

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4767

To reform the welfare system.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 14, 1994

Mr. MATSUI (for himself, Mr. MILLER of California, Mr. BECERRA, Mrs. CLAYTON, Mr. CLYBURN, Mr. FILNER, Mr. FRANK of Massachusetts, Ms. E.B. JOHNSON of Texas, Mr. KOPETSKI, Mr. McDERMOTT, Ms. MCKINNEY, Mr. MINETA, Ms. NORTON, Mr. RAHALL, Mr. RANGEL, Ms. ROYBAL-ALLARD, Mr. RUSH, Mr. SABO, Ms. VELÁZQUEZ, and Mr. WAXMAN) introduced the following bill; which was referred jointly to the Committees on Ways and Means, Education and Labor, Energy and Commerce, Banking, Finance and Urban Affairs, Foreign Affairs, Veterans' Affairs, and Agriculture

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## A BILL

To reform the welfare system.

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 "Family Self-Sufficiency  
5 Act of 1994".

6 **SEC. 2. AMENDMENT OF SOCIAL SECURITY ACT.**

7 Except as otherwise expressly provided, wherever in  
8 this Act an amendment or repeal is expressed in terms

1 of an amendment to, or repeal of, a section or other provi-  
 2 sion, the reference shall be considered to be made to a  
 3 section or other provision of the Social Security Act.

4 **SEC. 3. TABLE OF CONTENTS.**

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

- Sec. 1. Short title.
- Sec. 2. Amendment of Social Security Act.
- Sec. 3. Table of contents.

TITLE I—PROMOTION OF WORK AND SELF-SUFFICIENCY

Subtitle A—Expansion of Funding for, and Participation in, the JOBS  
 Program

- Sec. 101. Increase in JOBS program funding.
- Sec. 102. Increase in JOBS matching rate.
- Sec. 103. JOBS participation requirements.
- Sec. 104. Preliminary assessment of self-sufficiency needs within 30 days after approval of AFDC application.

Subtitle B—Job Creation, Job Placement and Development, and Work  
 Requirements

- Sec. 111. Public jobs creation program.
- Sec. 112. Expansion of job placement, job development, and job retention activities.
- Sec. 113. Self-employment programs.
- Sec. 114. Provisions generally applicable to the JOBS program.

Subtitle C—Support for Working Families

- Sec. 121. End dollar-for-dollar work penalty.
- Sec. 122. Increase in limitation on total family income.
- Sec. 123. Availability of health care for poor working families.
- Sec. 124. Elimination of different treatment of 2-parent families.
- Sec. 125. Increase in stepparent income disregard.

Subtitle D—Child Care

- Sec. 131. Increase in child care funds.
- Sec. 132. Payments to encourage use of entire State allotment for at-risk child care.
- Sec. 133. Limitation on carryforward of unused at-risk child care allotments.
- Sec. 134. Payment of local market rates.
- Sec. 135. Set-aside for improvement of infrastructure and quality.
- Sec. 136. Child care for working AFDC parents.
- Sec. 137. Health and safety standards; continuity of care.
- Sec. 138. Periodic identification of child care needs; ensuring that families understand child care alternatives.
- Sec. 139. Ensuring that reimbursement mechanisms meet family needs.
- Sec. 140. Facilitation of seamless services.

- Sec. 141. Authority to provide for continuity of child care.
- Sec. 142. Child care for families including a caretaker relative not receiving AFDC.
- Sec. 143. State option to extend transitional child care benefits.
- Sec. 144. State option to provide transitional child care benefits to families who have received AFDC for fewer than 3 months.
- Sec. 145. Limitation of at-risk child care to families ineligible for recipient or transitional child care.
- Sec. 146. Elimination of requirement that family receiving transitional child care benefits include a dependent child.
- Sec. 147. State option to waive contribution requirement for families with income below the poverty level.
- Sec. 148. Continuation of child care during dispute resolution.
- Sec. 149. Option to consolidate State responsibility for child care.

## TITLE II—STRENGTHENING PARENTAL RESPONSIBILITY AND FAMILY STABILITY

### Subtitle A—Federal Responsibilities

- Sec. 201. Expansion of functions of Federal Parent Locator Service.
- Sec. 202. Expansion of Federal parent locator systems.
- Sec. 203. Federal child support order registry.
- Sec. 204. National reporting of employees and child support information.
- Sec. 205. Federal matching payments.
- Sec. 206. Performance-based incentives and penalties.
- Sec. 207. Increased Federal financial participation for States with unified child support enforcement programs.
- Sec. 208. New child support audit process.
- Sec. 209. National Child Support Guidelines Commission.
- Sec. 210. Child Support Audit Advisory Committee.

### Subtitle B—Paternity Establishment

- Sec. 211. Paternity establishment procedures.
- Sec. 212. Enhancing outreach to encourage paternity establishment.
- Sec. 213. Strengthening civil procedures for paternity establishment.
- Sec. 214. Penalty for failure to establish paternity promptly.

### Subtitle C—Enforcement

- Sec. 221. Access to financial records.
- Sec. 222. Presumed address of obligor and obligee.
- Sec. 223. Fair Credit Reporting Act amendment.
- Sec. 224. Additional benefits subject to garnishment.
- Sec. 225. Hold on occupational, professional, and business licenses.
- Sec. 226. Driver's licenses and vehicle registrations denied to persons failing to appear in child support cases.
- Sec. 227. Liens.
- Sec. 228. Fraudulent transfer pursuit.
- Sec. 229. Reporting of child support arrearages to credit bureaus.
- Sec. 230. Denial of passports to noncustodial parents subject to State arrest warrants in cases of nonpayment of child support.
- Sec. 231. Statutes of limitation.
- Sec. 232. Collection of past-due support using tax collection authority.

### Subtitle D—State Responsibilities

- Sec. 241. State role.
- Sec. 242. Uniform terms in orders.
- Sec. 243. States required to enact the Uniform Interstate Family Support Act.
- Sec. 244. Expedited processes and administrative procedures.
- Sec. 245. Due process.
- Sec. 246. Outreach and accessibility.
- Sec. 247. Cost-of-living adjustment of child support awards.
- Sec. 248. Simplified process for review and adjustment of certain child support orders.
- Sec. 249. Prevention of conflicts of interest.
- Sec. 250. Staffing.
- Sec. 251. Training.
- Sec. 252. Priorities in distribution of collected child support.
- Sec. 253. Teen noncustodial parents and child support.

Subtitle E—Demonstrations

- Sec. 261. Establishment of child support assurance demonstration projects.

Subtitle F—Miscellaneous

- Sec. 271. Technical correction to ERISA definition of medical child support order.

TITLE III—TEEN PARENTS AND WELFARE REFORM

Subtitle A—Family

- Sec. 301. Minor teen parent residency requirement.
- Sec. 302. Benefits increased by \$50 for paternity establishment or establishment of child support order.

Subtitle B—Education and Employment

- Sec. 311. Schooling and employment requirements.
- Sec. 312. Summer activities and teen earnings.
- Sec. 313. Planning, startup, and reporting.
- Sec. 314. Child care for non-AFDC teen parents.

Subtitle C—Case Management

- Sec. 321. Case management.

Subtitle D—Demonstration Projects

- Sec. 331. Adolescent pregnancy prevention grants.
- Sec. 332. Demonstration projects to provide comprehensive services to prevent adolescent pregnancy in high-risk communities.

TITLE IV—WAIVERS

- Sec. 401. Funding for waivers that are not cost neutral.

TITLE V—IMPROVING GOVERNMENT ASSISTANCE

Subtitle A—AFDC Amendments

- Sec. 501. Requirement that needs standards reflect the cost of essential items.
- Sec. 502. Maintenance of minimum benefit levels.

- Sec. 503. Optional supplementation of benefits for families subject to retrospective budgeting.
- Sec. 504. Income disregards.
- Sec. 505. Increase in resource limit.
- Sec. 506. Exclusions from resources.
- Sec. 507. Verification of status of citizens and aliens.
- Sec. 508. Calculation of 185 percent of need standard.
- Sec. 509. Payments to the territories.

#### Subtitle B—Food Stamp Act Amendments

- Sec. 511. Inconsequential income.
- Sec. 512. Educational assistance.
- Sec. 513. Training stipends and allowances; income from on-the-job training programs.
- Sec. 514. Earned income tax credits.
- Sec. 515. Resources necessary for self-employment.
- Sec. 516. Lump-sum payments for medical expenses or replacement of lost resources.
- Sec. 517. Conforming amendment.

#### TITLE VI—EFFECTIVE DATE

- Sec. 601. Effective date.

1    **TITLE I—PROMOTION OF WORK**  
 2            **AND SELF-SUFFICIENCY**  
 3    **Subtitle A—Expansion of Funding**  
 4            **for, and Participation in, the**  
 5            **JOBS Program**

6    **SEC. 101. INCREASE IN JOBS PROGRAM FUNDING.**

7            Section 403(k)(3) (42 U.S.C. 603(k)(3)) is amended  
 8 by striking subparagraphs (E) and (F) and inserting the  
 9 following:

10            “(E) \$1,590,000,000 in the case of the fiscal  
 11            year 1995,

12            “(F) \$2,080,000,000 in the case of the fiscal  
 13            year 1996,

1           “(G) \$2,620,000,000 in the case of the fiscal  
2           year 1997,

3           “(H) \$3,160,000,000 in the case of the fiscal  
4           year 1998, and

5           “(I) \$3,700,000,000 in the case of the fiscal  
6           year 1999.”.

7   **SEC. 102. INCREASE IN JOBS MATCHING RATE.**

8           (a) AMOUNT OF STATE’S ENTITLEMENT FOR  
9           JOBS.—Paragraphs (1) and (2) of section 403(k) (42  
10          U.S.C. 603(k)) are amended to read as follows:

11          “(k)(1) In addition to payments under subsection (a),  
12          the Secretary shall pay to each State with a plan approved  
13          under part F an amount equal to the product of—

14                 “(A) the State’s enhanced Federal medical as-  
15                 sistance percentage as defined in paragraph (7), and

16                 “(B) the State’s expenditures to carry out the  
17                 program under part F (other than expenditures re-  
18                 quired by section 402(g)(1)(A) in the case of the 50  
19                 States and the District of Columbia),

20          but payments to a State under this title for any fiscal year  
21          for such activities may not exceed the limitation under  
22          paragraph (2) with respect to such State.

23          “(2) The limitation under this paragraph with re-  
24          spect to a State for any fiscal year is the amount that  
25          bears the same ratio to the amount specified in paragraph

1 (3) for the fiscal year as the average monthly number of  
2 adult recipients (as defined in paragraph (4)) in the State  
3 in the immediately preceding fiscal year bears to the aver-  
4 age monthly number of such recipients in all the States  
5 for the immediately preceding year.”.

6 (b) PROVISIONS APPLICABLE TO JOBS AND CHILD  
7 CARE FUNDING.—Section 403(k) (42 U.S.C. 603(k)) is  
8 amended by adding at the end the following:

9 “(6) If the sum of the amount specified in any fiscal  
10 year under paragraph (3) exceeds (or if the Secretary esti-  
11 mates that it will exceed) the total amount paid (or esti-  
12 mated to be payable) under paragraph (1) for the fiscal  
13 year, then the Secretary shall adjust the maximums appli-  
14 cable to payments to those States to which the limits  
15 under such subsections have made additional payment un-  
16 available under paragraph (1), and to which payments for  
17 such fiscal year under either or both such paragraphs  
18 would be greater but for the applicability to such States  
19 of such limits. The Secretary shall by regulation provide  
20 for the equitable adjustment of such limits in the case  
21 where all States’ requests for adjustment of limits, and  
22 additional payments, for a fiscal year under this para-  
23 graph exceed the amount available for reallocation.

24 “(7) As used in this part, a ‘State’s enhanced Federal  
25 medical assistance percentage’ with respect to expendi-

1 tures for a fiscal year means such State's Federal medical  
2 assistance percentage as defined in section 1905(b) (or,  
3 where applicable as defined in the last sentence of section  
4 1118), plus

5           “(A) 5 percentage points, but not less than 65  
6           percent, with respect to fiscal years 1996 and 1997,

7           “(B) 7 percentage points, but not less than 67  
8           percent, with respect to fiscal year 1998,

9           “(C) 9 percentage points, but not less than 69  
10          percent, with respect to fiscal year 1999, and

11          “(D) 10 percentage points, but not less than 70  
12          percent, with respect to fiscal year 2000, and each  
13          fiscal year thereafter.”.

14          (c) SPECIAL RULE.—Section 403 (42 U.S.C. 603),  
15 as amended by section 132 of this Act, is amended by add-  
16 ing at the end the following:

17          “(p) Notwithstanding the preceding provisions of this  
18 section, the percentage applicable to a State for purposes  
19 of section 402(g)(3)(A) and subsections (k)(1)(A) and  
20 (n)(1)(A) (for determining the Federal payment with re-  
21 spect to a State's expenditures under part F and its child  
22 care expenditures, respectively) shall be the State's Fed-  
23 eral medical assistance percentage, but not less than 60  
24 percent (or, in the case of section 402(g)(3)(A) and sub-  
25 section (n)(1)(A), the State's Federal medical assistance

1 percentage) for any fiscal year in which the nonfederal  
2 share of the sum of its expenditures that may be included  
3 for purposes of subsection (a)(3) and its expenditures for  
4 its program under part F and child care services under  
5 subsections (g) and (i) of section 402 (not included under  
6 subsection (a)(3)) is less than the nonfederal share of ex-  
7 penditures for purposes of subsection (a)(3) and of ex-  
8 penditures (for which Federal matching was provided)  
9 under its program under part F and child care services  
10 (not included under subsection (a)(3)) under subsections  
11 (g) and (i) of section 402 for fiscal year 1994 (or fiscal  
12 year 1993 if such nonfederal share were greater for such  
13 year).

14 (d) CONFORMING AMENDMENTS.—

15 (1) Section 402(g)(3)(A)(i) (42 U.S.C.  
16 602(g)(3)(A)(i) is amended by striking “Federal  
17 medical assistance percentage (as defined in section  
18 1905(b))” and inserting “State’s enhanced Federal  
19 medical assistance percentage (as defined in section  
20 403(k)(7))”.

21 (2) Section 402(g)(3)(A)(ii) (42 U.S.C.  
22 602(g)(3)(A)(ii) is amended by striking “Federal  
23 medical assistance percentage (as defined in section  
24 1118)” and inserting “State’s enhanced Federal

1 medical assistance percentage (as defined in section  
2 403(k)(7))”.

3 (3) Section 403(n)(1)(A) (42 U.S.C.  
4 603(n)(1)(A)) is amended by striking “the Federal  
5 medical assistance percentage as defined in section  
6 1905(b))” and inserting “the State’s enhanced Fed-  
7 eral medical assistance percentage (as defined in  
8 subsection (k)(7))”.

9 **SEC. 103. JOBS PARTICIPATION REQUIREMENTS.**

10 (a) PARTICIPATION RATES COMBINED.—

11 (1) IN GENERAL.—Section 403(l)(3)(A) (42  
12 U.S.C. 603(l)(3)(A)) is amended—

13 (A) by striking “and” at the end of clause  
14 (v);

15 (B) by striking the period at the end of  
16 clause (vi) and inserting “; and”; and

17 (C) by adding at the end the following:

18 “(vii) 25 percent, if such year is 1996;

19 “(viii) 30 percent, if such year is 1997;

20 “(ix) 40 percent, if such year is 1998; and

21 “(x) 50 percent, if such year is 1999.”.

22 (2) ELIMINATION OF SEPARATE AFDC-UP PAR-  
23 TICIPATION RATES.—Section 403(l) (42 U.S.C.  
24 603(l)) is amended by striking paragraph (4).

1 (b) DEFINITION OF PARTICIPATION.—Section  
2 403(l)(3)(D) (42 U.S.C. 603(l)(3)(D)) is amended—

3 (1) by inserting “(i)” after “(D)”; and

4 (2) by adding after and below the end the fol-  
5 lowing:

6 “(ii) Each hour of classroom instruction of an indi-  
7 vidual who is enrolled in a degree program offered by an  
8 institution of higher education (as defined in section  
9 1201(a) of the Higher Education Act of 1965) or in such  
10 other education or training programs that require sub-  
11 stantial outside classroom preparation (which programs  
12 shall be designated by the Secretary in regulations) shall  
13 be considered 2 hours of participation in the State pro-  
14 gram established under part F.

15 “(iii) Each hour spent by an individual in  
16 unsubsidized employment shall be considered 1 hour of  
17 participation by the individual in the State program estab-  
18 lished under part F.

19 “(iv) Each hour of employment of an individual who  
20 has become ineligible for aid under the State plan ap-  
21 proved under this part and whose income (plus the other  
22 income of the family of the individual) are sufficient to  
23 make the individual ineligible for such aid shall be consid-  
24 ered 1 hour of participation by the individual in the State  
25 program established under part F, until the end of the

1 6-month period that begins with the date the ineligibility  
2 begins.

3 “(v) Each hour spent by an individual in a self-em-  
4 ployment program referred to in section  
5 482(d)(1)(A)(ii)(VI) shall be considered 1 hour of partici-  
6 pation by the individual in the State program established  
7 under part F.

8 “(vi) Each hour spent by an individual in a parenting  
9 education program approved by the State shall be consid-  
10 ered 1 hour of participation by the individual in the State  
11 program established under part F.”.

12 (c) SCHEDULE OF PENALTIES FOR FAILURE TO  
13 MEET REQUIRED PARTICIPATION RATE.—Section  
14 403(l)(3) (42 U.S.C. 603(l)(3)) is amended—

15 (1) in subparagraph (A), by striking all that  
16 precedes clause (i) and inserting the following:

17 “(3)(A) Each State’s participation rate (determined  
18 under subparagraph (B)) for a fiscal year shall be not less  
19 than—”; and

20 (2) by amending subparagraph (E) to read as  
21 follows:

22 “(E)(i) The Secretary shall, by regulation, prescribe  
23 a set of penalties for noncompliance with subparagraph  
24 (A), which shall take into consideration—

25 “(I) the extent of the noncompliance;

1           “(II) whether the job entry rate (as defined by  
2           the Secretary in regulations) of the State exceeds  
3           the average job entry rate for the States operating  
4           programs under part F); and

5           “(III) any special circumstances.

6           “(ii) Notwithstanding any regulation prescribed  
7           under clause (i) of this subparagraph, if a State substan-  
8           tially fails to comply with subparagraph (A) of this para-  
9           graph for a fiscal year, then the Secretary—

10           “(I) shall pay to a State an amount equal to 50  
11           percent (in lieu of any different percentage specified  
12           in paragraph (1)(A)) of the expenditures made by  
13           the State in the immediately succeeding fiscal year  
14           in operating its program under part F; and

15           “(II) until the Secretary determines that the  
16           substantial failure to comply has ceased—

17           “(aa) may suspend or terminate any waiv-  
18           er granted under section 1115 of compliance by  
19           the State with a requirement of section 402 ;  
20           and

21           “(bb) may not grant any such waiver to  
22           the State under section 1115.”.

23           (d) SEPARATE PARTICIPATION REQUIREMENT FOR  
24           WORK ACTIVITIES.—Section 403(l) (42 U.S.C. 603(l)) is  
25           amended by inserting after paragraph (3) the following:

1       “(4)(A)(i) Notwithstanding paragraph (1), the Sec-  
2 retary shall pay to a State an amount equal to 50 percent  
3 of the expenditures made by such State in a fiscal year  
4 in operating its program established under part F (in lieu  
5 of any different percentage specified in paragraph (1)(A))  
6 if less than  $\frac{1}{2}$  of the State’s participation rate (deter-  
7 mined under paragraph (3)(B)) for the preceding fiscal  
8 year is attributable to individuals engaged in—

9               “(I) unsubsidized employment;

10              “(II) on-the-job training;

11              “(III) activities under a work supplementation  
12 program operated under section 482(e);

13              “(IV) public service employment;

14              “(V) a community work experience program es-  
15 tablished in accordance with section 482(f);

16              “(VI) an alternative work experience program;

17              or

18              “(VII) a self-employment program referred to  
19 in section 482(d)(1)(A)(ii)(VI).

20       “(ii)(I) Not more than 6 months of participation in  
21 a program referred to in subclause (V) or (VI) of clause  
22 (i) may be taken into account under clause (i) in the case  
23 of a participant who has little or no recent work history.

24       “(II) Not more than 90 days of participation in a  
25 program referred to in subclause (V) or (VI) of clause (i)

1 may be taken into account under clause (i) if the work  
2 experience provided by the program is designed to provide  
3 experience in a specific occupation in accordance with the  
4 employability plan developed for the participant.

5 “(B) Subparagraph (A) shall not apply to a State for  
6 a fiscal year if the State demonstrates that at least  $\frac{1}{3}$   
7 of the expenditures made by the State in the fiscal year  
8 in operating its program established under part F were  
9 for work activities specified in subparagraph (A) and for  
10 job placement, job development, and job retention activi-  
11 ties.”.

12 (e) GOOD CAUSE EXEMPTIONS.—Section  
13 402(a)(19)(G)(iv) (42 U.S.C. 602(a)(19)(G)(iv)) is  
14 amended—

15 (1) by striking “or” at the end of subclause (I);

16 (2) by striking “and” at the end of subclause  
17 (II) and inserting “or”; and

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

19 “(III) on the basis of the refusal  
20 of an individual to participate in the  
21 program or accept employment if  
22 child care is necessary for the individ-  
23 ual to accept such employment, and—

1           “(aa) child care suited for  
2           the needs of a dependent child of  
3           the individual is not available; or

4           “(bb) placement of a de-  
5           pendent child of the individual  
6           into available child care would  
7           pose a significant risk of physical  
8           or developmental harm to the  
9           child; and”.

10         (f) REPORTS ON JOB ENTRIES.—Section 403(l)(3)  
11         (42 U.S.C. 603(l)(3)) is amended by adding at the end  
12         the following:

13         “(F)(i) Each State operating a program under part  
14         F shall submit to the Secretary, with such frequency as  
15         the Secretary may require by regulation, reports on the  
16         following aspects of the program:

17                 “(I) The number of job entries (as defined by  
18                 the Secretary in regulations, subject to clause (ii))  
19                 by program participants.

20                 “(II) Job retention by program participants.

21                 “(III) Wage rates of program participants.

22                 “(IV) Hours of employment of program partici-  
23                 pants.

1           “(V) The extent to which the jobs into which  
2           program participants are placed offer health bene-  
3           fits.

4           “(VI) Such other information relating to job en-  
5           tries by program participants as the Secretary may  
6           require by regulation.

7           “(ii) The definition of job entry shall, at a minimum  
8           provide that—

9           “(I) the employment must be obtained after the  
10          individual has been referred for participation in the  
11          program established by the State under part F and  
12          after the individual has registered or received ori-  
13          entation for the program;

14          “(II) not more than 1 employment entry per  
15          participant per month may be counted;

16          “(III) the employment must be at or above the  
17          greater of the State or Federal minimum wage, and  
18          must be for at least 15 hours per week;

19          “(IV) employment paid solely by commissions,  
20          and self-employment, may not be counted until the  
21          participant has earned income of at least the mini-  
22          mum wage for at least 15 hours per week;

23          “(V) changes from part-time to full-time em-  
24          ployment with the same employer shall not count as  
25          an additional job entry; and

1           “(VI) job entries shall not include jobs known  
2           by the State to be of extremely short duration.”.

3           (g) CONFORMING AMENDMENTS.—Section 204(b)(2)  
4 of the Family Support Act of 1988 (42 U.S.C. 681 note)  
5 is amended—

6           (1) by inserting “, and amended by section 103  
7           of the Family Self-Sufficiency Act of 1994” after  
8           “this Act”; and

9           (2) by striking “1995” and inserting “1999”.

10 **SEC. 104. PRELIMINARY ASSESSMENT OF SELF-SUFFI-**  
11 **CIENCY NEEDS WITHIN 30 DAYS AFTER AP-**  
12 **PROVAL OF AFDC APPLICATION.**

13 Section 402(a) (42 U.S.C. 602(a)) is amended—

14           (1) by striking “and” at the end of paragraph  
15           (44);

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

18           (3) by inserting after paragraph (45) the fol-  
19           lowing:

20           “(46) provide that, not later than 30 days after  
21           approving the application of a family for aid under  
22           the State plan approved under this part, the State  
23           shall—

24           “(A) conduct a preliminary assessment of  
25           the self-sufficiency needs of the family;

1           “(B) determine whether it would be appro-  
2           priate to require any member of the family who  
3           may be required to participate in the program  
4           of the State under part F to immediately begin  
5           participation in the program; and

6           “(C) advise the family of the availability of  
7           child care assistance under section 402(g) for  
8           participation in education, training, and em-  
9           ployment.”.

10 **Subtitle B—Job Creation, Job**  
11 **Placement and Development,**  
12 **and Work Requirements**

13 **SEC. 111. PUBLIC JOBS CREATION PROGRAM.**

14           (a) **IN GENERAL.**—Section 482 (42 U.S.C. 682) is  
15 amended by adding at the end the following:

16           “(j) **PUBLIC JOBS CREATION PROGRAM.**—

17           “(1) **IN GENERAL.**—Any State may establish a  
18 public jobs creation program in accordance with this  
19 subsection.

20           “(2) **GENERAL REQUIREMENTS.**—A public jobs  
21 creation program is a program that provides employ-  
22 ment in the public sector or in private nonprofit or-  
23 ganizations in accordance with the following require-  
24 ments:

1           “(A) ELIGIBILITY.—A State may elect to  
2           make a job available to an individual under this  
3           paragraph if the individual—

4                   “(i) is eligible to receive aid under the  
5                   State plan approved under part A; and

6                   “(ii) has not, during the immediately  
7                   preceding 6 months, voluntarily termi-  
8                   nated, without good cause, full-time em-  
9                   ployment of the individual at a wage rate  
10                  of at least the minimum wage rate then in  
11                  effect under section 6 of the Fair Labor  
12                  Standards Act of 1938.

13           “(B) PERIODIC JOB SEARCH REQUIRED.—  
14           As a continuing condition of eligibility to par-  
15           ticipate in the program, each participant in the  
16           program shall periodically engage in job search.

17           “(C) ENTRY-LEVEL POSITIONS.—

18                   “(i) IN GENERAL.—Subject to clause  
19                   (ii), the program shall provide entry-level  
20                   positions, to the extent practicable.

21                   “(ii) NO INFRINGEMENT ON PRO-  
22                   MOTIONAL OPPORTUNITIES.—A job shall  
23                   not be created in a promotional line that  
24                   will infringe in any way upon the pro-  
25                   motional opportunities of persons employed

1           in jobs not subsidized under this sub-  
2           section.

3           “(D) MAXIMUM PERIOD OF SUBSIDIZED  
4           EMPLOYMENT AT SAME POSITION.—The pro-  
5           gram shall not permit an individual to remain  
6           in the same position of subsidized employment  
7           for more than 24 months.

8           “(3) WAGES TREATED AS EARNED INCOME.—  
9           Wages paid under a program established under this  
10          subsection shall be considered to be earned income  
11          for purposes of any provision of law.

12          “(4) PRESERVATION OF ELIGIBILITY FOR  
13          CHILD CARE ASSISTANCE AND MEDICAID BENE-  
14          FITS.—Any individual who becomes ineligible to re-  
15          ceive aid under a State plan approved under part A  
16          by reason of income from employment provided  
17          under a program established under this subsection  
18          to the caretaker relative of the family of which the  
19          individual is a member shall for purposes of eligi-  
20          bility for child care benefits under section  
21          402(g)(1)(A)(i) and for purposes of eligibility for  
22          medical assistance under the State plan approved  
23          under title XIX, be considered to be receiving such  
24          aid for so long as the subsidized employment pro-

1 vided to the individual under this subsection contin-  
2 ues.

3 “(5) TARGETED INDIVIDUALS.—At least 50  
4 percent of the amounts expended by a State under  
5 this subsection shall be expended with respect to in-  
6 dividuals who have received aid under the State plan  
7 approved under part A for any 36 of the most recent  
8 60 months, or with respect to such other groups of  
9 individuals as the State may select and are approved  
10 by the Secretary.”.

11 (b) OPTIONAL COMPONENT OF JOBS PROGRAM.—  
12 Section 482(d)(1)(A)(ii) (42 U.S.C. 682(d)(1)(A)(ii)) is  
13 amended—

14 (1) by striking “and” at the end of subclause  
15 (III);

16 (2) by striking the period and inserting “;  
17 and”; and

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

19 “(V) a publicly funded jobs creation pro-  
20 gram as described in subsection (j).”.

21 **SEC. 112. EXPANSION OF JOB PLACEMENT, JOB DEVELOP-**  
22 **MENT, AND JOB RETENTION ACTIVITIES.**

23 (a) IN GENERAL.—Section 403(l) (42 U.S.C. 603(l))  
24 is amended by adding at the end the following:

1       “(5) Each State shall expend for job placement, job  
2 development, and job retention activities in each fiscal  
3 year not less than 10 percent of the total amount ex-  
4 pended by the State for the operation of the State pro-  
5 gram established under part F in the fiscal year.”.

6       (b) CASE MANAGEMENT SERVICES REQUIRED TO BE  
7 OFFERED TO JOBS PARTICIPANTS.—Section  
8 482(a)(1)(B) (42 U.S.C. 682(a)(1)(B)) is amended by  
9 adding at the end the following: “In addition, such plan  
10 must provide that the State shall offer case management  
11 services to each participant in the program for a period  
12 of not fewer than 90 days after the participant becomes  
13 employed, and, at the option of the State, the State may  
14 extend such period to not more than 365 days.”.

