(i) the premiums paid for such insurance;

18 and

19 “(ii) the losses incurred by the
20 microenterprise that are not reimbursed by the
21 insurer solely by reason of the existence of a de-
22 ductible with respect to the insurance policy;

23 “(H) the reasonable costs of obtaining and op-
24 erating 1 motor vehicle necessary for the conduct of
25 the microenterprise; and

1 “(I) the other expenses of the
2 microenterprise.”.

3 **TITLE III—THE WORK FIRST**
4 **PROGRAM**
5 **Subtitle A—AFDC**

6 **SEC. 301. WORK FIRST PROGRAM.**

7 (a) STATE PLAN REQUIREMENT.—Section 402(a) of
8 the Social Security Act (42 U.S.C. 602(a)), as amended
9 by sections 101, 102(a), 211(a), 224, 232, and 243(a) of
10 this Act, is amended—

11 (1) by striking “and” at the end of paragraph
12 (50);

13 (2) by striking the period at the end of para-
14 graph (51) and inserting “; and”; and

15 (3) by inserting after paragraph (51) the fol-
16 lowing:

17 “(52) at the option of the State, provide that
18 the State has in effect and operation a work first
19 program that meets the requirements of part F and
20 a community service program that meets the re-
21 quirements of part G, and must provide to partici-
22 pants in such programs such case management serv-
23 ices as are necessary to ensure the integrated provi-
24 sion of benefits and services under such programs.”.

1 (b) ESTABLISHMENT AND OPERATION OF PRO-
2 GRAM.—Title IV of such Act (42 U.S.C. 601 et seq.) is
3 amended by striking part F and inserting the following:

4 “PART F—WORK FIRST PROGRAM

5 “**SEC. 481. ESTABLISHMENT AND OPERATION OF STATE**
6 **PROGRAMS.**

7 “A work first program meets the requirements of this
8 part if the program meets the following requirements:

9 “(1) OBJECTIVE.—The objective of the pro-
10 gram is for each program participant to find and
11 hold a full-time unsubsidized paid job, and for this
12 goal to be achieved in a cost-effective fashion.

13 “(2) METHOD.—The method of the program is
14 to connect recipients of aid to families with depend-
15 ent children with the private sector labor market as
16 soon as possible and offer them the support and
17 skills necessary to remain in the labor market. Each
18 component of the program should be permeated with
19 an emphasis on employment and with an under-
20 standing that minimum wage jobs are a stepping
21 stone to more highly paid employment.

22 “(3) JOB CREATION.—The creation of jobs,
23 with an emphasis on private sector jobs, shall be a
24 component of the program and shall be a priority for

1 each State office with responsibilities under the pro-
2 gram.

3 “(4) USE OF INCENTIVES.—The State shall use
4 incentives to change the culture of each State office
5 with responsibilities under the State plan approved
6 under part A, improve the performance of employ-
7 ees, and ensure that the objective of each employee
8 of each such State office is to find an unsubsidized
9 paid job for each program participant.

10 “(5) CASEWORKER TRAINING.—The State shall
11 provide such training to caseworkers and related
12 personnel (including through the use of incentives)
13 as may be necessary to ensure successful job place-
14 ments that result in full-time public or private em-
15 ployment (outside the State agencies with respon-
16 sibilities under part A) for program participants.
17 The State shall reward any caseworker who enters
18 a participation agreement with a program partici-
19 pant that provides for education or training activi-
20 ties as well as work.

21 “(6) REPORTS.—Each office with responsibility
22 for operating the program shall make monthly sta-
23 tistical reports to the governing body of the State,
24 county, and city in which located, of job placements
25 and the number of program participants who are no

1 longer receiving aid under the State plan approved
2 under part A as a result of participation in the pro-
3 gram.

4 “(7) PLAN REQUIRED.—The program is estab-
5 lished and operated in accordance with a plan ap-
6 proved by the Secretary as meeting the requirements
7 of this part.

8 “(8) CASE MANAGEMENT TEAMS.—

9 “(A) DUTIES.—The program requires the
10 State to assign to each individual required or
11 allowed to participate in the program a case
12 management team that shall meet with the pro-
13 gram participant and develop a participation
14 agreement for the individual.

15 “(B) DEADLINE.—

16 “(i) IN GENERAL.—The case manage-
17 ment team shall comply with subparagraph
18 (A) with respect to a program participant
19 within 30 days (or, at the option of the
20 State, within a period not exceeding 90
21 days) after the later of—

22 “(I) the date the application of
23 the program participant for aid under
24 the State plan approved under part A
25 was approved; or

1 “(II) the date this part first ap-
2 plies to the State.

3 “(ii) REPEAT PARTICIPANTS.—Within
4 30 days after the State makes a deter-
5 mination under section 487(c)(2) to allow
6 an individual to participate in the pro-
7 gram, the case management team shall
8 meet with the individual and develop a par-
9 ticipation agreement for the individual.

10 “(9) PARTICIPATION AGREEMENTS.—The par-
11 ticipation agreement for a participant shall—

12 “(A) contain an individualized comprehen-
13 sive plan, developed by the team and the partic-
14 ipant, to move the participant into a full-time
15 unsubsidized job, through activities under sec-
16 tion 482, 483, 484, 485, or 486;

17 “(B) to the greatest extent possible, be de-
18 signed to move the participant as quickly as
19 possible into whatever type and amount of work
20 as the participant is capable of handling, and
21 increases the responsibility and amount of work
22 over time until the participant is able to work
23 full-time;

24 “(C) where necessary, provide for edu-
25 cation or training of the participant;

1 “(D) provide that aid under the State plan
2 is to be paid to the participant based on the
3 number of hours that the participant spends in
4 activities provided for in the agreement;

5 “(E) provide that the participant shall
6 spend at least 20 hours per week in activities
7 provided for in the agreement;

8 “(F) provide that the participant shall ac-
9 cept any bona fide offer of unsubsidized full-
10 time employment, unless the participant has
11 good cause for not doing so; and

12 “(G) at the option of the State, require the
13 participant to undergo appropriate substance
14 abuse treatment.

15 “(10) OPTIONS FOR PARTICIPANTS.—The case
16 manager for a program participant shall present the
17 participant with each option offered under the State
18 program through which the participant will, over
19 time, be moved into full-time unsubsidized employ-
20 ment.

21 “(11) ONE-STOP EMPLOYMENT SHOPS.—

22 “(A) IN GENERAL.—In carrying out the
23 program, the State shall utilize and make avail-
24 able to each program participant, through the
25 establishment and operation or utilization of

1 appropriate Federal or State one-stop employ-
2 ment shops, services under programs carried
3 out under the following provisions of law:

4 “(i) Part A of title II of the Job
5 Training Partnership Act (29 U.S.C. 1601
6 et seq.) (relating to the adult training pro-
7 gram).

8 “(ii) Part B of title II of such Act (29
9 U.S.C. 1630 et seq.) (relating to the sum-
10 mer youth employment and training pro-
11 grams).

12 “(iii) Part C of title II of such Act
13 (29 U.S.C. 1641 et seq.) (relating to the
14 youth training program).

15 “(iv) Title III of such Act (29 U.S.C.
16 1651 et seq.) (relating to employment and
17 training assistance for dislocated workers).

18 “(v) Part B of title IV of such Act
19 (29 U.S.C. 1691 et seq.) (relating to the
20 Job Corps).

21 “(vi) The Carl D. Perkins Vocational
22 and Applied Technology Education Act (20
23 U.S.C. 2301 et seq.).

24 “(vii) The Adult Education Act (20
25 U.S.C. 1201 et seq.).

1 “(viii) Part B of chapter 1 of title I
2 of the Elementary and Secondary Edu-
3 cation Act of 1965 (20 U.S.C. 2741 et
4 seq.) (relating to Even Start family lit-
5 eracy programs).

6 “(ix) Subtitle A of title VII of the
7 Stewart B. McKinney Homeless Assistance
8 Act (42 U.S.C. 11421) (relating to adult
9 education for the homeless).

10 “(x) Subtitle B of title VII of such
11 Act (42 U.S.C. 11431 et seq.) (relating to
12 education for homeless children and
13 youth).

14 “(xi) Subtitle C of title VII of such
15 Act (42 U.S.C. 11441) (relating to job
16 training for the homeless).

17 “(xii) The School-to-Work Opportuni-
18 ties Act of 1994.

19 “(xiii) The National and Community
20 Service Act of 1990 (42 U.S.C. 12501 et
21 seq.).

22 “(xiv) The National Skill Standards
23 Act of 1994.

24 “(B) COORDINATION.—In utilizing appro-
25 priate Federal or State one-stop employment

1 shops described in subparagraph (A), the State
2 shall ensure coordination between the case-
3 worker of each program participant and the ad-
4 ministrators of the programs carried out under
5 the provisions of law described in such subpara-
6 graph.

7 “(12) PENALTIES FOR REFUSAL TO WORK.—
8 The amount of aid otherwise payable under the
9 State plan approved under part A to a family that
10 includes an individual who fails without good cause
11 to comply with a participation agreement signed by
12 the individual shall be reduced for 1 month by 25
13 percent for each act of noncompliance.

14 “(13) PERFORMANCE STANDARDS.—The State
15 shall (in accordance with regulations prescribed by
16 the Secretary) develop standards to be used to meas-
17 ure the effectiveness of the programs established
18 under this part and part G in moving recipients of
19 aid under the State plan approved under part A into
20 full-time unsubsidized employment.

21 **“SEC. 482. REVAMPED JOBS PROGRAM.**

22 “A State that establishes a program under this part
23 may operate a program similar to the program known as
24 the ‘GAIN Program’ that has been operated by Riverside
25 County, California, under Federal law in effect imme-

1 diately before the date this part first applies to the State
2 of California.

3 **“SEC. 483. USE OF PLACEMENT COMPANIES.**

4 “(a) IN GENERAL.—A State that establishes a pro-
5 gram under this part may enter into contracts with private
6 companies (whether operated for profit or not for profit)
7 for the placement of participants in the program in posi-
8 tions of full-time employment, preferably in the private
9 sector, for wages sufficient to eliminate the need of such
10 participants for cash assistance.

11 “(b) REQUIRED CONTRACT TERMS.—Each contract
12 entered into under this section with a company shall meet
13 the following requirements:

14 “(1) PROVISION OF JOB READINESS AND SUP-
15 PORT SERVICES.—The contract shall require the
16 company to provide, to any program participant who
17 presents to the company a voucher issued under sub-
18 section (d) intensive personalized support and job
19 readiness services designed to prepare the individual
20 for employment and ensure the continued success of
21 the individual in employment.

22 “(2) PAYMENTS.—

23 “(A) IN GENERAL.—The contract shall
24 provide for payments to be made to the com-
25 pany with respect to each program participant

1 who presents to the company a voucher issued
2 under subsection (d).

3 “(B) STRUCTURE.—The contract shall
4 provide for the majority of the amounts to be
5 paid under the contract with respect to a pro-
6 gram participant, to be paid after the company
7 has placed the participant in a position of full-
8 time employment and the participant has been
9 employed in the position for such period of not
10 less than 5 months as the State deems appro-
11 priate.

12 “(c) COMPETITIVE BIDDING REQUIRED.—Contracts
13 under this section shall be awarded only after competitive
14 bidding.

15 “(d) VOUCHERS.—The State shall issue a voucher to
16 each program participant whose participation agreement
17 provides for the use of placement companies under this
18 section, indicating that the participant is eligible for the
19 services of such a company.

20 **“SEC. 484. TEMPORARY SUBSIDIZED JOB CREATION.**

21 “A State that establishes a program under this part
22 may establish a program similar to the program known
23 as ‘JOBS Plus’ that has been operated by the State of
24 Oregon under Federal law in effect immediately before the
25 date this part first applies to the State of Oregon.

1 **“SEC. 485. MICROENTERPRISE.**

2 “(a) GRANTS AND LOANS TO NONPROFIT ORGANIZA-
3 TIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE,
4 TRAINING, AND CREDIT TO LOW INCOME ENTRE-
5 PRENEURS.—A State that establishes a program under
6 this part may make grants and loans to nonprofit organi-
7 zations to provide technical assistance, training, and credit
8 to low income entrepreneurs for the purpose of establish-
9 ing microenterprises.

10 “(b) MICROENTERPRISE DEFINED.—For purposes of
11 this subsection, the term ‘microenterprise’ means a com-
12 mercial enterprise which has 5 or fewer employees, 1 or
13 more of whom owns the enterprise.

14 **“SEC. 486. WORK SUPPLEMENTATION PROGRAM.**

15 “(a) IN GENERAL.—A State that establishes a pro-
16 gram under this part may institute a work
17 supplementation program under which the State, to the
18 extent it considers appropriate, may reserve the sums that
19 would otherwise be payable to participants in the program
20 as aid to families with dependent children and use the
21 sums instead for the purpose of providing and subsidizing
22 jobs for the participants (as described in subsection
23 (c)(3)(A) and (B)), as an alternative to the aid to families
24 with dependent children that would otherwise be so pay-
25 able to the participants.

26 “(b) STATE FLEXIBILITY.—

1 “(1) Nothing in this part, or in any State plan
2 approved under part A, shall be construed to prevent
3 a State from operating (on such terms and condi-
4 tions and in such cases as the State may find to be
5 necessary or appropriate) a work supplementation
6 program in accordance with this section and section
7 484 (as in effect immediately before the date this
8 part first applies to the State).

9 “(2) Notwithstanding section 402(a)(23) or any
10 other provision of law, a State may adjust the levels
11 of the standards of need under the State plan as the
12 State determines to be necessary and appropriate for
13 carrying out a work supplementation program under
14 this section.

15 “(3) Notwithstanding section 402(a)(1) or any
16 other provision of law, a State operating a work
17 supplementation program under this section may
18 provide that the need standards in effect in those
19 areas of the State in which the program is in oper-
20 ation may be different from the need standards in
21 effect in the areas in which the program is not in
22 operation, and the State may provide that the need
23 standards for categories of recipients may vary
24 among such categories to the extent the State deter-

1 mines to be appropriate on the basis of ability to
2 participate in the work supplementation program.

3 “(4) Notwithstanding any other provision of
4 law, a State may make such further adjustments in
5 the amounts of the aid to families with dependent
6 children paid under the plan to different categories
7 of recipients (as determined under paragraph (3)) in
8 order to offset increases in benefits from needs-relat-
9 ed programs (other than the State plan approved
10 under part A) as the State determines to be nec-
11 essary and appropriate to further the purposes of
12 the work supplementation program.

13 “(5) In determining the amounts to be reserved
14 and used for providing and subsidizing jobs under
15 this section as described in subsection (a), the State
16 may use a sampling methodology.

17 “(6) Notwithstanding section 402(a)(8) or any
18 other provision of law, a State operating a work
19 supplementation program under this section—

20 “(A) may reduce or eliminate the amount
21 of earned income to be disregarded under the
22 State plan as the State determines to be nec-
23 essary and appropriate to further the purposes
24 of the work supplementation program; and

1 “(B) during 1 or more of the first 9
2 months of an individual’s employment pursuant
3 to a program under this part, may apply to the
4 wages of the individual the provisions of sub-
5 paragraph (A)(iv) of section 402(a)(8) without
6 regard to the provisions of subparagraph
7 (B)(ii)(II) of such section.

8 “(c) RULES RELATING TO SUPPLEMENTED JOBS.—

9 “(1) A work supplementation program operated
10 by a State under this section may provide that any
11 individual who is an eligible individual (as deter-
12 mined under paragraph (2)) shall take a supple-
13 mented job (as defined in paragraph (3)) to the ex-
14 tent that supplemented jobs are available under the
15 program. Payments by the State to individuals or to
16 employers under the work supplementation program
17 shall be treated as expenditures incurred by the
18 State for aid to families with dependent children ex-
19 cept as limited by subsection (d).

20 “(2) For purposes of this section, an eligible in-
21 dividual is an individual who is in a category which
22 the State determines should be eligible to participate
23 in the work supplementation program, and who
24 would, at the time of placement in the job involved,
25 be eligible for aid to families with dependent chil-

1 dren under an approved State plan if the State did
2 not have a work supplementation program in effect.