15 **SEC. 113. SELF-EMPLOYMENT PROGRAMS.**

16       Section 482(d)(1)(A)(ii) (42 U.S.C.  
17 682(d)(1)(A)(ii)), as amended by section 111(b) of this  
18 Act, is amended—

19           (1) by striking “and” at the end of subclause  
20 (IV);

21           (2) by striking the period and inserting “;  
22 and”; and

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

1           “(VI) programs to prepare for self-employ-  
2           ment or to enable individuals to establish a  
3           microenterprise.”.

4 **SEC. 114. PROVISIONS GENERALLY APPLICABLE TO THE**  
5 **JOBS PROGRAM.**

6           Section 484 (42 U.S.C. 684) is amended by striking  
7 subsections (b), (c), and (d) and inserting the following:

8           “(b)(1)(A) Funds provided for a program established  
9 under section 482 may be used only for programs that  
10 do not duplicate any employment activity otherwise avail-  
11 able in the locality of the program.

12          “(B) Funds provided for a program established under  
13 section 482 shall not be paid to a private nonprofit entity  
14 to conduct activities that are the same or substantially  
15 equivalent to activities provided by a State in which the  
16 entity is located or by an agency of local government with  
17 jurisdiction over the locality in which the entity is located,  
18 unless the requirements of paragraph (2) are met.

19          “(2)(A) An employer shall not displace an employee  
20 or position, including partial displacement such as reduc-  
21 tion in hours, wages, or employment benefits, as a result  
22 of the use by the employer of a participant in a program  
23 established under section 482.

24          “(B) No work assignment under a program estab-  
25 lished under section 482 shall result in any infringement

1 of the promotional opportunities of any employed individ-  
2 ual.

3 “(C)(i) A participant in a program established under  
4 section 482(f) or an alternative work experience program  
5 shall not perform any services or duties or engage in ac-  
6 tivities that would otherwise be performed by an employee  
7 as part of the assigned duties of the employee.

8 “(ii) A participant in a program established under  
9 section 482 shall not perform any services or duties or  
10 engage in activities that—

11 “(I) will supplant the hiring of employed work-  
12 ers; or

13 “(II) are services, duties or activities with re-  
14 spect to which an individual has recall rights pursu-  
15 ant to a collective bargaining agreement or applica-  
16 ble personnel procedures.

17 “(iii) A participant in a program established under  
18 section 482 shall not perform services or duties that have  
19 been performed by or were assigned to any—

20 “(I) presently employed worker if the partici-  
21 pant is in a program established under section  
22 482(f);

23 “(II) employee who recently resigned or was  
24 discharged;

25 “(III) employee who—

1           “(aa) is the subject of a reduction in force;

2           or

3           “(bb) has recall rights pursuant to a col-  
4           lective bargaining agreement or applicable per-  
5           sonnel procedures;

6           “(IV) employee who is on leave (terminal, tem-  
7           porary, vacation, emergency, or sick); or

8           “(V) employee who is on strike or is being  
9           locked out.

10          “(c)(1) Sections 142(a), 143(a)(4), 143(a)(5), and  
11          143(c)(2) of the Job Training Partnership Act shall apply  
12          to employment provided through any program established  
13          under section 482 of this Act.

14          “(2) Sections 130(f) and 176(f) of the National and  
15          Community Service Act of 1990 shall apply to employment  
16          provided through any program established under section  
17          482 of this Act.

18          “(d)(1) A participant in a program established under  
19          subsection (e), (f), or (j) of section 482 may not be as-  
20          signed to fill any established unfilled position vacancy.

21          “(2)(A) A program established under section 482  
22          may not be used to assist, promote, or deter union orga-  
23          nizing.

1 “(B) A program established under section 482 may  
2 not be used to impair existing contracts for services or  
3 collective bargaining agreements.”.

4 **Subtitle C—Support for Working**  
5 **Families**

6 **SEC. 121. END DOLLAR-FOR-DOLLAR WORK PENALTY.**

7 (a) IN GENERAL.—Section 402(a)(8)(A)(ii) (42  
8 U.S.C. 602(a)(8)(A)(ii)) is amended to read as follows:

9 “(ii) shall disregard from the earned in-  
10 come of any child or relative receiving aid under  
11 the State plan, or of any other individual (living  
12 in the same home as the relative and child)  
13 whose needs are taken into account in making  
14 the determination, an amount equal to—

15 “(I) not less than the first \$120 (ad-  
16 justed pursuant to section 406(i) for the  
17 calendar quarter in which the month oc-  
18 curs) and not more than the first \$200  
19 (adjusted pursuant to section 406(i) for  
20 the calendar quarter in which the month  
21 occurs) of the total of such earned income  
22 for the month; plus

23 “(II) not less than  $\frac{1}{3}$  and not more  
24 than  $\frac{1}{2}$  of the remainder of such earned  
25 income;”.

1 (b) INFLATION ADJUSTMENT.—Section 406 (42  
2 U.S.C. 606) is amended by adding at the end the follow-  
3 ing:

4 “(i) The Secretary shall adjust each dollar amount  
5 required to be adjusted pursuant to this subsection for any  
6 month in a calendar quarter by—

7 “(1) multiplying the amount by the ratio of—

8 “(A) the Consumer Price Index (as pre-  
9 pared by the Department of Labor) for the 3rd  
10 quarter of the calendar year that immediately  
11 precedes the calendar year in which the cal-  
12 endar quarter occurs, to

13 “(B) the Consumer Price Index for the 3rd  
14 quarter of calendar year 1995; and

15 “(2) rounding the product, if not a multiple of  
16 \$10, to the nearer multiple of \$10.”.

17 (c) CONFORMING AMENDMENTS.—

18 (1) Section 402(a)(8)(A) (42 U.S.C.  
19 602(a)(8)(A)) is amended by striking clause (iv).

20 (2) Section 402(a)(8)(B) (42 U.S.C.  
21 602(a)(8)(B)) is amended—

22 (A) by striking “—” the first place such  
23 term appears and all that follows through “(i)”;

24 (B) by striking “, (iii), or (iv)” and insert-  
25 ing “or (iii)”;

1 (C) by redesignating subclauses (I), (II),  
2 and (III) of clause (i) as clauses (i), (ii), and  
3 (iii), respectively; and

4 (D) by striking clause (ii).

5 (3) Section 402(a)(37) (42 U.S.C. 602(a)(37))  
6 is amended by striking “or because of paragraph  
7 (8)(B)(ii)(II)”.

8 (4) Section 402(g)(1)(A)(ii) (42 U.S.C.  
9 602(g)(1)(A)(ii)) is amended by striking “or by rea-  
10 son of subsection (a)(8)(B)(ii)(II)”.

11 (5) Section 1925(a) (42 U.S.C. 1396r-6(a)) is  
12 amended by striking “or because of section  
13 402(a)(8)(B)(ii)(II) (providing for a time-limited  
14 earned income disregard)”.

15 (d) RESEARCH AND ANALYSIS CONCERNING EF-  
16 FECTS OF IMPROVED EARNINGS TREATMENT.—The Sec-  
17 retary shall establish State reporting requirements de-  
18 signed to improve Federal data concerning employment  
19 entries by recipients of aid under a State plan approved  
20 under part A of title IV of the Social Security Act, and  
21 designed to calculate monthly employment entry rates by  
22 States. The Secretary shall also solicit from States appli-  
23 cations under section 1115 of such Act for a structured  
24 set of waivers designed to identify the extent to which

1 earnings disregard rules affect the employment entry and  
2 employment retention rates of such recipients.

3 **SEC. 122. INCREASE IN LIMITATION ON TOTAL FAMILY IN-**  
4 **COME.**

5 Section 402(a)(18) (42 U.S.C. 602(a)(18)) is amend-  
6 ed by inserting “the greater of 130 percent of the income  
7 official poverty line (as defined by the Office of Manage-  
8 ment and Budget, and revised annually in accordance with  
9 section 673(2) of the Omnibus Budget Reconciliation Act  
10 of 1981) for a family of the same composition or” before  
11 “185”.

12 **SEC. 123. AVAILABILITY OF HEALTH CARE FOR POOR**  
13 **WORKING FAMILIES.**

14 (a) OPTIONAL EXTENSION OF MEDICAID ENROLL-  
15 MENT FOR FORMER AFDC RECIPIENTS FOR 1 ADDI-  
16 TIONAL YEAR.—

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

1 this subsection for the first succeeding 6-month pe-  
2 riod.”.

3 (2) CONFORMING AMENDMENTS.—Section  
4 1925(b) (42 U.S.C. 1396r-6(b)) is amended—

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

7 (B) in the heading of paragraph (1), by  
8 striking “REQUIREMENT” and inserting “IN  
9 GENERAL”;

10 (C) in paragraph (2)(B)(ii)—

11 (i) in the heading, by striking “PE-  
12 RIOD” and inserting “PERIODS”; and

13 (ii) by striking “in the period” and in-  
14 serting “in each of the 6-month periods”;

15 (D) in paragraph (3)(A), by striking “the  
16 6-month period” and inserting “any 6-month  
17 period”;

18 (E) in paragraph (4)(A), by striking “the  
19 extension period” and inserting “any extension  
20 period”; and

21 (F) in paragraph (5)(D)(i), by striking “is  
22 a 3-month period” and all that follows and in-  
23 serting the following: “is, with respect to a par-  
24 ticular 6-month additional extension period pro-  
25 vided under this subsection, a 3-month period

1 beginning with the 1st or 4th month of such ex-  
2 tension period.”.

3 (b) PERMITTING STATES TO PROVIDE TRANSI-  
4 TIONAL COVERAGE TO ANY INDIVIDUAL RECEIVING  
5 AFDC DURING PREVIOUS 6 MONTHS.—Section  
6 1925(a)(1) (42 U.S.C. 1396r-6(a)(1)) is amended by  
7 striking “such aid,” and inserting “such aid (or, at the  
8 option of the State, in any of the 6 months immediately  
9 preceding such month),”.

10 (c) REPEAL OF REPORTING REQUIREMENT DURING  
11 EXTENSION PERIODS.—

12 (1) IN GENERAL.—Section 1925(b)(2) (42  
13 U.S.C. 1396r-6(b)(2)) is amended by striking sub-  
14 paragraph (B).

15 (2) CONFORMING AMENDMENTS.—(A) Section  
16 1925(b)(1) (42 U.S.C. 1396r-6(b)(1)) is amended  
17 by striking “and which meets the requirement of  
18 paragraph (2)(B)(i)”.

19 (B) Section 1925(b)(2) (42 U.S.C. 1396r-  
20 6(b)(2)) is amended—

21 (i) in the heading for such paragraph, by  
22 striking “AND REPORTING”;

23 (ii) by striking “(A) NOTICE”;

24 (iii) by redesignating clauses (i) and (ii) as  
25 subparagraphs (A) and (B);

1 (iv) in the second sentence of subpara-  
2 graph (A) (as so redesignated)—

3 (I) by striking “in the 3rd month”  
4 and all that follows through “(II)”; and

5 (II) by striking “(III)” and inserting  
6 “(II)”; and

7 (v) in subparagraph (B) (as so redesign-  
8 nated)—

9 (I) in the heading, by striking “RE-  
10 PORTING REQUIREMENTS AND”; and

11 (II) by striking “the reporting re-  
12 quirement” and all that follows through  
13 “statement of”.

14 (C) Section 1925(b)(3) (42 U.S.C. 1396r-  
15 6(b)(3)) is amended—

16 (i) in subparagraph (A)—

17 (I) by striking subclause (I);

18 (II) by redesignating subclauses (II)  
19 and (III) as subclauses (I) and (II); and

20 (III) by striking the matter following  
21 subclause (II) (as so redesignated); and

22 (ii) in subparagraph (B), by striking  
23 “(A)(iii)(II)” and inserting “(A)(iii)(I)”.

24 (d) EFFECTIVE DATE.—(1) Except as provided in  
25 paragraph (2), the amendments made by subsections (a)

1 and (b) shall apply to calendar quarters beginning on or  
2 after October 1, 1995, without regard to whether final  
3 regulations to carry out such amendments have been pro-  
4 mulgated by such date.

5 (2) In the case of a State plan for medical assistance  
6 under title XIX of the Social Security Act which the Sec-  
7 retary of Health and Human Services determines requires  
8 State legislation (other than legislation appropriating  
9 funds) in order for the plan to meet the additional require-  
10 ments imposed by the amendments made by subsections  
11 (a) and (b), the State plan shall not be regarded as failing  
12 to comply with the requirements of such title solely on the  
13 basis of its failure to meet these additional requirements  
14 before the first day of the first calendar quarter beginning  
15 after the close of the first regular session of the State leg-  
16 islature that begins after the date of the enactment of this  
17 Act. For purposes of the previous sentence, in the case  
18 of a State that has a 2-year legislative session, each year  
19 of such session shall be deemed to be a separate regular  
20 session of the State legislature.

21 **SEC. 124. ELIMINATION OF DIFFERENT TREATMENT OF 2-**  
22 **PARENT FAMILIES.**

23 (a) IN GENERAL.—Section 402(a) (42 U.S.C.  
24 602(a)) is amended by striking paragraph (41).

25 (b) CONFORMING AMENDMENTS.—

1           (1) Section 402(a)(19)(B)(i)(II) (42 U.S.C.  
2           602(a)(19)(B)(i)(II)) is amended by striking “(and”  
3           and all that follows through “407(b)(2)(B)(i)”.

4           (2) Section 402(a)(19)(D) (42 U.S.C.  
5           602(a)(19)(D)) is amended by striking “eligible”  
6           and all that follows through “earner” and inserting  
7           “in which both parents are living at home”.

8           (3) Section 402(a)(19)(G)(i) (42 U.S.C.  
9           602(a)(19)(G)(i)) is amended—

10           (A) in subclause (I), by striking “(whether  
11           or not section 407 applies)”;

12           (B) in subclause (II)—

13           (i) by striking “which is eligible for  
14           aid to families with dependent children by  
15           reason of section 407” and inserting “in  
16           which both parents are living at home”;  
17           and

18           (ii) by striking “the needs of such  
19           spouse shall also not” and inserting “the  
20           spouse shall be required to participate in  
21           the program unless exempt by reason of  
22           subparagraph (C) (other than clause (iii)  
23           thereof), or by reason of subparagraph  
24           (C)(iii) if the individual demonstrates to  
25           the satisfaction of the State that it is in

1           the best interest of the child or children  
2           not to impose such requirement, and if the  
3           spouse fails without good cause to so par-  
4           ticipate, the needs of the spouse shall”.

5           (4) Section 402(a)(38)(B) (42 U.S.C.  
6           602(a)(38)(B)) is amended by striking “or in section  
7           407(a)”.

8           (5) Section 402(a) (42 U.S.C. 602(a)) is  
9           amended by striking paragraph (42).

10          (6) Section 402(g)(1)(A)(ii) (42 U.S.C.  
11          602(g)(1)(A)(ii)) is amended by striking “hours of,  
12          or increased income from,” and inserting “income  
13          from”.

14          (7) Section 406(a)(1) (42 U.S.C. 606(a)(1)) is  
15          amended by striking “who has been deprived” and  
16          all that follows through “incapacity of a parent”.

17          (8) Section 406(b)(1) (42 U.S.C. 606(b)(1)) is  
18          amended by striking “and if such relative” and all  
19          that follows through “section 407”.

20          (9) Section 407 (42 U.S.C. 607) is hereby re-  
21          pealed.

22          (10) Section 472(a) (42 U.S.C. 672(a)) is  
23          amended by striking “or of section 407”.

1           (11) Section 473(a)(2)(A)(i) (42 U.S.C.  
2           672(a)(2)(A)(i)) is amended by striking “or section  
3           407”.

4           (12) Section 1115(b) (42 U.S.C. 1315(b)) is  
5           amended by striking paragraph (5).

6           (13) Section 1115 (42 U.S.C. 1315) is amended  
7           by striking subsection (d).

8           (14) Section 1902(a)(10)(A)(i) (42 U.S.C.  
9           1396a(a)(10)(A)(i)) is amended by striking  
10          subclause (V) and by redesignating subclauses (VI)  
11          and (VII) as subclauses (V) and (VI), respectively.

12          (15) Section 1905 (42 U.S.C. 1396d) is amend-  
13          ed by striking subsection (m).

14          (16) Section 1905(n)(1) (42 U.S.C.  
15          1396d(n)(1)) is amended—

16                 (A) in subparagraph (A)—

17                         (i) by striking “(or” and all that fol-  
18                         lows through “407)”; and

19                         (ii) by adding “or” at the end; and

20                 (B) by striking subparagraph (B).

21          (17) Section 1925(a) (42 U.S.C. 1396r-6(a)) is  
22          amended by striking “hours of, or income from,”  
23          and inserting “income from”.

24          (18) Section 204(b)(2) of the Family Support  
25          Act of 1988 (42 U.S.C. 681 note) is amended by

1 striking the semicolon and all that follows through  
2 “1998”.

3 **SEC. 125. INCREASE IN STEPPARENT INCOME DISREGARD.**

4 Section 402(a)(31)(B) (42 U.S.C. 602(a)(31)(B)) is  
5 amended by striking “the State’s standard of need under  
6 such plan” and inserting “the greatest of (i) the State’s  
7 standard of need under such plan, (ii) 130 percent of the  
8 income official poverty line (as defined by the Office of  
9 Management and Budget, and revised annually in accord-  
10 ance with section 673(2) of the Omnibus Budget Rec-  
11 onciliation Act of 1981), or (iii) such amount as the State  
12 may establish,”.

13 **Subtitle D—Child Care**

14 **SEC. 131. INCREASE IN CHILD CARE FUNDS.**

15 Section 403(n)(2)(B) (42 U.S.C. 603(n)(2)(B)) is  
16 amended—

17 (1) by striking “and” at the end of clause (iv);

18 (2) in clause (v), by striking the comma and all  
19 that follows and inserting a semicolon; and

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

21 “(vi) \$800,000,000 for fiscal year 1996;

22 “(vii) \$1,300,000,000 for fiscal year 1997;

23 “(viii) \$1,800,000,000 for fiscal year 1998; and

24 “(ix) \$2,300,000,000 for fiscal year 1999.”.

1 **SEC. 132. PAYMENTS TO ENCOURAGE USE OF ENTIRE**  
2 **STATE ALLOTMENT FOR AT-RISK CHILD**  
3 **CARE.**

4 Section 403 (42 U.S.C. 603) is amended—

5 (1) in subsection (n)—

6 (A) in paragraph (1)(B), by inserting “95  
7 percent of” before “the limitation”; and

8 (B) in paragraph (3)—

9 (i) by inserting “(A)” after “(3)”; and

10 (ii) by adding at the end the follow-  
11 ing:

12 “(B) Notwithstanding subparagraph (A), the Sec-  
13 retary shall reserve for payments under subsection (o) an  
14 amount equal to the sum of—

15 “(i) 5 percent of the amounts made available  
16 for payments under this subsection for each fiscal  
17 year; and

18 “(ii) the amount of any excess referred to in  
19 paragraph (2)(C)(ii) with respect to a State for a  
20 fiscal year that is not used to increase the limitation  
21 determined under paragraph (2) with respect to the  
22 State for the 3rd succeeding fiscal year.”; and

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

24 “(o)(1)(A) In addition to any other payment under  
25 this section, each State that is a qualified State for a fiscal

1 year shall be entitled to payment from the Secretary of  
2 an amount equal to the sum of—

3 “(i) 5 percent of the aggregate of the amounts  
4 paid to the State under subsection (n) for the imme-  
5 diately preceding fiscal year; and

6 “(ii)(I) the amount reserved under subsection  
7 (n)(3)(B) for the immediately preceding fiscal year  
8 that remains after applying clause (i) of this sub-  
9 paragraph to each qualified State; multiplied by

10 “(II) the ratio of—

11 “(aa) the number of children residing in  
12 the State in the immediately preceding fiscal  
13 year, to

14 “(bb) the number of children residing in a  
15 qualified State in the immediately preceding fis-  
16 cal year.

17 “(B) As used in subparagraph (A) of this paragraph,  
18 the term ‘qualified State’ means, with respect to a fiscal  
19 year, a State with respect to which the amount described  
20 in subsection (n)(1)(A) for the immediately preceding fis-  
21 cal year equals the amount described in subsection  
22 (n)(1)(B) for the immediately preceding fiscal year.

23 “(2) The Secretary may not apply any amount to  
24 which a State is entitled under paragraph (1) as an offset

1 against any amount owed by the State to any department  
2 or agency of the Federal Government.

3 “(3)(A) Within 1 year after a State receives an  
4 amount paid under paragraph (1) of this subsection, the  
5 State shall obligate the amount for—

6 “(i) services under section 402(i) directly to  
7 families eligible therefor; or

8 “(ii) improvements in the quality of services,  
9 and the building of infrastructure, under subsection  
10 (g) or (i) of section 402.

11 “(B) Amounts paid under this section may not be  
12 used to supplant State or local expenditures for staff or  
13 administration.”.

14 **SEC. 133. LIMITATION ON CARRYFORWARD OF UNUSED AT-**  
15 **RISK CHILD CARE ALLOTMENTS.**

16 Section 403(n)(2)(C) (42 U.S.C. 603(n)(2)(C)) is  
17 amended—

18 (1) by inserting “(i)” after “(C)”; and

19 (2) by adding after and below the end the fol-  
20 lowing:

21 “(ii) The amount of such excess with respect to  
22 a State for a fiscal year shall not be used to increase  
23 the limitation determined under this paragraph with  
24 respect to the State for any fiscal year after the 2nd  
25 succeeding fiscal year.”.

1 **SEC. 134. PAYMENT OF LOCAL MARKET RATES.**

2 Section 402(g)(1)(C) (42 U.S.C. 602(g)(1)(C)) is  
3 amended to read as follows:

4 “(C) The State agency shall make payment for the  
5 actual cost of child care provided with respect to a family,  
6 in an amount that may not exceed the 75th percentile of  
7 the local cost of care (as determined by the State in ac-  
8 cordance with regulations prescribed by the Secretary), or  
9 such other payment schedule (under which payment rates  
10 are not less than the 75th percentile of the local cost of  
11 care) as the State may establish.”.

12 **SEC. 135. SET-ASIDE FOR IMPROVEMENT OF INFRASTRUC-**  
13 **TURE AND QUALITY.**

14 Section 403(n) (42 U.S.C. 603(n)) is amended by  
15 adding at the end the following:

16 “(4) Not less than 10 percent and not more than 12  
17 percent of the total amount obligated by a State from  
18 amounts provided under this subsection for fiscal year  
19 1995 and for each succeeding fiscal year shall be used for  
20 improvement of the quality of services and the building  
21 of infrastructure to serve low-income children, the develop-  
22 ment of on-site or near-site facilities for parents who have  
23 not attained 20 years of age and are attending educational  
24 or vocational institutions, and for State licensing and reg-  
25 istration requirements, monitoring, and assistance to child

1 care providers in meeting applicable standards under sub-  
2 section (g) or (i) of section 402.”.

3 **SEC. 136. CHILD CARE FOR WORKING AFDC PARENTS.**

4 (a) DEPENDENT CARE DISREGARD NOT TO BE RE-  
5 GARDED AS SUFFICIENT TO GUARANTEE CHILD CARE.—  
6 Section 402(g)(1)(B) (42 U.S.C. 602(g)(1)(B)) is amend-  
7 ed by adding at the end the following: “Compliance with  
8 subsection (a)(8)(A)(iii) with respect to a family shall not  
9 be construed to be a guarantee of child care for the family  
10 pursuant to this subsection, unless the family has been  
11 offered, and has declined, payment through at least 1 of  
12 the methods authorized by this subparagraph (other than  
13 clause (iv) of the 1st sentence of this subparagraph).”.

14 (b) ELIMINATION OF AUTHORITY TO DECREASE THE  
15 DEPENDENT CARE DISREGARD FOR PARENTS NOT  
16 WORKING FULL-TIME.—Section 402(a)(8)(A)(iii) (42  
17 U.S.C. 602(a)(8)(A)(iii)) is amended by striking “(or”  
18 and all that follows through “month)”.

19 (c) INCREASE IN THE AMOUNT OF THE DEPENDENT  
20 CARE DISREGARDS.—Section 402(a)(8)(A)(iii) (42 U.S.C.  
21 602(a)(8)(A)(iii)) is amended—

22 (1) by striking “\$175” and inserting “\$200 (or,  
23 if greater, the dollar amount in effect under sub-  
24 section (d))”; and

1           (2) by striking “\$200” and inserting “\$250 (or,  
2           if greater, the dollar amount in effect under sub-  
3           section (d))”.

4           (d) COST-OF-LIVING ADJUSTMENT OF THE DEPEND-  
5           ENT CARE DISREGARDS.—Section 402 (42 U.S.C. 602)  
6           is amended by inserting after subsection (c) the following:

7           “(d) Whenever benefits under title II for a month are  
8           increased by a percentage by reason of section 215(i)—

9           “(1) each dollar amount in effect under sub-  
10           section (a)(8)(A)(iii) of this section for the month  
11           and for each subsequent month shall be increased by  
12           the amount (if any) by which—

13           “(A) the amount which would have been in  
14           effect for the month under such subsection but  
15           for rounding of the amount pursuant to para-  
16           graph (3) of this subsection; exceeds

17           “(B) the amount in effect for the month  
18           under such subsection (a)(8)(A)(iii);

19           “(2) the amount obtained under paragraph (1)  
20           of this subsection shall be further increased by the  
21           greater of—

22           “(A) if the increase under title II was de-  
23           termined on the basis of the CPI increase per-  
24           centage, the percentage of the increase; or

1           “(B) if not, the percentage by which bene-  
2           fits under title II would have been increased if  
3           the increase under title II was determined on  
4           the basis of the CPI increase percentage; and

5           “(3) if the amount obtained under paragraph  
6           (2) of this subsection is not a multiple of \$10, the  
7           amount shall be rounded to the nearest multiple of  
8           \$10.”.

9   **SEC. 137. HEALTH AND SAFETY STANDARDS; CONTINUITY**  
10                           **OF CARE.**

11           (a) FOR RECIPIENTS.—Section 402(g)(1)(A) (42  
12 U.S.C. 602(g)(1)(A)) is amended by adding at the end the  
13 following:

14           “(viii) Child care guaranteed under this section,  
15 whether provided by a method permitted under subpara-  
16 graph (B) or by means of an agreement under subsection  
17 (j) with the lead agency designated under the Child Care  
18 and Development Block Grant Act of 1990 (in this section  
19 referred to as the ‘CCDBG Act’), must meet all health  
20 and safety standards established by the lead agency (for  
21 purposes of the CCDBG Act), and, in addition to any  
22 other requirements imposed pursuant to that Act, the  
23 State agency must establish immunization requirements  
24 and assure (and any such agreement must provide) that,  
25 consistent with regulations of the Secretary—

1           “(I) children whose child care is paid for, in  
2 whole or in part, under this subsection will be re-  
3 quired to have received all immunizations, at the ap-  
4 propriate times, as currently recommended by the  
5 Advisory Committee on Immunization Practices (an  
6 advisory committee established by the Secretary, act-  
7 ing through the director of the Centers for Disease  
8 Control and Prevention) as specified on the pediatric  
9 vaccines list referred to in section 1928(e); and

10           “(II) child care providers used will take steps to  
11 assure that toxic substances, weapons, and any other  
12 items at the location where the child care is provided  
13 that could be harmful to young children, will be se-  
14 cured and unobtainable by the children.

15           “(ix)(I) The State shall provide information about the  
16 immunization requirements imposed pursuant to clause  
17 (viii) and about where free immunizations may be ob-  
18 tained, to parents upon application for child care assist-  
19 ance and to child care providers.

20           “(II) The State shall take needed action to ensure  
21 that immunizations are available and accessible to all re-  
22 cipients of such aid to whom clause (viii) applies, and, with  
23 respect to each such recipient, shall offer assistance in  
24 meeting such requirements, shall provide assistance in re-  
25 sponse to a parent’s request for assistance, may not deny

1 child care to any parent who is seeking immunizations for  
2 his or her child or children during a reasonable grace pe-  
3 riod, and may not deny or terminate such child care to  
4 a family by reason of the failure of the family to receive  
5 required immunizations until the State has identified the  
6 reason for the failure and addressed any barriers to ac-  
7 cess. The State shall allow for exceptions in cases where  
8 good cause can be shown.

9 “(III) The State shall provide information about eli-  
10 gibility for medical assistance under the State plan ap-  
11 proved under title XIX to all child care providers receiving  
12 Federal child care funds and shall suggest strategies for  
13 informing parents about such eligibility.

14 “(IV) The State shall work with public health clinics  
15 to provide immunizations at child care clinics during ap-  
16 propriate times.

17 “(x) The State plan must assure that child care pro-  
18 vided under this subsection will conform in all ways to the  
19 provisions for parental choice, unlimited parental access,  
20 handling of parental complaints, and consumer education,  
21 as well as to all the other standards, criteria, and require-  
22 ments applicable to child care provided under the CCDBG  
23 Act.”.