3 “(3) For purposes of this subsection, a supple-
4 mented job is—

5 “(A) a job provided to an eligible individ-
6 ual by the State or local agency administering
7 the State plan under part A; or

8 “(B) a job provided to an eligible individ-
9 ual by any other employer for which all or part
10 of the wages are paid by the State or local
11 agency.

12 A State may provide or subsidize under the program
13 any job which the State determines to be appro-
14 priate.

15 “(4) At the option of the State, individuals who
16 hold supplemented jobs under a State’s work
17 supplementation program shall be exempt from the
18 retrospective budgeting requirements imposed pursu-
19 ant to section 402(a)(13)(A)(ii) (and the amount of
20 the aid which is payable to the family of any such
21 individual for any month, or which would be so pay-
22 able but for the individual’s participation in the
23 work supplementation program, shall be determined
24 on the basis of the income and other relevant cir-
25 cumstances in that month).

1 “(d) COST LIMITATION.—The amount of the Federal
2 payment to a State under section 403 for expenditures in-
3 curred in making payments to individuals and employers
4 under a work supplementation program under this sub-
5 section shall not exceed an amount equal to the amount
6 which would otherwise be payable under such section if
7 the family of each individual employed in the program es-
8 tablished in the State under this section had received the
9 maximum amount of aid to families with dependent chil-
10 dren payable under the State plan to such a family with
11 no income (without regard to adjustments under sub-
12 section (b)) for the lesser of—

13 “(1) 9 months; or

14 “(2) the number of months in which the indi-
15 vidual was employed in the program.

16 “(e) RULES OF INTERPRETATION.—

17 “(1) This section shall not be construed as re-
18 quiring the State or local agency administering the
19 State plan to provide employee status to an eligible
20 individual to whom the State or local agency pro-
21 vides a job under the work supplementation program
22 (or with respect to whom the State or local agency
23 provides all or part of the wages paid to the individ-
24 ual by another entity under the program), or as re-
25 quiring any State or local agency to provide that an

1 eligible individual filling a job position provided by
2 another entity under the program be provided em-
3 ployee status by the entity during the first 13 weeks
4 the individual fills the position.

5 “(2) Wages paid under a work supplementation
6 program shall be considered to be earned income for
7 purposes of any provision of law.

8 “(f) PRESERVATION OF MEDICAID ELIGIBILITY.—
9 Any State that chooses to operate a work supplementation
10 program under this section shall provide that any individ-
11 ual who participates in the program, and any child or rel-
12 ative of the individual (or other individual living in the
13 same household as the individual) who would be eligible
14 for aid to families with dependent children under the State
15 plan approved under part A if the State did not have a
16 work supplementation program, shall be considered indi-
17 viduals receiving aid to families with dependent children
18 under the State plan approved under part A for purposes
19 of eligibility for medical assistance under the State plan
20 approved under title XIX.

21 “(g) RELATIONSHIP TO WORK REQUIREMENTS IM-
22 POSED UNDER THIS PART.—No individual receiving aid
23 to families with dependent children under a State plan
24 shall be excused from any requirement of this part relating
25 to work requirements by reason of the fact that the State

1 has a work supplementation program, except during peri-
2 ods in which the individual is employed under the work
3 supplementation program.

4 **“SEC. 487. PARTICIPATION RULES.**

5 “(a) IN GENERAL.—Except as provided in sub-
6 sections (b) and (c), a State that establishes a program
7 under this part may require any individual receiving aid
8 under the State plan approved under part A to participate
9 in the program.

10 “(b) EXEMPTIONS.—The State may not require an
11 individual to participate in the program if the individual—

12 “(1) has not attained 20 years of age, and has
13 attended secondary school or has been engaged in
14 obtaining a certificate of high school equivalency;

15 “(2) has been employed on a part-time basis,
16 and has been participating on a part-time basis in
17 technical or vocational education;

18 “(3) has a serious health condition (as defined
19 in section 101(11) of the Family and Medical Leave
20 Act of 1993), or has been caring for a relative who
21 had such a condition;

22 “(4)(A) is incapacitated, but only if the State
23 verifies that a physician or licensed or certified psy-
24 chologist has determined that the incapacitation is
25 due to a physical or mental impairment that pre-

1 vents the individual from engaging in employment or
2 training under the program; or

3 “(B) is recuperating from childbirth, and a
4 physician has prescribed that the individual not en-
5 gage in such employment or training; or

6 “(5)(A) is pregnant, obtains physical custody of
7 a child, or becomes a guardian of a child, during the
8 3-month period that ends on the date the State may
9 otherwise have required the individual to participate
10 in the program; and

11 “(B) the 12-week period that begins with the
12 first day during the 3-month period that the family
13 member was pregnant, obtained such custody, or be-
14 came such a guardian has not expired.

15 “(c) 2-YEAR LIMITATION ON PARTICIPATION.—

16 “(1) IN GENERAL.—Except as provided in para-
17 graph (2), an individual may not participate in the
18 State program established under this part if the in-
19 dividual has participated in the program for 24
20 months after the date the individual first signed a
21 participation agreement under this part.

22 “(2) AUTHORITY TO ALLOW REPEAT PARTICI-
23 PATION.—

24 “(A) IN GENERAL.—Subject to subpara-
25 graph (B) of this paragraph, a State may allow

1 an individual who, by reason of paragraph (1),
2 would be prohibited from participating in the
3 State program established under this part to
4 participate in the program for such additional
5 period or periods as the State determines ap-
6 propriate, if the individual has participated for
7 36 months in the State community service pro-
8 gram established under part G.

9 “(B) LIMITATION ON PERCENTAGE OF RE-
10 PEAT PARTICIPANTS.—The number of individ-
11 uals allowed under subparagraph (A) to partici-
12 pate during a program year in a State program
13 established under this part shall not exceed 10
14 percent of the total number of individuals that
15 the Secretary projects will participate in the
16 program for the program year.

17 **“SEC. 488. PHASE-IN OF PARTICIPATION.**

18 “(a) INITIAL PARTICIPANTS.—Notwithstanding sec-
19 tion 487(a), an individual may not participate in a pro-
20 gram established by a State under this part unless the
21 individual—

22 “(1) has not attained 25 years of age; or

23 “(2) was participating in the State program es-
24 tablished under part F (as in effect immediately be-

1 fore the date this part first applies to the State) im-
2 mediately before such date.

3 “(b) PHASE-IN OF OLDER PARTICIPANTS.—Notwith-
4 standing section 487(a) and subsection (a) of this section,
5 effective on each October 1 of each calendar year after
6 1996, a State that establishes a program under this
7 part—

8 “(1) except as provided in paragraph (2) of this
9 subsection, may not allow an individual to partici-
10 pate in the program unless the individual has not at-
11 tained the age (in years) of 25, plus 2 times the
12 whole number of calendar years that have elapsed
13 since October 1, 1996; and

14 “(2) may include in the program not more than
15 20 percent of the families receiving aid under the
16 State plan approved under part A in which the care-
17 taker relative has attained 25 years of age, with an
18 emphasis on—

19 “(A) recipients of such aid who have re-
20 ceived such aid for any 36 of the preceding 60
21 months; and

22 “(B) members of families in which the
23 youngest child is within 2 years of being ineli-
24 gible for aid to families with dependent children
25 because of age.

1 “PART G—COMMUNITY SERVICE PROGRAM

2 **“SEC. 491. ESTABLISHMENT AND OPERATION OF PROGRAM.**

3 “(a) IN GENERAL.—A State that establishes a work
4 first program under part F shall establish and carry out
5 a community service program that meets the requirements
6 of this part.

7 “(b) OBJECTIVE.—The objective of the community
8 service program is for each program participant to find
9 and hold a full-time unsubsidized paid job, and for this
10 goal to be achieved in a cost-effective fashion.

11 “(c) CASE MANAGEMENT TEAMS.—The State shall
12 assign to each program participant a case management
13 team that shall meet with the participant and assist the
14 participant to choose the most suitable community service
15 job under subsection (d) and to eventually obtain a full-
16 time unsubsidized paid job.

17 “(d) PROVISION OF COMMUNITY SERVICE JOB.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graphs (2) and (3), the State shall provide each par-
20 ticipant with a full-time community service job
21 under which the participant works a minimum of 30
22 hours per week and is paid at a rate equal to—

23 “(A) the minimum wage rate in effect
24 under section 6 of the Fair Labor Standards
25 Act of 1938; or

1 “(B) the State minimum wage rate, if such
2 rate is equal to or higher than the minimum
3 wage rate described in subparagraph (A).

4 “(2) EXCEPTION.—(A) If the participant has
5 obtained unsubsidized part-time employment in the
6 private sector, the State shall provide the participant
7 with a part-time community service job.

8 “(B) If the State provides a participant a part-
9 time community service job under subparagraph (A),
10 such State shall ensure that the total number of
11 hours that the participant works in a week is at
12 least 30 hours.

13 “(3) WAIVER.—(A) The State may submit to
14 the Secretary a request for a waiver of the 30-hour
15 per week work requirement described in paragraph
16 (1) if such requirement is too financially burdensome
17 for the State to meet.

18 “(B) Any waiver granted under subparagraph
19 (A) shall require the State—

20 “(i) to ensure that each participant works
21 part-time at the community service job; and

22 “(ii) to meet such 30-hour per week work
23 requirement by the year 2001.

24 “(4) WAGES NOT CONSIDERED EARNED IN-
25 COME.—Wages paid under a community service pro-

1 gram shall not be considered to be earned income for
2 purposes of any provision of law.

3 “(5) COMMUNITY SERVICE JOB DEFINED.—For
4 purposes of this section, the term ‘community serv-
5 ice job’ means—

6 “(A) a job provided to a participant by the
7 State administering the State plan under part
8 A; or

9 “(B) a job provided to a participant by any
10 other employer for which all or part of the
11 wages are paid by the State.

12 A State may provide or subsidize under the program
13 any job which the State determines to be appro-
14 priate.

15 “(e) JOB SEARCH REQUIREMENT.—The State shall
16 require each participant to spend a minimum of 5 hours
17 per week on activities related to securing unsubsidized
18 full-time employment in the private sector.

19 “(f) DURATION OF PARTICIPATION.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), an individual may not participate for
22 more than 3 years in a community service program
23 under this section.

24 “(2) AUTHORITY TO ALLOW REPEATED PAR-
25 TICIPATION.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), a State may allow an individual
3 whose participation in the community service
4 program under this section has terminated, or
5 (but for this paragraph) would terminate, to
6 participate in the program for an additional pe-
7 riod of time, as determined by the State.

8 “(B) LIMITATION ON PERCENTAGE OF RE-
9 PEAT PARTICIPANTS.—The number of individ-
10 uals allowed under subparagraph (A) to partici-
11 pate during a program year in a State program
12 established under this part shall not exceed 10
13 percent of the total number of individuals that
14 the Secretary projects will participate in the
15 program for the program year.

16 “(g) USE OF PLACEMENT COMPANIES.—A State that
17 establishes a community service program under this sec-
18 tion may enter into contracts with private companies
19 (whether operated for profit or not for profit) for the
20 placement of participants in the program in positions of
21 full-time employment, preferably in the private sector, for
22 wages sufficient to eliminate the need of such participants
23 for cash assistance in accordance with section 483.

24 “(h) TEMPORARY SUBSIDIZED JOB CREATION.—A
25 State that establishes a community service program under

1 this part may establish a program similar to the program
2 operated by the State of Oregon, which is known as
3 ‘JOBS Plus’.

4 “(i) WORK SUPPLEMENTATION PROGRAM.—

5 “(1) IN GENERAL.—A State that establishes a
6 community service program under this section may
7 institute a work supplementation program under
8 which the State, to the extent it considers appro-
9 priate, may reserve the sums that would otherwise
10 be payable to participants in the program as a com-
11 munity service minimum wage and use the sums in-
12 stead for the purpose of providing and subsidizing
13 private sector jobs for the participants.

14 “(2) EMPLOYER AGREEMENT.—An employer
15 who provides a private sector job to a participant
16 under paragraph (1) shall agree to provide to the
17 participant an amount in wages equal to the poverty
18 threshold for a family of three.

19 “(j) FAILURE TO COMPLY WITH EMPLOYABILITY
20 AGREEMENT OR OTHER ACT OF NONCOMPLIANCE.—

21 “(1) IN GENERAL.—Subject to paragraph (2),
22 if the program participant fails without good cause
23 to comply with an employability agreement signed by
24 the participant, or the participant otherwise engages
25 in any other act of noncompliance, the participant

1 shall be afforded the opportunity to change commu-
2 nity service jobs.

3 “(2) MAXIMUM OF 3 COMMUNITY SERVICE
4 JOBS.—A program participant may not receive more
5 than 3 community service jobs under the program.

6 “(3) DETERMINATION OF ACT OF NONCOMPLI-
7 ANCE.—For purposes of this subsection, the term
8 ‘act of noncompliance’ shall be determined by the
9 State or the employer and shall include failure by
10 the participant to accept an offer of full-time em-
11 ployment in the private sector without good rea-
12 son.”.

13 (c) FUNDING.—

14 (1) GENERAL RULE.—Section 403(a) of such
15 Act (42 U.S.C. 603(a)) is amended—

16 (A) by striking “and” at the end of para-
17 graph (3); and

18 (B) by inserting after paragraph (3) the
19 following:

20 “(4) in the case of any State, an amount equal
21 to the sum of 80 percent of the total amount ex-
22 pended during the quarter for the operation and ad-
23 ministration of a program under part F, in accord-
24 ance with the State plan approved under part F,
25 and 80 percent of the total amount expended during

1 the quarter for the operation and administration of
2 a community service program under part G, in ac-
3 cordance with the State plan approved under such
4 part G, except that not more than 10 percent of the
5 amount payable to the State under this paragraph
6 for the quarter may be for expenditures made with
7 respect to program participants who are
8 noncustodial parents and not eligible for aid under
9 the State plan; and”.

10 (2) RULES APPLICABLE TO THE TERRI-
11 TORIES.—Section 403 of such Act (42 U.S.C. 603)
12 is amended by redesignating subsection (b) as sub-
13 section (c) and by inserting after subsection (a) the
14 following:

15 “(b)(1) In lieu of any payment under subsection (a),
16 the Secretary shall pay to each State with a plan approved
17 under part F and to which section 1108 applies, with re-
18 spect to expenditures by the State to carry out a program
19 under part F (including expenditures for child care under
20 section 402(g)(1)(A)), an amount equal to—

21 “(A) with respect to so much of such expendi-
22 tures in a fiscal year as do not exceed the State’s
23 expenditures in the fiscal year 1987 with respect to
24 which payments were made to such State from its

1 allotment for such fiscal year pursuant to part C of
2 this title as then in effect, 90 percent; and

3 “(B) with respect to so much of such expendi-
4 tures in a fiscal year as exceed the amount described
5 in subparagraph (A)—

6 “(i) 50 percent, in the case of expenditures
7 for administrative costs made by a State in op-
8 erating such a program for such fiscal year
9 (other than the personnel costs for staff em-
10 ployed full-time in the operation of such pro-
11 gram) and the costs of transportation and other
12 work-related supportive services under section
13 402(g)(2); and

14 “(ii) the greater of 60 percent or the Fed-
15 eral medical assistance percentage (as defined
16 in section 1118), in the case of expenditures
17 made by a State in operating such a program
18 for such fiscal year (other than for costs de-
19 scribed in clause (i)).

20 “(2) With respect to the amount for which payment
21 is made to a State under paragraph (1)(A), the State’s
22 expenditures for the costs of operating a program estab-
23 lished under part F may be in cash or in kind, fairly evalu-
24 ated.

1 “(3) Not more than 10 percent of the amount payable
2 to a State under this subsection for a quarter may be for
3 expenditures made during the quarter with respect to pro-
4 gram participants who are not eligible for aid under the
5 State plan approved under part A.”.

6 (d) ENFORCEMENT OF PERFORMANCE STAND-
7 ARDS.—Section 403 of such Act (42 U.S.C. 603) is
8 amended by inserting after subsection (c) the following:

9 “(d) If the Secretary determines that the programs
10 established by a State under parts F and G, as a whole,
11 have failed for a fiscal year to meet the performance
12 standards developed by the State under section 481(13),
13 the Secretary shall, notwithstanding subsection (a)(4) of
14 this section, pay to the State an amount equal to the sum
15 of 50 percent of the total amount expended during the
16 fiscal year for the operation and administration of such
17 programs in accordance with the State plans approved
18 under parts F and G.”.

19 (e) CONFORMING AMENDMENTS.—

20 (1) Section 402(a) of the Social Security Act
21 (42 U.S.C. 602(a)) is amended by striking para-
22 graph (19).

23 (2) Section 402(e)(2)(C) of such Act (42
24 U.S.C. 602(e)(2)(C)) is amended by striking
25 “403(b)” and inserting “403(c)”.

1 (3) Section 403(e) of such Act (42 U.S.C.
2 603(e)) is amended by striking “(b)(1)” and insert-
3 ing “(c)(1)”.

4 (4) Section 403 of such Act (42 U.S.C. 603) is
5 amended by striking subsections (k) and (l).

6 (5) Section 407(b)(1)(B) of such Act (42
7 U.S.C. 607(b)(1)(B)) is amended—

8 (A) by adding “and” at the end of clause
9 (iii);

10 (B) by striking “; and” at the end of
11 clause (iv) and inserting a period; and

12 (C) by striking clause (v).

13 (6) Section 407(b)(2)(B)(ii)(I) of such Act (42
14 U.S.C. 607(b)(2)(B)(ii)(I)) is amended by striking
15 “under section 402(a)(19) or”.

16 (7) Section 407(b)(2)(C) of such Act (42
17 U.S.C. 607(b)(2)(C)) is amended by striking “sec-
18 tion 402(a)(19) and”.

19 (8) Section 1115(b)(2)(A) of such Act (42
20 U.S.C. 1315(b)(2)(A)) is amended by striking “, and
21 402(a)(19) (relating to the work incentive pro-
22 gram)”.

23 (9) Section 1108 of such Act (42 U.S.C. 1308)
24 is amended—

1 (A) in subsection (a), by striking “or, in
2 the case of part A of title IV, section 403(k)”;
3 and

4 (B) in subsection (d), by striking “(exclu-
5 sive of any amounts on account of services and
6 items to which, in the case of part A of such
7 title, section 403(k) applies)”.

8 (10) Section 1902(a)(19)(A)(i)(I) of such Act
9 (42 U.S.C. 1396a(a)(19)(A)(i)(I)) is amended by
10 striking “482(e)(6)” and inserting “486(f)”.

11 (11) Section 1928(a)(1) of such Act (42 U.S.C.
12 1396s(a)(1)) is amended by striking “482(e)(6)”
13 and inserting “486(f)”.

14 (f) INTENT OF THE CONGRESS.—The Congress in-
15 tends for State activities under section 484 of the Social
16 Security Act (as added by the amendment made by section
17 301(b) of this Act) to emphasize the use of the funds that
18 would otherwise be used to provide individuals with aid
19 to families with dependent children under part A of title
20 IV of the Social Security Act and with food stamp benefits
21 under the Food Stamp Act of 1977, to subsidize the wages
22 of such individuals in temporary jobs.

1 **SEC. 302. REGULATIONS.**

2 The Secretary of Health and Human Services shall
3 prescribe such regulations as may be necessary to imple-
4 ment the amendments made by this title.

5 **SEC. 303. APPLICABILITY TO STATES.**

6 (a) STATE OPTION TO ACCELERATE APPLICABIL-
7 ITY.—If a State formally notifies the Secretary of Health
8 and Human Services that the State desires to accelerate
9 the applicability to the State of the amendments made by
10 this title, the amendments shall apply to the State on and
11 after such earlier date as the State may select.

12 (b) STATE OPTION TO DELAY APPLICABILITY UNTIL
13 WAIVERS EXPIRE.—The amendments made by this title
14 shall not apply to a State with respect to which there is
15 in effect a waiver issued under section 1115 of the Social
16 Security Act for the State program established under part
17 F of title IV of such Act, until the waiver expires, if State
18 formally notifies the Secretary of Health and Human
19 Services that the State desires to so delay such effective
20 date.

21 (c) AUTHORITY OF THE SECRETARY OF HEALTH
22 AND HUMAN SERVICES TO DELAY APPLICABILITY TO A
23 STATE.—If a State formally notifies the Secretary of
24 Health and Human Services that the State desires to
25 delay the applicability to the State of the amendments
26 made by this title, the amendments shall apply to the

1 State on and after any later date agreed upon by the Sec-
2 retary and the State.

3 (d) FULL PHASE-IN.—Effective October 1, 2005, sec-
4 tion 488 of the Social Security Act is hereby repealed.

5 **Subtitle B—Targeted Jobs Tax**
6 **Credit**

7 **SEC. 311. INCREASE IN MINIMUM PERIOD OF EMPLOYMENT**

8 **REQUIRED TO RECEIVE CREDIT.**

9 (a) IN GENERAL.—Paragraph (3) of section 51(i) of
10 the Internal Revenue Code of 1986 (relating to certain
11 individuals ineligible) is amended—

12 (1) by striking “90 days” and inserting “180
13 days”,

14 (2) by striking “14 days” and inserting “28
15 days”,

16 (3) by striking “120 hours” and inserting “240
17 hours”, and

18 (4) by striking “20 hours” and inserting “40
19 hours”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply with respect to individuals who
22 begin work for the employer after December 31, 1994.

1 **TITLE IV—FAMILY RESPONSIBIL-**
2 **ITY AND IMPROVED CHILD**
3 **SUPPORT ENFORCEMENT**

4 **Subtitle A—Enhancement of Ability**
5 **to Identify and Locate**
6 **Noncustodial Parents**

7 **SEC. 401. EXPANSION OF FUNCTIONS OF FEDERAL PARENT**
8 **LOCATOR SERVICE.**

9 (a) IN GENERAL.—Section 453 of the Social Security
10 Act (42 U.S.C. 653) is amended—

11 (1) in subsection (a), by striking “enforcing
12 support obligations against such parent” and insert-
13 ing “establishing parentage, establishing, modifying,
14 and enforcing child support obligations, and enforc-
15 ing child visitation rights and responsibilities, and
16 which shall use safeguards to prevent the disclosure
17 of information in cases that would jeopardize the
18 safety of the custodial parent or any child of the
19 custodial parent”;

20 (2) in subsection (b), by inserting after the 2nd
21 sentence the following: “Information with respect to
22 an absent parent shall not be disclosed to any person
23 if the disclosure would jeopardize the safety of the
24 custodial parent or any child of the custodial parent.
25 Information with respect to an absent parent shall

1 not be disclosed to any person (other than the custo-
2 dial parent) unless the custodial parent has been no-
3 tified in advance of the disclosure.”; and

4 (3) in subsection (d), by inserting “and such
5 reasonable fees” after “such documents”.

6 (b) SENSE OF THE CONGRESS.—It is the sense of
7 the Congress that—

8 (1) the denial of visitation rights under a child
9 support order should be treated as irrelevant in any
10 action brought to enforce the support provisions of
11 the order; and

12 (2) the failure to pay child support pursuant to
13 a child support order should be treated as irrelevant
14 in any action brought to enforce visitation rights
15 under the order.

16 **SEC. 402. EXPANSION OF DATA BASES ACCESSED BY PAR-**
17 **ENT LOCATOR SYSTEMS.**

18 (a) ADDITIONAL INFORMATION FOR FEDERAL PAR-
19 ENT LOCATOR SERVICE.—Section 453 of the Social Secu-
20 rity Act (42 U.S.C. 653) is amended—

21 (1) in subsection (b), by striking “the most re-
22 cent address and place of employment” and insert-
23 ing “the most recent residential address, employer
24 name and address, and amounts and nature of in-
25 come and assets”;

1 (2) in subsection (c)(3), by striking “the resi-
2 dent parent” and inserting “either parent”; and

3 (3) in subsection (e), by adding at the end the
4 following:

5 “(4) The Secretary of the Treasury shall enter into
6 an agreement with the Secretary to provide prompt access
7 by the Secretary (in accordance with this subsection and
8 section 6103(l)(6) of the Internal Revenue Code of 1986)
9 to the quarterly estimated Federal income tax returns
10 filed by individuals with the Internal Revenue Service.”.

11 (b) STATE INFORMATION.—Section 466(a) of such
12 Act (42 U.S.C. 666(a)) is amended by inserting after
13 paragraph (10) the following:

14 “(11) Procedures under which the State child
15 support enforcement agency shall have automated
16 on-line or batch access (or, if necessary,
17 nonautomated access) to information regarding resi-
18 dential addresses, employers and employer address-
19 es, income and assets, and medical insurance bene-
20 fits with respect to absent parents that is available
21 through any data base maintained by—

22 “(A) any agency of the State or any politi-
23 cal subdivision thereof, that contains informa-
24 tion on residential addresses, or on employers

1 and employer addresses, as the State deems ap-
2 propriate;

3 “(B) any publicly regulated utility com-
4 pany located in the State; and

5 “(C) any credit reporting agency located in
6 the State.

7 (c) MAINTENANCE OF STATE CHILD SUPPORT
8 ORDER REGISTRIES.—Section 466(a) of the Social Secu-
9 rity Act (42 U.S.C. 666(a)), as amended by subsection
10 (b) of this section, is amended by inserting after para-
11 graph (11) the following:

12 “(12) Procedures under which the State child
13 support enforcement agency shall—

14 “(A) maintain a child support order reg-
15 istry which shall include a copy of each child
16 support order, issued or modified in the State
17 after the date that is 30 years before the effec-
18 tive date of this paragraph; and

19 “(B) transmit a copy of each such order
20 electronically to the Office of Child Support En-
21 forcement.”.

22 (d) MAINTENANCE OF FEDERAL CHILD SUPPORT
23 ORDER REGISTRY.—Section 452(a) of such Act (42 U.S.C
24 652(a)) is amended—

1 (1) by striking “and” at the end of paragraph
2 (9);

3 (2) by striking the period at the end of the 2nd
4 sentence of paragraph (10) and inserting “; and”;
5 and

6 (3) by adding at the end the following:

7 “(11) maintain a registry of all child support
8 orders transmitted pursuant to section
9 466(a)(12)(B).”.

10 (e) SENSE OF THE CONGRESS.—It is the sense of the
11 Congress that the Secretary of Health and Human Serv-
12 ices should investigate, pursuant to section 453(e) of the
13 Social Security Act, accessing Federal data banks that are
14 not linked to the Parent Locator Service which are more
15 than marginally useful in locating absent parents.

16 **SEC. 403. NATIONAL PARENT LOCATOR NETWORK.**

17 (a) ESTABLISHMENT.—Section 453 of the Social Se-
18 curity Act (42 U.S.C. 653) is amended by adding at the
19 end the following:

20 “(g) The Secretary shall expand the Parent Locator
21 Service to establish a national network based on the com-
22 prehensive statewide child support enforcement systems
23 developed by the States, to—

24 “(1) allow each State to—

1 “(A) locate any absent parent who owes
2 child support, for whom a child support obliga-
3 tion is being established, or for whom an order
4 for visitation is being enforced, by—

5 “(i) accessing the records of other
6 State agencies and sources of locate infor-
7 mation directly from one computer system
8 to another; and

9 “(ii) accessing Federal sources of lo-
10 cate information in the same fashion;

11 “(B) access the files of other States to de-
12 termine whether there are other child support
13 orders and obtain the details of those orders;

14 “(C) provide for both on-line and batch
15 processing of locate requests, with on-line ac-
16 cess restricted to cases in which the information
17 is needed immediately (for such reasons as
18 court appearances) and batch processing used
19 to ‘troll’ data bases to locate individuals or up-
20 date information periodically; and

21 “(D) direct locate requests to individual
22 States or Federal agencies, broadcast requests
23 to selected States, or broadcast cases to all
24 States when there is no indication of the source
25 of needed information;

1 “(2) provide for a maximum of 48-hour turn-
2 around time for information to be broadcast and re-
3 turned to a requesting State;

4 “(3) provide ready access to courts of the infor-
5 mation on the network by location of a computer
6 terminal in each court; and

7 “(4) access the registry of child support orders
8 for public and private cases maintained at the State
9 level by the State agencies as described in section
10 466(a)(12).”.

11 (b) EXPANDED STATE INTERACTION WITH NA-
12 TIONAL NETWORK.—Section 454(16) of such Act (42
13 U.S.C. 654(16)) is amended—

14 (1) by striking “and (E)” and inserting “(E)”;
15 and

16 (2) by striking “enforcement;” and inserting
17 “enforcement, and (F) to provide access to the na-
18 tional network developed pursuant to section
19 453(g);”.

20 (c) SENSE OF THE CONGRESS.—It is the sense of the
21 Congress that the national network established under sec-
22 tion 453(g) of the Social Security Act should be used to
23 access State records only through the agency that admin-
24 isters the State plan approved under part D of title IV
25 of such Act.

1 **SEC. 404. PRIVATE ACCESS TO LOCATE AND ENFORCEMENT**
2 **SERVICES.**

3 Section 466(a) of the Social Security Act (42 U.S.C.
4 666(a)), as amended by section 402 of this Act, is amend-
5 ed by inserting after paragraph (12) the following:

6 “(13)(A) Procedures under which private attor-
7 neys and pro se obligees must be given access to
8 State locate resources and through enforcement
9 techniques of the State child support enforcement
10 agency, for the purpose of establishing, modifying,
11 and enforcing child support, visitation, and parent-
12 age orders, in accordance with safeguards estab-
13 lished—

14 “(i) to provide the custodial parent ad-
15 vance notice of any release of information with
16 respect to a noncustodial parent; and

17 “(ii) to prevent release of information with
18 respect to a noncustodial parent if the release
19 may jeopardize the safety of the noncustodial
20 parent, the custodial parent, or any child of ei-
21 ther parent; and

22 “(B) The procedures described in subparagraph
23 (A) must require the State—

24 “(i) to develop and publish guidelines im-
25 plementing the safeguards described in sub-
26 paragraph (A); and

1 “(ii) if the State provides for reasonable
2 fees for the access referred to in subparagraph
3 (A), to establish such fees in accordance with
4 guidelines developed and published by the State
5 that set schedules for such fees.”.

6 **Subtitle B—Paternity**
7 **Establishment**

8 **SEC. 411. SENSE OF THE CONGRESS.**

9 It is the sense of the Congress that social services
10 should be provided in hospitals to women who have become
11 pregnant as a result of rape or incest.

12 **SEC. 412. AVAILABILITY OF PARENTING SOCIAL SERVICES**
13 **FOR NEW FATHERS.**

14 Section 466(a) of the Social Security Act (42 U.S.C.
15 666(a)), as amended by sections 402 and 404 of this Act,
16 is amended by inserting after paragraph (13) the follow-
17 ing:

18 “(14) Procedures for providing new fathers
19 with positive parenting counseling that stresses the
20 importance of paying child support in a timely man-
21 ner, in accordance with regulations prescribed by the
22 Secretary.”.