24 (b) FOR AT-RISK FAMILIES.—Section 402(i) (42  
25 U.S.C. 602(i)) is amended by redesignating paragraphs

1 (5) and (6) as paragraphs (6) and (7), respectively, and  
2 by inserting after paragraph (4) the following:

3 “(5)(A) Child care provided under this subsection,  
4 whether provided by a method permitted under paragraph  
5 (2) of this subsection or by means of an agreement under  
6 subsection (j) with the lead agency designated under the  
7 CCDBG Act, must meet all health and safety standards  
8 established by the lead agency (for purposes of the  
9 CCDBG Act), and, in addition to any other requirements  
10 imposed pursuant to that Act, the State agency must es-  
11 tablish immunization requirements and assure (and any  
12 such agreement must provide) that, consistent with the  
13 regulations of the Secretary—

14 “(i) children whose child care is paid for, in  
15 whole or in part, under this subsection will be re-  
16 quired to have received all immunizations, at the ap-  
17 propriate times, as currently recommended by the  
18 Advisory Committee on Immunization Practices (as  
19 advisory committee established by the Secretary, act-  
20 ing through the director of the Centers for Disease  
21 Control and Prevention) as specified on the pediatric  
22 vaccines list referred to in section 1928(e); and

23 “(ii) child care providers used will take steps to  
24 assure that toxic substances, weapons, and any other  
25 items at the location where the child care is provided

1 that could be harmful to young children, will be se-  
2 cured and unobtainable by the children.

3 “(B)(i) The State shall provide information about the  
4 immunization requirements imposed pursuant to subpara-  
5 graph (A) and about where free immunizations may be  
6 obtained, to parents upon application for child care assist-  
7 ance and to child care providers.

8 “(ii) The State shall provide information about eligi-  
9 bility for medical assistance under the State plan approved  
10 under title XIX to all child care providers receiving Fed-  
11 eral child care funds and shall suggest strategies for in-  
12 forming parents about such eligibility.

13 “(iii) The State shall work with public health clinics  
14 to provide immunizations at child care clinics during ap-  
15 propriate times.

16 “(6) The State plan must assure that child care pro-  
17 vided under this subsection will conform in all ways to the  
18 provisions for parental choice, unlimited parental access,  
19 handling of parental complaints, and consumer education,  
20 as well as to all other standards, criteria, and require-  
21 ments applicable to child care provided under the CCDBG  
22 Act.”.

23 (c) CONFORMING AMENDMENTS.—

24 (1) CHILD CARE FOR PARTICIPANTS IN THE  
25 JOBS OR WORK PROGRAM, AND TRANSITIONAL

1 CHILD CARE.—Section 402(g) (42 U.S.C. 602(g)) is  
2 amended—

3 (A) in paragraph (3)(B)—

4 (i) by adding “and” at the end of  
5 clause (i);

6 (ii) in clause (ii), by striking “applica-  
7 ble standards” and all that follows and in-  
8 serting “all requirements, standards, and  
9 criteria applicable to child care funded  
10 under the CCDBG Act.”; and

11 (iii) by striking clause (iii); and

12 (B) by striking paragraphs (4) and (5).

13 (2) AT-RISK CHILD CARE.—Section 402(i) (42  
14 U.S.C. 602(i)), as amended by subsection (b) of this  
15 section, is amended—

16 (A) in paragraph (6)—

17 (i) in subparagraph (B), by striking  
18 “applicable standards of State and local  
19 law;” and inserting “all requirements,  
20 standards, and other criteria applicable to  
21 child care funded under the CCDBG Act;”;  
22 and

23 (ii) by striking subparagraphs (C) and  
24 (D); and

1 (B) by amending paragraph (7) to read as  
2 follows:

3 “(8) In order to facilitate more accurate analy-  
4 sis of the supply and quality of child care resources,  
5 the demand for such resources that cannot currently  
6 be satisfied, and the effectiveness and relationship of  
7 Federal programs providing support for child care  
8 and child development activities, the Secretary shall  
9 specify by regulation a core set of consistently de-  
10 fined data elements for child care which must be  
11 used by each State with respect to all reports relat-  
12 ing to child care or child development activities sup-  
13 ported in whole or in part under this Act or under  
14 the CCDBG Act.”.

15 **SEC. 138. PERIODIC IDENTIFICATION OF CHILD CARE**  
16 **NEEDS; ENSURING THAT FAMILIES UNDER-**  
17 **STAND CHILD CARE ALTERNATIVES.**

18 Section 402(a) (42 U.S.C. 602(a)), as amended by  
19 section 104 of this Act, is amended—

20 (1) by striking “and” at the end of paragraph  
21 (45);

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

24 (3) by inserting after paragraph (46) the fol-  
25 lowing:

1           “(47) provide that the State agency shall en-  
2           sure that—

3                   “(A)(i) a qualified individual assesses the  
4           child care needs of and provide counseling to  
5           each individual applying for or receiving aid  
6           under the State plan, unless the individual de-  
7           clines counseling, when—

8                           “(I) the State makes an assessment of  
9                           the individual under section 482(b)(1)(A);

10                           “(II) the individual begins participa-  
11                           tion in the program established by the  
12                           State under part F;

13                           “(III) the individual enters employ-  
14                           ment; and

15                           “(IV) the employment or training  
16                           placement of the recipient changes; and

17                           “(ii) as used in clause (i), the term ‘quali-  
18                           fied individual’ means, with respect to an appli-  
19                           cant or recipient, an individual knowledgeable  
20                           about child care options in the community in  
21                           which the applicant or recipient resides, includ-  
22                           ing any Head Start program and wraparound  
23                           programs that enable families needing full-time,  
24                           full-year care to participate in the Head Start  
25                           program; and

1           “(B) if an employability plan has been de-  
2           veloped for the individual, the employability  
3           plan shall include a notation with respect to  
4           how the child care needs of the individual are  
5           to be met, and, if child care is not to be pro-  
6           vided by or through the State, the reasons  
7           therefor.”.

8   **SEC. 139. ENSURING THAT REIMBURSEMENT MECHANISMS**  
9                           **MEET FAMILY NEEDS.**

10       Section 402(g)(1)(B) (42 U.S.C. 602(g)(1)(B)) is  
11 amended—

12           (1) by inserting “(i)” after “(B)”;

13           (2) by redesignating clauses (i) through (v) as  
14           subclauses (I) through (V), respectively; and

15           (3) by striking the 2nd sentence and inserting  
16           the following:

17           “(ii) When the State agency arranges for child care,  
18           the agency shall take into account the individual needs of  
19           the child.

20           “(iii) The State agency may make advance payments  
21           for child care assistance to a family eligible for such care  
22           in any appropriate case, and shall make advance payment  
23           if—

1           “(I) an advance is needed in order for the fam-  
2 ily to secure or retain such care from the provider  
3 chosen by the individual;

4           “(II) the provider of such care will not provide  
5 such care without payment in advance; or

6           “(III) the family has elected to have dependent  
7 care expenses disregarded under subsection  
8 (a)(8)(A)(iii), and the cost of child care is not re-  
9 flected in the amount of aid payable to the family  
10 under the State plan approved under this part due  
11 to the use by the State of retrospective budgeting.”.

12 **SEC. 140. FACILITATION OF SEAMLESS SERVICES.**

13       (a) AFDC CHILD CARE.—Section 402(g)(1)(A) (42  
14 U.S.C. 602(g)(1)(A)), as amended by section 137(a) of  
15 this Act, is amended by adding at the end the following:

16       “(xi) Each State agency shall assess the eligibility for  
17 child care under this paragraph of each family who ceases  
18 to receive aid to families with dependent children, and if  
19 the family is eligible for child care benefits under clause  
20 (ii), shall provide such care without requiring a separate  
21 application for such benefits.”.

22       (b) TRANSITIONAL CHILD CARE.—Section  
23 402(g)(1)(A)(ii) (42 U.S.C. 602(g)(1)(A)(ii)) is  
24 amended—

25           (1) by inserting “(I)” after “(ii)”; and

1           (2) by adding after and below the end the fol-  
2           lowing:

3           “(II) Before the exhaustion of child care benefits by  
4 a family for whom the State is guaranteeing child care  
5 under subclause (I), the State must assist the family in  
6 obtaining information about, and referral to, other pro-  
7 grams under which, or providers from which, the family  
8 may receive child care on a continuing basis upon such  
9 ineligibility.

10          “(III) The State must consider any family whose  
11 child care benefits under subclause (I) are about to be ex-  
12 hausted for eligibility for other child care benefits offered  
13 by the State.”.

14 **SEC. 141. AUTHORITY TO PROVIDE FOR CONTINUITY OF**  
15 **CHILD CARE.**

16          Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)), as  
17 amended by sections 137(a) and 140(a) of this Act, is  
18 amended by adding at the end the following:

19          “(xii) A State may continue child care assistance  
20 without interruption during breaks between otherwise al-  
21 lowable activities, and for a reasonable period of time after  
22 any loss of employment, to ensure continuity of child care  
23 arrangements for the child or children of a family eligible  
24 to receive care under this paragraph.”.

1 **SEC. 142. CHILD CARE FOR FAMILIES INCLUDING A CARE-**  
2 **TAKER RELATIVE NOT RECEIVING AFDC.**

3 Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)), as  
4 amended by sections 137(a), 140(a), and 141 of this Act,  
5 is amended by adding at the end the following:

6 “(xiii) In any case in which child care is determined  
7 to be necessary for the caretaker relative of a child receiv-  
8 ing aid to families with dependent children to accept or  
9 retain employment, the State shall guarantee child care  
10 whether or not the caretaker relative is receiving such aid,  
11 and if the caretaker relative is not receiving such aid, the  
12 State may apply a sliding fee scale to determine the appro-  
13 priate contribution (if any) to the cost of care to be paid  
14 by the caretaker.”.

15 **SEC. 143. STATE OPTION TO EXTEND TRANSITIONAL CHILD**  
16 **CARE BENEFITS.**

17 Section 402(g)(1)(A)(iii) (42 U.S.C.  
18 602(g)(1)(A)(iii)) is amended—

19 (1) by inserting “(I)” after “(iii)”; and  
20 (2) by adding after and below the end the fol-  
21 lowing:

22 “(II) At the option of the State, the State may, uni-  
23 formly for all families—

24 “(aa) elect to extend the period described in  
25 subclause (I) by 12 months; or

1           “(bb) elect to extend the period described in  
2           subclause (I) until the income of the family exceeds  
3           185 percent (or such lower figure as the State may  
4           establish) of the income official poverty line (as de-  
5           fined by the Office of Management and Budget, and  
6           revised annually in accordance with section 673(2)  
7           of the Omnibus Budget Reconciliation Act of 1981)  
8           for a family of the same composition.”.

9   **SEC. 144. STATE OPTION TO PROVIDE TRANSITIONAL**  
10                   **CHILD CARE BENEFITS TO FAMILIES WHO**  
11                   **HAVE RECEIVED AFDC FOR FEWER THAN 3**  
12                   **MONTHS.**

13           Section       402(g)(1)(A)(iv)       (42       U.S.C.  
14   602(g)(1)(A)(iv)) is amended by striking “A family” and  
15   inserting “At the option of the State, a family”.

16   **SEC. 145. LIMITATION OF AT-RISK CHILD CARE TO FAMI-**  
17                   **LIES INELIGIBLE FOR RECIPIENT OR TRANSI-**  
18                   **TIONAL CHILD CARE.**

19           Section 402(i)(1)(A) (42 U.S.C. 602(i)(1)(A)) is  
20   amended to read as follows:

21                   “(A) is not eligible for child care under  
22                   subsection (g);”.

1 **SEC. 146. ELIMINATION OF REQUIREMENT THAT FAMILY**  
2 **RECEIVING TRANSITIONAL CHILD CARE BEN-**  
3 **EFITS INCLUDE A DEPENDENT CHILD.**

4 Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)) is  
5 amended by striking clause (v).

6 **SEC. 147. STATE OPTION TO WAIVE CONTRIBUTION RE-**  
7 **QUIREMENT FOR FAMILIES WITH INCOME**  
8 **BELOW THE POVERTY LEVEL.**

9 Section 402(g)(1)(A)(vii) (42 U.S.C.  
10 602(g)(1)(A)(vii)) is amended by striking “a sliding” and  
11 all that follows and inserting “the sliding fee scale estab-  
12 lished by the State under the Child Care and Development  
13 Block Grant Act of 1990.”.

14 **SEC. 148. CONTINUATION OF CHILD CARE DURING DISPUTE**  
15 **RESOLUTION.**

16 (a) AFDC AND TRANSITIONAL CHILD CARE.—Sec-  
17 tion 402(g)(1) (42 U.S.C. 602(g)(1)) is amended by redес-  
18 ignating subparagraph (E) as subparagraph (F) and by  
19 inserting after subparagraph (D) the following:

20 “(E) While the State and an individual are seeking  
21 to resolve any dispute over whether the individual qualifies  
22 for the provision of child care under this paragraph, the  
23 State shall ensure the continued provision of such care  
24 with respect to the family of the individual.”.

25 (b) AT-RISK CHILD CARE.—Section 402(i) (42  
26 U.S.C. 602(i)), as amended by subsections (b) and (c)(2)

1 of section 137 of this Act, is amended by redesignating  
2 paragraphs (4), (5), (6), and (7) as paragraphs (5), (6),  
3 (7), and (8), respectively, and by inserting after paragraph  
4 (3) the following:

5 “(4) While the State and an individual are seeking  
6 to resolve any dispute over whether the individual qualifies  
7 for the provision of child care under this subsection, the  
8 State shall ensure the continued provision of such care  
9 with respect to the family of the individual.”.

10 **SEC. 149. OPTION TO CONSOLIDATE STATE RESPONSIBIL-**  
11 **ITY FOR CHILD CARE.**

12 Section 402 (42 U.S.C. 602) is amended by adding  
13 at the end the following:

14 “(j)(1) In order to provide the child care which must  
15 be guaranteed pursuant to subsection (g) of this section  
16 or which may be furnished pursuant to subsection (i) of  
17 this section, the State agency may enter into an agreement  
18 with the lead agency designated under section 658D of  
19 the CCDBG Act under which—

20 “(A) subject to paragraph (2) of this sub-  
21 section, the State agency will pay (either in advance  
22 or as reimbursement) the lead agency for the cost of  
23 providing child care for any child with respect to  
24 whom care must be guaranteed under such sub-  
25 section (g) or is to be furnished under such sub-

1 section (i), and the lead agency agrees that care for  
2 all such children will only be paid for from such re-  
3 imbursement; and

4 “(B) all child care provided by the lead agency  
5 under the agreement, whether directly or by contrac-  
6 tual or other arrangements, will be subject to the  
7 same requirements, standards, payment rates, and  
8 other criteria as are applicable to child care funded  
9 under the CCDBG Act; and

10 “(C) parents and children to whom such care is  
11 provided will be offered all the same protections and  
12 procedural safeguards as are applicable to child care  
13 furnished under the CCDBG Act.

14 “(2) The State agency shall pay the lead agency for  
15 care provided to a child the amount established by the  
16 State pursuant to subsection (g)(1)(C) or (i)(3)(B),  
17 whichever may be applicable to the child involved, and,  
18 with respect to children to whom subsection (i)(3)(B) ap-  
19 plies, the State agency shall be obligated to pay the lead  
20 agency for child care furnished in a fiscal year only to  
21 the extent of appropriations available for such purpose for  
22 such fiscal year.

23 “(3) This subsection shall not be construed as pre-  
24 cluding the designation of the agency established or des-  
25 ignated under section 402(a)(3) as the lead agency for

1 purposes of the CCDBG Act. An agreement shall not be  
2 necessary in the case where the same agency is designated  
3 under both the CCDBG Act and this Act, but the agency  
4 shall, as lead agency, comply with all the provisions of this  
5 subsection.”.

6 **TITLE II—STRENGTHENING PA-**  
7 **RENTAL RESPONSIBILITY**  
8 **AND FAMILY STABILITY**

9 **Subtitle A—Federal**  
10 **Responsibilities**

11 **SEC. 201. EXPANSION OF FUNCTIONS OF FEDERAL PARENT**  
12 **LOCATOR SERVICE.**

13 Section 453(a) (42 U.S.C. 653(a)) is amended by  
14 striking “enforcing support obligations against such par-  
15 ent” and inserting “establishing parentage, or establish-  
16 ing, modifying, and enforcing child support obligations,  
17 and which shall use safeguards to prevent the disclosure  
18 of information in cases that would jeopardize the safety  
19 of the custodial parent, the noncustodial parent, or any  
20 child of either such parent”.

21 **SEC. 202. EXPANSION OF FEDERAL PARENT LOCATOR SYS-**  
22 **TEMS.**

23 (a) ACCESS TO ADDITIONAL DATA BASES.—Section  
24 453 (42 U.S.C. 653) is amended—

1           (1) in subsection (b), by striking “the most re-  
2           cent address and place of employment” and insert-  
3           ing “the most recent residential address, employer  
4           name and address, and amounts and nature of in-  
5           come and assets”; and

6           (2) in subsection (e), by adding at the end the  
7           following:

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

14          (b) EXPANSION OF ACCESS TO THE NATIONAL PAR-  
15          ENT LOCATOR NETWORK.—Section 453 (42 U.S.C. 653)  
16          is amended by adding at the end the following:

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

21                  “(1) allow each State to—

22                          “(A) locate any absent parent who owes  
23                          child support or for whom a child support obli-  
24                          gation is being established, by—

1           “(i) accessing the records of other  
2           State agencies and sources of locate infor-  
3           mation directly from one computer system  
4           to another; and

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

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

10          “(C) provide for both on-line and batch  
11          processing of locate requests, with on-line ac-  
12          cess restricted to cases in which the information  
13          is needed immediately (for such reasons as  
14          court appearances) and batch processing used  
15          to access data bases to locate individuals or up-  
16          date information periodically; and

17          “(D) direct locate requests to individual  
18          States or Federal agencies, broadcast requests  
19          to selected States, or broadcast cases to all  
20          States when there is no indication of the source  
21          of needed information;

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

1           “(3) provide ready access to courts and admin-  
2           istrative agencies of the information on the network  
3           by location of a computer terminal in each court;  
4           and

5           “(4) access the registries of child support or-  
6           ders maintained by States pursuant to section  
7           466(a)(20)(A).”.

8   **SEC. 203. FEDERAL CHILD SUPPORT ORDER REGISTRY.**

9           (a) ESTABLISHMENT.—Not later than October 1,  
10 1995, the Secretary shall establish a Federal registry of  
11 all child support orders recorded in State registries estab-  
12 lished pursuant to section 466(a)(20)(A) of the Social Se-  
13 curity Act.

14           (b) COMPARISON OF INFORMATION ON W-4 FORMS  
15 WITH INFORMATION IN CHILD SUPPORT ORDERS.—With-  
16 in 10 days after the registry established under subsection  
17 (a) receives a W-4 form of an employee, the registry  
18 shall—

19           (1) compare the information on the form with  
20           the information in the registry on the child support  
21           obligations of the employee; and

22           (2) transmit to the registry established pursu-  
23           ant to section 466(a)(20)(A) of the Social Security  
24           Act of the State that is collecting and disbursing the  
25           child support payment—

1 (A) a notice as to whether the amount  
2 specified on the W-4 form as the monthly child  
3 support obligation of the employee is accurate  
4 or not; and

5 (B) the name and address of the employee.

6 (c) REGULATIONS.—The Secretary shall prescribe  
7 such regulations as may be necessary to carry out this  
8 section, especially in cases involving an employee who has  
9 2 or more employers or child support obligations.

10 (d) STATE ACCESS TO THE REGISTRY.—The Sec-  
11 retary shall, upon request of any State, provide the State  
12 with access to the information contained in the registry  
13 established under subsection (a).

14 (e) SAFEGUARDS.—The Secretary shall implement  
15 such safeguards as may be necessary to prevent the disclo-  
16 sure of information of the registry established under sub-  
17 section (a) in cases that would jeopardize the safety of  
18 a custodial parent, a noncustodial parent, or a child of  
19 such a parent.

20 (f) DEFINITIONS.—As used in this section:

21 (1) CHILD SUPPORT ORDER.—The term “child  
22 support order” means an order requiring payments  
23 for support (including medical support) and mainte-  
24 nance of a child or of a child and the parent with  
25 whom the child is living.

1           (2) SECRETARY.—The term “Secretary” means  
2           the Secretary of Health and Human Services.

3           (3) STATE.—The term “State” includes the  
4           several States, the District of Columbia, the Com-  
5           monwealth of Puerto Rico, the Commonwealth of the  
6           Northern Mariana Islands, the United States Virgin  
7           Islands, Guam, American Samoa, and the Trust  
8           Territory of the Pacific Islands.

9   **SEC. 204. NATIONAL REPORTING OF EMPLOYEES AND**  
10                                   **CHILD SUPPORT INFORMATION.**

11           (a) IN GENERAL.—The Secretary of the Treasury, in  
12           consultation with the Secretary of Labor, shall establish  
13           a system of reporting of employees by requiring employers  
14           to provide a copy of every employee’s W-4 form to the  
15           Federal child support order registry established pursuant  
16           to section 203(a) of this Act—

17                   (1) in the case of employees hired on or after  
18                   the effective date of this section, on the date the em-  
19                   ployee is hired; or

20                   (2) in the case of employees hired before such  
21                   effective date, within 10 days after such effective  
22                   date.

23           (b) INCLUSION OF CHILD SUPPORT INFORMATION  
24           ON W-4 FORMS.—The Secretary of the Treasury shall

1 modify the W-4 form to enable the employee to indicate  
2 on the form—

3 (1) whether the employee owes child support,  
4 and if so—

5 (A) the amount of the support payable;

6 (B) whether the support is to be paid  
7 through wage withholding; and

8 (C) to whom the support is to be paid; and

9 (2) whether health care insurance is available to  
10 the new employee, and, if so, whether the employee  
11 has obtained such insurance for the dependent chil-  
12 dren of the employee.

13 **SEC. 205. FEDERAL MATCHING PAYMENTS.**

14 (a) INCREASED BASE MATCHING RATE.—Section  
15 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as  
16 follows:

17 “(2) The percent described in this paragraph  
18 for a quarter in a fiscal year is—

19 “(A) 69 percent, for fiscal year 1996;

20 “(B) 72 percent, for fiscal year 1997; and

21 “(C) 75 percent, for fiscal year 1998 and  
22 each succeeding fiscal year.”.

23 (b) MAINTENANCE OF EFFORT.—Section 455 (42  
24 U.S.C. 655) is amended—

1 (1) in subsection (a)(1), in the matter preced-  
2 ing subparagraph (A), by striking “From” and in-  
3 serting “Subject to subsection (c), from”; and

4 (2) by inserting after subsection (b) the follow-  
5 ing:

6 “(c) MAINTENANCE OF EFFORT.—Notwithstanding  
7 subsection (a), the total expenditures for the State pro-  
8 gram under this part for each fiscal year, reduced by the  
9 percent specified in subsection (a)(2) for the fiscal year,  
10 shall not be less than such total expenditures for fiscal  
11 year 1995, reduced by 66 percent.”

12 (c) CONFORMING AMENDMENT.—Section  
13 455(a)(1)(A) (42 U.S.C. 655(a)(1)(A)) is amended by  
14 striking “specified” and inserting “described”.

15 **SEC. 206. PERFORMANCE-BASED INCENTIVES AND PEN-**  
16 **ALTIES.**

17 (a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCH-  
18 ING RATE.—

19 (1) IN GENERAL.—Section 458 (42 U.S.C. 658)  
20 is amended to read as follows:

21 “INCENTIVE ADJUSTMENTS TO MATCHING RATE

22 “SEC. 458. (a) INCENTIVE ADJUSTMENT.—

23 “(1) IN GENERAL.—In order to encourage and  
24 reward State child support enforcement programs  
25 which perform in an effective manner, the Federal  
26 matching rate for payments to a State under section

1 455(a)(1)(A), for each fiscal year beginning on or  
2 after October 1, 1997, shall be increased by a factor  
3 reflecting the sum of the applicable incentive adjust-  
4 ments (if any) determined in accordance with regu-  
5 lations under this section with respect to Statewide  
6 paternity establishment and to overall performance  
7 in child support enforcement.

8 “(2) STANDARDS.—

9 “(A) IN GENERAL.—The Secretary shall  
10 specify in regulations—

11 “(i) the levels of accomplishment, and  
12 rates of improvement as alternatives to  
13 such levels, which States must attain to  
14 qualify for incentive adjustments under  
15 this section; and

16 “(ii) the amounts of incentive adjust-  
17 ment that shall be awarded to States  
18 achieving specified accomplishment or im-  
19 provement levels, which amounts shall be  
20 graduated, ranging up to—

21 “(I) 5 percentage points, in con-  
22 nection with Statewide paternity es-  
23 tablishment; and

1                   “(II) 10 percentage points, in  
2                   connection with overall performance in  
3                   child support enforcement.

4                   “(B) LIMITATION.—In setting performance  
5                   standards pursuant to subparagraph (A)(i) and  
6                   adjustment amounts pursuant to subparagraph  
7                   (A)(ii), the Secretary shall ensure that the ag-  
8                   gregate number of percentage point increases as  
9                   incentive adjustments to all States do not ex-  
10                  ceed such aggregate increases as assumed by  
11                  the Secretary in estimates of the cost of this  
12                  section as of June 1994, unless the aggregate  
13                  performance of all States exceeds the projected  
14                  aggregate performance of all States in such cost  
15                  estimates.

16                  “(3) DETERMINATION OF INCENTIVE ADJUST-  
17                  MENT.—The Secretary shall determine the amount  
18                  (if any) of incentive adjustment due each State on  
19                  the basis of the data submitted by the State through  
20                  the system prescribed by the Secretary in regula-  
21                  tions issued pursuant to section 259 of the Family  
22                  Self-Sufficiency Act of 1994, concerning the levels of  
23                  accomplishment (and rates of improvement) with re-  
24                  spect to performance indicators specified by the Sec-  
25                  retary pursuant to this section.

1           “(4) FISCAL YEAR SUBJECT TO INCENTIVE AD-  
2 JUSTMENT.—The total percentage point increase de-  
3 termined pursuant to this section with respect to a  
4 State program in a fiscal year shall apply as an ad-  
5 justment to the percent described in section  
6 455(a)(2) for payments to such State for the suc-  
7 ceeding fiscal year.

8           “(b) MEANING OF TERMS.—For purposes of this sec-  
9 tion—

10           “(1) the term ‘Statewide paternity establish-  
11 ment percentage’ means, with respect to a fiscal  
12 year, the ratio (expressed as a percentage) of—

13           “(A) the total number of out-of-wedlock  
14 children in the State under one year of age for  
15 whom paternity is established or acknowledged  
16 during the fiscal year, to

17           “(B) the total number of children born out  
18 of wedlock in the State during such fiscal year;  
19 and

20           “(2) the term ‘overall performance in child sup-  
21 port enforcement’ means a measure or measures of  
22 the effectiveness of the State agency in a fiscal year  
23 which takes into account factors including—

1           “(A) the percentage of cases requiring a  
2 child support order in which such an order was  
3 established;

4           “(B) the percentage of cases in which child  
5 support is being paid;

6           “(C) the ratio of child support collected to  
7 child support due; and

8           “(D) the cost-effectiveness of the State  
9 program, as determined in accordance with  
10 standards established by the Secretary in regu-  
11 lations.”.

12       (b) TITLE IV–D PAYMENT ADJUSTMENT.—Section  
13 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section  
14 205 of this Act, is amended—

15           (1) by striking the period at the end of sub-  
16 paragraph (C) and inserting a comma; and

17           (2) by adding after and below subparagraph  
18 (C), flush with the left margin of the subsection, the  
19 following: “increased by the incentive adjustment  
20 factor (if any) determined by the Secretary pursuant  
21 to section 458.”.

22       (c) CONFORMING AMENDMENTS.—Section 454(22)  
23 (42 U.S.C. 654(22)) is amended—

1           (1) by striking “incentive payments” the first  
2           place such term appears and inserting “incentive ad-  
3           justments”; and

4           (2) by striking “any such incentive payments  
5           made to the State for such period” and inserting  
6           “any increases in Federal payments to the State re-  
7           sulting from such incentive adjustments”.

8           (d) CALCULATION OF IV-D PATERNITY ESTABLISH-  
9           MENT PERCENTAGE.—

10           (1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is  
11           amended in the matter preceding subparagraph (A),  
12           by inserting “its overall performance in child sup-  
13           port enforcement is satisfactory (as defined in sec-  
14           tion 458(b) and regulations of the Secretary), and”  
15           after “1994,”.

16           (2) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is  
17           amended—

18           (A) in subparagraph (A), in the matter  
19           preceding clause (i)—

20           (i) by striking “paternity establish-  
21           ment percentage” and inserting “IV-D pa-  
22           ternity establishment percentage”; and

23           (ii) by striking “(or all States, as the  
24           case may be)”;

1 (B) in subparagraph (A)(i), by striking  
2 “during the fiscal year”;

3 (C) in subparagraph (A)(ii)(I), by striking  
4 “as of the end of the fiscal year” and inserting  
5 “in the fiscal year or, at the option of the  
6 State, as of the end of such year”;

7 (D) in subparagraph (A)(ii)(II), by strik-  
8 ing “or (E) as of the end of the fiscal year”  
9 and inserting “in the fiscal year or, at the op-  
10 tion of the State, as of the end of such year”;

11 (E) in subparagraph (A)(iii)—

12 (i) by striking “during the fiscal  
13 year”; and

14 (ii) by striking “and” at the end; and

15 (F) in the matter following subparagraph  
16 (A)—

17 (i) by striking “who were born out of  
18 wedlock during the immediately preceding  
19 fiscal year” and inserting “born out of  
20 wedlock”;

21 (ii) by striking “such preceding fiscal  
22 year” both places such term appears and  
23 inserting “the preceding fiscal year”; and

24 (iii) by striking “or (E)” the 2nd  
25 place such term appears.

1           (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is  
2 amended—

3           (A) by striking subparagraph (A) and re-  
4 designating subparagraphs (B) and (C) as sub-  
5 paragraphs (A) and (B), respectively;

6           (B) in subparagraph (A), as so redesign-  
7 dated, by striking “the percentage of children  
8 born out-of-wedlock in the State” and inserting  
9 “the percentage of children in the State who  
10 are born out of wedlock or for whom support  
11 has not been established”; and

12           (C) in subparagraph (B), as so redesign-  
13 dated—

14           (i) by inserting “and overall perform-  
15 ance in child support enforcement” after  
16 “paternity establishment percentages”; and

17           (ii) by inserting “and securing sup-  
18 port” before the period.

19           (e) TITLE IV–A PAYMENT REDUCTION.—Section  
20 403 (42 U.S.C. 603) is amended—

21           (1) in subsection (a), by striking “1958—” and  
22 inserting “1958—(subject to subsection (h))—”;

23           (2) in subsection (h), by striking all that pre-  
24 cedes paragraph (3) and inserting the following:

1       “(h)(1) If the Secretary finds, with respect to a State  
2 program under this part in a fiscal year beginning on or  
3 after October 1, 1996—

4               “(A)(i) on the basis of data submitted by a  
5 State through the system referred to in section  
6 458(a)(3), that the State program in such fiscal  
7 year failed to achieve the required paternity establish-  
8 ment percentage (as defined in section 452(g)(2)(A))  
9 or the appropriate level of overall performance in  
10 child support enforcement (as defined in section  
11 458(b)(2)), or to meet other performance measures  
12 that may be established by the Secretary; or

13               “(ii) on the basis of an audit or audits of such  
14 State data conducted pursuant to section  
15 452(a)(4)(C), that the State data submitted through  
16 the system referred to in section 458(a)(3) is incom-  
17 plete or unreliable; and

18               “(B) that, with respect to the succeeding fiscal  
19 year—

20                       “(i) the State failed to take sufficient cor-  
21 rective action to achieve the appropriate per-  
22 formance levels as described in subparagraph  
23 (A)(i); or

1           “(ii) the data submitted by the State  
2           through the system referred to in section  
3           458(a)(3) is incomplete or unreliable,  
4 the amounts otherwise payable to the State under this  
5 part for quarters after the end of the immediately succeed-  
6 ing fiscal year, before quarters occurring after the end of  
7 the 1st quarter throughout which the State program is  
8 in compliance with the performance requirement, shall be  
9 reduced by the percentage specified in paragraph (2) of  
10 this subsection.

11       “(2) The reductions required under paragraph (1)  
12 shall be—

13           “(A) not less than 1 nor more than 2 percent;

14       or

15           “(B) not less than 2 nor more than 3 percent,  
16 if the finding is the 2nd consecutive finding made  
17 pursuant to paragraph (1); or

18           “(C) not less than 3 nor more than 5 percent,  
19 if the finding is the 3rd or a subsequent consecutive  
20 such finding.”; and

21       (3) in subsection (h)(3), by striking “not in full com-  
22 pliance” and all that follows and inserting “determined as  
23 a result of an audit to have submitted incomplete or unre-  
24 liable data through the system referred to in section  
25 458(a)(3), shall be determined to have submitted adequate

1 data if the Secretary determines that the extent of the  
2 incompleteness or unreliability of the data is of a technical  
3 nature which does not adversely affect the determination  
4 of the level of the State's performance.''.

5 (f) TEMPORARY CONTINUED APPLICABILITY OF  
6 FORMER INCENTIVE SYSTEM.—Section 458 of the Social  
7 Security Act, as in effect immediately before the enact-  
8 ment of this section, shall remain in effect for purposes  
9 of incentive payments to States for fiscal years before fis-  
10 cal year 1998.

11 **SEC. 207. INCREASED FEDERAL FINANCIAL PARTICIPATION**  
12 **FOR STATES WITH UNIFIED CHILD SUPPORT**  
13 **ENFORCEMENT PROGRAMS.**

14 (a) IN GENERAL.—Section 455(a)(2) (42 U.S.C.  
15 655(a)(2)), as amended by sections 205(a) and 206(b) of  
16 this Act, is amended—

17 (1) by inserting “(A)” after “(2)”;

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

21 (3) by adding after and below the end the fol-  
22 lowing:

23 “(B) The percent described in this paragraph for a  
24 State for a quarter in a fiscal year shall be the percent  
25 specified in subparagraph (A) for the fiscal year increased

1 by 5 percentage points if the following apply to the State  
2 child support enforcement program:

3 “(i) All authority, accountability, and respon-  
4 sibility for the program is centered at the State level  
5 in a unified State agency.

6 “(ii) The program is administered by a single  
7 agency, and policymaking for the program is central-  
8 ized.

9 “(iii) There is statewide uniformity of case-  
10 processing procedures and forms.

11 “(iv) There is a uniform hearing and appeal  
12 process.

13 “(v) All financing decisions are made at the  
14 State level.

15 “(vi) All non-Federal funding is appropriated at  
16 the State level.

17 “(vii) All personnel and contracting decision  
18 making is made by the State agency, and all person-  
19 nel are employees of the State agency, except that  
20 the Secretary may by regulation establish exceptions  
21 with respect to not more than 10 percent of person-  
22 nel.”.

23 (b) CONFORMING AMENDMENT.—Section 455(c) (42  
24 U.S.C. 655(c)), as added by section 205 of this Act, is  
25 amended by striking “(a)(2)” and inserting “(a)(2)(A)”.

1 **SEC. 208. NEW CHILD SUPPORT AUDIT PROCESS.**

2 (a) IN GENERAL.—After consultation with the Child  
3 Support Audit Advisory Committee, the Secretary of  
4 Health and Human Services shall—

5 (1) in accordance with subsection (b), promul-  
6 gate new criteria and standards for conducting re-  
7 views under section 452(a)(4) of the Social Security  
8 Act and establishing a system for the reporting of  
9 data relevant to such reviews, which emphasize pro-  
10 gram outcomes; and

11 (2) not later than the 1st day of the 12th cal-  
12 endar month beginning after the date of the enact-  
13 ment of this Act, recommend to the Congress such  
14 legislation as may be necessary, with respect to the  
15 financing of State child support programs under  
16 part D of title IV of the Social Security Act, to en-  
17 hance the effectiveness of such audits and the asso-  
18 ciated penalty process under section 403(h) of the  
19 Social Security Act.

20 (b) TIMING.—

21 (1) NOTICE OF PROPOSED RULEMAKING.—Not  
22 later than 270 days after the date of the enactment  
23 of this Act, the Secretary of Health and Human  
24 Services shall issue a notice of proposed rulemaking  
25 with respect to the audit criteria and standards re-  
26 quired by subsection (a)(1).

1           (2) FINAL REGULATIONS.—Not later than the  
2 first day of the 12th calendar month beginning after  
3 the date of the enactment of this Act, and after al-  
4 lowing not less than 45 days for public comment on  
5 the proposed rulemaking required by paragraph (1)  
6 of this subsection, the Secretary of Health and  
7 Human Services shall issue final regulations with re-  
8 spect to the audit criteria and standards required by  
9 subsection (a)(1).

10 **SEC. 209. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-**  
11 **SION.**

12           (a) ESTABLISHMENT.—There is hereby established a  
13 commission to be known as the “National Child Support  
14 Guidelines Commission” (in this section referred to as the  
15 “Commission”).

16           (b) GENERAL DUTIES.—The Commission shall de-  
17 velop a national child support guideline for consideration  
18 by the Congress that is based on a study of various guide-  
19 line models, the benefits and deficiencies of such models,  
20 and any needed improvements.

21           (c) MEMBERSHIP.—

22               (1) NUMBER; APPOINTMENT.—

23                   (A) IN GENERAL.—The Commission shall  
24 be composed of 12 individuals appointed jointly  
25 by the Secretary of Health and Human Services

1 and the Congress, not later than January 15,  
2 1996, of which—

3 (i) 2 shall be appointed by the Chair-  
4 man of the Committee on Finance of the  
5 Senate, and 1 shall be appointed by the  
6 ranking minority member of the Commit-  
7 tee;

8 (ii) 2 shall be appointed by the Chair-  
9 man of the Committee on Ways and Means  
10 of the House of Representatives, and 1  
11 shall be appointed by the ranking minority  
12 member of the Committee; and

13 (iii) 6 shall be appointed by the Sec-  
14 retary of Health and Human Services.

15 (B) QUALIFICATIONS OF MEMBERS.—

16 Members of the Commission shall have exper-  
17 tise and experience in the evaluation and devel-  
18 opment of child support guidelines. At least 1  
19 member shall represent advocacy groups for  
20 custodial parents, at least 1 member shall rep-  
21 resent advocacy groups for noncustodial par-  
22 ents, and at least 1 member shall be the direc-  
23 tor of a State program under part D of title IV  
24 of the Social Security Act.

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

5           (d) COMMISSION POWERS, COMPENSATION, ACCESS  
6           TO INFORMATION, AND SUPERVISION.—The first sentence  
7           of subparagraph (C), the first and third sentences of sub-  
8           paragraph (D), subparagraph (F) (except with respect to  
9           the conduct of medical studies), clauses (ii) and (iii) of  
10          subparagraph (G), and subparagraph (H) of section  
11          1886(e)(6) of the Social Security Act shall apply to the  
12          Commission in the same manner in which such provisions  
13          apply to the Prospective Payment Assessment Commis-  
14          sion.

15          (e) REPORT.—Not later than 2 years after the ap-  
16          pointment of members, the Commission shall submit to  
17          the President, the Committee on Ways and Means of the  
18          House of Representatives, and the Committee on Finance  
19          of the Senate, a recommended national child support  
20          guideline and a final assessment of issues relating to such  
21          a proposed national child support guideline.

22          (f) TERMINATION.—The Commission shall terminate  
23          6 months after the submission of the report described in  
24          subsection (e).

1 **SEC. 210. CHILD SUPPORT AUDIT ADVISORY COMMITTEE.**

2 (a) ESTABLISHMENT.—Not later than 60 days after  
3 the date of the enactment of this Act, the Secretary of  
4 Health and Human Services (in this section referred to  
5 as the “Secretary”) shall establish a committee which  
6 shall be known as the Child Support Audit Advisory Com-  
7 mittee (in this section referred to as the “Committee”).

8 (b) DUTIES.—The Committee shall assist the Sec-  
9 retary in—

10 (1) developing revised audit criteria and stand-  
11 ards to be used pursuant to section 452(a)(4) of the  
12 Social Security Act based on—

13 (A) common data elements which are de-  
14 fined, collected, and reported in a uniform man-  
15 ner from each State;

16 (B) numeric measures of the outcomes of  
17 the child support enforcement program under  
18 part D of title IV of such Act; and

19 (C) numeric measures for assessing com-  
20 pliance with the regulations issued by the Sec-  
21 retary pursuant to subsections (h) and (i) of  
22 section 452 of such Act;

23 (2) formulating a definition of substantial com-  
24 pliance that is based on such revised audit criteria  
25 and standards;

1           (3) determining the period of time after interim  
2           or final Federal regulations are issued implementing  
3           such revised audit criteria and standards after which  
4           a State may be audited to determine compliance  
5           with such regulations; and

6           (4) recommending to the Congress such legisla-  
7           tion as may be necessary, with respect to the financ-  
8           ing of child support programs under part D of title  
9           IV of such Act, to enhance the effectiveness of au-  
10          dits required to be conducted under section  
11          452(a)(4) of such Act and the associated penalty  
12          process under section 403(h) of such Act.

13          (c) MEMBERSHIP.—The Committee shall be com-  
14          posed of not less than 6 members appointed by the Sec-  
15          retary, including—

16               (1) at least 1 director of a State child support  
17               enforcement program operating under part D of title  
18               IV of the Social Security Act;

19               (2) at least 1 commissioner of a State human  
20               services agency;

21               (3) individuals who have demonstrated expertise  
22               in the development of quantitative and qualitative  
23               measures for performance-based audits; and

24               (4) at least 2 representatives of recipients of  
25               child support enforcement services.

1 (d) PROCEDURE.—

2 (1) PARTICIPATION OF THE SECRETARY.—The  
3 Secretary (or a designee of the Secretary) shall be  
4 an ex officio member of the Committee, and shall  
5 not vote on matters before the Committee.

6 (2) MEETINGS.—The Committee shall meet at  
7 the call of the Secretary or a designee of the Sec-  
8 retary.

9 (e) COMPENSATION.—

10 (1) IN GENERAL.—No member of the Commit-  
11 tee may receive compensation for service on the  
12 Committee.

13 (2) TRAVEL EXPENSES.—Each member of the  
14 Committee shall receive travel expenses, including  
15 per diem in lieu of subsistence, in accordance with  
16 sections 5702 and 5703 of title 5, United States  
17 Code.

18 (f) ADMINISTRATIVE SUPPORT.—Upon request of the  
19 Committee, the Secretary shall provide to the Committee  
20 the administrative support services necessary for the Com-  
21 mittee to carry out its duties under this Act.

22 (g) INAPPLICABILITY OF THE FEDERAL ADVISORY  
23 COMMITTEE ACT.—The Federal Advisory Committee Act  
24 shall not apply to the Committee.

1 (h) REPORT.—Within 180 days after the date of the  
2 enactment of this Act, the Committee shall submit to the  
3 Secretary a report that contains proposed criteria and  
4 standards for conducting audits under section 452(a)(4)  
5 of the Social Security Act, which emphasize program out-  
6 comes.

## 7 **Subtitle B—Paternity** 8 **Establishment**

### 9 **SEC. 211. PATERNITY ESTABLISHMENT PROCEDURES.**

10 (a) IN GENERAL.—Section 466(a)(5) (42 U.S.C.  
11 666(a)(5)) is amended by striking subparagraphs (C) and  
12 (D) and inserting the following:

13 “(C)(i) Procedures for a simple civil process for  
14 voluntarily acknowledging paternity under which the  
15 State must provide that, before a mother and a pu-  
16 tative father can sign an acknowledgment of pater-  
17 nity, the putative father and the mother must be  
18 given notice, orally, in writing, and in a language  
19 that each can understand, of the alternatives to, the  
20 legal consequences of, and the rights (including, if 1  
21 parent is a minor, any rights afforded due to minor-  
22 ity status) and responsibilities that arise from, sign-  
23 ing the acknowledgment.

24 “(ii) Such procedures must include a hospital-  
25 based program for the voluntary acknowledgment of

1 paternity focusing on the period immediately before  
2 or after the birth of a child.

3 “(iii) Such procedures must require the State  
4 agency responsible for maintaining birth records to  
5 offer voluntary paternity establishment services.

6 “(iv) The Secretary shall prescribe regulations  
7 governing voluntary paternity establishment services  
8 offered by hospitals and birth record agencies. The  
9 Secretary shall prescribe regulations specifying the  
10 types of other entities that may offer voluntary pa-  
11 ternity establishment services, and governing the  
12 provision of such services, which shall include a re-  
13 quirement that such an entity must use the same  
14 notice provisions used by, the same materials used  
15 by, provide the personnel providing such services  
16 with the same training provided by, and evaluate the  
17 provision of such services in the same manner as,  
18 voluntary paternity establishment programs of hos-  
19 pitals and birth record agencies.

20 “(v) Such procedures must require the State  
21 and those required to establish paternity to use only  
22 the affidavit developed under section 452(a)(7) for  
23 the voluntary acknowledgment of paternity, and to  
24 give full faith and credit to such an affidavit signed  
25 in any other State.

1           “(D)(i) Procedures under which a signed ac-  
2           knowledge of paternity is considered a legal find-  
3           ing of paternity, subject to the right of any signa-  
4           tory to rescind the acknowledgment within 30 days.

5           “(ii)(I) Procedures under which, after the 30-  
6           day period referred to in clause (i), a signed ac-  
7           knowledge of paternity may be challenged in  
8           court only on the basis of fraud, duress, or material  
9           mistake of fact, with the burden of proof upon the  
10          challenger, and under which the legal responsibilities  
11          (including child support obligations) of any signatory  
12          arising from the acknowledgment may not be sus-  
13          pended during the challenge, except for good cause  
14          shown.

15          “(II) Procedures under which, after the 30-day  
16          period referred to in clause (i), a minor who signs  
17          an acknowledgment of paternity other than in the  
18          presence of a parent or court-appointed guardian ad  
19          litem may rescind the acknowledgment in a judicial  
20          or administrative proceeding, until the earlier of—

21                  “(aa) attaining the age of majority; or

22                  “(bb) the date of the first judicial or ad-  
23                  ministrative proceeding brought (after the sign-  
24                  ing) to establish a child support obligation, visi-  
25                  tation rights, or custody rights with respect to

1 the child whose paternity is the subject of the  
2 acknowledgment, and at which the minor is rep-  
3 resented by a parent, guardian ad litem, or at-  
4 torney.”.

5 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-  
6 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is  
7 amended by inserting “, and develop an affidavit to be  
8 used for the voluntary acknowledgment of paternity which  
9 shall include the social security account number of each  
10 parent” before the semicolon.

11 **SEC. 212. ENHANCING OUTREACH TO ENCOURAGE PATER-**  
12 **NITY ESTABLISHMENT.**

13 (a) IN GENERAL.—Section 454 (42 U.S.C. 654) is  
14 amended—

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

16 (23);

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

19 (3) by inserting after paragraph (24) the fol-  
20 lowing:

21 “(25) in order to encourage voluntary paternity  
22 acknowledgement, provide for—

23 “(A) the development and distribution of  
24 material at schools, hospitals, agencies admin-  
25 istering programs under part A of this title and

1 title XIX, prenatal health-care providers, WIC  
2 programs, health departments, clinics, and  
3 other appropriate locations, that describe the  
4 benefits and responsibilities of paternity estab-  
5 lishment and the process by which paternity  
6 services may be obtained; and

7 “(B) outreach programs at hospitals and  
8 birthing facilities and programs for prenatal  
9 care, child birth, and parenting, in accordance  
10 with regulations which shall be prescribed by  
11 the Secretary not later than 1 year after such  
12 effective date.”.

13 (b) ENHANCED FEDERAL MATCH.—Section  
14 455(a)(1) (42 U.S.C. 655(a)(1)) is amended—

15 (1) by striking “and” at the end of subpara-  
16 graph (B);

17 (2) by inserting “and” at the end of subpara-  
18 graph (C); and

19 (3) by inserting after subparagraph (C) the fol-  
20 lowing:

21 “(D) equal to 90 percent (rather than the  
22 percentage specified in subparagraph (A)) of so  
23 much of the sums expended during such quar-  
24 ter as are attributable to costs incurred in car-  
25 rying out section 454(25);”.

1 **SEC. 213. STRENGTHENING CIVIL PROCEDURES FOR PA-**  
2 **TERNITY ESTABLISHMENT.**

3 Section 466(a) (42 U.S.C. 666(a)) is amended by in-  
4 serting after paragraph (11) the following:

5 “(12) As part of the State’s civil procedures for  
6 establishment of paternity, the State shall—

7 “(A) allow for expedited procedures for or-  
8 dering genetic tests upon the birth of a child if  
9 the putative father of the child has not ac-  
10 knowledged paternity of the child;

11 “(B) authorize the State agency to order  
12 all parties to a paternity action to submit to ge-  
13 netic testing upon request of any party or if the  
14 putative father denies paternity or fails to ap-  
15 pear at any scheduled conference to respond to  
16 the allegation of paternity;

17 “(C)(i) advance the costs of genetic tests,  
18 subject to recoupment from the putative father  
19 of a child if he is determined to be the biologi-  
20 cal father of the child; and

21 “(ii) if the result of genetic testing done by  
22 a laboratory is disputed, then, upon reasonable  
23 request of any party, order that additional test-  
24 ing be done by the same laboratory or by an  
25 independent laboratory at the expense of the re-  
26 questing party;

1           “(D) authorize the State to forgive costs  
2 incurred by the State for delivery medical ex-  
3 penses or payments of aid under the State plan  
4 approved under part A (but not forgive debts  
5 owed to the mother) if the father of the child  
6 cooperates or acknowledges paternity before or  
7 after the completion of a genetic test;

8           “(E) authorize the State agency to enter  
9 default orders to establish paternity if a party  
10 refuses to comply with an order to submit to  
11 genetic testing;

12           “(F) prohibit the use of hearings by a  
13 court or administrative agency to ratify an ac-  
14 knowledgement of paternity;

15           “(G) allow a putative father of a child (if  
16 not presumed to be the father under State law)  
17 standing to bring paternity actions;

18           “(H) after paternity of a child is estab-  
19 lished by affidavit, and until an action for cus-  
20 tody of the child is brought and heard by a tri-  
21 bunal, presume that the primary caretaker of a  
22 child born out of wedlock has physical custody  
23 of the child (with the mother presumed to be  
24 the primary caretaker of a newborn child whose  
25 paternity is established by affidavit in a hos-

1           pital), unless the mother and father of the child  
2           agree that physical custody should be with an-  
3           other individual;

4           “(I) upon motion by a party, require a tri-  
5           bunal in contested cases to order the absent  
6           parent of a child to provide child support with  
7           respect to the child on a temporary basis in ac-  
8           cordance with State law if—

9                   “(i) the results of parentage testing  
10                  create a rebuttable presumption that the  
11                  putative parent is a parent of the child;

12                  “(ii) the person from whom support is  
13                  sought has signed a verified statement of  
14                  parentage of the child; or

15                  “(iii) there is other clear and convinc-  
16                  ing evidence that the person from whom  
17                  support is sought is a parent of the child;

18           “(J) repeal any law that provides for pa-  
19           ternity cases to be tried by a jury, except to the  
20           extent that such a trial is required by the State  
21           constitution; and

22           “(K) have and use laws that provide for  
23           the introduction and admission into evidence,  
24           without need for third-party foundation testi-  
25           mony, of pre-natal and post-natal birth-related

1           and parentage-testing bills, under which such a  
2           bill shall be regarded as prima facie evidence of  
3           the amount incurred on behalf of the child for  
4           the procedures included in the bill.”.

5 **SEC. 214. PENALTY FOR FAILURE TO ESTABLISH PATER-**  
6 **NITY PROMPTLY.**

7           Section 403 (42 U.S.C. 603) is amended by inserting  
8 after subsection (h) the following:

9           “(i) PENALTY FOR FAILURE TO ESTABLISH PATER-  
10 NITY PROMPTLY.—

11           “(1) IN GENERAL.—The amounts otherwise  
12 payable under subsection (a) to a State for any cal-  
13 endar quarter beginning 10 months or more after  
14 the date of the enactment of this subsection shall be  
15 reduced by an amount, determined pursuant to regu-  
16 lations in accordance with paragraph (2), for certain  
17 children for whom paternity has not been estab-  
18 lished.

19           “(2) REDUCTION FORMULA.—The Secretary  
20 shall promulgate regulations specifying the formula  
21 for the reduction required under this subsection,  
22 which formula shall provide for a reduction in Fed-  
23 eral matching payments to a State under this sec-  
24 tion by an amount equal to the product of—

1           “(A) the number (after allowing for the  
2 tolerance level established under paragraph (3))  
3 of children born on or after the date that is 10  
4 months after the date of the enactment of this  
5 subsection—

6                   “(i) who are receiving aid under the  
7 State plan approved under part A;

8                   “(ii) whose custodial relatives have,  
9 throughout the preceding 12-month period,  
10 complied with the cooperation require-  
11 ments specified in section  
12 402(a)(26)(B)(i); and

13                   “(iii) for whom paternity has not been  
14 established;

15           “(B) the average monthly assistance pay-  
16 ment under the State plan approved under this  
17 part; and

18           “(C) the Federal matching rate applicable  
19 to the assistance payment.

20           “(3) TOLERANCE LEVEL.—

21                   “(A) IN GENERAL.—For purposes of para-  
22 graph (2)(A), the tolerance level shall not be  
23 higher than the applicable percentage of chil-  
24 dren in the State described in paragraph (1),  
25 and may decrease over time to make allowance

1 for a State's inability to establish paternity in  
2 all cases.

3 “(B) APPLICABLE PERCENTAGE.—As used  
4 in subparagraph (A), the term ‘applicable per-  
5 centage’ means—

6 “(i) 25 percent for fiscal years 1997  
7 and 1998;

8 “(ii) 20 percent for fiscal years 1999  
9 and 2000;

10 “(iii) 15 percent for fiscal years 2001  
11 and 2002; and

12 “(iv) 10 percent for fiscal year 2003  
13 and each succeeding fiscal year.”.

## 14 **Subtitle C—Enforcement**

### 15 **SEC. 221. ACCESS TO FINANCIAL RECORDS.**

16 Section 466(a) (42 U.S.C. 666(a)), as amended by  
17 section 213 of this Act, is amended by inserting after  
18 paragraph (12) the following:

19 “(13) Procedures under which the State may  
20 obtain access to financial records maintained by any  
21 financial institution doing business in the State, for  
22 the purpose of establishing, modifying, or enforcing  
23 a child support obligation of the person.”.

1 **SEC. 222. PRESUMED ADDRESS OF OBLIGOR AND OBLIGEE.**

2 Section 466(a) (42 U.S.C. 666(a)), as amended by  
3 sections 213 and 221 of this Act, is amended by inserting  
4 after paragraph (13) the following:

5 “(14) Procedures under which the State shall—

6 “(A) require the court or administrative  
7 agency with authority to issue the final order in  
8 a child support or parentage case to require  
9 each party subject to the order to file with the  
10 court or administrative agency, on or before the  
11 date the order is issued—

12 “(i) the party’s residential address or  
13 addresses;

14 “(ii) the party’s mailing address or  
15 addresses;

16 “(iii) the party’s home telephone num-  
17 ber or numbers;

18 “(iv) the party’s driver’s license num-  
19 ber and the State that issued the license;

20 “(v) the party’s social security ac-  
21 count number;

22 “(vi) the name of each employer of  
23 the party;

24 “(vii) the addresses of each place of  
25 employment of the party; and

1           “(viii) the party’s work telephone  
2           number or numbers; and

3           “(B) require the court or administrative  
4           agency in any action related to child support to  
5           presume, for the purpose of providing sufficient  
6           notice (other than the initial notice in an action  
7           to establish parentage or a child support order),  
8           that the parent resides at the last residential  
9           address given by the parent to the court or  
10          agency.”.

11 **SEC. 223. FAIR CREDIT REPORTING ACT AMENDMENT.**

12          Section 604 of the Consumer Credit Protection Act  
13 (15 U.S.C. 1681b) is amended by adding at the end the  
14 following:

15          “(4) To a State agency administering a State plan  
16 under section 454 of the Social Security Act, for use to  
17 establish, modify, or enforce a child support award.”.

18 **SEC. 224. ADDITIONAL BENEFITS SUBJECT TO GARNISH-**  
19 **MENT.**

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

24          (b) WORKERS’ COMPENSATION.—Section 462(f) (42  
25 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. 225. HOLD ON OCCUPATIONAL, PROFESSIONAL, AND**  
8 **BUSINESS LICENSES.**

9 (a) STATE HOLD BASED ON WARRANT OR SUPPORT  
10 DELINQUENCY.—Section 466(a) (42 U.S.C. 666(a)), as  
11 amended by sections 213, 221, and 222 of this Act, is  
12 amended by inserting after paragraph (14) the following:

13 “(15) Procedures under which the State occu-  
14 pational licensing and regulating departments and  
15 agencies (other than the department or agency re-  
16 sponsible for licensing the operation of motor vehi-  
17 cles) may not issue or renew any occupational, pro-  
18 fessional, or business license of—

19 “(A) a noncustodial parent who is the sub-  
20 ject of an outstanding failure to appear war-  
21 rant, capias, or bench warrant related to a child  
22 support proceeding that appears on the State’s  
23 crime information system, until removed from  
24 the system; or

1           “(B) an individual who is delinquent in the  
2           payment of child support, until the obligee or a  
3           State entity responsible for child support en-  
4           forcement consents to, or a court or administra-  
5           tive agency that is responsible for the order’s  
6           enforcement orders, the release of the hold on  
7           the license, or an expedited inquiry and review  
8           is completed while the individual is granted a  
9           60-day temporary license.”.

10       (b) FEDERAL HOLD BASED ON SUPPORT DELIN-  
11       QUENCY.—A Federal agency may not issue or renew any  
12       occupational, professional, or business license of an indi-  
13       vidual who is delinquent in the payment of child support,  
14       until the obligee, the obligee’s attorney or a State entity  
15       responsible for child support enforcement consents to, or  
16       a court or administrative agency that is responsible for  
17       the order’s enforcement orders, the release of the hold on  
18       the license, or an expedited inquiry and review is com-  
19       pleted while the individual is granted a 60-day temporary  
20       license.