1 **SEC. 413. AFDC BENEFITS CONDITIONED ON COOPERATION**
2 **IN IDENTIFYING NONCUSTODIAL PARENT.**

3 (a) IN GENERAL.—Section 402(a)(26)(B) of the So-
4 cial Security Act (42 U.S.C. 602(a)(26)(B)) is amended—

5 (1) in clause (i), by inserting “unless (in ac-
6 cordance with regulations prescribed by the Sec-
7 retary, the State finds that the child was born as a
8 result of rape or incest), or unless the applicant or
9 recipient reasonably believes that such cooperation
10 would endanger herself or her child and dem-
11 onstrates such belief through such documentation as
12 a police report, a restraining order, or an affidavit
13 from a social service provider, except that, if there
14 is no such documentation, the State shall provide
15 the applicant or recipient with information about
16 available social service agencies that will evaluate
17 claims of prior or potential harm,” after the comma;

18 (2) by inserting “and, in either case, such co-
19 operation shall include the provision of the full
20 name, the last known telephone number and ad-
21 dress, the name of the last known employer, the
22 name of the closest living relative (or, if there is no
23 known relative, an acquaintance), and the social se-
24 curity account number of any noncustodial parent of
25 such child, and the name of any State in which any
26 such noncustodial parent was known to be licensed

1 to operate a motor vehicle,” before “unless” the 1st
2 place such term appears; and

3 (3) by inserting “, except that the applicant or
4 recipient shall not be found to have such good cause
5 unless the applicant or recipient demonstrates that
6 the applicant or recipient failed to obtain such infor-
7 mation despite an earnest attempt to do so” before
8 the 1st semicolon.

9 (b) SENSE OF THE CONGRESS.—It is the sense of
10 the Congress that States should implement methods for
11 the immediate verification of information provided by ap-
12 plicants and recipients of aid to families with dependent
13 children that might serve to identify and locate
14 noncustodial parents of the children with respect to whom
15 such aid is claimed.

16 **SEC. 414. INCREASE IN PASS-THROUGH OF COLLECTED**
17 **CHILD SUPPORT TO AFDC RECIPIENTS.**

18 (a) IN GENERAL.—Section 457(b)(1) of the Social
19 Security Act (42 U.S.C. 657(b)(1)) is amended by striking
20 “\$50” each place such term appears and inserting
21 “\$100”.

22 (b) CONFORMING AMENDMENT.—Section
23 402(a)(8)(A)(vi) of such Act (42 U.S.C. 602(a)(8)(A)(vi))
24 is amended by striking “\$50” each place such term ap-
25 pears and inserting “\$100”.

1 **Subtitle C—Improvement of Child**
2 **Support Order Establishment**
3 **Process**

4 **SEC. 421. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-**
5 **SION.**

6 (a) ESTABLISHMENT.—There is hereby established a
7 commission to be known as the “National Child Support
8 Guidelines Commission” (in this section referred to as the
9 “Commission”).

10 (b) GENERAL DUTIES.—The Commission shall con-
11 vene a conference to study the desirability of a national
12 child support guideline, and if such guideline is advisable,
13 the Commission shall develop for congressional consider-
14 ation a national child support guideline that is based on
15 the conference’s study of various guideline models, the de-
16 ficiencies of such models, and any needed improvements,
17 taking into consideration differences in the cost of living
18 in different areas of the United States. In developing such
19 guideline, the Commission shall consider indexing the
20 guideline to the cost of living, specifying minimum (rather
21 than maximum) amounts, or using other methodologies to
22 reflect such differences.

23 (c) MEMBERSHIP.—

24 (1) NUMBER; APPOINTMENT.—

1 (A) IN GENERAL.—The Commission shall
2 be composed of 9 individuals appointed jointly
3 by the Secretary of Health and Human Services
4 and the Congress, not later than January 15,
5 1995.

6 (B) QUALIFICATIONS OF MEMBERS.—
7 Members of the Commission shall be appointed
8 from among those who are able to provide ex-
9 pertise and experience in the evaluation and de-
10 velopment of child support guidelines.

11 (2) TERMS OF OFFICE.—Each member shall be
12 appointed for a term of 2 years. A vacancy in the
13 Commission shall be filled in the manner in which
14 the original appointment was made.

15 (d) COMMISSION POWERS, COMPENSATION, ACCESS
16 TO INFORMATION, AND SUPERVISION.—The first sentence
17 of subparagraph (C), the first and third sentences of sub-
18 paragraph (D), subparagraph (F) (except with respect to
19 the conduct of medical studies), clauses (ii) and (iii) of
20 subparagraph (G), and subparagraph (H) of section
21 1886(e)(6) of the Social Security Act shall apply to the
22 Commission in the same manner in which such provisions
23 apply to the Prospective Payment Assessment Commis-
24 sion.

1 (e) REPORT.—Not later than 2 years after the ap-
2 pointment of members, the Commission shall submit to
3 the President, the Committee on Ways and Means of the
4 House of Representatives, and the Committee on Finance
5 of the Senate, a report on the results of the study de-
6 scribed in subsection (b) and the final assessment by the
7 Commission of issues relating to a national child support
8 guideline.

9 (f) TERMINATION.—The Commission shall terminate
10 upon the submission of the report described in subsection
11 (e).

12 **Subtitle D—Child Support** 13 **Enforcement**

14 **SEC. 431. NATIONAL REPORTING OF NEW HIRES AND CHILD** 15 **SUPPORT INFORMATION.**

16 (a) FEDERAL IMPLEMENTATION OF SYSTEM.—

17 (1) IN GENERAL.—The Secretary of the Treas-
18 ury, in consultation with the Secretary of Labor,
19 shall establish a system of reporting of new employ-
20 ees by requiring employers to provide a copy of every
21 new employee’s W-4 form to the employment secu-
22 rity agency of the State in which the employment is
23 located.

24 (2) EXPANDED USE OF FORM.—The Secretary
25 of the Treasury shall modify the W-4 form to be

1 completed by a new employee to enable the employee
2 to indicate on the form—

3 (A) whether the employee owes child sup-
4 port, and if so—

5 (i) to whom the support is payable
6 and the amount of the support payable;
7 and

8 (ii) whether the support is to be paid
9 through wage withholding; and

10 (B) whether health care insurance is avail-
11 able to the new employee, and, if so, whether
12 the new employee has obtained such insurance
13 for the dependent children of the new employee.

14 (3) EMPLOYER WITHHOLDING OBLIGATION.—

15 (A) IN GENERAL.—Subtitle C of the Inter-
16 nal Revenue Code of 1986 (relating to employ-
17 ment taxes) is amended by inserting after chap-
18 ter 24 the following new chapter:

19 **“CHAPTER 24A—COLLECTION OF CHILD**
20 **SUPPORT OBLIGATIONS AT SOURCE**
21 **ON WAGES**

“Sec. 3411. Child support obligations collected at source.

1 **“SEC. 3411. CHILD SUPPORT OBLIGATIONS COLLECTED AT**
2 **SOURCE.**

3 “(a) REQUIREMENT OF WITHHOLDING.—Every em-
4 ployer making payment of wages shall deduct and with-
5 hold upon such wages a specified child support obligation
6 amount.

7 “(b) SPECIFIED CHILD SUPPORT OBLIGATION
8 AMOUNT.—For purposes of this chapter, the specified
9 child support obligation amount with respect to any em-
10 ployee shall be determined based on—

11 “(1) information provided by the employee, or
12 (if an agency of the State in which the employer is
13 located notifies the employer that such information
14 is inaccurate) information provided by the agency;
15 and

16 “(2) information contained in any wage with-
17 holding order received by the employer from any
18 State.

19 “(c) LIABILITY FOR PAYMENT.—The employer shall
20 be liable for the payment of the specified child support
21 obligation amount to the payee identified by the employee.

22 “(d) SPECIAL RULES.—For purposes of this chapter
23 (and so much of subtitle F as relates to this chapter), any
24 specified child support obligation amount shall be treated
25 as if it were a tax withheld under chapter 24 and rules
26 similar to the rules of such chapter shall apply.”.

1 (B) CLERICAL AMENDMENT.—The table of
2 chapters of subtitle C of the Internal Revenue
3 Code of 1986 is amended by inserting after the
4 item relating to chapter 24 the following new
5 item:

“CHAPTER 24A. Child support obligations collected at source.”.

6 (4) WITHHELD CHILD SUPPORT OBLIGATIONS
7 REPORTED ON W-2 FORMS.—Subsection (a) of sec-
8 tion 6051 of the Internal Revenue Code of 1986 (re-
9 lating to receipts for employees) is amended by
10 striking “and” at the end of paragraph (8), by strik-
11 ing the period at the end of paragraph (9) and in-
12 sserting “, and”, and by inserting after paragraph
13 (9) the following new paragraph:

14 “(10) the total amount of specified child sup-
15 port obligations withheld under section 3411.”.

16 (b) STATE IMPLEMENTATION OF SYSTEM.—Section
17 466(a) of the Social Security Act (42 U.S.C. 666(a)), as
18 amended by sections 402, 404, and 412 of this Act, is
19 amended by inserting after paragraph (14) the following:

20 “(15) Procedures under which the State shall—

21 “(A) use the Parent Locator Service estab-
22 lished under section 453 to access information
23 in the national registry of child support orders
24 maintained pursuant to section 452(a)(11) with
25 respect to new employee, compare such infor-

1 mation with the information reported on W-4
2 forms of new employees, and identify child sup-
3 port obligations not reported on such forms;

4 “(B) if child support information from the
5 W-4 form of a new employee agrees with infor-
6 mation with respect to the new employee in the
7 national registry of child support orders main-
8 tained pursuant to section 452(a)(11), notify
9 the individual owed the support (or the individ-
10 ual’s designee) of such information;

11 “(C) notify an employer of any new em-
12 ployee who has not reported on the W-4 form
13 a child support obligation of the new employee,
14 using the wage withholding order developed
15 under section 452(a)(12);

16 “(D) impose monetary penalties on—

17 “(i) any individual who owes child
18 support and fails to report the obligation
19 to provide the support on a Federal income
20 tax W-4 form at time of employment;

21 “(ii) any employer who fails to for-
22 ward a W-4 form for a new employee to
23 the State employment security agency
24 within 10 calendar days of the date of the

1 first payroll from which the new employee
2 is paid; and

3 “(iii) any employer who fails to with-
4 hold from the pay of any new employee
5 who reports a child support obligation on
6 a W-4 form an amount equal to the sup-
7 port owed, or fails to pay to the individual
8 owed the obligation the amount so with-
9 held, within 10 calendar days of the date
10 of the payroll, using electronic funds trans-
11 fer, if possible, unless otherwise notified by
12 a State agency;

13 “(E) provide the services described in this
14 paragraph to any individual owed child support
15 who applies for assistance under the State plan;
16 and

17 “(F) on request of another State, broad-
18 cast over the Parent Locator Service to such
19 other State child support information from W-
20 4 forms that have been sent to the State em-
21 ployment security agency.”.

22 (c) UNIFORM WITHHOLDING ORDER.—Section
23 452(a) of the Social Security Act (42 U.S.C. 652(a)), as
24 amended by section 402(d) of this Act, is amended—

1 (1) by striking “and” at the end of paragraph
2 (10);

3 (2) by striking the period at the end of para-
4 graph (11) and inserting “; and”; and

5 (3) by inserting after paragraph (11) the fol-
6 lowing:

7 “(12) develop a uniform order to be used in all
8 cases in which income is to be withheld for the pay-
9 ment of child support, which shall contain the name
10 of the individual whose income is to be withheld, the
11 number of children covered by the order, and the in-
12 dividual or State to whom the withheld income is to
13 be paid, and be generic to allow for the service of
14 the order on all sources of income.”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall take effect on January 1, 1995.

17 **SEC. 432. CERTAIN BENEFITS SUBJECT TO GARNISHMENT.**

18 (a) FEDERAL DEATH BENEFITS, BLACK LUNG BEN-
19 EFITS, AND VETERANS BENEFITS.—Section 462(f)(2) of
20 the Social Security Act (42 U.S.C. 662(f)(2)) is amended
21 by striking “(not including” and all that follows through
22 “compensation)”.

23 (b) WORKERS’ COMPENSATION.—Section 462(f) of
24 such Act (42 U.S.C. 662(f)) is amended—

1 (1) by striking “or” at the end of paragraph
2 (1);

3 (2) by striking the period at the end of para-
4 graph (2) and inserting “, or”; and

5 (3) by adding at the end the following:

6 “(3) workers’ compensation benefits.”.

7 **SEC. 433. SEIZURE OF LOTTERY WINNINGS, SETTLEMENTS,**
8 **PAYOUTS, AWARDS, AND BEQUESTS, AND**
9 **SALE OF FORFEITED PROPERTY, TO PAY**
10 **CHILD SUPPORT ARREARAGES.**

11 Section 466(a) of the Social Security Act (42 U.S.C.
12 666(a)), as amended by sections 402, 404, 412, and
13 431(b) of this Act, is amended by inserting after para-
14 graph (15) the following:

15 “(16) Procedures, in addition to other income
16 withholding procedures, under which a lien is im-
17 posed against property with the following effect:

18 “(A) The distributor of the winnings from
19 a State lottery or State-sanctioned or tribal-
20 sanctioned gambling house or casino shall—

21 “(i) suspend payment of the winnings
22 from the person otherwise entitled to the
23 payment until an inquiry is made to and a
24 response is received from the State child
25 support enforcement agency as to whether

1 the person owes a child support arrearage;
2 and

3 “(ii) if there is such an arrearage,
4 withhold from the payment the lesser of
5 the amount of the payment or the amount
6 of the arrearage, and pay the amount with-
7 held to the agency for distribution.

8 “(B) The person required to make a pay-
9 ment under a policy of insurance or a settle-
10 ment of a claim made with respect to the policy
11 shall—

12 “(i) suspend the payment until an in-
13 quiry is made to and a response received
14 from the agency as to whether the person
15 otherwise entitled to the payment owes a
16 child support arrearage; and

17 “(ii) if there is such an arrearage,
18 withhold from the payment the lesser of
19 the amount of the payment or the amount
20 of the arrearage, and pay the amount with-
21 held to the agency for distribution.

22 “(C) The payor of any amount pursuant to
23 an award, judgment, or settlement in any ac-
24 tion brought in Federal or State court shall—

1 “(i) suspend the payment of the
2 amount until an inquiry is made to and a
3 response is received from the agency as to
4 whether the person otherwise entitled to
5 the payment owes a child support arrear-
6 age; and

7 “(ii) if there is such an arrearage,
8 withhold from the payment the lesser of
9 the amount of the payment or the amount
10 of the arrearage, and pay the amount with-
11 held to the agency for distribution.

12 “(D) If the State seizes property forfeited
13 to the State by an individual by reason of a
14 criminal conviction, the State shall—

15 “(i) hold the property until an inquiry
16 is made to and a response is received from
17 the agency as to whether the individual
18 owes a child support arrearage; and

19 “(ii) if there is such an arrearage, sell
20 the property and, after satisfying the
21 claims of all other private or public claim-
22 ants to the property and deducting from
23 the proceeds of the sale the attendant costs
24 (such as for towing, storage, and the sale),
25 pay the lesser of the remaining proceeds or

1 the amount of the arrearage directly to the
2 agency for distribution.

3 “(E) Any person required to make a pay-
4 ment in respect of a decedent shall—

5 “(i) suspend the payment until an in-
6 quiry is made to and a response received
7 from the agency as to whether the person
8 otherwise entitled to the payment owes a
9 child support arrearage; and

10 “(ii) if there is such an arrearage,
11 withhold from the payment the lesser of
12 the amount of the payment or the amount
13 of the arrearage, and pay the amount with-
14 held to the agency for distribution.”.

15 **SEC. 434. REPORTING OF CHILD SUPPORT ARREARAGES TO**
16 **CREDIT BUREAUS.**

17 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amend-
18 ed—

19 (1) by inserting “(A)” after “(7)”;

20 (2) by redesignating subparagraphs (A), (B),
21 and (C) as clauses (i), (ii), and (iii), respectively;
22 and

23 (3) by adding after and below the end the fol-
24 lowing:

1 “(B) Procedures requiring any court or admin-
2 istrative agency of the State, at the time the court
3 or agency issues or modifies a child support order,
4 to report to each consumer reporting agency (as so
5 defined)—

6 “(i) the name of the individual on whom
7 the order imposes an obligation to pay child
8 support pursuant to the order; and

9 “(ii) the amount of the obligation.”.