1 **SEC. 226. DRIVER'S LICENSES AND VEHICLE REGISTRA-**  
2 **TIONS DENIED TO PERSONS FAILING TO AP-**  
3 **PEAR IN CHILD SUPPORT CASES.**

4 Section 466(a) (42 U.S.C. 666(a)), as amended by  
5 sections 213, 221, 222, and 225 of this Act, is amended  
6 by inserting after paragraph (15) the following:

7 “(16) Procedures under which—

8 “(A) the State motor vehicle department—

9 “(i) may not issue or renew the driv-  
10 er’s license or any vehicle registration  
11 (other than temporary) of any noncustodial  
12 parent who is the subject of an outstand-  
13 ing failure to appear warrant, capias, or  
14 bench warrant related to a child support  
15 proceeding that appears on the State’s  
16 crime information system, until removed  
17 from the system; and

18 “(ii) in any case in which a show  
19 cause order has been issued as described in  
20 subparagraph (B), may grant a temporary  
21 license or vehicle registration to the indi-  
22 vidual pending the show cause hearing or  
23 the removal of the warrant, whichever oc-  
24 curs first; and

25 “(B) a State court, upon receiving notice  
26 that an individual to whom a State driver’s li-

1           cense or vehicle registration has been issued is  
2           the subject of a warrant related to a child sup-  
3           port proceeding, shall issue a show cause order  
4           to the individual requesting the individual to  
5           demonstrate why the individual's driver's li-  
6           cense or vehicle registration should not be sus-  
7           pended until the warrant is removed by the  
8           State responsible for issuing the warrant.”.

9   **SEC. 227. LIENS.**

10          Section 466(a) (42 U.S.C. 666(a)), as amended by  
11         sections 213, 221, 222, 225, and 226 of this Act, is  
12         amended by inserting after paragraph (16) the following:

13                 “(17) Procedures under which the State shall  
14                 systematically place liens on all nonexempt real and  
15                 titled personal property for child support arrearages  
16                 determined under a court order or an order of an  
17                 administrative process established under State law,  
18                 using a method for updating the value of the lien on  
19                 a regular basis or allowing for an expedited inquiry  
20                 to and response from a State child support order  
21                 registry established pursuant to paragraph (20)(A)  
22                 for proof of the amount of arrears, with an expe-  
23                 dited method for the titleholder or the individual  
24                 owing the arrearage to contest the arrearage or to  
25                 request a release upon fulfilling the support obliga-

1       tion, and under which such a lien has precedence  
2       over all other encumbrances on a title to personal  
3       property other than a purchase money security inter-  
4       est, and that the individual owed the arrearage may  
5       execute on, seize, and sell the property in accordance  
6       with State law.”.

7       **SEC. 228. FRAUDULENT TRANSFER PURSUIT.**

8       Section 466(a) (42 U.S.C. 666(a)), as amended by  
9       sections 213, 221, 222, 225, 226, and 227 of this Act,  
10      is amended by inserting after paragraph (17) the follow-  
11      ing:

12               “(18) Procedures requiring that, in any case re-  
13      lated to child support, any transfer of property for  
14      significantly less than the fair market value of the  
15      property by an individual who owes a child support  
16      arrearage shall be presumed to be made with the in-  
17      tent to avoid payment of the arrearage, and may be  
18      rebutted by evidence to the contrary.”.

19      **SEC. 229. REPORTING OF CHILD SUPPORT ARREARAGES TO**  
20               **CREDIT BUREAUS.**

21      Section 466(a)(7)(A) (42 U.S.C. 666(a)(7)(A)) is  
22      amended by striking “\$1,000” and inserting “the amount  
23      of the monthly support obligation”.

1 **SEC. 230. DENIAL OF PASSPORTS TO NONCUSTODIAL PAR-**  
2 **ENTS SUBJECT TO STATE ARREST WARRANTS**  
3 **IN CASES OF NONPAYMENT OF CHILD SUP-**  
4 **PORT.**

5 The Secretary of State is authorized to refuse a pass-  
6 port or revoke, restrict, or limit a passport in any case  
7 in which the Secretary of State determines or is informed  
8 by competent authority that the applicant or passport  
9 holder is a noncustodial parent who is the subject of an  
10 outstanding State warrant of arrest for nonpayment of  
11 child support, where the amount in controversy is not less  
12 than \$10,000.

13 **SEC. 231. STATUTES OF LIMITATION.**

14 (a) IN GENERAL.—Section 466(a) (42 U.S.C.  
15 666(a)), as amended by sections 213, 221, 222, 225, 226,  
16 227, and 228 of this Act, is amended by inserting after  
17 paragraph (18) the following:

18 “(19) Procedures which permit the enforcement  
19 of any child support order until the child attains at  
20 least 30 years of age.”.

21 (b) APPLICABILITY.—The amendment made by this  
22 section shall apply to orders entered before, on, and after  
23 the date of the enactment of this Act.

1 **SEC. 232. COLLECTION OF PAST-DUE SUPPORT USING TAX**  
2 **COLLECTION AUTHORITY.**

3 (a) EXPANDED ROLE OF THE INTERNAL REVENUE  
4 SERVICE.—

5 (1) IN GENERAL.—Section 6305 of the Internal  
6 Revenue Code of 1986 (relating to collection of cer-  
7 tain liability) is amended by redesignating sub-  
8 sections (a) and (b) as subsections (b) and (c), re-  
9 spectively, and by inserting before subsection (b) (as  
10 so redesignated) the following new subsection:

11 “(a) IN GENERAL.—The head of any State child sup-  
12 port order registry established pursuant to section  
13 466(a)(20)(A) of the Social Security Act may certify to  
14 the Secretary for collection under this subsection the  
15 amount of any child support obligation. No amount may  
16 be certified under the preceding sentence except the  
17 amount of the delinquency under a court or administrative  
18 order for support and upon a showing by such agency head  
19 that such State has made reasonable efforts to collect such  
20 amount using its own collection mechanisms.”

21 (2) CONFORMING AMENDMENTS.—

22 (A) Subsection (b) of section 6305 of such  
23 Code (as redesignated by subsection (a)) is  
24 amended by striking “Upon receiving” and all  
25 that follows through “Welfare” the second place

1           it appears and inserting “Upon receiving a cer-  
2           tification referred to in subsection (a)”.

3           (B) Subsection (c) of section 6305 of such  
4           Code (as redesignated by subsection (a)) is  
5           amended by striking “subsection (a)” and in-  
6           serting “subsection (b)”.

7           (b) COLLECTION OF PAST-DUE SUPPORT USING RE-  
8           FUND OFFSET.—

9           (1) IN GENERAL.—Subsection (c) of section  
10          6402 of such Code is amended to read as follows:

11          “(c) OFFSET OF PAST-DUE SUPPORT AGAINST  
12          OVERPAYMENTS.—

13                 “(1) IN GENERAL.—Upon receiving notice from  
14                 any State registry that an individual owes past-due  
15                 support, the Secretary shall determine whether any  
16                 amounts, as refunds of Federal taxes paid, are pay-  
17                 able to such individual (regardless of whether such  
18                 individual filed a tax return as a married or unmar-  
19                 ried individual). If the Secretary finds that any such  
20                 amount is payable, the Secretary—

21                         “(A) shall withhold from such refunds an  
22                         amount equal to the past-due support,

23                         “(B) shall concurrently send a notice to  
24                         such individual that the withholding has been  
25                         made (including in or with such notice a notifi-

1 cation to any other individual who may have  
2 filed a joint return with such individual of the  
3 steps which such other individual may take in  
4 order to secure his or her proper share of the  
5 refund), and

6 “(C) shall pay such amount to such reg-  
7 istry (together with notice of the individual’s  
8 home address).

9 “(2) PROCEDURE.—

10 “(A) IN GENERAL.—Prior to notifying the  
11 Secretary under paragraph (1) that an individ-  
12 ual owes past-due support, the head of the  
13 State registry shall send notice to such individ-  
14 ual that a withholding will be made from any  
15 refund otherwise payable to such individual.  
16 The notice shall also (i) instruct the individual  
17 owing the past-due support of the steps which  
18 may be taken to contest the State registry’s de-  
19 termination that past-due support is owed or  
20 the amount of the past-due support, and (ii)  
21 provide information, as may be prescribed by  
22 the Secretary of Health and Human Services by  
23 regulation in consultation with the Secretary,  
24 with respect to procedures to be followed, in the  
25 case of a joint return, to protect the share of

1           the refund which may be payable to another in-  
2           dividual.

3           “(B) SPECIAL RULES FOR OFFSETS AGAINST  
4           OVERPAYMENTS ON JOINT RETURNS.—

5                   “(i) IN GENERAL.—If the Secretary  
6                   determines that an amount should be with-  
7                   held under paragraph (1), and that the re-  
8                   fund from which it should be withheld is  
9                   based upon a joint return, the Secretary  
10                  shall notify the State registry that the  
11                  withholding is being made from a refund  
12                  based upon a joint return, and shall fur-  
13                  nish to the State registry the names and  
14                  addresses of each spouse filing such joint  
15                  return.

16                   “(ii) SHARE OF REFUND PAYABLE TO  
17                   SPOUSE NOT OWING PAST-DUE SUPPORT.—  
18                   If the other individual filing the joint re-  
19                   turn with the named individual owing the  
20                   past-due support takes appropriate action  
21                   to secure his or her proper share of a re-  
22                   fund from which a withholding was made  
23                   under paragraph (1), the Secretary shall  
24                   pay such share to such other individual.  
25                   The Secretary shall deduct the amount of

1           such payment from amounts subsequently  
2           payable to the State registry to which the  
3           amount originally withheld from such re-  
4           fund was paid.

5           “(C) ERRONEOUS OFFSETS.—In any case  
6           in which an amount was withheld under para-  
7           graph (1) and paid to a State registry, and the  
8           State registry subsequently determines that the  
9           amount certified as past-due support was in ex-  
10          cess of the amount actually owed at the time  
11          the amount withheld is to be distributed to or  
12          on behalf of the child, the State registry shall  
13          pay the excess amount withheld to the named  
14          individual thought to have owed the past-due  
15          support (or, in the case of amounts withheld on  
16          the basis of a joint return, jointly to the parties  
17          filing such return).

18          “(3) REGULATIONS; CONTENTS, ETC.—The  
19          Secretary shall issue regulations, approved by the  
20          Secretary of Health and Human Services, prescrib-  
21          ing the time or times at which State registries must  
22          submit notices of past-due support, the manner in  
23          which such notices must be submitted, and the nec-  
24          essary information that must be contained in or ac-  
25          company the notices. The regulations—

1           “(A) shall be consistent with the provisions  
2 of paragraph (2),

3           “(B) shall specify the minimum amount of  
4 past-due support to which the offset procedure  
5 established by paragraph (1) may be applied,  
6 and

7           “(C) shall provide that the Secretary will  
8 advise the Secretary of Health and Human  
9 Services, not less frequently than annually, of—

10           “(i) the State registries which have  
11 furnished notices of past-due support  
12 under paragraph (1) of this subsection,

13           “(ii) the number of cases in each  
14 State with respect to which such notices  
15 have been furnished,

16           “(iii) the amount of support sought to  
17 be collected under this subsection by each  
18 State registry, and

19           “(iv) the amount of such collections  
20 actually made in the case of each State  
21 registry.

22           “(4) STATE REGISTRY.—For purposes of this  
23 subsection, the term ‘State registry’ means any  
24 State child support order registry established pursu-

1 ant to section 466(a)(20)(A) of the Social Security  
2 Act.

3 “(5) PAST-DUE SUPPORT.—For purposes of  
4 this subsection, the term ‘past-due support’ means  
5 the amount of a delinquency, determined under a  
6 court order, or an order of an administrative process  
7 established under State law, for support (including  
8 medical support) and maintenance of a child, or of  
9 a child and the parent with whom the child is living.

10 “(6) SUBSECTION APPLIED BEFORE CREDITING  
11 TO FUTURE LIABILITY.—This subsection shall be ap-  
12 plied to an overpayment prior to its being credit to  
13 a taxpayer’s future liability for any internal revenue  
14 tax.”

15 (2) CONFORMING AMENDMENT.—Paragraph (2)  
16 of section 6402(d) of such Code is amended by strik-  
17 ing “with respect to past-due support collected pur-  
18 suant to an assignment under section 402(a)(26) of  
19 the Social Security Act”.

20 (c) ELIMINATION OF THE ROLE OF THE SECRETARY  
21 OF HEALTH AND HUMAN SERVICES.—

22 (1) Section 464 (42 U.S.C. 664) is hereby re-  
23 pealed.

24 (2) Section 452 (42 U.S.C. 652) is amended by  
25 striking subsections (b) and (c).

## 1 **Subtitle D—State Responsibilities**

### 2 **SEC. 241. STATE ROLE.**

3 (a) STATE CHILD SUPPORT ORDER REGISTRIES,  
4 ETC.—

5 (1) IN GENERAL.—Section 466(a) (42 U.S.C.  
6 666(a)), as amended by subtitle C of this title, is  
7 amended by inserting after paragraph (19) the fol-  
8 lowing:

9 “(20) Procedures under which—

10 “(A) the State child support enforcement  
11 agency shall—

12 “(i) establish an automated central  
13 child support order registry (including, at  
14 State option, by integrating local registries  
15 through computers, if the cost of such inte-  
16 gration does not exceed the cost of a single  
17 centralized registry) which shall maintain a  
18 current record of—

19 “(I) each child support order is-  
20 sued, modified, or registered in the  
21 State under the State plan;

22 “(II) each child support order is-  
23 sued, modified, or being enforced in  
24 the State after the effective date of  
25 this paragraph; and

1           “(III) any other child support  
2           order, at the request of a party to the  
3           order;

4           “(ii) for each such child support  
5           order, record the amount of support or-  
6           dered and maintain a record of payments  
7           under the order;

8           “(iii) prepare a support abstract that  
9           conforms to the child support order ab-  
10          stract developed pursuant to section  
11          452(a)(1)), forward the abstract to the  
12          Federal child support order registry estab-  
13          lished under section 203 of the Family  
14          Self-Sufficiency Act of 1994, and enter the  
15          abstract into the State registry for pur-  
16          poses of matching against other data bases  
17          on a regular basis;

18          “(iv) program the statewide auto-  
19          mated system to extract weekly updates  
20          automatically of all case records included  
21          in the State registry;

22          “(v) provide a central point of access  
23          to the Federal new-hire reporting directory  
24          and other Federal data bases, statewide  
25          data bases, and interstate case activity;

1           “(vi) routinely match information in  
2 the State registry against other State data  
3 bases to which the agency has access;

4           “(vii) use a national identification  
5 number, preferably the social security ac-  
6 count number, for all individuals or cases  
7 as determined by the Secretary;

8           “(viii) maintain procedures (such as  
9 notification to parents) to ensure that ar-  
10 rearages do not accrue after the child for  
11 whom support is ordered is no longer eligi-  
12 ble for support or the order becomes in-  
13 valid;

14           “(ix) use technology and automated  
15 procedures in operating the State registry  
16 wherever feasible and cost-effective;

17           “(x) ensure that the amount of any  
18 interest due with respect to delinquent  
19 child support obligations can be automati-  
20 cally calculated;

21           “(xi) ensure that the State registry  
22 has access to vital statistics or other infor-  
23 mation necessary to provide the Secretary  
24 with such information as the Secretary

1 may require in order to apply the formula  
2 provided for in section 403(i);

3 “(xii) use the State registry (whether  
4 centralized or established through the inte-  
5 gration of local registries)—

6 “(I) as a clearinghouse for the  
7 centralized collection and disburse-  
8 ment of child support payments, ena-  
9 bling the functions to be carried out  
10 (by the State or a private entity) at 1  
11 location within the State, and through  
12 a fully automated process (including,  
13 at State option, through multi-State  
14 regional cooperative agreements  
15 through 1 ‘drop box’ location with  
16 computer linkage to the individual  
17 State registries); and

18 “(II) as the central payment cen-  
19 ter—

20 “(aa) for all employers re-  
21 mitting child support withheld  
22 from wages; and

23 “(bb) for all payments not  
24 made through wage withholding,  
25 through the use of payment cou-

1           pons or stubs or electronic  
2           means, unless otherwise agreed  
3           by the parties to the order and  
4           the court or administrative agen-  
5           cy that issued or modified the  
6           order (which agreement may be  
7           unilaterally rescinded by the indi-  
8           vidual to whom child support is  
9           payable under the order or by the  
10          individual obligated to pay child  
11          support under the order, without  
12          permission of any court or ad-  
13          ministrative agency), and, at  
14          State option, payments may be  
15          made at local offices or financial  
16          institutions only if the payments  
17          are remitted to the State registry  
18          by the local office or financial in-  
19          stitution for payment processing  
20          by electronic funds transfer with-  
21          in 24 hours after receipt; and  
22          “(xiii) require the State registry to—  
23                  “(I) accept all payments for child  
24          support by any means of transfer;

1           “(II) generate bills which provide  
2           for accurate payment identification,  
3           such as return stubs or coupons, for  
4           cases with respect to which wage with-  
5           holding is not required;

6           “(III) identify all payments made  
7           to the State registry and match the  
8           payment to the correct child support  
9           case record;

10          “(IV) distribute all collections as  
11          required by law;

12          “(V) disburse to custodial par-  
13          ents child support payments that are  
14          payable to such parents, including  
15          through the use of direct deposit upon  
16          the request of the custodial parent;

17          “(VI) process and send to custo-  
18          dial parents child support payments  
19          that are payable to such parents with-  
20          in 24 hours after receipt;

21          “(VII) maintain records of trans-  
22          actions and the status of all accounts,  
23          including arrears, and monitor all  
24          payments of support;

1           “(VIII) develop automatic mon-  
2           itoring procedures for all cases where  
3           a disruption in payments triggers  
4           automatic enforcement mechanisms;

5           “(IX) accept and transmit inter-  
6           state collections to other States, when-  
7           ever possible, using electronic funds  
8           transfer technology; and

9           “(X) when necessary, change  
10          payees in child support cases adminis-  
11          tratively, with notice to both parties;

12          “(B) each child support order issued or  
13          modified in the State is required to be transmit-  
14          ted to the registry within such period of time  
15          after the issuance or modification as the Sec-  
16          retary shall prescribe in regulations; and

17          “(C) the State shall—

18                 “(i) prohibit any State agency from  
19                 imposing a fee on any custodial or  
20                 noncustodial parent for inclusion in the  
21                 State registry, or imposing any new fee on  
22                 a custodial parent for routine establish-  
23                 ment, enforcement, or modification of  
24                 cases handled through the State registry;

1           “(ii) have automated procedures to  
2 monitor cases and impose those enforce-  
3 ment measures that can be handled on a  
4 mass or group basis using computer auto-  
5 mation technology, by—

6           “(I) monitoring all cases within  
7 the State registry on a regular basis,  
8 determining on at least a monthly  
9 basis whether the child support pay-  
10 ment has been made;

11           “(II) maintaining automation ca-  
12 pability whereby a disruption in pay-  
13 ments triggers automatic enforcement  
14 mechanisms; and

15           “(III) administratively imposing  
16 measures such as—

17           “(aa) ordering wages to be  
18 withheld automatically for the  
19 purposes of satisfying child sup-  
20 port obligations, and directing  
21 wage withholding orders to em-  
22 ployers immediately upon notifi-  
23 cation by the Federal child sup-  
24 port order registry established

1 under section 203(a) of the Fam-  
2 ily Self-Sufficiency Act of 1990;

3 “(bb) attaching accounts at  
4 financial institutions, including,  
5 at State option, freezing with-  
6 draws from such accounts and,  
7 if the freeze is not challenged,  
8 turning over the part of the ac-  
9 count subject to the freeze up to  
10 the amount of the child support  
11 debt to the person or State seek-  
12 ing the support;

13 “(cc) intercepting certain  
14 lump-sum monies such as lottery  
15 winnings and settlements to be  
16 turned over to the State to sat-  
17 isfy pending arrearages;

18 “(dd) attaching public and  
19 private retirement funds in ap-  
20 propriate cases, as determined by  
21 the Secretary;

22 “(ee) attaching unemploy-  
23 ment compensation, worker’s  
24 compensation, and other State  
25 benefits;

1                   “(ff) increasing required  
2                   payments to cover arrearages;

3                   “(gg) intercepting State tax  
4                   refunds; and

5                   “(hh) submitting cases for  
6                   Federal tax refund offset; and

7                   “(iii) be able to provide parents with  
8                   up-do-date information on payments that  
9                   are not past due, payments that are past  
10                  due, and general information on available  
11                  child support services;

12                  “(D) child support arrears with respect to  
13                  cases in the State registry are considered judg-  
14                  ments by operation of law, and reducing the  
15                  amount of such arrears to money judgments is  
16                  not a prerequisite to enforcement;

17                  “(E) all cases in the State registry shall  
18                  receive services offered by the registry without  
19                  regard to whether an application for such serv-  
20                  ices has been made; and

21                  “(F) the State agency referred to in sec-  
22                  tion 402(a)(3) shall notify the State child sup-  
23                  port enforcement agency of the commencement  
24                  or termination of aid under the State plan ap-  
25                  proved under part A to any individual or fam-

1           ily, within 10 days after the commencement or  
2           termination.”.

3           (2)    CONFORMING    AMENDMENT.—Section  
4           466(b) (42 U.S.C. 666(b)) is amended by striking  
5           paragraph (5).

6           (b) WAGE WITHHOLDING.—

7           (1) IN GENERAL.—Section 466(b) (42 U.S.C.  
8           666(b)) is amended by adding at the end the follow-  
9           ing:

10           “(11)(A)(i) Upon the issuance or modification  
11           by a State court or administrative agency of an  
12           order imposing a child support obligation on an indi-  
13           vidual, the State shall transmit to any employer of  
14           the individual a wage withholding order developed  
15           under section 452(a)(11) directing the employer to  
16           withhold amounts from the wages of the individual  
17           pursuant to the order, or such greater amount as  
18           the State child support order registry established  
19           pursuant to subsection (a)(20)(A) may determine is  
20           the total amount of the child support obligations of  
21           the individual.

22           “(ii) Clause (i) shall not apply to an order upon  
23           agreement of the parties to the order and the court  
24           or administrative agency that issued or modified the  
25           order.

1           “(iii) An agreement referred to in clause (ii)  
2           may be unilaterally rescinded by the individual to  
3           whom child support is payable under the order or by  
4           the individual obligated to pay child support under  
5           the order, without permission of any court or admin-  
6           istrative agency.

7           “(B) Any individual or entity engaged in com-  
8           merce, as a condition of doing business in the State,  
9           shall, on receipt of a wage withholding order devel-  
10          oped under section 452(a)(11) that is regular on its  
11          face and has been issued by a court or administra-  
12          tive agency of any State—

13                 “(i) immediately provide a copy of the  
14                 order to the employee subject to the order;

15                 “(ii) comply with the order by forwarding  
16                 to the State registry established pursuant to  
17                 subsection (a)(20)(A) of this section, within 5  
18                 days after the end of each payroll period ending  
19                 after receipt of the order, the greater of—

20                         “(I) the amount required to be with-  
21                         held pursuant to the order; or

22                         “(II) the amount that the State reg-  
23                         istry has notified the individual or family  
24                         is the amount required to be withheld from  
25                         the wages of the employee for payment of

1 child support obligations of the employee;  
2 and

3 “(iii) keep records of the amounts so with-  
4 held and the dates of such withholding.

5 “(C) Such an order may be served on the indi-  
6 vidual or entity directly or by first-class mail.

7 “(D) An individual or entity who complies with  
8 subparagraph (B)(ii) with respect to such an order  
9 may not be held liable for wrongful withholding of  
10 income from the employee subject to the order.

11 “(E) The State shall impose a civil fine of  
12 \$1,000 on any individual or entity who receives such  
13 an order for each failure to comply with subpara-  
14 graph (B)(ii) with respect to the order.

15 “(F) The State shall have in effect such proce-  
16 dures as the Secretary may require by regulation for  
17 carrying out this paragraph in cases involving an  
18 employee who has 2 or more employers or child sup-  
19 port obligations.

20 “(12) If the State transmits to an individual or  
21 entity engaged in commerce only outside the State  
22 a wage withholding order issued by the State with  
23 respect to an employee of the individual or entity,  
24 and the individual or entity refuses to comply with  
25 the order, the State shall send an informational copy

1 of the order to the registry established pursuant to  
2 subsection (a)(20)(A) of any other State in which  
3 the individual or entity is engaged in commerce.

4 “(13) If an employee requests a hearing to con-  
5 test wage withholding based on claim of a mistake  
6 of fact, the hearing may be held in the State from  
7 which the child support is collected, and, within 45  
8 days after the income source receives the withhold-  
9 ing order, the entity conducting the hearing must  
10 adjudicate the claim. The State in which the hearing  
11 is held shall provide appropriate services in cases en-  
12 forced under the State plan to ensure that the inter-  
13 ests of the individual to whom the withheld income  
14 is to be paid are adequately represented.”.

15 (2) CONFORMING AMENDMENT.—Section  
16 466(b)(6)(A)(i) (42 U.S.C. 666(b)(6)(A)(i)) is  
17 amended by striking “(which may include” and all  
18 that follows through “paragraph (5))” and inserting  
19 “and pay such amount to the State registry estab-  
20 lished under subsection (a)(12)”.

21 (c) PRIORITIES IN APPLICATION OF WITHHELD  
22 WAGES.—Section 466(b) (42 U.S.C. 666(b)), as amended  
23 by subsection (b)(1) of this section, is amended by insert-  
24 ing after paragraph (13) the following:

1           “(14) Procedures under which the amounts  
2 withheld pursuant to a child support or wage with-  
3 holding order are to be applied in the following  
4 order:

5           “(A) To payments of support due during  
6 the month of withholding.

7           “(B) To payments of premiums for health  
8 care insurance coverage for dependent children.

9           “(C) To payments of support due before  
10 the month of withholding or collection, and of  
11 unreimbursed health-care expenses.”.

12       (d) ACCESS TO VARIOUS DATA BASES.—Section  
13 466(a) (42 U.S.C. 666(a)), as amended by subtitle C of  
14 this title and by subsection (a) of this section, is amended  
15 by inserting after paragraph (20) the following:

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

24           “(A) any agency of the State or any politi-  
25 cal subdivision thereof, that contains informa-

1           tion on residential addresses, or on employers  
2           and employer addresses;

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

5           “(C) any credit reporting agency.”.

6           (e) EXPANDED INTERACTION WITH THE NATIONAL  
7 PARENT LOCATOR NETWORK.—Section 454(16) (42  
8 U.S.C. 654(16)) is amended—

9           (1) by striking “and (E)” and inserting “(E)”;

10          and

11           (2) by striking “enforcement;” and inserting  
12           “enforcement, and (F) to provide access to the na-  
13           tional network developed pursuant to section  
14           453(g);”.

15          (f) STATE PLAN REQUIREMENT.—Section 454 (42  
16 U.S.C. 654), as amended by section 212(a) of this Act,  
17 is amended—

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

19           (24);

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

22           (3) by inserting after paragraph (25) the fol-  
23           lowing:

24           “(26) will have in effect safeguards applicable  
25           to all sensitive and confidential information handled

1 by the State agency designed to protect the privacy  
2 rights of the parties, including—

3 “(A) safeguards against unauthorized use  
4 or disclosure of information relating to proceed-  
5 ings or actions to establish paternity, or to es-  
6 tablish or enforce support; and

7 “(B) prohibitions against the release of in-  
8 formation on the whereabouts of a party to an-  
9 other party against whom a protective order  
10 with respect to the party has been entered.”.

11 **SEC. 242. UNIFORM TERMS IN ORDERS.**

12 Section 452(a) (42 U.S.C. 652(a)) is amended—

13 (1) in paragraph (9), by striking “and” after  
14 the semicolon;

15 (2) in paragraph (10), by striking the period at  
16 the end of the 2nd sentence and inserting “; and”;  
17 and

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

19 “(11) not later than 12 months after the date  
20 of the enactment of this paragraph, develop a uni-  
21 form abstract of a child support order, for use by  
22 the child support order registry established pursuant  
23 to section 466(a)(20)(A), in which may be re-  
24 corded—

1           “(A) the date support payments are to  
2 begin under the order;

3           “(B) the circumstances upon which sup-  
4 port payments are to end under the order;

5           “(C) the amount of child support payable  
6 pursuant to the order expressed as a sum cer-  
7 tain to be paid on a monthly basis, arrearages  
8 expressed as a sum certain as of a certain date,  
9 and any payback schedule for the arrearages;

10          “(D) whether the order awards support in  
11 a lump sum (nonallocated) or per child;

12          “(E) if the award is in a lump sum, the  
13 event causing a change in the support award  
14 and the amount of any change;

15          “(F) other expenses covered by the order;

16          “(G) the names of the parents subject to  
17 the order;

18          “(H) the social security account numbers  
19 of the parents;

20          “(I) the name, date of birth, and social se-  
21 curity account number (if any) of each child  
22 covered by the order;

23          “(J) the identification (FIPS code, name,  
24 and address) of the court or administrative  
25 agency that issued the order;

1           “(K) any information on health care sup-  
2           port required by the order;

3           “(L) the party to contact if additional in-  
4           formation is obtained; and

5           “(M) such other information as the Sec-  
6           retary deems appropriate.”.

7 **SEC. 243. STATES REQUIRED TO ENACT THE UNIFORM**  
8 **INTERSTATE FAMILY SUPPORT ACT.**

9           (a) **IN GENERAL.**—Section 466 (42 U.S.C. 666) is  
10 amended by adding at the end the following:

11           “(f) In order to satisfy section 454(20)(A), each  
12 State must have in effect laws which adopt the officially  
13 approved version of the Uniform Interstate Family Sup-  
14 port Act adopted by the National Conference of Commis-  
15 sioners on Uniform State Laws in August 1992.”.