10 **SEC. 435. LIABILITY OF GRANDPARENTS FOR FINANCIAL**
11 **SUPPORT OF CHILDREN OF THEIR MINOR**
12 **CHILDREN.**

13 Section 466(a) of the Social Security Act (42 U.S.C.
14 666(a)), as amended by sections 402, 404, 412, 431(b),
15 and 433 of this Act, is amended by inserting after para-
16 graph (16) the following:

17 “(17) Procedures under which each parent of
18 an individual who has not attained 18 years of age
19 is liable for the financial support of any child of the
20 individual to the extent that the individual is unable
21 to provide such support. The preceding sentence
22 shall not apply to the State if the State plan explic-
23 itly provides for such inapplicability.”.

1 **SEC. 436. SENSE OF THE CONGRESS REGARDING PRO-**
2 **GRAMS FOR NONCUSTODIAL PARENTS UN-**
3 **ABLE TO MEET CHILD SUPPORT OBLIGA-**
4 **TIONS.**

5 It is the sense of the Congress that the States should
6 develop programs, such as the program of the State of
7 Wisconsin known as the “Children’s First Program”, that
8 are designed to work with noncustodial parents who are
9 unable to meet their child support obligations.

10 **TITLE V—TEEN PREGNANCY**
11 **AND FAMILY STABILITY**
12 **Subtitle A—Federal Role**

13 **SEC. 501. STATE OPTION NOT TO DENY AFDC FOR ADDI-**
14 **TIONAL CHILDREN.**

15 Section 402(a) of the Social Security Act (42 U.S.C.
16 602(a)), as amended by sections 101, 102(a), 211(a), 224,
17 232, 243(a), and 301(a) of this Act, is amended—

18 (1) by striking “and” at the end of paragraph
19 (51);

20 (2) by striking the period at the end of para-
21 graph (52) and inserting “; and”; and

22 (3) by inserting after paragraph (52) the fol-
23 lowing:

24 “(53)(A) provide that, notwithstanding para-
25 graph (7)(A), the needs of a child shall not be taken
26 into account in making the determination under

1 paragraph (7) with respect to the family of the child
2 if the child was born (other than as a result of rape
3 or incest) to a member of the family—

4 “(i) while the family was a recipient of aid
5 under the State plan; or

6 “(ii) during the 6-month period ending
7 with the date the family applied for such aid;
8 except that

9 “(B) subparagraph (A) shall not apply to the
10 State if the State plan explicitly provides for such
11 inapplicability.”.

12 **SEC. 502. MINORS RECEIVING AFDC REQUIRED TO LIVE**
13 **UNDER RESPONSIBLE ADULT SUPERVISION.**

14 Section 402(a)(43) of the Social Security Act (42
15 U.S.C. 602(a)(43)) is amended—

16 (1) by striking “at the option of the State,”;
17 and

18 (2) by striking “18” and inserting “19”.

19 **SEC. 503. TASK FORCE TO REDUCE TEENAGE PREGNANCY.**

20 The Secretary of Education, in conjunction with the
21 Secretary of Health and Human Services, shall establish
22 a task force to—

23 (1) educate children regarding the risks in-
24 volved in choosing parenthood at an early age;

1 (2) ensure that every potential parent is given
2 the opportunity to avoid unintended births through
3 reproductive family planning and education;

4 (3) encourage States to use funds received
5 under title XX of the Social Security Act for com-
6 prehensive services to youth in high risk areas
7 through community organizations, and schools; and

8 (4) encourage States to work with schools for
9 the early identification and referral of children at
10 risk for parenthood at an early age.

11 **SEC. 504. INCENTIVE FOR TEEN PARENTS TO ATTEND**
12 **SCHOOL.**

13 Section 402(a) of the Social Security Act (42 U.S.C.
14 602(a)), as amended by sections 101, 102(a), 211(a), 224,
15 232, 243(a), 301(a), and 501 of this Act, is amended—

16 (1) by striking “and” at the end of paragraph
17 (52);

18 (2) by striking the period at the end of para-
19 graph (53) and inserting “; and”; and

20 (3) by inserting after paragraph (53) the fol-
21 lowing:

22 “(54) provide that the amount of aid otherwise
23 payable under the plan for a month to a family that
24 includes a parent who has not attained 20 years of
25 age and has not completed secondary school (or re-

1 ceived a certificate of high school equivalency) shall
2 be—

3 “(A) reduced by 25 percent if, during the
4 immediately preceding month, the parent has
5 failed without good cause (as defined by the
6 State in consultation with the Secretary) to
7 maintain minimum attendance (as defined by
8 the State in consultation with the Secretary) at
9 an educational institution; or

10 “(B) increased by 25 percent if, during the
11 immediately preceding month, the parent has
12 maintained minimum attendance (as defined by
13 the State in consultation with the Secretary) at
14 an educational institution.”.

15 **SEC. 505. STATE OPTION TO DISREGARD 100-HOUR RULE**
16 **UNDER AFDC-UP PROGRAM.**

17 Section 407(a) of the Social Security Act (42 U.S.C.
18 607(a)) is amended—

19 (1) by inserting “(1)” after “(a)”; and

20 (2) by adding at the end the following:

21 “(2) A standard prescribed pursuant to paragraph
22 (1) that imposes a limit on the amount of time during
23 which a parent who is the principal earner in a family
24 in which both parents are married may be employed dur-
25 ing a month shall not apply to a State if the State plan

1 under this part explicitly provides for such inapplicabil-
2 ity.”.

3 **SEC. 506. STATE OPTION TO DISREGARD 6-MONTH LIMITA-**
4 **TION ON AFDC-UP BENEFITS.**

5 Section 407(b)(2)(B) of the Social Security Act (42
6 U.S.C. 607(b)(2)(B)) is amended by adding at the end
7 the following:

8 “(iv) A regulation prescribed by the Secretary that
9 limits the length of time with respect to which a family
10 of a dependent child in which both parents are married
11 may receive aid to families with dependent children by rea-
12 son of this section shall not apply to a State if the State
13 plan under this part explicitly provides for such inapplica-
14 bility.”.

15 **SEC. 507. ELIMINATION OF QUARTERS OF COVERAGE RE-**
16 **QUIREMENT UNDER AFDC-UP PROGRAM FOR**
17 **FAMILIES IN WHICH BOTH PARENTS ARE**
18 **TEENS.**

19 Section 407(b)(1)(A)(iii) of the Social Security Act
20 (42 U.S.C. 607(b)(1)(A)(iii)) is amended by striking
21 “(iii)(I)” and inserting “(iii) neither of the child’s parents
22 have attained 20 years of age, and (I)”.

Subtitle B—State Role

SEC. 511. TEENAGE PREGNANCY PREVENTION AND FAMILY STABILITY.

(a) FINDINGS.—The Congress finds that—

(1) long-term welfare dependency is increasing driven by illegitimate births;

(2) too many teens are becoming parents and too few are able to responsibly care for and nurture their children;

(3) new research has shown that spending time in a single-parent family puts children at substantially increased risk of dropping out of high school, having a child out-of-wedlock, or being neither in school nor at work; and

(4) between 1986 and 1991, the rate of births to teens aged 15 to 19 rose 24 percent, from 50.2 to 62.1 births per 1,000 females.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) children should be educated about the risks involved in choosing parenthood at an early age;

(2) reproductive family planning and education should be made available to every potential parent so as to give such parents the opportunity to avoid unintended births;

1 (3) States should use funds provided under title
2 XX of the Social Security Act to provide comprehen-
3 sive services to youth in high risk neighborhoods,
4 through community organizations, churches, and
5 schools; and

6 (4) States should work with schools for the
7 early identification and referral of children at risk
8 for parenthood at an early age.

9 **SEC. 512. AVAILABILITY OF FAMILY PLANNING SERVICES.**

10 Section 402(a)(15)(A) of the Social Security Act (42
11 U.S.C. 602(a)(15)(A)) is amended by striking “out of
12 wedlock”.

13 **TITLE VI—PROGRAM**
14 **SIMPLIFICATION**

15 **Subtitle A—Increased State**
16 **Flexibility**

17 **SEC. 601. STATE OPTION TO PROVIDE AFDC THROUGH**
18 **ELECTRONIC BENEFIT TRANSFER SYSTEMS.**

19 Section 402(a) of the Social Security Act (42 U.S.C.
20 602(a)), as amended by sections 101, 102(a), 211(a), 224,
21 232, 243(a), 301(a), 501, and 504 of this Act, is amend-
22 ed—

23 (1) by striking “and” at the end of paragraph
24 (53);

1 (2) by striking the period at the end of para-
2 graph (54) and inserting “; and”; and

3 (3) by inserting after paragraph (54) the fol-
4 lowing:

5 “(55) at the option of the State, provide for the
6 payment of aid under the State plan through the use
7 of electronic benefit transfer systems.”.

8 **SEC. 602. DEADLINE FOR ACTION ON APPLICATION FOR**
9 **WAIVER OF REQUIREMENT APPLICABLE TO**
10 **PROGRAM OF AID TO FAMILIES WITH DE-**
11 **PENDENT CHILDREN.**

12 Section 1115 of the Social Security Act (42 U.S.C.
13 1315) is amended by adding at the end the following:

14 “(e) The Secretary shall approve or deny an applica-
15 tion for a waiver under this section with respect to a re-
16 quirement of section 402, not later than 90 days after the
17 Secretary receives the application, unless otherwise agreed
18 upon by the Secretary and the applicant.”.

19 **Subtitle B—Coordination of AFDC**
20 **and Food Stamp Programs**

21 **SEC. 611. AMENDMENTS TO PART A OF TITLE IV OF THE SO-**
22 **CIAL SECURITY ACT.**

23 (a) STATE OPTION TO USE INCOME AND ELIGI-
24 BILITY VERIFICATION SYSTEM.—Section 1137(b) of the
25 Social Security Act (42 U.S.C. 1320b–7(b)) is amended—

1 (1) by striking paragraphs (1) and (4), and re-
2 designating paragraphs (2), (3), and (5) as para-
3 graphs (1), (2), and (3), respectively; and

4 (2) in paragraph (2) (as so redesignated), by
5 adding “or” at the end.

6 (b) STATE OPTION TO USE RETROSPECTIVE BUDG-
7 ETING WITHOUT MONTHLY REPORTING.—Section
8 402(a)(13) of such Act (42 U.S.C. 602(a)(13)) is amend-
9 ed—

10 (1) by striking all that precedes subparagraph
11 (A) and inserting the following:

12 “(13) provide, at the option of the State and
13 with respect to such category or categories as the
14 State may select and identify in the State plan,
15 that—”; and

16 (2) in each of subparagraphs (A) and (B), by
17 striking “, in the case of families who are required
18 to report monthly to the State agency pursuant to
19 paragraph (14)”.

20 (c) EXCLUSION FROM INCOME OF ALL INCOME OF
21 DEPENDENT CHILD WHO IS A STUDENT.—Section
22 402(a)(8)(A)(i) of such Act (42 U.S.C. 602(a)(8)(A)(i))
23 is amended—

24 (1) by striking “earned”; and

1 (2) by inserting “applying for or” before “re-
2 ceiving”.

3 (d) EXCLUSION FROM INCOME OF ENERGY ASSIST-
4 ANCE PAYMENTS BASED ON NEED.—Section
5 402(a)(8)(A) of such Act (42 U.S.C. 602(a)(8)(A)), as
6 amended by sections 231 and 242(b)(1) of this Act, is
7 amended—

8 (1) by striking “and” at the end of clause (ix);
9 and

10 (2) by adding at the end the following:

11 “(xi) shall disregard any energy or utility-
12 cost assistance payment based on need, that is
13 paid to any member of the family under—

14 “(I) a State or local general assist-
15 ance program; or

16 “(II) another basic assistance pro-
17 gram comparable to general assistance (as
18 determined by the Secretary); and”.

19 (e) APPLICABILITY TO AFDC OF FUTURE INCOME
20 EXCLUSIONS UNDER FOOD STAMP PROGRAM.—Section
21 402(a)(8)(A) of such Act (42 U.S.C. 602(a)(8)(A)), as
22 amended by sections 231 and 242(b)(1) of this Act and
23 by subsection (d) of this section, is amended—

24 (1) by striking “and” at the end of clause (x);
25 and

1 (2) by adding at the end the following:

2 “(xii) shall disregard from the income of
3 any child, relative, or other individual described
4 in clause (ii) applying for aid under the State
5 plan, any child, relative, or other individual so
6 described receiving such aid, or both, any funds
7 that a Federal statute (enacted after the date
8 of the enactment of this clause) excludes from
9 income for purposes of determining eligibility
10 for benefits under the food stamp program
11 under the Food Stamp Act of 1977, the level of
12 benefits under the program, or both, respec-
13 tively.”.

14 (f) EXCLUSION OF EARNINGS FROM STATE TRAIN-
15 ING PROGRAMS UNDER THE JOB TRAINING PARTNER-
16 SHIP ACT.—Section 402(a)(8)(A)(v) of such Act (42
17 U.S.C. 602(a)(8)(A)(v)) is amended to read as follows:

18 “(v) with respect to earned income from an
19 on-the-job training program under section
20 204(b)(1)(C) or 264(c)(1)(A) of the Job Train-
21 ing Partnership Act—

22 “(I) shall disregard such earned in-
23 come received by any dependent child ap-
24 plying for or receiving aid to families with
25 dependent children; and

1 “(II) notwithstanding section 142(b)
2 of the Job Training Partnership Act, shall
3 not disregard such earned income received
4 by any other individual (living in the same
5 home as the dependent child) whose needs
6 are taken into account in making such de-
7 termination;”.

8 (g) USE OF FOOD STAMP PROGRAM LUMP-SUM PAY-
9 MENT RULE.—Section 402(a)(17) of such Act (42 U.S.C.
10 602(a)(17)) is amended by inserting “(excluding income
11 tax refunds, rebates, or credits, cash donations based on
12 need that are received from 1 or more private nonprofit
13 charitable organizations, but not in excess of \$300 in the
14 aggregate in a quarter, retroactive lump-sum social secu-
15 rity or railroad retirement pension payments and retro-
16 active lump-sum insurance settlements)” after “unearned
17 income”.

18 (h) PERIODIC REVIEWS.—Section 402(a) of such Act
19 (42 U.S.C. 602(a)), as amended by sections 101, 102(a),
20 211(a), 224, 232, 243(a), 301(a), 501, 504, and 601 of
21 this Act, is amended—

22 (1) by striking “and” at the end of paragraph
23 (54);

24 (2) by striking the period at the end of para-
25 graph (55) and inserting “; and”; and

1 (1) by striking “or” at the end of clause (v);
2 and

3 (2) by inserting “, or (vii) the equity of any
4 member of the family in real property to which 1 or
5 more members of the family have sole and clear title,
6 that the State agency determines is producing in-
7 come consistent with the fair market value of the
8 property” before the semicolon.

9 (k) EXCLUSION FROM RESOURCES OF LIFE INSUR-
10 ANCE POLICIES.—Section 402(a)(7)(B) of such Act (42
11 U.S.C. 602(a)(7)(B)), as amended by section 242(a) of
12 this Act and by subsections (i) and (j) of this section, is
13 amended—

14 (1) by striking “or” at the end of clause (vi);
15 and

16 (2) by inserting “, or (viii) any life insurance
17 policy” before the semicolon.

18 (l) EXCLUSION FROM RESOURCES OF REAL PROP-
19 ERTY THAT THE FAMILY IS MAKING A GOOD FAITH EF-
20 FORT TO SELL.—Section 402(a)(7)(B)(iii) of such Act (42
21 U.S.C. 602(a)(7)(B)(iii)) is amended—

22 (1) by striking “for such period or periods of
23 time as the Secretary may prescribe”; and

1 (2) by striking “any such period” and inserting
2 “any period during which the family is making such
3 an effort”.

4 (m) PROMPT RESTORATION OF BENEFITS WRONG-
5 FULLY DENIED.—Section 402(a) of such Act (42 U.S.C.
6 602(a)), as amended by sections 101, 102(a), 211(a), 224,
7 232, 243(a), 301(a), 501, 504, and 601 of this Act and
8 by subsection (h) of this section, is amended—

9 (1) by striking “and” at the end of paragraph
10 (55);

11 (2) by striking the period at the end of para-
12 graph (56) and inserting “; and”; and

13 (3) by inserting after paragraph (56) the fol-
14 lowing:

15 “(57) provide that, upon receipt of a request
16 from a family for the payment of any amount of aid
17 under the State plan the payment of which to the
18 family has been wrongfully denied or terminated, the
19 State shall promptly pay the amount to the family
20 if the wrongful denial or termination occurred not
21 more than 1 year before the date of the request or
22 the date the State agency is notified or otherwise
23 discovers the wrongful denial or termination.”.

1 **SEC. 612. AMENDMENTS TO THE FOOD STAMP ACT OF 1977.**

2 (a) CERTIFICATION PERIOD.—(1) Section 3(c) of the
3 Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended
4 to read as follows:

5 “(c) ‘Certification period’ means the period specified
6 by the State agency for which households shall be eligible
7 to receive authorization cards, except that such period
8 shall be—

9 “(1) 24 months for households in which all
10 adult members are elderly or disabled; and

11 “(2) not more than 12 months for all other
12 households.”.

13 (2) Section 6(c)(1)(C) of the Food Stamp Act of
14 1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

15 (A) in clause (ii) by adding “and” at the end;

16 (B) in clause (iii) by striking “; and” at the end
17 and inserting a period; and

18 (C) by striking clause (iv).

19 (b) EXCLUSION OF CERTAIN JTPA INCOME.—Sec-
20 tion 5(d) of the Food Stamp Act of 1977 (7 U.S.C.
21 2014(d)) is amended—

22 (1) by striking “and (16)” and inserting
23 “(16)”; and

24 (2) by inserting before the period the following:

1 “, and (17) income received under the Job Training Part-
2 nership Act by a household member who is less than 19
3 years of age”.

4 (c) EXCLUSION OF EDUCATIONAL ASSISTANCE FROM
5 INCOME.—Section 5(d)(3) of the Food Stamp Act of 1977
6 (7 U.S.C. 2014(d)(3)) is amended to read as follows: “(3)
7 all educational loans on which payment is deferred (includ-
8 ing any loan origination fees or insurance premiums asso-
9 ciated with such loans), grants, scholarships, fellowships,
10 veterans’ educational benefits, and the like awarded to a
11 household member enrolled at a recognized institution of
12 post-secondary education, at a school for the handicapped,
13 in a vocational education program, or in a program that
14 provides for completion of a secondary school diploma or
15 obtaining the equivalent thereof,”.

16 (d) LIMITATION ON ADDITIONAL EARNED INCOME
17 DEDUCTION.—The 3rd sentence of section 5(e) of the
18 Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended
19 by striking “that a household” and all that follows
20 through “report”, and inserting “determining an
21 overissuance due to the failure of a household to report
22 earned income”.

23 (e) SHELTER EXPENSE DEDUCTION.—Section 5(e)
24 of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is
25 amended—

1 (1) by amending paragraph (2) of the 4th sen-
2 tence to read as follows:“(2) a shelter expense de-
3 duction for the monthly amount expended by a
4 household for shelter”;

5 (2) by striking the 5th and 6th sentences and
6 inserting the following:“In computing the shelter ex-
7 pense deduction, a State may use a standard shelter
8 expense deduction based on the actual shelter ex-
9 penses incurred monthly by all households in the
10 State in the preceding year, except that the shelter
11 expense deduction shall be the actual shelter expense
12 incurred monthly by a household if such household
13 is located in public housing or verifies that it in-
14 curred shelter expenses monthly in excess of the
15 amount of such standard shelter expense.”;

16 (3) in the 7th sentence by striking “excess”;
17 and

18 (4) in the last sentence by striking “excess”.

19 (f) REPEAL OF EXCESS MEDICAL EXPENSE DEDUC-
20 TION.—Section 5(e) of the Food Stamp Act of 1977 (7
21 U.S.C. 2014(e)) is amended—

22 (1) in the 15th sentence—

23 (A) by striking subparagraph (A); and

1 (B) by redesignating subparagraphs (B)
2 and (C) as subparagraphs (A) and (B), respec-
3 tively; and

4 (2) by striking the 16th and 17th sentences.

5 (g) EXCLUSION OF ESSENTIAL EMPLOYMENT-RE-
6 LATED PROPERTY.—Section 5(g)(3) of the Food Stamp
7 Act of 1977 (7 U.S.C. 2014(g)(3)) is amended to read
8 as follows:

9 “(3) The value of real and tangible personal property
10 (other than currency, commercial paper, and similar prop-
11 erty) of a household member that is essential to the em-
12 ployment or self-employment of such member shall be ex-
13 cluded by the Secretary from financial resources until the
14 expiration of the 1-year period beginning on the date such
15 member ceases to be so employed or so self-employed.”.

16 (h) EXCLUSION OF LIFE INSURANCE POLICIES.—
17 Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.
18 2014(g)) is amended by adding at the end the following:

19 “(6) The Secretary shall exclude from financial re-
20 sources the cash value of any life insurance policy owned
21 by a member of a household.”.

22 (i) IN-TANDEM EXCLUSIONS FROM INCOME.—Sec-
23 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)
24 is amended by adding at the end the following:

1 “(n) Whenever a Federal statute enacted after the
2 date of the enactment of this Act excludes funds from in-
3 come for purposes of determining eligibility, benefit levels,
4 or both under State plans approved under part A of title
5 IV of the Social Security Act, then such funds shall be
6 excluded from income for purposes of determining eligi-
7 bility, benefit levels, or both, respectively, under the food
8 stamp program of households all of whose members re-
9 ceive benefits under a State plan approved under part A
10 of title IV of the Social Security Act.”.

11 (j) REMOVAL OF DISQUALIFICATION OF STUDENTS
12 RECEIVING GENERAL ASSISTANCE.—Section 6(e) of the
13 Food Stamp Act of 1977 (7 U.S.C. 2015(e)) is amended—

14 (1) in paragraph (7) by striking “or” at the
15 end;

16 (2) in paragraph (8) by striking the period at
17 the end and inserting “; or”; and

18 (3) by adding at the end the following:

19 “(9) is receiving general assistance under a
20 State or local program.”.

21 (k) APPLICATION OF AMENDMENTS.—The amend-
22 ments made by this section shall not apply with respect
23 to certification periods beginning before the effective date
24 of this section.

1 **Subtitle C—Fraud Reduction**

2 **SEC. 631. SENSE OF THE CONGRESS IN SUPPORT OF THE**
3 **EFFORTS OF THE ADMINISTRATION TO AD-**
4 **DRESS THE PROBLEMS OF FRAUD AND**
5 **ABUSE IN THE SUPPLEMENTAL SECURITY IN-**
6 **COME PROGRAM.**

7 The Congress hereby expresses support for the efforts
8 of the Social Security Administration to reduce fraud and
9 abuse in the supplemental security income program under
10 title XVI of the Social Security Act by implementing a
11 structured approach to disability decisionmaking that
12 takes into consideration the large number of disability
13 claims received while providing a basis for consistent, equi-
14 table decisionmaking by claims adjudicators at each level,
15 that provides for the following:

16 (1) A simplification of the monetary guidelines
17 for determining whether an individual (except those
18 filing for benefits based on blindness) is engaging in
19 substantial gainful activity.

20 (2) The replacement of a threshold severity re-
21 quirement for determining whether a claimant has a
22 medically determinable impairment with a threshold
23 inquiry as to whether the claimant has a medically
24 determinable physical or mental impairment that

1 can be demonstrated by acceptable clinical and lab-
2 oratory diagnostic techniques.

3 (3) The comparison of an impairment referred
4 to in paragraph (2) with an index of disabling im-
5 pairments that contains fewer impairments, has less
6 detail and complexity, and does not rely on the con-
7 cept of “medical equivalence”.

8 (4)(A) The consideration of whether an individ-
9 ual has the ability to perform substantial gainful ac-
10 tivity despite any functional loss caused by a medi-
11 cally determinable physical or mental impairment.

12 (B) The definition of the physical and mental
13 requirements of substantial gainful activity.

14 (C) The objective measurement, to the extent
15 possible, of whether an individual meets such re-
16 quirements.

17 (D) The development, with the assistance of the
18 medical community and other outside experts from
19 disability programs, of standardized criteria which
20 can be used to measure an individual’s functional
21 ability.

22 (E) The assumption by the Social Security Ad-
23 ministration of primary responsibility for document-
24 ing functional ability using the standardized meas-
25 urement criteria, with the goal of developing func-

1 tional assessment instruments that are standardized,
2 accurately measure an individual's functional abili-
3 ties, and are universally accepted by the public, the
4 advocacy community, and health care professionals.

5 (F) The use of the results of the standardized
6 functional measurement with a new standard to de-
7 scribe basic physical and mental demands of a base-
8 line of work that represents substantial gainful ac-
9 tivity and that exists in significant numbers in the
10 national economy.

11 (5)(A) An evaluation of whether a child is en-
12 gaging in substantial gainful activity, whether a
13 child has a medically determinable physical or men-
14 tal impairment that will meet the duration require-
15 ment, and whether a child has an impairment that
16 meets the criteria in the index of disabling impair-
17 ments.

18 (B) The development, with the assistance of the
19 medical community and educational experts, of
20 standardized criteria which can be used to measure
21 a child's functional ability to perform a baseline of
22 functions that are comparable to the baseline of oc-
23 cupational demands for an adult.

24 (C) The conduct of research to specifically iden-
25 tify a skill acquisition threshold to measure broad

1 areas required to develop the ability to perform sub-
2 stantial gainful activity.

3 **SEC. 632. STUDY ON FEASIBILITY OF SINGLE TAMPER-**
4 **PROOF IDENTIFICATION CARD TO SERVE**
5 **PROGRAMS UNDER BOTH THE SOCIAL SECU-**
6 **RITY ACT AND HEALTH REFORM LEGISLA-**
7 **TION.**

8 (a) STUDY.—As soon as practicable after the date of
9 the enactment of this Act, the Secretary of Health and
10 Human Services shall conduct a study of the feasibility
11 of issuing, in counterfeit-resistant form, a single identi-
12 fication card which would combine the features of the so-
13 cial security card now issued pursuant to section 205 of
14 the Social Security Act and any health security card which
15 may be provided for in health reform legislation enacted
16 in the 103d Congress. In such study, the Secretary shall
17 devote particular consideration to—

18 (1) employment in such card of finger-print
19 identification, bar code validation, a photograph, a
20 hologram, or any other identifiable feature,

21 (2) the efficiencies and economies which may be
22 achieved by combining the features of the social se-
23 curity card as currently issued and the features of
24 any health security card which might be issued
25 under health reform legislation, and

1 (3) any costs and risks which might result from
2 combining such features in a single identification
3 card and possible means of alleviating any such
4 costs and risks.

5 (b) REPORT.—The Secretary of Health and Human
6 Services shall, not later than 1 year after the date of the
7 enactment of this Act, transmit a report to each House
8 of the Congress setting forth the Secretary’s findings from
9 the study conducted pursuant to subsection (a). Such re-
10 port may include such recommendations for administrative
11 or legislative changes as the Secretary considers appro-
12 priate.

13 **TITLE VII—FINANCING**

14 **Subtitle A—Ineligibility of Certain** 15 **Aliens for Certain Social Services**

16 **SEC. 701. CERTAIN ALIENS INELIGIBLE FOR AID TO FAMI-** 17 **LIES WITH DEPENDENT CHILDREN.**

18 (a) IN GENERAL.—Section 402(a)(33) of the Social
19 Security Act (42 U.S.C. 602(a)) is amended—

20 (1) by redesignating subparagraphs (A) and
21 (B) as clauses (i) and (ii), respectively;

22 (2) by inserting “(A)” after “(33)”;

23 (3) by adding “and” at the end; and

24 (4) by adding after and below the end the fol-
25 lowing:

1 “(B) provide that—

2 “(i) notwithstanding subparagraph (A), an
3 alien otherwise eligible for aid under the State
4 plan shall not be eligible for such aid—

5 “(I) after the 6-year period that be-
6 gins with the date the alien is admitted to
7 the United States, in the case of an alien
8 who has qualified for entry pursuant to
9 section 207 of the Immigration and Na-
10 tionality Act; or

11 “(II) after the 6-year period that be-
12 gins with the date the alien is granted asy-
13 lum, in the case of an alien who has ap-
14 plied for asylum under section 208 of the
15 Immigration and Nationality Act; and

16 “(ii) clause (i) shall not apply to an alien
17 who has attained 75 years of age and has re-
18 sided in the United States for at least 5
19 years.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 subsection (a) shall take effect on October 1, 1995.

1 **SEC. 702. CERTAIN ALIENS INELIGIBLE FOR SUPPLE-**
2 **MENTAL SECURITY INCOME BENEFITS.**

3 (a) **IN GENERAL.**—Section 1614(a) of the Social Se-
4 curity Act (42 U.S.C. 1382c(a)) is amended by adding at
5 the end the following:

6 “(5)(A) Notwithstanding any other provision of this
7 title, an alien otherwise eligible for benefits under this title
8 shall not be eligible for such benefits—

9 (i) after the 6-year period that begins with the
10 date the alien is admitted to the United States, in
11 the case of an alien who has qualified for entry pur-
12 suant to section 207 of the Immigration and Nation-
13 ality Act; or

14 (ii) after the 6-year period that begins with
15 the date the alien is granted asylum, in the case of
16 an alien who has applied for asylum under section
17 208 of the Immigration and Nationality Act.

18 “(B) Subparagraph (A) shall not apply to an alien
19 who has attained 75 years of age and has resided in the
20 United States for at least 5 years.”.

21 (b) **EFFECTIVE DATE.**—The amendment made by
22 subsection (a) shall take effect on October 1, 1995.

1 **SEC. 703. ILLEGAL ALIENS NOT ELIGIBLE FOR EARNED IN-**
2 **COME TAX CREDIT.**

3 (a) IN GENERAL.—Paragraph (1) of section 32(c) of
4 the Internal Revenue Code of 1986 is amended by adding
5 at the end the following new subparagraph:

6 “(E) EXCEPTION FOR INDIVIDUALS NOT
7 LAWFULLY ADMITTED.—The term ‘eligible indi-
8 vidual’ shall not include any alien unless such
9 alien is lawfully present in the United States
10 (or has been granted asylum in the United
11 States) and, under the provisions of the Immi-
12 gration and Nationality Act governing such
13 alien’s presence in the United States, is per-
14 mitted to be employed.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to taxable years beginning after
17 the date of the enactment of this Act.

18 **SEC. 704. DISQUALIFICATION OF CERTAIN ALIENS TO RE-**
19 **CEIVE FOOD STAMP BENEFITS.**

20 (a) AMENDMENT.—Section 6 of the Food Stamp Act
21 of 1977 (7 U.S.C. 2015) is amended by adding at the end
22 the following:

23 “(i)(1) Except as provided in paragraph (2), an alien
24 who is otherwise eligible to participate in the food stamp
25 program shall not be eligible to participate in the food
26 stamp program—

1 “(A) after the expiration of the 6-year period
2 beginning on the date such alien is admitted to the
3 United States, in the case of an alien who has quali-
4 fied for entry pursuant to section 207 of the Immi-
5 gration and Nationality Act; and

6 “(B) after the expiration of the 6-year period
7 beginning on the date such alien is granted asylum,
8 in the case of an alien who has applied for asylum
9 under section 208 of the Immigration and National-
10 ity Act.

11 “(2) Paragraph (1) shall not apply with respect to
12 an alien who is 75 years of age or older and has resided
13 in the United States for at least 5 years.”.

14 (b) EFFECTIVE DATE; APPLICATION OF AMEND-
15 MENT.—The amendment made by subsection (a) shall
16 take effect on October 1, 1995 and shall not apply with
17 respect to certification periods beginning before such date.