16           (b) **APPLICABILITY.**—

17           (1) **IN GENERAL.**—Except as provided in para-  
18 graph (2) of this subsection, the amendment made  
19 by subsection (a) shall apply to calendar quarters  
20 beginning on or after October 1, 1995, without re-  
21 gard to whether regulations to implement such  
22 amendments are promulgated by such date.

23           (2) **DELAY PERMITTED IF STATE LEGISLATION**  
24 **REQUIRED.**—In the case of a State plan approved  
25 under part D of title IV of the Social Security Act

1       which the Secretary of Health and Human Services  
2       determines requires State legislation (other than leg-  
3       islation appropriating funds) in order for the plan to  
4       meet the additional requirement imposed by the  
5       amendment made by subsection (a) of this section,  
6       the State plan shall not be regarded as failing to  
7       comply with such additional requirement solely on  
8       the basis of the failure of the plan to meet such ad-  
9       ditional requirement before the 1st day of the 1st  
10      calendar quarter beginning after the close of the 1st  
11      regular session of the State legislature that begins  
12      after the date of the enactment of this Act. For pur-  
13      poses of the previous sentence, in the case of a State  
14      that has a 2-year legislative session, each year of  
15      such session shall be deemed to be a separate regu-  
16      lar session of the State legislature.

17 **SEC. 244. EXPEDITED PROCESSES AND ADMINISTRATIVE**  
18                                   **PROCEDURES.**

19       (a) MONITORING OF COMPLIANCE.—Section  
20 452(a)(4) (42 U.S.C. 652(a)(4)) is amended by inserting  
21 “and to determine whether the expedited processes re-  
22 quired under section 466(a)(2)(A) are in effect” before “,  
23 and, not less”.

24       (b) NONCOMPLIANT STATES WITH JUDICIAL SYS-  
25 TEM FOR PROCESSING CHILD SUPPORT CASES REQUIRED

1 TO CONVERT TO ADMINISTRATIVE SYSTEM.—Section  
2 466(a)(2) (42 U.S.C. 666(a)(2)) is amended by inserting  
3 after the 1st sentence the following: “If the Secretary  
4 finds that the processes for obtaining and modifying child  
5 support orders under the State judicial system has not  
6 met the standards established in such regulations, such  
7 procedures shall provide for the use of State administra-  
8 tive processes for obtaining and modifying such orders.”.

9 **SEC. 245. DUE PROCESS.**

10 Section 454 (42 U.S.C. 654), as amended by sections  
11 212(a) and 241(f) of this Act, is amended—

12 (1) by striking “and” at the end of paragraph  
13 (25);

14 (2) by striking the period at the end of para-  
15 graph (26) and inserting “; and”; and

16 (3) by inserting after paragraph (26) the fol-  
17 lowing:

18 “(27) provide for procedures to ensure that—

19 “(A) individuals who are parties to cases  
20 in which services are being provided under this  
21 part—

22 “(i) receive notice of all proceedings in  
23 which support obligations might be estab-  
24 lished or modified; and

1           “(ii) receive a copy of any order estab-  
2           lishing or modifying a child support obliga-  
3           tion within 14 days after issuance of such  
4           order; and

5           “(B) individuals receiving services under  
6           this part have timely access to a fair hearing or  
7           other formal complaint procedure, meeting  
8           standards established by the Secretary, that en-  
9           sures prompt consideration and resolution of  
10          complaints (but the resort to the procedure  
11          shall not stay the enforcement of any support  
12          order);”.

13 **SEC. 246. OUTREACH AND ACCESSIBILITY.**

14       (a) UNIFORM APPLICATION FOR CHILD SUPPORT  
15 SERVICES.—

16           (1) REQUIREMENT THAT STATES USE FEDERAL  
17 APPLICATION FORM.—Section 454(6)(A) (42 U.S.C.  
18 654(6)(A)) is amended by inserting “(which shall be  
19 made on the service application form developed  
20 under section 452(a)(7))” after “State”.

21           (2) DUTY TO DEVELOP APPLICATION FORM.—  
22 Section 452(a)(7) (42 U.S.C. 652(a)(7)), as amend-  
23 ed by section 211(b) of this Act, is amended by in-  
24 serting “, and develop a form to be used to apply

1 for services established under State plans under this  
2 part” before the semicolon.

3 (b) OUTREACH.—

4 (1) STATE PLAN REQUIREMENT.—Section 454  
5 (42 U.S.C. 654), as amended by sections 212(a),  
6 241(f), and 245 of this Act, is amended—

7 (A) by striking “and” at the end of para-  
8 graph (26);

9 (B) by striking the period at the end of  
10 paragraph (27) and inserting “; and”; and

11 (C) by inserting after paragraph (27) the  
12 following:

13 “(28) provide for the establishment and conduct  
14 of an ongoing program of outreach to persons eligi-  
15 ble for services under the plan, in accordance with  
16 regulations issued under section 452(a)(11).”.

17 (2) REGULATIONS.—Section 452(a) (42 U.S.C.  
18 652(a)), as amended by section 242 of this Act, is  
19 amended—

20 (A) in paragraph (10), by striking “and”  
21 after the semicolon;

22 (B) in paragraph (11), by striking the pe-  
23 riod and inserting “; and”; and

24 (C) by adding at the end the following:

1 “(12) issue such regulations as are necessary to  
2 ensure that State agencies—

3 “(A) develop and implement a plan for  
4 serving underserved populations;

5 “(B) use appropriate personnel and print-  
6 ed material for use by persons who do not  
7 speak English or whose hearing is impaired;  
8 and

9 “(C) work in cooperation with other Fed-  
10 eral, State, and local government agencies and  
11 private nonprofit organizations which serve low-  
12 income families to publicize the availability of  
13 such services and coordinate the delivery of  
14 such services.”.

15 **SEC. 247. COST-OF-LIVING ADJUSTMENT OF CHILD SUP-**  
16 **PORT AWARDS.**

17 Part D of title IV (42 U.S.C. 651–669) is amended  
18 by inserting after section 467 the following:

19 **“SEC. 467A. COST-OF-LIVING ADJUSTMENT OF CHILD SUP-**  
20 **PORT AWARDS.**

21 “(a) IN GENERAL.—Each State, as a condition for  
22 having its State plan approved under this part, shall have  
23 in effect such laws and procedures as are necessary to en-  
24 sure that each child support order issued or modified in  
25 the State after the effective date of this section provides

1 that amount of child support payable under the order dur-  
2 ing the 12-month period that begins on each anniversary  
3 of the date the order was issued or most recently so modi-  
4 fied shall be an amount equal to—

5           “(1) the amount of the award specified in the  
6 order; multiplied by

7           “(2) the percentage (if any) by which—

8                   “(A) the average of the Consumer Price  
9 Index (as defined in section 1(f)(5) of the Inter-  
10 nal Revenue Code of 1986) for the most recent  
11 12-month period for which such information is  
12 available; exceeds

13                   “(B) the average of the Consumer Price  
14 Index (as so defined) for the 12-month period  
15 that ends on the date the order was issued or  
16 most recently so modified.

17           “(b) NOTICE REQUIREMENTS.—The laws and proce-  
18 dures described in subsection (a) shall include a require-  
19 ment that notice of the cost-of-living adjustment of a child  
20 support award be provided to—

21           “(1) the individual obligated to pay the child  
22 support, and if wages are to be withheld to pay such  
23 support, to each employer of the individual; and

24           “(2) the individual to whom the child support  
25 is owed.

1       “(c) RULE OF INTERPRETATION.—Subsection (a)  
2 shall not be construed to affect other grounds for modify-  
3 ing a child support award.”.

4 **SEC. 248. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**  
5 **MENT OF CERTAIN CHILD SUPPORT ORDERS.**

6       (a) IN GENERAL.—Section 466(a)(10) (42 U.S.C.  
7 666(a)(10)) is amended by adding at the end the follow-  
8 ing:

9               “(D)(i) Procedures under which—

10                       “(I) every 3 years, at the request of either  
11 parent subject to a child support order, the  
12 State shall review and, as appropriate, adjust  
13 the order in accordance with the guidelines es-  
14 tablished under section 467(a) if the amount of  
15 the child support award under the order differs  
16 from the amount that would be awarded in ac-  
17 cordance with such guidelines by more than the  
18 total of the adjustments required to be made in  
19 the amount of the award pursuant to section  
20 467A during the 3 year period ending on the  
21 date of the request; and

22                       “(II) upon request of either parent subject  
23 to a child support order, the State shall review  
24 and, as appropriate, adjust the order in accord-  
25 ance with the guidelines established under sec-

1           tion 467(a) based on a significant change in the  
2           circumstances of either such parent.

3           “(ii) Such procedures shall require both parents  
4           subject to a child support order to be notified of  
5           their rights provided for under clause (i) at the time  
6           the order is issued and in the annual information ex-  
7           change form provided under subparagraph (E).

8           “(E) Procedures under which each child sup-  
9           port order issued or modified in the State after the  
10          effective date of this subparagraph shall require the  
11          parents subject to the order to provide each other  
12          with a complete statement of their respective finan-  
13          cial condition annually on a form which shall be es-  
14          tablished by the Secretary and provided by the  
15          State.”.

16          (b) CONFORMING AMENDMENT.—Section 466(a) (42  
17          U.S.C. 666(a)) is amended by striking paragraph (10).

18          **SEC. 249. PREVENTION OF CONFLICTS OF INTEREST.**

19          Section 466(a)(10) (42 U.S.C. 666(a)(10)), as  
20          amended by section 248 of this Act, is amended by adding  
21          at the end the following:

22                 “(F) Procedures to ensure that the State does  
23                 not provide to any noncustodial parent of a child  
24                 representation relating to the review or adjustment  
25                 of an order for the payment of child support with re-

1 spect to the child, unless the State makes provision  
2 for such representation outside the State agency.”.

3 **SEC. 250. STAFFING.**

4 (a) STUDIES.—The Secretary of Health and Human  
5 Services shall conduct and, not later than 1 year after the  
6 date of the enactment of this Act, complete staffing stud-  
7 ies for each State child support enforcement program, in-  
8 cluding each agency and court involved in the child sup-  
9 port process.

10 (b) REPORT TO THE CONGRESS.—Within 90 days  
11 after the end of the 1-year period described in subsection  
12 (a), the Secretary shall report to the Committee on Ways  
13 and Means of the House of Representatives and the Com-  
14 mittee on Finance of the Senate, and to each State, the  
15 results of the studies required by subsection (a).

16 (c) IMPLEMENTATION.—Section 455(a) (42 U.S.C.  
17 655(a)) is amended by adding at the end the following:

18 “(3) The Secretary shall reduce by 2 percent the  
19 amount otherwise payable to a State pursuant to para-  
20 graph (1)(A) for any calendar quarter ending 2 or more  
21 years after the State receives a report transmitted pursu-  
22 ant to section 250(b) of the Family Self-Sufficiency Act  
23 of 1994, if the Secretary determines that, during the quar-  
24 ter, the State has not met performance standards and has

1 not implemented the staffing levels recommended in the  
2 report.”.

3 **SEC. 251. TRAINING.**

4 (a) FEDERAL TRAINING ASSISTANCE.—Section  
5 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting  
6 “and training” after “technical assistance”.

7 (b) STATE TRAINING PROGRAM.—Section 454 (42  
8 U.S.C. 654), as amended by sections 212(a), 241(f), 245,  
9 and 246(b)(1) of this Act, is amended—

10 (1) by striking “and” at the end of paragraph  
11 (27);

12 (2) by striking the period at the end of para-  
13 graph (28) and inserting “; and”; and

14 (3) by inserting after paragraph (28) the fol-  
15 lowing:

16 “(29) provide that the State will develop and  
17 implement a training program under which training  
18 is to be provided not less frequently than annually  
19 to all personnel performing functions under the  
20 State plan.”.

21 (c) REPORT.—Section 452(a)(10) (42 U.S.C.  
22 652(a)(10)) is amended by redesignating subparagraphs  
23 (H) and (I) as subparagraphs (I) and (J), respectively,  
24 and by inserting after subparagraph (G) the following:

1           “(H) the training activities at the Federal  
2           and State levels, the training audit, and the  
3           amounts expended on training;”.

4           (d) RESOURCES.—For technical assistance, training,  
5           operational research, demonstrations, and staffing studies  
6           under part D of title IV of the Social Security Act, there  
7           are authorized to be appropriated to the Secretary of  
8           Health and Human Services for each fiscal year an  
9           amount equal to not more than 2 percent of the total  
10          amount paid to the Federal Government pursuant to sec-  
11          tion 457(b) of such Act during the immediately preceding  
12          fiscal year.

13   **SEC. 252. PRIORITIES IN DISTRIBUTION OF COLLECTED**  
14                           **CHILD SUPPORT.**

15          (a) IN GENERAL.—Section 457(a) (42 U.S.C.  
16          657(a)) is amended to read as follows:

17           “(a) Amounts collected as support by a State pursu-  
18          ant to a child support or wage withholding order are to  
19          be allocated as follows:

20                   “(1) First, for support payments for the month  
21                   that are not past due, as follows:

22                           “(A) First, for cash support payments.

23                           “(B) Then, for payments related to pre-  
24                   miums for health care insurance coverage of  
25                   children covered by the order.

1           “(2) Then, for payments of support that are  
2           past due, and for payment of unreimbursed health  
3           care expenses.”.

4           (b) INCREASE IN PASS-THROUGH OF COLLECTED  
5 CHILD SUPPORT.—

6           (1) IN GENERAL.—Section 457(b)(1) (42  
7 U.S.C. 657(b)(1)) is amended—

8                   (A) by inserting “or such greater amount  
9                   of such child support payments as the State  
10                  may establish and provide for in the State plan,  
11                  or if greater, 1/2” after “the first \$50” each  
12                  place such term appears; and

13                   (B) by inserting “less the amount of any  
14                  payment made to the family under section  
15                  402(a)(48) in the month in which the child sup-  
16                  port was received,” before “shall”.

17           (2) INCREASE IN DISREGARD OF PASSED  
18 THROUGH CHILD SUPPORT.—Section  
19 402(a)(8)(A)(vi) (42 U.S.C. 602(a)(8)(A)(vi)) is  
20 amended to read as follows:

21                   “(vi) shall disregard—

22                           “(I) the first \$50 (adjusted pursuant  
23                           to section 406(i) for the calendar quarter  
24                           in which the month occurs) or such greater  
25                           amount of such child support payments as

1 the State may establish and provide for in  
2 the State plan, or, if greater,  $\frac{1}{2}$  of any  
3 child support payments for the month re-  
4 ceived in the month;

5 “(II) the first \$50 (as so adjusted) or  
6 such greater amount of such child support  
7 payments as the State may establish and  
8 provide for in the State plan, or if greater,  
9  $\frac{1}{2}$  of child support payments for each  
10 prior month received in the month if the  
11 payments were made by the absent parent  
12 in the month in which due; and

13 “(III) any amount paid to the family  
14 under section 457(b)(1), with respect to  
15 the dependent child or children in the fam-  
16 ily;”.

17 (c) PERSONS NO LONGER RECEIVING AFDC.—Sec-  
18 tion 457(c) (42 U.S.C. 657(c)) is amended—

19 (1) by striking “any amount of support col-  
20 lected” and all that follows through “the individ-  
21 uals” and inserting “to the family any amount of  
22 support collected in payment of current or future  
23 support obligations or arrears accrued for a month  
24 for which the family did not receive such assistance,  
25 subject to the same conditions and on the same

1 basis as in the case of payments made to families’;  
2 and

3 (2) by adding at the end the following: “If col-  
4 lections are received in a month with respect to a  
5 family which has ceased to receive such assistance,  
6 the collections shall be credited first as payments for  
7 the month that are not past due, then to payments  
8 of arrears accrued in months for which the family  
9 did not receive such assistance, then to any other  
10 unpaid arrears, and then against future support ob-  
11 ligations.”.

12 (d) MARRIED COUPLES.—Section 457 (42 U.S.C.  
13 657) is amended by adding at the end the following:

14 “(e) If an individual obligor and obligee join house-  
15 holds by marrying or remarrying each other, or (if married  
16 to each other) by reuniting after a period of legal separa-  
17 tion, the State shall suspend or forgive collection of child  
18 support arrearages owed to the State if the income of the  
19 resulting family is less than 200 percent of the poverty  
20 line (as determined by the Secretary).”.

21 **SEC. 253. TEEN NONCUSTODIAL PARENTS AND CHILD SUP-**  
22 **PORT.**

23 (a) AUTHORITY OF STATES TO TEMPORARILY WAIVE  
24 RIGHT TO COLLECT CHILD SUPPORT OBLIGATIONS OF  
25 TEEN NONCUSTODIAL PARENTS WHO ARE PARTICIPAT-

1 ING IN A STATE EDUCATIONAL OR EMPLOYMENT PREPA-  
2 RATION PROGRAM.—

3 (1) IN GENERAL.—Section 454 (42 U.S.C.  
4 454), as amended by sections 212(a), 241(f), 245,  
5 246(b)(1), and 251(b) of this Act, is amended—

6 (A) by striking “and” at the end of para-  
7 graph (28);

8 (B) by striking the period at the end of  
9 paragraph (29) and inserting “; and”; and

10 (C) by inserting after paragraph (29) the  
11 following:

12 “(30) at the option of the State, provide that,  
13 if the State agency determines that a noncustodial  
14 parent who has not attained 20 years of age owes  
15 but is unable to pay child support, then the State  
16 may, in lieu of enforcing the right to such support  
17 for such period as the State considers appropriate,  
18 allow the parent to choose to comply with an edu-  
19 cational or job training program.”.

20 (2) CONFORMITY OF STATE GUIDELINES FOR  
21 CHILD SUPPORT AWARDS.—Section 467 (42 U.S.C.  
22 667) is amended by adding at the end the following:

23 “(d) The guidelines established pursuant to sub-  
24 section (a) shall provide that if the State agency deter-  
25 mines that a noncustodial parent who has not attained 20

1 years of age owes but is unable to pay child support, then  
2 the State may, in lieu of enforcing the right to such sup-  
3 port for such period as the State considers appropriate,  
4 allow the parent to choose to comply with an educational  
5 or job training program.”.

6 (b) LIMITATION ON USE OF JOBS FUNDS.—Section  
7 403(l) (42 U.S.C. 603(l)), as amended by section 112(a)  
8 of this Act, is amended by adding at the end the following:

9 “(6) The Secretary shall not make a payment to a  
10 State under this section with respect to amounts expended  
11 by a State to carry out section 454(30), to the extent that  
12 such expenditures exceed 5 percent of the total amount  
13 expended by the State to operate the State program estab-  
14 lished under part F.”.

## 15 **Subtitle E—Demonstrations**

### 16 **SEC. 261. ESTABLISHMENT OF CHILD SUPPORT ASSUR-** 17 **ANCE DEMONSTRATION PROJECTS.**

18 (a) IN GENERAL.—In order to encourage States to  
19 provide a guaranteed minimum level of child support for  
20 every eligible child not receiving such support, the Sec-  
21 retary of Health and Human Services (in this section re-  
22 ferred to as the “Secretary”) shall make grants to not  
23 more than 6 States to conduct demonstration projects for  
24 the purpose of establishing or improving a system of as-

1   sured minimum child support payments in accordance  
2   with this section.

3       (b) CONTENTS OF APPLICATION.—An application for  
4   grants under this section shall be submitted by the Gov-  
5   ernor of a State and shall—

6           (1) contain a description of the proposed child  
7       support assurance project to be established, imple-  
8       mented, or improved using amounts provided under  
9       this section, including the level of the assured bene-  
10      fit to be provided, the specific activities to be under-  
11      taken, and the agencies that will be involved;

12          (2) specify whether the project will be carried  
13      out throughout the State or in limited areas of the  
14      State;

15          (3) estimate the number of children who will be  
16      eligible for assured minimum child support payments  
17      under the project, and the amounts to which they  
18      will be entitled on average as individuals and in the  
19      aggregate;

20          (4) describe the child support guidelines and re-  
21      view procedures which are in use in the State and  
22      any expected modifications;

23          (5) contain a commitment by the State to carry  
24      out the project during a period of not less than 7

1 and not more than 10 consecutive fiscal years begin-  
2 ning with fiscal year 1996;

3 (6) contain assurances that the State—

4 (A) is currently at or above the national  
5 median paternity establishment rate (as defined  
6 in section 452(g)(2) of the Social Security Act);

7 (B) will improve the performance of the  
8 agency designated by the State to carry out the  
9 requirements under part D of title IV of the  
10 Social Security Act by at least 4 percent each  
11 year in which the State operates a child support  
12 assurance project under this section in—

13 (i) the number of cases in which pa-  
14 ternity is established when required;

15 (ii) the number of cases in which child  
16 support orders are obtained; and

17 (iii) the number of cases with child  
18 support orders in which collections are  
19 made; and

20 (C) to the maximum extent possible under  
21 current law, will use Federal, State, and local  
22 job training assistance to assist obligors who  
23 have been determined to be unable to meet  
24 their child support obligations;

1           (7) describe the extent to which multiple agen-  
2           cies, including those responsible for administering  
3           the program of aid to families with dependent chil-  
4           dren under part A of title IV of the Social Security  
5           Act and child support collection, enforcement, and  
6           payment under part D of such title, will be involved  
7           in the design and operation of the child support as-  
8           surance project; and

9           (8) contain such other information as the Sec-  
10          retary may require by regulation.

11          (c) USE OF FUNDS.—A State shall use amounts pro-  
12          vided under a grant awarded under this section to carry  
13          out a child support assurance project designed to provide  
14          a minimum monthly child support benefit for each eligible  
15          child in the State to the extent that such minimum child  
16          support is not paid in a month by the noncustodial parent.

17          (d) REQUIREMENTS.—(1) A child support assurance  
18          project funded under this section shall provide that—

19                  (A) a child shall be eligible for the assured child  
20          support benefit if—

21                          (i) the child has a living noncustodial par-  
22                          ent for whom—

23                                  (I) a child support order has been  
24                                  sought (as defined in paragraph (3)); or

1 (II) a child support order has been  
2 obtained and is being enforced by the  
3 State child support order registry estab-  
4 lished pursuant to section 466(a)(12) of  
5 the Social Security Act; or

6 (ii) a parent of the child has good cause  
7 for not seeking or enforcing a support order;

8 (B) the assured child support benefit shall be  
9 paid promptly to the custodial parent at least once  
10 a month and shall be—

11 (i) an amount determined by the State  
12 which is—

13 (I) not less than \$1,500 per year for  
14 the first child, \$1,000 per year for the sec-  
15 ond child, and \$500 per year for the third  
16 and each subsequent child, and

17 (II) not more than \$3,000 per year  
18 for the first child and \$1,000 per year for  
19 the second and each subsequent child;

20 (ii) indexed and adjusted for inflation; and

21 (iii) in the case of a family of children with  
22 multiple noncustodial parents, calculated in the  
23 same manner as if all such children were full  
24 siblings;

1           (C) when child support is collected for a child  
2           in a month in which the child has received a child  
3           support assurance benefit, the amount due to the  
4           child from the child support collection shall be re-  
5           duced by the child support assurance already paid to  
6           the child for the month, and if the child is receiving  
7           child support assurance benefits in common with sib-  
8           lings or half-siblings, the amount of the child sup-  
9           port assurance benefits attributable to the child shall  
10          be not more than the child's pro rata share of the  
11          total benefits.

12          (D) for purposes of determining the need of a  
13          child or relative and the level of assistance under  
14          part A of title IV of the Social Security Act,  $\frac{1}{2}$  of  
15          the amount received as a child support assurance  
16          benefit shall be disregarded from income until the  
17          total amount of child support and aid to families  
18          with dependent children benefit received under part  
19          A of title IV of the Social Security Act equals the  
20          Federal poverty level for a family of comparable size;

21          (E) in determining need and the amount of as-  
22          sistance under part A of title IV of the Social Secu-  
23          rity Act, the needs of any family member not receiv-  
24          ing an assured child support benefit shall be deter-

1 mined without consideration of the assured child  
2 support benefits;

3 (F) the consideration under a State plan under  
4 part A of title IV of the Social Security Act of any  
5 child support payment received by a family other  
6 than a child support assurance benefit shall be gov-  
7 erned by section 402(a)(8)(A)(vi) of such Act; and

8 (G) in order to participate in the child support  
9 assurance project, the child's caretaker shall apply  
10 for or be receiving services of the State's child sup-  
11 port enforcement program under part D of title IV  
12 of the Social Security Act.

13 (2) For purposes of this section, the term "child"  
14 means an individual who is of such an age, disability, or  
15 educational status as to be eligible for child support as  
16 provided for by the law of the State in which such individ-  
17 ual resides.

18 (3) For purposes of this section, a child support order  
19 shall be deemed to have been "sought" where an individual  
20 has applied for or is receiving services from the State child  
21 support agency, or has sought a child support order  
22 through representation by private or public counsel or pro  
23 se.

24 (e) CONSIDERATION AND PRIORITY OF APPLICA-  
25 TIONS.—(1) The Secretary shall consider all applications

1 received from States desiring to conduct demonstration  
2 projects under this section and shall approve not more  
3 than 6 applications which appear likely to contribute sig-  
4 nificantly to the achievement of the purpose of this sec-  
5 tion. In selecting States to conduct demonstration projects  
6 under this section, the Secretary shall—

7           (A) ensure that the applications selected rep-  
8           resent a diversity of minimum benefits distributed  
9           throughout the range specified in subsection  
10          (d)(1)(B)(i);

11          (B) consider the geographic dispersion and vari-  
12          ation in population of the applicants;

13          (C) give priority to States the applications of  
14          which demonstrate—

15               (i) significant recent improvements in—

16                   (I) establishing paternity and child  
17                   support awards,

18                   (II) enforcement of child support  
19                   awards, and

20                   (III) collection of child support pay-  
21                   ments;

22               (ii) a record of effective automation; and

23               (iii) that efforts will be made to link child  
24               support systems with other service delivery sys-  
25               tems;

1 (D) ensure that the proposed projects will be of  
2 a size sufficient to obtain a meaningful measure of  
3 the effects of child support assurance;

4 (E) give priority, first, to States intending to  
5 operate a child support assurance project on a state-  
6 wide basis, and, second, to States that are commit-  
7 ted to phasing in an expansion of such project to the  
8 entire State, if interim evaluations suggest such ex-  
9 pansion is warranted; and

10 (F) ensure that, if feasible, the States selected  
11 use a variety of approaches for child support guide-  
12 lines.

13 (2) The Secretary shall, if feasible, require at least  
14 2 of the States selected to participate in the demonstration  
15 projects conducted under this section to provide intensive  
16 integrated social services for low-income participants in  
17 the child support assurance project, for the purpose of as-  
18 sisting such participants in improving their employment,  
19 housing, health, and educational status.

20 (f) DURATION.—During fiscal year 1995, the Sec-  
21 retary shall develop criteria, select the States to partici-  
22 pate in the demonstration, and plan for the evaluation re-  
23 quired under subsection (h). The demonstration projects  
24 conducted under this section shall commence on October  
25 1, 1995, and shall be conducted for not less than 7 and

1 not more than 10 consecutive fiscal years, except that the  
2 Secretary may terminate a project before the end of such  
3 period if the Secretary determines that the State conduct-  
4 ing the project is not in substantial compliance with the  
5 terms of the application approved by the Secretary under  
6 this section. The Secretary shall determine from interim  
7 reports required under subsection (i) whether a project  
8 may be extended beyond such period, and Federal finan-  
9 cial participation shall be available for such an extension.

10 (g) COST SAVINGS RECOVERY.—The Secretary shall  
11 develop a methodology to identify any State cost savings  
12 realized in connection with the implementation of a child  
13 support assurance project conducted under this section.  
14 Any such savings realized as a result of the implementa-  
15 tion of a child support assurance project shall be utilized  
16 for child support enforcement improvements or expansions  
17 and improvements in the program of aid to families with  
18 dependent children conducted under part A of title IV of  
19 the Social Security Act within the participating State.

20 (h) EVALUATION AND REPORT TO CONGRESS.—(1)  
21 The Secretary shall conduct an evaluation of the effective-  
22 ness of the demonstration projects funded under this sec-  
23 tion and determine whether to recommend that such  
24 projects be phased in on a national basis. The evaluation

1 shall include an assessment of the effect of an assured  
2 benefit on—

3 (A) parental income from nongovernment  
4 sources and the number of hours worked;

5 (B) the use and amount of government sup-  
6 ports by the parents;

7 (C) the ability of the parents to accumulate re-  
8 sources;

9 (D) the well-being of the children receiving  
10 child support assurance benefits, including edu-  
11 cational attainment and school behavior; and

12 (E) the State's rates of establishing paternity  
13 and support orders and of collecting support.

14 (2) 4 years after commencement of the demonstration  
15 projects, and at the completion of the designated duration  
16 of a demonstration project, the Secretary shall submit an  
17 interim and final report based on the evaluation to the  
18 Committee on Finance and the Committee on Labor and  
19 Human Resources of the Senate, and the Committee on  
20 Ways and Means and the Committee on Education and  
21 Labor of the House of Representatives concerning the ef-  
22 fectiveness of the child support assurance projects funded  
23 under this section.