18 **SEC. 705. CERTAIN ALIENS INELIGIBLE FOR MEDICAL AS-**
19 **SISTANCE UNDER MEDICAID.**

20 (a) IN GENERAL.—Section 1903(v) of the Social Se-
21 curity Act (42 U.S.C. 1396b(v)(1)) is amended—

22 (1) in paragraph (1)—

23 (A) by striking “paragraph (2)” and in-
24 serting “paragraphs (2) and (3)”, and

1 (B) by striking “who is not lawfully admit-
2 ted” and all that follows and inserting a period;

3 (2) in paragraph (2), by striking “described in
4 paragraph (1)”; and

5 (3) by adding at the end the following new
6 paragraph:

7 “(4) The limitation on payments provided under
8 paragraph (1) shall not apply with respect to medical as-
9 sistance furnished to an alien—

10 “(A) who is 75 years of age or older and has
11 resided in the United States for at least 5 years; and

12 “(B)(i) in the case of an alien who has qualified
13 for entry pursuant to section 207 of the Immigra-
14 tion and Nationality Act, during the 6-year period
15 beginning on the date such alien is admitted to the
16 United States; or

17 “(ii) in the case of an alien who has applied for
18 asylum under section 208 of the Immigration and
19 Nationality Act, during the 6-year period beginning
20 on the date the alien is granted asylum.”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to medical assistance furnished
23 during quarters beginning on or after October 1, 1995,
24 without regard to whether or not regulations to carry out
25 such amendments have been promulgated by such date.

1 **Subtitle B—Other Provisions**
2 **Relating to Aliens**

3 **SEC. 711. SPONSOR RESPONSIBILITY FOR COSTS OF GEN-**
4 **ERAL CASH PUBLIC ASSISTANCE PROVIDED**
5 **TO AN ALIEN.**

6 An affidavit of support or similar document of finan-
7 cial responsibility with respect to the admission into the
8 United States of an alien under the Immigration and Na-
9 tionality Act shall provide that the sponsor shall be liable
10 for any costs incurred by any State or a political subdivi-
11 sion of a State for general cash public assistance provided
12 to such alien until the date on which the alien becomes
13 a citizen of the United States.

14 **SEC. 712. ENFORCEMENT OF AFFIDAVITS OF SUPPORT OR**
15 **FINANCIAL RESPONSIBILITY BY STATE AND**
16 **LOCAL GOVERNMENTS PROVIDING ASSIST-**
17 **ANCE.**

18 An affidavit of support or document of financial re-
19 sponsibility referred to in section 711 may be enforced
20 with respect to an alien against the alien's sponsor in a
21 civil suit brought by the Attorney General or a State or
22 political subdivision of a State in the United States district
23 court for the district in which the sponsor resides for the
24 recovery of any costs incurred by any State or political
25 subdivision of a State for general cash public assistance

1 provided to such alien for which the sponsor agreed to be
2 liable under such an affidavit or document. A sponsor or
3 the sponsor's estate shall not be liable under such an affi-
4 davit or document if the sponsor dies or is adjudicated
5 a bankrupt under title 11, United States Code.

6 **SEC. 713. AUTHORITY TO STATES AND LOCALITIES TO**
7 **LIMIT ASSISTANCE TO ALIENS AND TO DIS-**
8 **TINGUISH AMONG CLASSES OF ALIENS IN**
9 **PROVIDING GENERAL PUBLIC ASSISTANCE.**

10 (a) IN GENERAL.—Subject to subsection (b) and not-
11 withstanding any other provision of law, a State or local
12 government may prohibit or otherwise limit or restrict the
13 eligibility of aliens or classes of aliens for programs of gen-
14 eral public assistance furnished under the law of the State
15 or a political subdivision of a State.

16 (b) LIMITATION.—The authority under subsection (a)
17 may be exercised only to the extent that any prohibitions,
18 limitations, or restrictions are not inconsistent with the
19 eligibility requirements for comparable Federal programs
20 or are less restrictive. For the purposes of this section,
21 attribution to an alien of a sponsor's income and resources
22 for purposes of determining the eligibility for and amount
23 of benefits of an alien shall be considered less restrictive
24 than a prohibition of eligibility.

1 **SEC. 714. FEDERAL FINANCIAL ASSISTANCE TO STATES**
2 **FOR ASSISTANCE TO IMMIGRANTS.**

3 (a) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated for each of the fiscal years
5 1995, 1996, 1997, and 1998 \$250,000,000 for financial
6 assistance to States for State discretionary programs of
7 assistance to aliens lawfully admitted for permanent resi-
8 dence under the Immigration and Nationality Act.

9 (b) ALLOCATION OF FUNDS.—Subject to subsection
10 (c), for each fiscal year funds appropriated under sub-
11 section (a) shall be allocated as follows:

- 12 (1) California—\$107,114,100.
- 13 (2) New York—\$37,886,750.
- 14 (3) Florida—\$23,852,725.
- 15 (4) Texas—\$17,796,225.
- 16 (5) New Jersey—\$8,146,075.
- 17 (6) Illinois—\$8,083,875.
- 18 (7) Massachusetts—\$7,406,850.
- 19 (8) Washington—\$4,212,100.
- 20 (9) Pennsylvania—\$3,663,175.
- 21 (10) Maryland—\$2,832,450.
- 22 (11) Michigan—\$2,521,400.
- 23 (12) Virginia—\$2,364,025.
- 24 (13) Arizona—\$2,221,325.
- 25 (14) Minnesota—\$1,924,900.
- 26 (15) Ohio—\$1,771,200.

- 1 (16) Hawaii—\$1,569,925.
- 2 (17) Colorado—\$1,493,075.
- 3 (18) Connecticut—\$1,485,750.
- 4 (19) Wisconsin—\$1,467,450.
- 5 (20) Oregon—\$1,332,050.
- 6 (21) Georgia—\$1,273,500.
- 7 (22) Rhode Island—\$1,028,300.
- 8 (23) New Mexico—\$966,100.
- 9 (24) Louisiana—\$955,125.
- 10 (25) Nevada—\$720,925.
- 11 (26) North Carolina—\$640,400.
- 12 (27) Missouri—\$530,625.
- 13 (28) Kansas—\$457,425.
- 14 (29) Oklahoma—\$373,250.
- 15 (30) Utah—\$384,225.
- 16 (31) Iowa—\$373,250.
- 17 (32) Tennessee—\$347,650.
- 18 (33) Indiana—\$340,325.
- 19 (34) District of Columbia—\$329,350.
- 20 (35) Alaska—\$230,525.
- 21 (36) South Carolina—\$230,525.
- 22 (37) Kentucky—\$208,575.
- 23 (38) Maine—\$204,925.
- 24 (39) Alabama—\$186,625.
- 25 (40) Nebraska—\$164,675.

1 (41) Mississippi—\$157,350.

2 (42) Delaware—\$124,400.

3 (43) Arkansas—\$113,425.

4 (44) Idaho—\$106,125.

5 (45) New Hampshire—\$102,450.

6 (46) West Virginia—\$69,525.

7 (47) South Dakota—\$62,200.

8 (48) Vermont—\$43,900.

9 (49) Montana—\$43,900.

10 (50) North Dakota—\$36,575.

11 (51) Wyoming—22,710.

12 (c) INSUFFICIENT APPROPRIATIONS.—If for any fis-
13 cal year sums appropriated under subsection (a) are not
14 sufficient to pay the allocations under subsection (b) each
15 allocated amount under subsection (b) shall be ratably re-
16 duced.

17 **Subtitle C—Limitation on Emer-**
18 **gency Assistance Expenditures**

19 **SEC. 721. LIMITATION ON EXPENDITURES FOR EMERGENCY**
20 **ASSISTANCE.**

21 (a) IN GENERAL.—Section 403(a)(5) of the Social
22 Security Act (42 U.S.C. 602(a)(5)) is amended to read
23 as follows:

24 “(5) in the case of any State, an amount equal
25 to the lesser of—

1 “(A) 50 percent of the total amount ex-
2 pended under the State plan during such quar-
3 ter as emergency assistance to needy families
4 with children; or

5 “(B) the greater of—

6 “(i) the total amount expended under
7 the State plan during the fiscal year that
8 immediately precedes the fiscal year in
9 which the quarter occurs; multiplied by

10 “(I) 4 percent, if the national un-
11 employment rate for the United
12 States (as determined by the Sec-
13 retary of Labor) for the 3rd or 4th
14 quarter of the immediately preceding
15 fiscal year is at least 7 percent; or

16 “(II) 3 percent, otherwise; or

17 “(ii) the total amount expended under
18 the State plan during fiscal year 1993 as
19 emergency assistance to needy families
20 with children.”.

21 (b) AUTHORITY OF STATES TO DEFINE EMERGENCY
22 ASSISTANCE.—Section 406(e)(1) of such Act (42 U.S.C.
23 606(e)(1)) is amended to read as follows:

24 “(e)(1)(A) The term ‘emergency assistance to needy
25 families with children’ means emergency assistance fur-

1 nished by an eligible State with respect to an eligible needy
2 child to avoid destitution of the child or to provide living
3 arrangements in a home for the child.

4 “(B) As used in this paragraph:

5 “(i) The term ‘emergency assistance’ means
6 emergency assistance as provided for in the State
7 plan approved under section 402 of an eligible State,
8 but shall not include care for an eligible needy child
9 or other member of the household in which the child
10 is living to the extent that the child or other member
11 is entitled to such care as medical assistance under
12 the State plan under title XIX.

13 “(ii) The term ‘eligible needy child’ means a
14 needy child—

15 “(I) who has not attained 21 years of age;

16 “(II) who is or (within such period as the
17 Secretary may specify) has been living with any
18 relative specified in subsection (a)(1) in a place
19 of residence maintained by 1 or more of such
20 relatives as the home of the relative or relatives;

21 “(III) who is without available resources;

22 and

23 “(IV) whose requirement for emergency as-
24 sistance did not arise because the child or rel-

1 ative refused without good cause to accept em-
2 ployment or training for employment.

3 “(iii) The term “eligible State” means a State
4 whose State plan approved under section 402 in-
5 cludes provision for emergency assistance.”.

6 **Subtitle D—Family Day Care**
7 **Homes Program Improvements**

8 **SEC. 731. IMPROVEMENT OF OPERATION OF FAMILY OR**
9 **GROUP DAY CARE HOMES LOCATED IN LOW-**
10 **AND MODERATE-INCOME AREAS UNDER THE**
11 **CHILD AND ADULT CARE FOOD PROGRAM**
12 **UNDER THE NATIONAL SCHOOL LUNCH ACT.**

13 (a) IN GENERAL.—Section 17(f)(3)(A) of the Na-
14 tional School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is
15 amended to read as follows:

16 “(A)(i) Institutions that participate in the program
17 under this section as family or group day care home spon-
18 soring organizations shall be provided, for payment to
19 such homes, a reimbursement factor in accordance with
20 this subparagraph for the cost of obtaining and preparing
21 food and prescribed labor costs, involved in providing
22 meals under this section.

23 “(ii)(I) A low- or moderate-income family or group
24 day care home shall be provided a reimbursement factor
25 without a requirement for documentation of the costs de-

1 scribed in clause (i), except that reimbursement shall not
2 be provided under this clause for meals or supplements
3 served to the children of a person acting as a family or
4 group day care home provider unless such children meet
5 the eligibility standards for free or reduced price meals
6 under section 9 of this Act. The reimbursement factors
7 applied to such a home shall be the factors in effect on
8 the date of enactment of the Self-Sufficient and Independ-
9 ence Act of 1994. The reimbursement factors under this
10 subparagraph shall be adjusted on July 1 of each year
11 to reflect changes in the Consumer Price Index for food
12 away from home for the most recent 12-month period for
13 which such data are available. The reimbursement factors
14 under this subparagraph shall be rounded to the nearest
15 one-fourth cent.

16 “(II) For purposes of this clause, the term ‘low- or
17 moderate-income family or group day care home’ means—

18 “(aa) a family or group day care home that is
19 located in a census tract area in which at least 40
20 percent of the children residing in such area are
21 members of households whose incomes meet the eli-
22 gibility standards for free or reduced price meals
23 under section 9 of this Act, as determined by the
24 family or group day care home sponsoring organiza-
25 tion using census tract data provided to such organi-

1 zation by the State agency in accordance with sub-
2 paragraph (B)(i);

3 “(bb) a family or group day care home that is
4 located in an area served by a school in which at
5 least 40 percent of the total number of children en-
6 rolled are certified to receive free or reduced price
7 meals under this Act or the Child Nutrition Act of
8 1966 (42 U.S.C. 1771 et seq.), as determined by the
9 family or group day care home sponsoring organiza-
10 tion using data provided to such organization by the
11 State agency in accordance with subparagraph
12 (B)(ii); or

13 “(cc) a family or group day care home that is
14 operated by a provider whose household meets the
15 eligibility standards for free or reduced price meals
16 under section 9 of this Act.

17 “(iii)(I) Except as provided for in subclause (II), with
18 respect to meals or supplements served under this clause
19 by a family or group day care home that does not meet
20 the criteria set forth in clause (ii)(II), the reimbursement
21 factors shall be—

22 “(aa) \$1.2675 for lunches and suppers;

23 “(bb) \$.5375 for breakfasts; and

24 “(cc) \$.25 for supplements.

1 Such factors shall be adjusted on July 1, 1995, and each
2 July 1 thereafter to reflect changes in the Consumer Price
3 Index for food away from home for the most recent 12-
4 month period for which such data are available. The reim-
5 bursement factors under this clause shall be rounded to
6 the nearest one-fourth cent. A family or group day care
7 home shall be provided a reimbursement factor under this
8 subclause without a requirement for documentation of the
9 costs described in clause (i), except that reimbursement
10 shall not be provided under this clause for meals or supple-
11 ments served to the children of a person acting as a family
12 or group day care home provider unless such children meet
13 the eligibility standards for free or reduced price meals
14 under section 9 of this Act.

15 “(II) A family or group day care home that does not
16 meet the criteria set forth in clause (ii)(II), may elect to
17 be provided a reimbursement factor determined in accord-
18 ance with the following requirements:

19 “(aa) With respect to meals or supplements
20 served under this subsection to children who are
21 members of households whose incomes meet the eli-
22 gibility standards for free or reduced price meals
23 under section 9 of this Act, the family or group day
24 care home shall be provided reimbursement factors

1 set by the Secretary in accordance with subclause
2 (ii)(I).

3 “(bb) With respect to meals or supplements
4 served under this subsection to children who are
5 members of households whose incomes do not meet
6 such eligibility standards, the family or group day
7 care home shall be provided a reimbursement factor
8 in accordance with subclause (I).

9 “(III) A family or group day care home electing to
10 use the procedures under subclause (II) may consider a
11 child with a parent participating in the work first program
12 established under part F of title IV of the Social Security
13 Act, the community service program established under
14 section 489 of such Act, the transitional child care pro-
15 gram under title IV of such Act, the at-risk child care
16 program under title IV of such Act, or a State child care
17 program with an income eligibility limit that does not ex-
18 ceed the eligibility standard for free or reduced price meals
19 under section 9 of this Act, to be a child who is a member
20 of a household whose income meets the eligibility stand-
21 ards under section 9 of this Act. A family or group day
22 care home may elect to receive the reimbursement factors
23 prescribed under clause (ii)(I) solely for such children if
24 it does not wish to have income statements collected from
25 parents.

1 “(IV) The Secretary shall prescribe simplified meal
2 counting and reporting procedures for use by family and
3 group day care homes that elect to use the procedures
4 under clause (iii)(II) and by family and group day care
5 home sponsoring organizations that serve such homes.
6 Such procedures may include the following:

7 “(aa) Setting an annual percentage for each
8 such home of the number of meals served that are
9 to be reimbursed in accordance with the reimburse-
10 ment factors prescribed under clause (ii)(I) and an
11 annual percentage of the number of meals served
12 that are to be reimbursed in accordance with the re-
13 imbursement factors prescribed under clause (ii)(II),
14 based on the incomes of children enrolled in the
15 home in a specified month or other period.

16 “(bb) Setting blended reimbursement factors
17 for a home annually based on the incomes of chil-
18 dren enrolled in the home in a specified month or
19 period.

20 “(cc) Placing a home into one of several reim-
21 bursement categories annually based on the percent-
22 age of children in the home whose households have
23 incomes that meet the eligibility standards under
24 section 9 of this Act.