24 (i) STATE REPORTS.—The Secretary shall require  
25 each State that conducts a demonstration project under

1 this section to annually report such information on the  
2 project's operation as the Secretary may require, except  
3 that all such information shall be reported according to  
4 a uniform format prescribed by the Secretary. Each such  
5 State shall provide an opportunity for the public to com-  
6 ment on the demonstration project during such period as  
7 the State may establish, and shall include any such com-  
8 ments in the annual report.

9 (j) RESTRICTIONS ON MATCHING AND USE OF  
10 FUNDS.—(1) A State conducting a demonstration project  
11 under this section shall be required—

12 (A) except as provided in paragraph (2), to pro-  
13 vide not less than 20 percent of the total amounts  
14 expended in each calendar year of the project to pay  
15 the costs associated with the project funded under  
16 this section;

17 (B) to maintain its level of expenditures for  
18 child support collection, enforcement, and payment  
19 at the same level, or at a higher level, than such ex-  
20 penditures were prior to such State's participation in  
21 a demonstration project provided by this section;  
22 and

23 (C) to maintain the aid to families with depend-  
24 ent children benefits provided under part A of title  
25 IV of the Social Security Act at the same level, or

1 at a higher level, as the level of such benefits on the  
2 date of the enactment of this Act.

3 (2) A State participating in a demonstration project  
4 under this section may provide no less than 10 percent  
5 of the total amounts expended to pay the costs associated  
6 with the project funded under this section in years after  
7 the first year such project is conducted in a State if the  
8 State meets the improvements specified in subsection  
9 (b)(6)(B).

10 (k) COORDINATION WITH CERTAIN MEANS-TESTED  
11 PROGRAMS.—For purposes of—

12 (1) the United States Housing Act of 1937;

13 (2) title V of the Housing Act of 1949;

14 (3) section 101 of the Housing and Urban De-  
15 velopment Act of 1965;

16 (4) sections 221(d)(3), 235, and 236 of the Na-  
17 tional Housing Act;

18 (5) the Food Stamp Act of 1977;

19 (6) title XIX of the Social Security Act; and

20 (7) child care assistance provided through part  
21 A of title IV of the Social Security Act, the Child  
22 Care and Development Block Grant, or title XX of  
23 the Social Security Act,

24 any payment made to an individual within the demonstra-  
25 tion project area for child support up to the amount which

1 an assured child support benefit would provide shall not  
2 be treated as income and shall not be taken into account  
3 in determining resources for the month of its receipt and  
4 the following month.

5 (l) TREATMENT OF CHILD SUPPORT BENEFIT.—Any  
6 assured child support benefit received by an individual  
7 under this section shall be considered child support for  
8 purposes of the Internal Revenue Code of 1986.

9 (m) AUTHORIZATION OF APPROPRIATIONS.—There  
10 are authorized to be appropriated such sums as may be  
11 necessary in each of the fiscal years 1995, 1996, 1997,  
12 1998, 1999, and 2000 to carry out this section.

## 13 **Subtitle F—Miscellaneous**

### 14 **SEC. 271. TECHNICAL CORRECTION TO ERISA DEFINITION** 15 **OF MEDICAL CHILD SUPPORT ORDER.**

16 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-  
17 ployee Retirement Income Security Act of 1974 (29  
18 U.S.C. 1169(a)(2)(B)) is amended—

19 (1) by striking “issued by a court of competent  
20 jurisdiction”;

21 (2) by striking the period at the end of clause  
22 (ii) and inserting a comma; and

23 (3) by adding, after and below clause (ii), the  
24 following:

1 “if such judgment, decree, or order (I) is issued  
2 by a court of competent jurisdiction or (II) is  
3 issued by an administrative adjudicator and has  
4 the force and effect of law under applicable  
5 State law.”.

6 (b) PLAN AMENDMENTS NOT REQUIRED UNTIL OC-  
7 TOBER 1, 1996.—

8 (1) IN GENERAL.—Any amendment to a plan  
9 required to be made by an amendment made by this  
10 section shall not be required to be made before the  
11 first plan year beginning on or after October 1,  
12 1996, if—

13 (A) during the period after the date before  
14 the effective date of this Act and before such  
15 first plan year, the plan is operated in accord-  
16 ance with the requirements of the amendments  
17 made by this section; and

18 (B) the plan amendment applies retro-  
19 actively to the period after the date before the  
20 effective date of this Act and before such first  
21 plan year.

22 (2) HOLD HARMLESS PROVISION.—A plan shall  
23 not be treated as failing to be operated in accord-  
24 ance with the provisions of the plan merely because  
25 it operates in accordance with paragraph (1).

1     **TITLE III—TEEN PARENTS AND**  
2                     **WELFARE REFORM**  
3                     **Subtitle A—Family**

4     **SEC. 301. MINOR TEEN PARENT RESIDENCY REQUIREMENT.**

5             Section 402(a)(43) (42 U.S.C. 602(a)(43)) is amend-  
6 ed to read as follows:

7                     “(43) provide that—

8                             “(A) aid under the State plan shall not be  
9                     provided to an individual who has not attained  
10                     18 years of age, has never married, and has a  
11                     dependent child in his or her care or is preg-  
12                     nant and eligible for such aid, for the individual  
13                     and the dependent child (or for herself in the  
14                     case of a pregnant woman), if the case manager  
15                     for the individual determines that—

16                                     “(i) the individual is not residing in a  
17                     place of residence maintained by a parent,  
18                     legal guardian, or other adult relative of  
19                     the individual as the home of the parent,  
20                     legal guardian, or other adult relative, or  
21                     in a foster home, maternity home, or other  
22                     adult-supervised supportive living arrange-  
23                     ment;

24                                     “(ii) an appropriate adult-supervised  
25                     living arrangement is available for the indi-

1           vidual and the dependent child (or for her-  
2           self in the case of a pregnant woman); and

3           “(iii) the individual should be required  
4           to relocate to such a place of residence;  
5           and

6           “(B) subparagraph (A) shall not apply to  
7           an individual if—

8           “(i) the circumstances described in  
9           subparagraph (A) have persisted for less  
10          than 2 months since the case manager  
11          made the determination described in sub-  
12          paragraph (A);

13          “(ii) the individual does not have a  
14          parent or legal guardian who is living in  
15          the State and whose whereabouts are  
16          known;

17          “(iii) the individual has been living  
18          independently from any parent or legal  
19          guardian of the individual for at least 1  
20          year before the date the child was born or  
21          the date the individual applied for aid  
22          under the State plan;

23          “(iv) the individual is a ward of the  
24          court or of the State, and the court or the

1 State (as the case may be) has approved  
2 the individual for independent living; or

3 “(v) the individual has been emanci-  
4 pated by court order;

5 “(C) subparagraph (A) shall not apply to  
6 an individual if the case manager for the indi-  
7 vidual determines—

8 “(i) that the individual does not have  
9 a parent or legal guardian who will allow  
10 the individual to live in the home of the  
11 parent or legal guardian;

12 “(ii) that the physical or emotional  
13 health or safety of the individual or the de-  
14 pendent child would be jeopardized if the  
15 individual and the child lived in the same  
16 residence with the parent or legal guardian  
17 of the individual;

18 “(iii) that the application of subpara-  
19 graph (A) would prevent the continued  
20 participation of the individual in—

21 “(I) a substance abuse treatment  
22 program approved by the State; or

23 “(II) an education or training  
24 program, or in employment, without  
25 providing an equivalent alternative; or

1           “(iv) in accordance with regulations  
2           issued by the Secretary, that there is other  
3           good cause for not applying subparagraph  
4           (A) to the individual;

5           “(D) in making the determinations de-  
6           scribed in subparagraphs (A), (B), and (C), the  
7           case manager for an individual shall—

8           “(i) consider all relevant factors, in-  
9           cluding—

10           “(I) whether there is evidence  
11           that the individual or the child has  
12           suffered or is at risk of suffering  
13           physical or emotional abuse by some-  
14           one in the place;

15           “(II) whether illegal activity oc-  
16           curs at the place; and

17           “(III) whether a mandatory relo-  
18           cation of the individual would result  
19           in overcrowding, violation of the terms  
20           of a lease, or a violation of local  
21           health or safety standards;

22           “(ii) if the case manager is not a fam-  
23           ily counselor, consult with a family coun-  
24           selor who has specialized training or dem-  
25           onstrated experience serving individuals

1           and families, and the written recommenda-  
2           tions of the counselor shall be included in  
3           the case record;

4           “(E) if the case manager determines that  
5           the individual should be required to relocate,  
6           the State agency shall offer the individual coun-  
7           seling and other services designed to help the  
8           individual make the transition from independ-  
9           ent to supervised living; and

10           “(F) the case manager shall determine in  
11           all cases in which aid under the State plan is  
12           payable to an individual who is pregnant or a  
13           parent, and has not attained 20 years of age,  
14           for the needs of the individual and for the needs  
15           of a dependent child of the individual, whether  
16           such aid should be paid to another individual in  
17           the manner described in section 406(b)(2).”.

18 **SEC. 302. BENEFITS INCREASED BY \$50 FOR PATERNITY ES-**  
19 **TABLISHMENT OR ESTABLISHMENT OF**  
20 **CHILD SUPPORT ORDER.**

21           Section 402(a) (42 U.S.C. 602(a)), as amended by  
22 sections 104 and 138 of this Act, is amended—

23           (1) by striking “and” at the end of paragraph  
24           (46);

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

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

5           “(48) provide that the amount of aid otherwise  
6 payable under the State plan for a month to a fam-  
7 ily that includes an individual who has not attained  
8 20 years of age and is the parent of a child whose  
9 paternity has been established or with respect to  
10 whom a child support order is in effect shall be in-  
11 creased by \$50.”.

## 12           **Subtitle B—Education and** 13           **Employment**

### 14   **SEC. 311. SCHOOLING AND EMPLOYMENT REQUIREMENTS.**

15           (a) IN GENERAL.—Section 482 (42 U.S.C. 682), as  
16 amended by section 111(a) of this Act, is amended by add-  
17 ing at the end the following:

18           “(k) Each State program established under this part  
19 shall impose only the following requirements with respect  
20 to each participant who has not attained 20 years of age,  
21 has not completed secondary school or received a certifi-  
22 cate of high school equivalency, and is a custodial parent  
23 or pregnant:

24           “(1) The participant shall participate in an  
25 educational program or an employment preparation

1 program that leads to a high school diploma or the  
2 equivalent unless—

3 “(A) the participant has a need for child  
4 care or other supportive services that cannot be  
5 addressed by the program; or

6 “(B) the case manager determines, after  
7 consultation with the school or training pro-  
8 gram, that the recipient would not benefit from  
9 direct placement in any such program, in which  
10 case the recipient shall participate in appro-  
11 priate alternative activities specified in an indi-  
12 vidualized plan developed for the individual by  
13 the case manager which may include a plan for  
14 subsequent placement in such a program.

15 “(2)(A) If an individual required to participate  
16 in a program referred to in paragraph (1) fails to  
17 meet a standard (established by the State in accord-  
18 ance with subparagraph (B)) for minimum perform-  
19 ance in the program, the amount of aid otherwise  
20 payable to the individual on a monthly basis under  
21 the State plan approved under part A shall be re-  
22 duced by the lesser of—

23 “(i) \$60;

24 “(ii) 20 percent of such otherwise payable  
25 amount; or

1           “(iii) the difference between such otherwise  
2 payable amount and the amount of such aid  
3 that would be so payable if the family of the in-  
4 dividual included 1 less person.

5           “(B) The minimum performance standard re-  
6 ferred to in subparagraph (A)—

7           “(i) shall be based on the achievement of  
8 satisfactory progress in the program or on ful-  
9 fillment of an attendance standard established  
10 by the State; and

11           “(ii) if based on the achievement of satis-  
12 factory progress—

13           “(I) shall not require maintenance of  
14 a grade that is higher than a passing  
15 grade in the school district in which the  
16 program is located, or if the program does  
17 not award grades, of a performance level  
18 higher than a level prescribed by the Sec-  
19 retary in regulations; and

20           “(II) shall provide for consideration,  
21 under a plan approved by the Secretary, of  
22 whether the failure of an individual to  
23 achieve a specified grade or other applica-  
24 ble performance level is due to limitations  
25 on the ability of the individual to learn or

1           other circumstances that limit the ability  
2           of the individual to perform up to his or  
3           her capacities, or shall provide for deeming  
4           progress to be satisfactory if the individual  
5           meets a specified attendance standard.

6           “(C) Subparagraph (A) shall not apply to an  
7           individual who has good cause (as determined by the  
8           State in accordance with regulations prescribed by  
9           the Secretary) for failing to meet the standard of  
10          minimum performance.

11          “(D) The State may place in an escrow account  
12          with respect to an individual whose aid is reduced  
13          pursuant to subparagraph (A) of this paragraph an  
14          amount equal to the amount of the reduction in such  
15          aid, and may pay to the individual all amounts  
16          placed in an escrow account with respect to the indi-  
17          vidual, upon a demonstration by the individual of a  
18          satisfactory effort (as defined by the State in accord-  
19          ance with regulations prescribed by the Secretary) in  
20          the program.

21          “(E) The State shall monitor the percentage of  
22          the persons attending each school upon whom sanc-  
23          tions are imposed pursuant to subparagraph (A),  
24          and, if the State determines that the percentage for  
25          any school significantly exceeds such percentage at

1 similar schools, the State shall determine the rea-  
2 sons for the excessive sanction percentage, and shall  
3 suspend the imposition of sanctions upon the per-  
4 sons attending the school until the State determines  
5 that the sanction percentage is not excessive.

6 “(3)(A) If an individual required to participate  
7 in a program referred to in paragraph (1) meets a  
8 standard (established by the State in accordance  
9 with subparagraph (B) of this paragraph) for suffi-  
10 cient performance in the program, the amount of aid  
11 otherwise payable to the individual on a monthly  
12 basis under the State plan approved under part A  
13 shall be increased by not less than the lesser of—

14 “(i) \$60;

15 “(ii) 20 percent of such otherwise payable  
16 amount; or

17 “(iii) the difference between such otherwise  
18 payable amount and the amount of such aid  
19 that would be so payable if the family of the in-  
20 dividual included 1 less person.

21 “(B) The sufficient performance standard re-  
22 ferred to in subparagraph (A) of this paragraph  
23 shall be based on measurement of the same factors  
24 used to determine whether the minimum perform-  
25 ance standard referred to in paragraph (2)(B)(i) has

1       been met, and may require a higher degree of per-  
2       formance (subject to such limits as the Secretary  
3       shall prescribe in regulations) than the minimum  
4       performance standard.”.

5       (b)       CONFORMING        AMENDMENTS.—Section  
6 402(a)(19) (42 U.S.C. 602(a)(19)) is amended—

7               (1) in subparagraph (C)—

8                       (A) in clause (iii), by inserting “, is not de-  
9                       scribed by clause (viii), and” before “—”;

10                      (B) in clause (v)—

11                               (i) by inserting a comma after “16”;

12                               and

13                               (ii) by inserting “and is not a custo-  
14                               dial parent or pregnant” before the semi-  
15                               colon; and

16                      (C) by striking “or” at the end of clause  
17                      (vi);

18                      (D) by adding “or” at the end of clause  
19                      (vii); and

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

21                               “(viii)(I) has not attained 20 years of  
22                               age,

23                               “(II) has not completed secondary  
24                               school or received a certificate of high  
25                               school equivalency, and

1           “(III) is pregnant, or is a custodial  
2           parent of a child who has not attained 4  
3           months of age and is personally providing  
4           care for the child;” and

5           (2) by striking subparagraph (E).

6 **SEC. 312. SUMMER ACTIVITIES AND TEEN EARNINGS.**

7           (a) GRANT BONUS FOR PARTICIPATION IN APPRO-  
8           PRIATE SUMMER ACTIVITIES.—Section 482 (42 U.S.C.  
9           682), as amended by sections 111(a) and 301 of this Act,  
10          is amended by adding at the end the following:

11          “(l) Each State with a program established under  
12          this part—

13                 “(1) may increase the aid otherwise payable on  
14                 a monthly basis under the State plan approved  
15                 under part A to any participant described in sub-  
16                 section (k) who participates in appropriate summer  
17                 activities (as determined by the case manager in ac-  
18                 cordance with State guidelines), by the lesser of \$60  
19                 or 20 percent of such otherwise payable aid; and

20                 “(2) shall make available to any such partici-  
21                 pant who participates in a summer educational pro-  
22                 gram or other activities approved by the State the  
23                 same child care and other supportive services that  
24                 are made available to participants in the program of  
25                 the State under this part.”.

1 (b) EARNED INCOME DISREGARD.—Section  
2 402(a)(8)(A) (42 U.S.C. 602(a)(8)) is amended—

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

4 and

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

6 “(ix) shall disregard all earned income of  
7 any individual applying for or receiving aid  
8 under the State plan who has not attained 20  
9 years of age and to whom section 482(k) ap-  
10 plies;”.

11 **SEC. 313. PLANNING, STARTUP, AND REPORTING.**

12 (a) REQUIRED PARTICIPATION RATES.—Section  
13 403(l) (42 U.S.C. 603(l)), as amended by sections 112(a)  
14 and 256(b) of this Act, is amended by adding at the end  
15 the following:

16 “(7)(A) Notwithstanding paragraph (1), the Sec-  
17 retary shall pay to a State an amount equal to 50 percent  
18 of the expenditures made by such State in a fiscal year  
19 in operating its program established under part F (in lieu  
20 of any different percentage specified in paragraph (1)(A))  
21 if the State’s teen participation rate (determined under  
22 subparagraph (B)) for the preceding fiscal year does not  
23 exceed or equal—

24 “(i) 15 percent if the preceding fiscal year is  
25 1996;

1           “(ii) 40 percent if such year is 1997;

2           “(iii) 70 percent if such year is 1998; or

3           “(iv) 90 percent if such year is 1999.

4           “(B) The State’s teen participation rate for a fiscal  
5 year shall be the average of its teen participation rates  
6 for each month in such fiscal year.

7           “(C) The State’s teen participation rate for a month  
8 shall be the number, expressed as a percentage, equal to—

9           “(i) the average monthly number of individuals  
10 required to comply with section 482(k) for the  
11 month who have received aid under the State plan  
12 approved under part A for at least 60 days, and—

13           “(I) are in an assigned or individualized  
14 activity or in the midst of a regularly scheduled  
15 school break;

16           “(II) have good cause for not participating  
17 in a program under such section;

18           “(III) are in conciliation or whose aid  
19 under the State plan approved under this part  
20 has been reduced pursuant to such section; or

21           “(IV) are former recipients of such aid  
22 who are receiving case management services  
23 under the State plan; divided by

24           “(ii) the number of individuals required to com-  
25 ply with section 482(k) for the month, plus the num-

1       ber of former recipients of such aid who are receiv-  
2       ing case management services under the State plan.

3       “(D) Subparagraphs (D) and (E) of paragraph (3)  
4 shall apply in like manner to this paragraph.

5       “(E) The State shall submit to the Secretary a report  
6 on the number of individuals in each category or sub-  
7 category of participants in programs under section 482(k)  
8 as the Secretary may define.

9       “(F) The Secretary shall develop such procedures as  
10 may be necessary to ensure that participation rates re-  
11 ported by States are accurate, and shall annually submit  
12 to the Congress a compilation of the State reports made  
13 pursuant to subparagraph (E).”.

14       (b)     STATE     PLAN     REQUIREMENT.—Section  
15 482(a)(1)(B) (42 U.S.C. 682(a)(1)(B)) is amended by  
16 striking “and (iii)” and inserting “(iii) a description of  
17 the plans of the State for ensuring that, within 5 years  
18 after the effective date of this clause, all individuals re-  
19 quired to comply with subsection (k) do so, including the  
20 strategy for phasing in the requirements of subsection (k),  
21 which shall reflect the finding of a needs assessment that  
22 identifies the current and projected numbers of recipients  
23 of aid under the State plan in different regions of the  
24 State who have not attained 20 years of age, the availabil-  
25 ity of appropriate educational institutions and alternatives

1 (including parenting education capacity) and the availabil-  
2 ity of support services, and of the plans of the State for  
3 ensuring that service providers have agreed to cooperate  
4 in supplying necessary data (such as reports on attend-  
5 ance, satisfactory participation, and performance), and a  
6 commitment by the State to make annual reports to the  
7 Secretary on progress in carrying out this clause and sub-  
8 section (k), and (iv).”.

9 **SEC. 314. CHILD CARE FOR NON-AFDC TEEN PARENTS.**

10 (a) ELIGIBILITY FOR AFDC CHILD CARE.—

11 (1) IN GENERAL.—Section 402(g)(1)(A)(i) (42  
12 U.S.C. 602(g)(1)(A)(i)) is amended—

13 (A) by striking “and” at the end of  
14 subclause (I);

15 (B) by striking the period at the end of  
16 subclause (II) and inserting “; and”; and

17 (C) by adding after and below the end the  
18 following:

19 “(III) at the option of the State, for each indi-  
20 vidual who has not attained 20 years of age, whose  
21 income is less than 150 percent of the income offi-  
22 cial poverty line (as defined by the Office of Man-  
23 agement and Budget, and revised annually in ac-  
24 cordance with section 673(2) of the Omnibus Budget  
25 Reconciliation Act of 1981) applicable to the family

1 of the individual, who is a custodial parent of a  
2 child, and who requires such care in order to attend  
3 an educational institution or such training programs  
4 as the State deems appropriate.”.

5 (2) AUTHORITY OF STATE TO REQUIRE CON-  
6 TRIBUTION BY NON-AFDC TEEN PARENTS IN AC-  
7 CORDANCE WITH A SLIDING FEE SCALE CONSISTENT  
8 WITH THAT ESTABLISHED BY THE STATE UNDER  
9 THE CCDBG.—Section 402(g)(1)(A) (42 U.S.C.  
10 602(g)(1)(A)), as amended by sections 137(a),  
11 140(a), 141, and 142 of this Act, is amended by  
12 adding at the end the following:

13 “(xiv) The State may elect to require a family to con-  
14 tribute to the cost of child care provided under clause  
15 (i)(III) in accordance with a sliding fee scale that is con-  
16 sistent with the sliding fee scale established by the State  
17 under the Child Care and Development Block Grant Act  
18 of 1990.”.

19 (b) STATE OPTION TO PROVIDE CHILD CARE FOR  
20 TEEN PARENTS PARTICIPATING IN AN EDUCATIONAL  
21 PROGRAM AND ACCEPTING CASE MANAGEMENT SERV-  
22 ICES.—Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)), as  
23 amended by sections 137(a), 140(a), 141, and 142 of this  
24 Act, and by subsection (a)(2) of this section, is amended  
25 by adding at the end the following:

1       “(xv) Each State may guarantee child care in accord-  
2       ance with subparagraph (B) of this paragraph for each  
3       individual described in subparagraph (A)(ii) or (B)(ii) of  
4       subsection (a)(48) whose income does not exceed 150 per-  
5       cent of the poverty line and who is participating in an  
6       educational program pursuant to section 482(k), if and  
7       for so long as the individual accepts case management as  
8       provided for in such subsection.”.

9       (c) ELIGIBILITY FOR AT-RISK CHILD CARE.—Sec-  
10       tion 402(i)(1)(B) (42 U.S.C. 602(i)(1)(B)) is amended—

11               (1) by inserting “(i)” after “(B)” and  
12               (2) by striking “and” and inserting “or”; and  
13               (3) by adding after and below the end the fol-  
14       lowing:

15               “(ii) in the case of a family that includes a indi-  
16       vidual who has not attained 20 years of age and is  
17       a custodial parent, needs such care in order to par-  
18       ticipate in an education or training program ap-  
19       proved by the State; and”.

## 20       **Subtitle C—Case Management**

### 21       **SEC. 321. CASE MANAGEMENT.**

22       (a) IN GENERAL.—Section 402(a) (42 U.S.C.  
23       602(a)), as amended by sections 104 and 138 of this Act,  
24       is amended—

1           (1) by striking “and” at the end of paragraph  
2           (46);

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

5           (3) by inserting after paragraph (47) the fol-  
6           lowing:

7           “(48) provide that the State agency—

8           “(A) shall assign a case manager—

9           “(i) to each recipient of aid under the  
10          State plan who—

11                   “(I) is a custodial parent of a  
12                   child or pregnant; and

13                   “(II) has not attained 20 years  
14                   of age;

15           “(ii) for 1 year, to each former recipi-  
16          ent of such aid who—

17                   “(I) is a custodial parent;

18                   “(II) has not attained 20 years  
19                   of age; and

20                   “(III) has not declined such as-  
21                   signment; and

22          “(B) may assign a case manager to any in-  
23          dividual—

24                   “(i) who—

1                   “(I) is a noncustodial parent re-  
2                   ceiving aid under the State plan; and

3                   “(II) has not attained 20 years  
4                   of age; or

5                   “(ii)(I) who is a parent not receiving  
6                   aid under the State plan;

7                   “(II) who has not attained 20 years of  
8                   age;

9                   “(III) whose income does not exceed  
10                  150 percent of the income official poverty  
11                  line (as defined by the Office of Manage-  
12                  ment and Budget, and revised annually in  
13                  accordance with section 673(2) of the Om-  
14                  nibus Budget Reconciliation Act of 1981)  
15                  applicable to a family of the size involved;  
16                  and

17                  “(IV) who has not declined the as-  
18                  signment;

19                  “(C) shall require each case manager to  
20                  improve the capacity of any individual to whom  
21                  assigned to assume greater responsibility for  
22                  the individual and the family of the individual,  
23                  by—

24                  “(i) in the case of an individual re-  
25                  ceiving aid under the State plan who is a

1           custodial parent and has not attained 18  
2           years of age, assessing the appropriateness  
3           of the living arrangement of the individual;

4           “(ii) providing referrals to appropriate  
5           services (such as prenatal care, pre-and  
6           post-partum school reentry, child care,  
7           well-baby care (including immunizations),  
8           and home visits if appropriate) needed for  
9           the individual to complete educational pro-  
10          grams or employment preparation pro-  
11          grams;

12          “(iii) facilitating paternity establish-  
13          ment through contacts with the putative  
14          father during the mother’s pregnancy, if  
15          appropriate, and if paternity is not estab-  
16          lished at birth, exploring ways to establish  
17          paternity;

18          “(iv) explaining the rights and respon-  
19          sibilities of such individuals as established  
20          under the State plans approved under this  
21          part and part D, and helping such individ-  
22          uals meet their responsibilities;

23          “(v) developing and monitoring the  
24          case plan and service provision in order to

1 assess progress and make necessary  
2 changes;

3 “(vi) ensuring that the case plan in-  
4 corporates education, health, and employ-  
5 ment goals during and after the completion  
6 of secondary school or the training pro-  
7 gram, and if the individual is required or  
8 allowed to participate in the program es-  
9 tablished by the State under part F, ensur-  
10 ing that the case plan is the employability  
11 plan for purposes of the State program es-  
12 tablished under part F;

13 “(vii) attempting to identify the cause  
14 of, and address, any problems that are  
15 causing those of such individuals who are  
16 receiving aid under the State plan to be in  
17 danger of a reduction in aid;

18 “(viii) recommending to the State  
19 agency that those of such individuals who  
20 are involved in an educational activity pur-  
21 suant to a program established under sec-  
22 tion 482(k) receive bonuses, or that the  
23 State apply sanctions, as appropriate,  
24 under the State plan, or that there be ex-

1           emptions from a requirement imposed by  
2           or under the State plan; and

3           “(ix) in the case of an individual who  
4           has not attained 20 years of age and is a  
5           parent or pregnant, providing the individ-  
6           ual with health agency information and  
7           family planning materials, and facilitating  
8           appointments with respect to such matters  
9           on request;

10          “(D) shall, to the extent feasible, require  
11          each case manager to work with such individ-  
12          uals to identify appropriate opportunities for  
13          volunteer activities;

14          “(E) shall locate case managers in State  
15          offices that administer the State plan, or allow  
16          such offices to subcontract the duties of case  
17          managers to community-based organizations or  
18          other agencies of State government such as  
19          health or education agencies; and

20          “(F)(i) shall ensure that the case load of  
21          a case manager assigned full-time to teen par-  
22          ent case management does not exceed 65 cases,  
23          and that the average number of cases managed  
24          by such full-time case managers does not exceed  
25          50, and the Secretary shall prescribe regula-

1 tions to address situations in which a case man-  
2 ager works less than full-time with teen par-  
3 ents.”.

4 (b) STATE OPTION TO PROVIDE CHILD CARE FOR  
5 TEEN PARENTS WHO PERFORM VOLUNTARY COMMUNITY  
6 SERVICE.—Section 402(g)(1)(A) (42 U.S.C.  
7 602(g)(1)(A)), as amended by sections 137(a), 140(a),  
8 141, 142, 314(a)(2), and 314(b) of this Act, is amended  
9 by adding at the end the following:

10 “(xvi) Each State may guarantee child care in ac-  
11 cordance with subparagraph (B) of this paragraph for  
12 each individual required to comply with section 482(k)  
13 who voluntarily engages in community service activities  
14 approved by the State.”.

## 15 **Subtitle D—Demonstration** 16 **Projects**

17 **SEC. 331. ADOLESCENT PREGNANCY PREVENTION GRANTS.**

18 Title XX (42 U.S.C. 1397–1397f) is amended by  
19 adding at the end the following:

20 **“SEC. 2008. ADOLESCENT PREGNANCY PREVENTION**  
21 **GRANTS.**

22 “(a) PURPOSE.—The purpose of this section is to en-  
23 courage and provide financial assistance for the develop-  
24 ment of intensive and sustained school-linked and school-  
25 based pregnancy prevention programs for adolescents and

1 their families in areas of high poverty or high unmarried  
2 adolescent birth rates that build upon other Federal,  
3 State, and local pregnancy prevention and youth develop-  
4 ment programs.