1 “(dd) Such other simplified procedures as the
2 Secretary may prescribe.”.

3 (b) PROVISION OF DATA TO FAMILY OR GROUP DAY
4 CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C.
5 1766(f)(3)) is amended—

6 (1) by redesignating subparagraphs (B) and
7 (C) as subparagraphs (D) and (E), respectively; and

8 (2) by inserting after subparagraph (A) (as
9 amended by subsection (a)) the following new sub-
10 paragraph:

11 “(B)(i) The Secretary shall provide to each State
12 agency administering a child and adult care food program
13 under this section data from the most recent decennial
14 census for which such data are available showing which
15 census tracts in the State meet the requirements of sub-
16 paragraph (A)(ii)(II)(aa). The State agency shall provide
17 such data to family or group day care home sponsoring
18 organizations located in the State.

19 “(ii) Each State agency administering a child and
20 adult care food program under this section shall annually
21 provide to family or group day care home sponsoring orga-
22 nizations located in the State a list of all schools in the
23 State in which at least 40 percent of the children are en-
24 rolled are certified to receive free or reduced price meals
25 under this Act or the Child Nutrition Act of 1966 (42

1 U.S.C. 1771 et seq.). The Secretary shall direct State
2 agencies administering the school lunch program under
3 this Act and the school breakfast program under the Child
4 Nutrition Act of 1966 to collect this information annually
5 and to provide it on a timely basis to the State agency
6 administering the program under this section.”.

7 (c) GRANTS TO STATES TO PROVIDE ASSISTANCE TO
8 FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3)
9 of such Act (42 U.S.C. 1766(f)(3)) is amended by insert-
10 ing after subparagraph (B) (as added by subsection
11 (b)(2)) the following new subparagraph:

12 “(C)(i) From amounts appropriated to carry out this
13 section, the Secretary shall reserve \$2,000,000 in fiscal
14 year 1995 and \$5,000,000 in fiscal year 1996 to provide
15 grants to States for the purpose of providing grants to
16 family and day care home sponsoring organizations and
17 other appropriate organizations to secure and provide
18 training, materials, automated data processing assistance,
19 and other assistance for the staff of such sponsoring orga-
20 nizations and for family and group day care homes in
21 order to assist in the implementation of the requirements
22 contained in subparagraph (A).

23 “(ii) From amounts appropriated to carry out this
24 section, the Secretary shall reserve \$5,000,000 in fiscal
25 year 1997 and in each fiscal year thereafter to provide

1 grants to States for the purpose of making grants to fam-
2 ily or group day care home sponsoring organizations and
3 other appropriate organizations to assist low- or moderate-
4 income family or group day care homes (as such term is
5 defined in subparagraph (A)(ii)(II)) become licensed or
6 registered for the program under this section or overcome
7 other barriers to the program.”.

8 (d) EFFECTIVE DATES.—(1) The amendments made
9 by subsections (a) and (b) shall take effect on July 1,
10 1996.

11 (2) The amendments made by subsection (c) shall
12 take effect on the date of the enactment of this Act.

13 **Subtitle E—Collection of Certain**
14 **State and Local Taxes on Out-of-**
15 **State Sales**

16 **SEC. 741. SHORT TITLE.**

17 This subtitle may be cited as the “Tax Fairness for
18 Main Street Business Act of 1994”.

19 **SEC. 742. FINDINGS.**

20 The Congress finds that—

21 (1) sales by out-of-State firms already are sub-
22 ject to State and local sales taxes, but State and
23 local governments are unable to compel out-of-State
24 firms to collect and remit such taxes,

1 (2) small businesses, which are compelled to
2 collect State and local sales taxes, are subject to un-
3 fair competition when out-of-State firms cannot be
4 compelled to collect and remit such taxes on their
5 sales to residents of the State,

6 (3) State and local governments provide a num-
7 ber of resources to out-of-State firms including gov-
8 ernment services relating to mail delivery, commu-
9 nications, bank and court systems, and disposal of
10 tons of catalogs,

11 (4) the inability of State and local governments
12 to require out-of-State firms to collect and remit
13 sales taxes deprives State and local governments of
14 needed revenue and forces such State and local gov-
15 ernments to raise taxes on taxpayers, including
16 small businesses, in such State,

17 (5) the Supreme Court ruled in *Quill v. North*
18 *Dakota*, 112 U.S. 1904 (1992) that the due process
19 clause of the Constitution does not prohibit a State
20 government from imposing personal jurisdiction and
21 tax obligations on out-of-State firms that purpose-
22 fully solicit sales from residents therein, and that
23 the Congress has the power to authorize State gov-
24 ernments to require out-of-State firms to collect
25 State and local sales taxes, and

1 (6) as a matter of federalism, the Federal Gov-
2 ernment has a duty to assist State and local govern-
3 ments in collecting sales taxes on sales from out-of-
4 State firms.

5 **SEC. 743. SENSE OF CONGRESS.**

6 Congress recognizes that some States will be ad-
7 versely affected by the provisions of this Act which deny
8 immigrants certain public assistance and pledges to help
9 those States offset the potential cost shift. In authorizing
10 States to require out-of-State companies to collect sales
11 taxes on mail order purchases, Congress encourages
12 States to use increased revenues resulting from such col-
13 lections to offset such cost shift and to design assistance
14 programs that address the special needs of immigrants en-
15 tering this country.

16 **SEC. 744. AUTHORITY FOR COLLECTION OF SALES TAX.**

17 (a) IN GENERAL.—A State is authorized to require
18 a person who is subject to the personal jurisdiction of the
19 State to collect and remit a State sales tax, a local sales
20 tax, or both, with respect to tangible personal property
21 if—

22 (1) the destination of the tangible personal
23 property is in the State,

24 (2) during the 1-year period ending on Septem-
25 ber 30 of the calendar year preceding the calendar

1 year in which the taxable event occurs, the person
2 has gross receipts from sales of such tangible per-
3 sonal property—

4 (A) in the United States exceeding
5 \$3,000,000, or

6 (B) in the State exceeding \$100,000, and

7 (3) the State, on behalf of its local jurisdictions,
8 collects and administers all local sales taxes imposed
9 pursuant to this subtitle.

10 (b) STATES MUST COLLECT LOCAL SALES TAXES.—

11 A State in which both State and local sales taxes are im-
12 posed may not require State sales taxes to be collected
13 and remitted under subsection (a) unless the State also
14 requires the local sales taxes to be collected and remitted
15 under subsection (a).

16 (c) AGGREGATION RULES.—All persons that would
17 be treated as a single employer under section 52 (a) or
18 (b) of the Internal Revenue Code of 1986 shall be treated
19 as one person for purposes of subsection (a).

20 (d) DESTINATION.—For purposes of subsection (a),
21 the destination of tangible personal property is the State
22 or local jurisdiction which is the final location to which
23 the seller ships or delivers the property, or to which the
24 seller causes the property to be shipped or delivered, re-

1 regardless of the means of shipment or delivery or the loca-
2 tion of the buyer.

3 **SEC. 745. TREATMENT OF LOCAL SALES TAXES.**

4 (a) UNIFORM LOCAL SALES TAXES.—

5 (1) IN GENERAL.—Sales taxes imposed by local
6 jurisdictions of a State shall be deemed to be uni-
7 form for purposes of this subtitle and shall be col-
8 lected under this subtitle in the same manner as
9 State sales taxes if—

10 (A) such local sales taxes are imposed at
11 the same rate and on identical transactions in
12 all geographic areas in the State, and

13 (B) such local sales taxes imposed on sales
14 by out-of-State persons are collected and ad-
15 ministered by the State.

16 (2) APPLICATION TO BORDER JURISDICTION
17 TAX RATES.—A State shall not be treated as failing
18 to meet the requirements of paragraph (1)(A) if,
19 with respect to a local jurisdiction which borders on
20 another State, such State or local jurisdiction—

21 (A) either reduces or increases the local
22 sales tax in order to achieve a rate of tax equal
23 to that imposed by the bordering State on iden-
24 tical transactions, or

1 (B) exempts from the tax transactions
2 which are exempt from tax in the bordering
3 State.

4 (b) NONUNIFORM LOCAL SALES TAXES.—

5 (1) IN GENERAL.—Nonuniform local sales taxes
6 required to be collected pursuant to this subtitle
7 shall be collected under one of the options provided
8 under paragraph (2).

9 (2) ELECTION.—For purposes of paragraph
10 (1), any person required under authority of this sub-
11 title to collect nonuniform local sales taxes shall
12 elect to collect either—

13 (A) all nonuniform local sales taxes appli-
14 cable to transactions in the State, or

15 (B) a fee (at the rate determined under
16 paragraph (3)) which shall be in lieu of the
17 nonuniform local sales taxes described in sub-
18 paragraph (A).

19 Such election shall require the person to use the
20 method elected for all transactions in the State while
21 the election is in effect.

22 (3) RATE OF IN-LIEU FEE.—For purposes of
23 paragraph (2)(B), the rate of the in-lieu fee for any
24 calendar year shall be an amount equal to the prod-
25 uct of—

1 (A) the amount determined by dividing
2 total nonuniform local sales tax revenues col-
3 lected in the State for the most recently com-
4 pleted State fiscal year for which data is avail-
5 able by total State sales tax revenues for the
6 same year, and

7 (B) the State sales tax rate.

8 Such amount shall be rounded to the nearest 0.25
9 percent.

10 (4) NONUNIFORM LOCAL SALES TAXES.—For
11 purposes of this subtitle, nonuniform local sales
12 taxes are local sales taxes which do not meet the re-
13 quirements of subsection (a).

14 (c) DISTRIBUTION OF LOCAL SALES TAXES.—

15 (1) IN GENERAL.—A State shall distribute to
16 local jurisdictions a portion of the amounts collected
17 pursuant to this subtitle determined on the basis
18 of—

19 (A) in the case of uniform local sales taxes,
20 the proportion which each local jurisdiction re-
21 ceives of uniform local sales taxes not collected
22 pursuant to this subtitle,

23 (B) in the case of in-lieu fees, as described
24 in subsection (b)(2)(B), the proportion which
25 each local jurisdiction's nonuniform local sales

1 tax receipts bears to the total nonuniform local
2 sales tax receipts in the State, and

3 (C) in the case of any nonuniform local
4 sales tax collected pursuant to this subtitle, the
5 geographical location of the transaction on
6 which the tax was imposed.

7 The amounts determined under subparagraphs (A)
8 and (B) shall be calculated on the basis of data for
9 the most recently completed State fiscal year for
10 which the data is available.

11 (2) TIMING.—Amounts described in paragraph
12 (1) (B) or (C) shall be distributed by a State to its
13 local jurisdictions in accordance with State time-
14 tables for distributing local sales taxes, but not less
15 frequently than every calendar quarter. Amounts de-
16 scribed in paragraph (1)(A) shall be distributed by
17 a State as provided under State law.

18 (3) TRANSITION RULE.—If, upon the effective
19 date of this subtitle, a State has a State law in ef-
20 fect providing a method for distributing local sales
21 taxes other than the method under this subsection,
22 then this subsection shall not apply to that State
23 until the 91st day following the adjournment sine
24 die of that State's next regular legislative session
25 which convenes after the effective date of this sub-

1 title (or such earlier date as State law may provide).
2 Local sales taxes collected pursuant to this subtitle
3 prior to the application of this subsection shall be
4 distributed as provided by State law.

5 **SEC. 746. RETURN AND REMITTANCE REQUIREMENTS.**

6 (a) IN GENERAL.—A State may not require any per-
7 son subject to this subtitle—

8 (1) to file a return reporting the amount of any
9 tax collected or required to be collected under this
10 subtitle, or to remit the receipts of such tax, more
11 frequently than once with respect to sales in a cal-
12 endar quarter, or

13 (2) to file the initial such return, or to make
14 the initial such remittance, before the 90th day after
15 the person's first taxable transaction under this sub-
16 title.

17 (b) LOCAL TAXES.—The provisions of subsection (a)
18 shall also apply to any person required by a State acting
19 under authority of this subtitle to collect a local sales tax
20 or in-lieu fee.

21 **SEC. 747. NONDISCRIMINATION AND EXEMPTIONS.**

22 A State shall not have power under this subtitle to
23 require any person not located in the State or local juris-
24 diction to collect and remit a State or local sales tax if
25 a person located in the State or local jurisdiction would

1 have been exempt from or otherwise not subject to such
2 State or local sales tax under similar circumstances.

3 **SEC. 748. APPLICATION OF STATE LAW.**

4 (a) PERSONS REQUIRED TO COLLECT STATE OR
5 LOCAL SALES TAX.—Any person required by section 744
6 to collect a State or local sales tax shall be subject to the
7 laws of such State relating to such sales tax to the extent
8 that such laws are consistent with the limitations con-
9 tained in this subtitle.

10 (b) LIMITATIONS.—Except as provided in subsection
11 (a), nothing in this subtitle shall be construed to permit
12 a State—

13 (1) to license or regulate any person,

14 (2) to require any person to qualify to transact
15 intrastate business, or

16 (3) to subject any person to State taxes not re-
17 lated to the sales of tangible personal property.

18 (c) PREEMPTION.—Except as otherwise provided in
19 this subtitle, this subtitle shall not be construed to pre-
20 empt or limit any power exercised or to be exercised by
21 a State or local jurisdiction under the law of such State
22 or local jurisdiction or under any other Federal law.

23 **SEC. 749. TOLL-FREE INFORMATION SERVICE.**

24 A State shall not have power under this subtitle to
25 require any person to collect a State or local sales tax on

1 any sale unless, at the time of such sale, such State has
2 a toll-free telephone service available to provide such per-
3 son information relating to collection of such State or local
4 sales tax. Such information shall include, at a minimum,
5 all applicable tax rates, return and remittance addresses
6 and deadlines, and penalty and interest information. As
7 part of the service, the State shall also provide all nec-
8 essary forms and instructions at no cost to any person
9 using the service. The State shall prominently display the
10 toll-free telephone number on all correspondence with any
11 person using the service. This service may be provided
12 jointly with other States.

13 **SEC. 750. DEFINITIONS.**

14 For the purposes of this subtitle—

15 (1) the term “compensating use tax” means a
16 tax imposed on or incident to the use, storage, con-
17 sumption, distribution, or other use within a State
18 or local jurisdiction or other area of a State, of tan-
19 gible personal property;

20 (2) the term “local sales tax” means a sales tax
21 imposed in a local jurisdiction or area of a State and
22 includes, but is not limited to—

23 (A) a sales tax or in-lieu fee imposed in a
24 local jurisdiction or area of a State by the State
25 on behalf of such jurisdiction or area, and

1 (B) a sales tax imposed by a local jurisdic-
2 tion or other State-authorized entity pursuant
3 to the authority of State law, local law, or both;

4 (3) the term “person” means an individual, a
5 trust, estate, partnership, society, association, com-
6 pany or corporation, including a limited liability
7 company, whether or not acting in a fiduciary or
8 representative capacity, and any combination of the
9 foregoing;

10 (4) the term “sales tax” means a tax, including
11 a compensating use tax, that is—

12 (A) imposed on or incident to the sale,
13 purchase, storage, consumption, distribution, or
14 other use of tangible personal property as may
15 be defined or specified under the laws imposing
16 such tax, and

17 (B) measured by the amount of the sales
18 price, cost, charge or other value of or for such
19 property; and

20 (5) the term “State” means any of the several
21 States of the United States, the District of Colum-
22 bia, the Commonwealth of Puerto Rico, and any ter-
23 ritory or possession of the United States.

1 **SEC. 751. EFFECTIVE DATE.**

2 This subtitle shall take effect 180 days after the date
 3 of the enactment of this subtitle. In no event shall this
 4 subtitle apply to any sale occurring before such effective
 5 date.

6 **TITLE VIII—EFFECTIVE DATE**7 **SEC. 801. EFFECTIVE DATE.**

8 Except as otherwise provided in this Act, this Act and
 9 the amendments made by this Act shall take effect on Oc-
 10 tober 1, 1996.

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