5       “(b) GENERAL AUTHORITY.—Notwithstanding sec-  
6 tion 2005(a)(6), the Secretary, the Secretary of Edu-  
7 cation, and the Chief Executive Officer of the Corporation  
8 for National and Community Service (in this section re-  
9 ferred to as the ‘responsible Federal officials’), in con-  
10 sultation with other relevant Federal agencies, shall jointly  
11 make grants to eligible entities, to carry out programs in  
12 accordance with this section.

13       “(c) FEDERAL ADMINISTRATION.—

14               “(1) Notwithstanding the Department of Edu-  
15 cation Organization Act (20 U.S.C. 3401 et seq.)  
16 and the General Education Provisions Act (20  
17 U.S.C. 1221 et seq.), the responsible Federal offi-  
18 cials shall jointly provide for the administration of  
19 this section, and shall jointly issue whatever regula-  
20 tions, procedures, and guidelines, the responsible  
21 Federal officials consider necessary and appropriate  
22 to administer and enforce the provisions of this sec-  
23 tion.

24               “(2) The responsible Federal officials may enter  
25 into agreements with any other Federal entity with

1 expertise in youth development activities to admin-  
2 ister the program under this section and may pro-  
3 vide such entity with appropriate reimbursement.

4 “(d) FUNDING.—

5 “(1) IN GENERAL.—To achieve the purposes of  
6 this section, the responsible Federal officials shall  
7 make grants to eligible entities under subsection (b)  
8 and conduct activities under subsections (m) and (n)  
9 so that in the aggregate the expenditures for such  
10 grants and activities do not exceed \$20,000,000 for  
11 fiscal year 1995, \$40,000,000 for fiscal year 1996,  
12 \$60,000,000 for fiscal year 1997, \$80,000,000 for  
13 fiscal year 1998, and \$100,000,000 for fiscal year  
14 1999 and each subsequent fiscal year.

15 “(2) PAYMENTS TO GRANTEES.—Upon approval  
16 by the responsible Federal officials, each grant appli-  
17 cant shall be entitled to payment of at least \$50,000  
18 and not more than \$400,000 for each fiscal year  
19 based on an assessment by the responsible Federal  
20 officials of the scope and quality of the proposed  
21 program and the number of adolescents to be served  
22 by the program. Payments to a grantee for any fis-  
23 cal year shall be available for expenditure by such  
24 grantee in such fiscal year or the succeeding fiscal  
25 year.

1           “(3) RESERVATION FOR EVALUATION, TRAIN-  
2           ING, TECHNICAL ASSISTANCE, AND NATIONAL  
3           CLEARINGHOUSE.—The responsible Federal officials  
4           shall reserve, with respect to each fiscal year, up to  
5           10 percent of the aggregate amount described in  
6           paragraph (1) for expenditure by the responsible  
7           Federal officials for evaluation, training, and tech-  
8           nical assistance related to the programs under this  
9           section, and for the establishment and operation of  
10          a National Clearinghouse on Adolescent Pregnancy  
11          Prevention Programs under subsection (n).

12          “(4) EXCESS AMOUNT.—If in any fiscal year  
13          the aggregate amount specified in paragraph (1) for  
14          such fiscal year exceeds the amount required to  
15          carry out approved grant applications and other  
16          functions under paragraph (3), then the amount  
17          specified in section 2003(c)(5) shall be increased by  
18          the excess.

19          “(e) DEFINITIONS.—As used in this section:

20                 “(1) ADOLESCENTS.—The term ‘adolescents’  
21                 means youth who have attained 10 years of age but  
22                 have not attained 20 years of age.

23                 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
24                 tity’ means a partnership that includes—

1           “(A) a local education agency, acting on  
2           behalf of one or more schools, together with

3           “(B) one or more community-based organi-  
4           zations, institutions of higher education, or  
5           public or private agencies or organizations.

6           “(3) ELIGIBLE AREA.—The term ‘eligible area’  
7           means a school attendance area in which—

8           “(A) at least 75 percent of the children are  
9           from low-income families as that term is used  
10          in part A of title I of the Elementary and Sec-  
11          ondary Education Act of 1965;

12          “(B) the number of children receiving aid  
13          to families with dependent children under a  
14          State plan approved part A of title IV is sub-  
15          stantial as determined by the responsible Fed-  
16          eral officials; or

17          “(C) the unmarried adolescent birth rate is  
18          high, as determined by the responsible Federal  
19          officials.

20          “(4) SCHOOL.—The term ‘school’ means a pub-  
21          lic elementary, middle, or secondary school.

22          “(5) RESPONSIBLE FEDERAL OFFICIALS.—The  
23          term ‘responsible Federal officials’ means the Sec-  
24          retary of Education, the Secretary, and the Chief

1 Executive Officer of the Corporation for National  
2 and Community Service.

3 “(f) USES OF FUNDS.—Grants under this section—

4 “(1) shall be used to—

5 “(A) develop, operate, expand, and improve  
6 a sequential, age-appropriate program of in-  
7 struction and counseling services for adolescents  
8 designed to promote personal responsibility and  
9 a healthy drug free lifestyle, and to prevent ad-  
10 olescent pregnancy, through such activities as  
11 counseling and instruction in the full range of  
12 consequences of premature sexual behavior and  
13 adolescent pregnancy, training in decision-mak-  
14 ing, and activities to promote involvement of  
15 parents and families in adolescent development  
16 and personal responsibility; and

17 “(B) provide opportunities for youth at-  
18 risk to develop sustained contact with one or  
19 more volunteer or professionally trained adults  
20 to provide character development, through such  
21 activities as mentoring, group coaching, or  
22 after-school activities; and

23 “(2) may be used to conduct other related ac-  
24 tivities that promote the purposes of this section.

1       “(g) APPLICATION.—Each applicant for a grant  
2 under subsection (b) must submit an application that—

3               “(1) includes a plan, based on local needs, for  
4 accomplishing the purposes of this section that—

5                       “(A) sets forth specific, measurable goals  
6 intended to be accomplished under the program,  
7 and describes the methods to be used in meas-  
8 uring progress toward accomplishment of such  
9 goals;

10                      “(B) describes the components of the pro-  
11 gram, including—

12                               “(i) the role in the program of any  
13 national service participants supported by  
14 the National and Community Service Act  
15 of 1990 or by any other national service  
16 law as defined in such Act, and

17                               “(ii) the activities, in accordance with  
18 subsection (f), that will be made available  
19 under the program,

20 and the manner in which such components will  
21 be implemented, including the extent to which  
22 activities will take place after school, on week-  
23 ends, or during the summer;

24                      “(C) describes the manner in which one or  
25 more professional staff will administer the pro-

1           gram, and, where appropriate or feasible, the  
2           manner in which national service participants  
3           will be involved in the development or delivery  
4           of services and in the coordination of during or  
5           after-school activities;

6           “(2) demonstrates the manner in which the pro-  
7           gram will be based on research concerning effective  
8           means of reducing adolescent pregnancy, including  
9           reducing risk-taking behaviors correlated with ado-  
10          lescent pregnancy;

11          “(3) demonstrates that the program will serve  
12          male and female adolescents and, where feasible,  
13          out-of-school adolescents, and describes the steps the  
14          applicant will take to serve such adolescents;

15          “(4) demonstrates the manner in which the ap-  
16          plicant will provide, to the extent feasible, a continu-  
17          ity of services for adolescents through age 19;

18          “(5) demonstrates the extent to which school  
19          personnel, parents, community organizations, and  
20          the adolescents to be served have participated in the  
21          development of the application and will participate  
22          in the planning and implementation of the program;

23          “(6) describes the applicant’s partnership, in-  
24          cluding the relationship of the partners, the role of  
25          each partner in the development and implementation

1 of the program, and the manner in which the part-  
2 ners will coordinate their resources;

3 “(7) describes the nature and scope of commit-  
4 ment to the program by other community institu-  
5 tions, such as religious organizations, community  
6 groups, institutions of higher education, business,  
7 and labor;

8 “(8) describes the methods to be used in coordi-  
9 nating the provision of services under the program  
10 with the provision of services or benefits under other  
11 Federal or federally assisted programs, State and  
12 local programs, and private programs serving the  
13 same population;

14 “(9) demonstrates that the area to be served is  
15 an eligible area;

16 “(10) contains assurances that at least one ac-  
17 tivity will be located in a school in the area to be  
18 served and describes the activities that will be  
19 school-based;

20 “(11) contains assurances that the amounts  
21 provided under this section will not be used to sup-  
22 plant Federal, State, or local funds for services and  
23 activities that promote the purposes of this section;

24 “(12) contains assurances that the applicant  
25 will provide a non-Federal share, in cash or in kind,

1 of at least 20 percent of the cost of carrying out the  
2 approved program;

3 “(13) describes the applicant’s plan for continu-  
4 ation of the program following completion of the  
5 grant period and termination of Federal support  
6 under this section;

7 “(14) contains assurances that the applicant  
8 will furnish such reports, containing such informa-  
9 tion, and participate in such evaluations, as the re-  
10 sponsible Federal officials may require; and

11 “(15) includes such other information and as-  
12 surances as the responsible Federal officials may  
13 reasonably require.

14 “(h) PRIORITIES.—In making awards under this sec-  
15 tion, the responsible Federal officials shall give priority to  
16 applicants that—

17 “(1) provide for non-Federal resources signifi-  
18 cantly in excess of those required in subsection  
19 (g)(12) or for an increasing ratio of non-Federal re-  
20 sources over the term of the grant; and

21 “(2) participate in other Federal and non-Fed-  
22 eral programs that relate to the purposes of this sec-  
23 tion.

24 “(i) TREATMENT AS NON-FEDERAL SHARE.—For  
25 purposes of the National and Community Service Act of

1 1990, the funds provided to a grantee under this section  
2 shall not be considered Federal funds.

3 “(j) PROHIBITION ON USE OF FUNDS.—No assist-  
4 ance made available under this section shall be used to  
5 provide religious instruction, to conduct worship services,  
6 or to promote any religious view or teaching in any man-  
7 ner.

8 “(k) GEOGRAPHIC DIVERSITY.—The responsible  
9 Federal officials shall, to the extent feasible, ensure that  
10 applications are approved from both urban and rural areas  
11 and reflect nationwide geographic diversity.

12 “(l) APPLICATION PERIOD.—An application approved  
13 under this section shall be for a term of 5 years; except  
14 that approval may be terminated before the end of such  
15 period if the responsible Federal officials determine that  
16 the grantee conducting the program has failed substan-  
17 tially to carry out the program as described in the ap-  
18 proved application.

19 “(m) EVALUATION, TRAINING, AND TECHNICAL AS-  
20 SISTANCE.—

21 “(1) EVALUATION.—The responsible Federal  
22 officials shall evaluate the effectiveness of programs  
23 conducted under this section, directly or by grant or  
24 contract, and may require each grantee conducting  
25 such a program to provide such information as the

1 responsible Federal officials determine is necessary  
2 for such evaluations.

3 “(2) TRAINING AND TECHNICAL ASSISTANCE.—  
4 The responsible Federal officials may provide train-  
5 ing and technical assistance with respect to the de-  
6 velopment, implementation, or operation of programs  
7 under this section.

8 “(3) COORDINATION WITH NATIONAL CLEAR-  
9 INGHOUSE.—The responsible Federal officials shall  
10 coordinate the activities conducted under this sub-  
11 section with the activities conducted by the National  
12 Clearinghouse on Adolescent Pregnancy Prevention  
13 Programs under subsection (n).

14 “(n) NATIONAL CLEARINGHOUSE ON ADOLESCENT  
15 PREGNANCY.—

16 “(1) ESTABLISHMENT.—The responsible Fed-  
17 eral officials shall establish, through grant or con-  
18 tract, a national center for the collection and provi-  
19 sion of programmatic information and technical as-  
20 sistance that relates to adolescent pregnancy preven-  
21 tion programs, to be known as the ‘National Clear-  
22 inghouse on Adolescent Pregnancy Prevention Pro-  
23 grams’.

24 “(2) FUNCTIONS.—The national center estab-  
25 lished under paragraph (1) shall serve as a national

1 information and data clearinghouse, and as a train-  
2 ing, technical assistance, and material development  
3 source for adolescent pregnancy prevention pro-  
4 grams. Such center shall—

5 “(A) develop and maintain a system for  
6 disseminating information on all types of ado-  
7 lescent pregnancy prevention program and on  
8 the state of adolescent pregnancy prevention  
9 program development, including information  
10 concerning the most effective model programs;

11 “(B) develop and sponsor a variety of  
12 training institutes and curricula for adolescent  
13 pregnancy prevention program staff;

14 “(C) identify model programs representing  
15 the various types of adolescent pregnancy pre-  
16 vention programs;

17 “(D) develop technical assistance materials  
18 and activities to assist other entities in estab-  
19 lishing and improving adolescent pregnancy  
20 prevention programs;

21 “(E) develop networks of adolescent preg-  
22 nancy prevention programs for the purpose of  
23 sharing and disseminating information; and

24 “(F) conduct such other activities as the  
25 responsible Federal officials find will assist in

1           developing and carrying out programs or activi-  
2           ties to reduce adolescent pregnancy.”.

3 **SEC. 332. DEMONSTRATION PROJECTS TO PROVIDE COM-**  
4           **PREHENSIVE SERVICES TO PREVENT ADO-**  
5           **LESCENT PREGNANCY IN HIGH-RISK COMMU-**  
6           **NITIES.**

7           Title XX (42 U.S.C. 1397–1397f), as amended by  
8 section 331 of this Act, is amended by adding at the end  
9 the following:

10 **“SEC. 2009. DEMONSTRATION PROJECTS TO PROVIDE COM-**  
11           **PREHENSIVE SERVICES TO PREVENT ADO-**  
12           **LESCENT PREGNANCY IN HIGH-RISK COMMU-**  
13           **NITIES.**

14           “(a)(1) PURPOSE.—In order to stimulate the develop-  
15 ment of innovative approaches for the effective delivery of  
16 comprehensive services, with particular emphasis on preg-  
17 nancy prevention, to certain youth and their families in  
18 high-risk communities and the promotion of community  
19 involvement in improving the environment in which such  
20 youth live, the Secretary shall conduct demonstration  
21 projects in accordance with this section.

22           “(2) APPROVAL OF PROJECTS.—The Secretary, in  
23 consultation with the Secretary of Education, the Sec-  
24 retary of Housing and Urban Development, the Attorney  
25 General, the Director of the Office of National Drug Con-

1 trol Policy, and the Secretary of Labor, shall approve at  
2 least 5 and not more than 7 projects, in accordance with  
3 subsection (c). Upon approval by the Secretary, each  
4 project applicant shall be entitled to payment of up to  
5 \$3,600,000 for each of fiscal years 1995 through 1999  
6 for the purpose of conducting approved demonstration  
7 projects.

8 “(b) FUNDING.—

9 “(1) IN GENERAL.—There shall be made avail-  
10 able to the Secretary not to exceed \$20,000,000 for  
11 each of fiscal years 1995 through 1999 for carrying  
12 out the projects under this section. Payments to a  
13 grantee for any fiscal year must be expended by the  
14 grantee in such fiscal year or the succeeding fiscal  
15 year.

16 “(2) EVALUATION, TRAINING, AND TECHNICAL  
17 ASSISTANCE.—The Secretary shall reserve, with re-  
18 spect to each fiscal year, 10 percent of the amount  
19 described in paragraph (1) for expenditure by the  
20 Secretary for training and technical assistance relat-  
21 ed to the demonstration projects under this section  
22 and for evaluation of such projects. The amount so  
23 reserved shall remain available for obligation  
24 through fiscal year 1999.

1           “(3) EXCESS AMOUNTS.—If in any fiscal year  
2           the amount specified in paragraph (1) of this sub-  
3           section for such fiscal year exceeds the amount re-  
4           quired to carry out approved projects and evalua-  
5           tion, training, and technical assistance under this  
6           section, then the amount specified in section  
7           2003(c)(5) shall be increased by the excess.

8           “(c) APPLICATION; ELIGIBILITY CRITERIA.—A local  
9           public or private nonprofit organization, including a unit  
10          of government, or any combination of such entities, shall  
11          be eligible to submit a project application. In order that  
12          an application be approved under subsection (a), the appli-  
13          cation must—

14                 “(1) demonstrate that the geographic area to be  
15                 served by the project satisfies the following criteria:

16                         “(A) it includes a population of 20,000 to  
17                         35,000 residents,

18                         “(B) it has an identifiable boundary and is  
19                         recognizable as a community by its residents,  
20                         and

21                         “(C) within the community, there is a pov-  
22                         erty rate of not less than 20 percent;

23                 “(2) include a plan for accomplishing the pur-  
24                 poses of this section that—

1           “(A) describes the comprehensive, inte-  
2           grated services, in accordance with subsection  
3           (e), that will be made available under the  
4           project;

5           “(B)(i) sets forth the goals intended to be  
6           accomplished under the project, and

7           “(ii) describes the methods to be used in  
8           measuring progress toward accomplishment of  
9           such goals and the outcomes to be measured,  
10          including unmarried adolescent birth rates,  
11          rates of youth alcohol and drug use, rates of  
12          youth violence, high school graduation rates,  
13          and such other outcomes as the Secretary finds  
14          appropriate;

15          “(C) describes the process by which the af-  
16          fected community (including parents, the youth  
17          to be served, schools, local government, religious  
18          organizations, community groups, business, and  
19          labor) is a full partner in the process of devel-  
20          oping and implementing the project and the ex-  
21          tent to which parents, the youth to be served,  
22          and local institutions and organizations have  
23          contributed to the planning process;

24          “(D) identifies the private and public part-  
25          nerships to be used;

1           “(E) describes the methods to be used in  
2           coordinating the provision of services under the  
3           project and the provision of services or benefits  
4           under other Federal or federally assisted pro-  
5           grams, State and local programs, and private  
6           programs serving the same population; and

7           “(F) describes the manner in which other  
8           Federal funds and non-Federal funds will be  
9           used to further the purpose of the program;

10          “(3) demonstrate strong State and local govern-  
11          ment commitment to the project and involvement in  
12          the planning and implementation of the project;

13          “(4) demonstrate the ability of the applicant to  
14          carry out the project;

15          “(5) describe the methods to be used for main-  
16          taining accurate records regarding the activities car-  
17          ried out with funds under this section;

18          “(6) contain assurances that the amounts pro-  
19          vided under this section will not be used to supplant  
20          Federal, State, and local funds for services and ac-  
21          tivities that promote the purposes of this section;

22          “(7) contain assurances that the applicant will  
23          provide a non-Federal share, in cash or in kind, of  
24          10 percent of the cost of carrying out the approved

1 project and describe the capacity of the applicant to  
2 provide the non-Federal share;

3 “(8) contain assurances that the applicant will  
4 furnish such reports, containing such information,  
5 and participate in such evaluations, as the Secretary  
6 may require; and

7 “(9) include such other information as the Sec-  
8 retary may require.

9 “(d) PRIORITY.—In making awards under this sec-  
10 tion, the Secretary shall give priority to applicants that  
11 provide for non-Federal resources significantly in excess  
12 of those required in subsection (c)(7).

13 “(e) USE OF GRANTS.—Under each demonstration  
14 project conducted under this section, the grantee shall de-  
15 velop a community-wide strategy to address the causes  
16 and factors of risk-taking tendencies among youth, to  
17 positively affect community norms, to increase community  
18 health and safety, and to generally improve the social envi-  
19 ronment to enhance the life choice of community youth.  
20 The strategy shall be used to provide a comprehensive set  
21 of coordinated services designed to saturate the commu-  
22 nity and shall include, but not be limited to, the following  
23 areas:

24 “(1) Health education and access services de-  
25 signed to promote physical and mental well-being

1 and personal responsibility (with particular emphasis  
2 on pregnancy prevention), such as school health  
3 services, family planning services, alcohol and drug  
4 abuse prevention services and referral for treatment,  
5 life skills training, and decision-making skills train-  
6 ing.

7 “(2) Educational and employability development  
8 services designed to promote educational advance-  
9 ment leading to a high school diploma or its equiva-  
10 lent and opportunities for high skill, high wage job  
11 attainment and productive employment, to establish  
12 a lifelong commitment to learning and achievement,  
13 and to increase self-confidence, such as academic tu-  
14 toring, literacy training, drop-out prevention pro-  
15 grams, career and college counseling, mentoring pro-  
16 grams, job skills training, apprenticeships, and part-  
17 time paid work opportunities.

18 “(3) Social support services designed to provide  
19 youth with a stable environment, opportunities for a  
20 sustained relationship with one or more adults, and  
21 opportunities for participation in safe and productive  
22 activities, such as cultural, recreational and sports  
23 activities, leadership development, peer counseling  
24 and crisis intervention, mentoring programs,  
25 parenting skills training, and family counseling.

1           “(4) Community activities designed to improve  
2           community stability, and to encourage youth to par-  
3           ticipate in community service and establish a stake  
4           in the community, such as community policing, com-  
5           munity service programs, community activities in  
6           partnership with less distressed neighborhoods, local  
7           media campaigns, and establishment of community  
8           advisory councils with youth representation.

9           “(5) Employment opportunity development ac-  
10          tivities designed to be coordinated with educational  
11          and employability development services, social sup-  
12          port services, and community activities described in  
13          paragraphs (2) through (4). Emphasis shall be on  
14          development of linkages with employers within and  
15          outside the community to help create employment  
16          opportunities and foster an understanding by com-  
17          munity youth of the relationship between productive  
18          employment, healthy development, and sound life  
19          choices.

20          “(f) EVALUATION, TRAINING, AND TECHNICAL AS-  
21          SISTANCE.—

22                 “(1) EVALUATION.—The Secretary shall evalu-  
23                 ate the effectiveness of each demonstration project  
24                 conducted under this section and may require each  
25                 grantee conducting such a project to provide such

1 information as the Secretary determines is necessary  
2 for such evaluations.

3 “(2) TRAINING AND TECHNICAL ASSISTANCE.—  
4 The Secretary shall provide training and technical  
5 assistance with respect to the development, imple-  
6 mentation, or operation of projects under this sec-  
7 tion.

8 “(3) COORDINATION WITH NATIONAL CLEAR-  
9 INGHOUSE.—The Secretary shall coordinate the ac-  
10 tivities conducted under this subsection with activi-  
11 ties conducted by the National Clearinghouse on Ad-  
12 olescent Pregnancy Prevention Programs under sec-  
13 tion 2008(n).

14 “(g) FUNDING PERIOD.—Each demonstration  
15 project supported under this section shall be conducted for  
16 a 5-year period; except that the Secretary may terminate  
17 a project before the end of such period if the Secretary  
18 determines that the grantee conducting the project has  
19 failed substantially to carry out the project as described  
20 in the approved application.

21 “(h) DEFINITIONS AND SPECIAL RULES.—As used in  
22 this section:

23 “(1) YOUTH.—The term ‘youth’ means an indi-  
24 vidual who has attained 10 years of age but has not  
25 attained 22 years of age.

1           “(2) USE OF CENSUS DATA.—Population and  
2           poverty rate shall be determined by the most recent  
3           decennial census data available.”.

## 4                           **TITLE IV—WAIVERS**

### 5   **SEC. 401. FUNDING FOR WAIVERS THAT ARE NOT COST** 6                           **NEUTRAL.**

7           (a) IN GENERAL.—Section 1115 (42 U.S.C. 1315)  
8           is amended by adding at the end the following:

9           “(e)(1) Any State seeking a waiver under subsection  
10          (a) of this section of compliance with a requirement of  
11          section 402 may apply to the Secretary for the waiver,  
12          and the Secretary may approve the waiver, without regard  
13          to the cost neutrality of the waiver, and for payment of—

14                 “(A) a percentage of State expenditures to  
15                 carry out the activities under the waiver that is  
16                 greater than the otherwise applicable percentage of  
17                 such expenditures for which payment otherwise may  
18                 be made;

19                 “(B) 90 percent of the cost of evaluating activi-  
20                 ties pursuant to applications approved under this  
21                 subsection.

22          “(2)(A) After appropriate consultation with the Con-  
23          gress, the States, and representatives of interested groups,  
24          the Secretary shall annually issue an announcement of the  
25          availability of Federal funds to assist in operating State

1 programs pursuant to waivers issued under this sub-  
2 section, specify a timeframe within which applications for  
3 such waivers may be submitted, and specify areas of par-  
4 ticular Federal interest with respect to such waivers.

5 “(B) At the end of the annual period for submitting  
6 applications under this subsection, the Secretary shall  
7 publish in the Federal Register a notice that—

8 “(i) describes the waivers proposed in applica-  
9 tions so submitted, including estimated costs; and

10 “(ii) provides for a period during which mem-  
11 bers of the public may comment on the applications.

12 “(C) The Secretary may not approve an application  
13 submitted under this subsection before the end of the com-  
14 ment period provided pursuant to subparagraph (B)(ii)  
15 with respect to the application.

16 “(3) The Secretary shall establish an advisory com-  
17 mittee to review and comment on pending applications  
18 under this subsection.

19 “(4) For waivers under this subsection, there are au-  
20 thorized to be appropriated to the Secretary not more  
21 than—

22 “(A) \$100,000,000 for fiscal year 1996;

23 “(B) \$200,000,000 for fiscal year 1997;

24 “(C) \$300,000,000 for fiscal year 1998; and

25 “(D) \$400,000,000 for fiscal year 1999.”.

1 (b) ANNUAL WAIVER STATUS REPORTS.—

2 (1) IN GENERAL.—Section 1115 (42 U.S.C.  
3 1315), as amended by subsection (a) of this section,  
4 is amended by adding at the end the following:

5 “(f) On January 1 of each fiscal year, the Secretary  
6 shall submit to the Congress a report that identifies each  
7 waiver approved under this section, describes the status  
8 of each such waiver, and summarizes the evaluation find-  
9 ings relating to activities under waivers issued under this  
10 section that became available during the immediately pre-  
11 ceding fiscal year.”.

12 (2) APPLICABILITY.—The amendment made by  
13 paragraph (1) shall apply to fiscal year 1997 and  
14 each succeeding fiscal year.

15 (c) NOTICE AND COMMENT PERIOD.—Section 1115  
16 (42 U.S.C. 1315), as amended by subsections (a) and (b)  
17 of this section, is amended by adding at the end the follow-  
18 ing:

19 “(g) The Secretary may not issue a waiver under this  
20 section before—

21 “(1) the Secretary has published in the Federal  
22 Register a notice of the proposed waiver; and

23 “(2) 30 days have elapsed since the beginning  
24 of the comment period with respect to the proposed  
25 waiver.”.

1 (d) PROHIBITION AGAINST WAIVERS RESULTING IN  
2 REDUCTION IN AFDC PAYMENTS.—Section 1115 (42  
3 U.S.C. 1315), as amended by subsections (a), (b), and (c)  
4 of this section, is amended by adding at the end the follow-  
5 ing:

6 “(h)(1) Notwithstanding any other provision of this  
7 section, the Secretary may not issue a waiver under this  
8 section that provides for reduction of the levels at which  
9 aid is payable to a family under a State plan approved  
10 under part A of title IV, unless the reduction is to be im-  
11 posed for failure without good cause to comply with a rule  
12 imposed under the State program operated under part A  
13 or F of title IV.

14 “(2) Any reduced expenditures resulting from the re-  
15 duction by a State of the levels at which aid to families  
16 with dependent children is payable shall not be considered  
17 in determining whether granting the waiver would be cost-  
18 neutral to the Federal Government.”.

19 **TITLE V—IMPROVING**  
20 **GOVERNMENT ASSISTANCE**  
21 **Subtitle A—AFDC Amendments**

22 **SEC. 501. REQUIREMENT THAT NEEDS STANDARDS RE-**  
23 **FLECT THE COST OF ESSENTIAL ITEMS.**

24 Section 402(h)(1) (42 U.S.C. 602(h)(1)) is amended  
25 to read as follows:

1 “(h)(1) Each State shall—

2 “(A) identify clearly the items provided for in  
3 the State’s standard of need to meet basic needs, the  
4 items provided for in the State’s standard of need to  
5 meet special needs, and the amount allowed for each  
6 such item;

7 “(B) not less frequently than every 3 years, in  
8 accordance with a schedule established by the Sec-  
9 retary, reexamine the basis for such allowances in  
10 the State’s standard of need, including whether the  
11 items provided for are sufficient to meet all essential  
12 needs and whether the allowances for the items re-  
13 flect prevailing prices; and

14 “(C) report to the Secretary and the public (at  
15 such time and in such form and manner as the Sec-  
16 retary may require) the conclusions resulting from  
17 the reexamination, any changes that the State is  
18 considering making in the standard of need as a re-  
19 sult of the reexamination, and an explanation of how  
20 the reexamination was conducted.”.

21 **SEC. 502. MAINTENANCE OF MINIMUM BENEFIT LEVELS.**

22 (a) IN GENERAL.—Section 402(a) (42 U.S.C.  
23 602(a)), as amended by sections 104, 138, and 321(a) of  
24 this Act, is amended—

1 (1) by striking “and” at the end of paragraph  
2 (47);

3 (2) by striking the period at the end of para-  
4 graph (48) and inserting “; and”; and

5 (3) by inserting after paragraph (48) the fol-  
6 lowing:

7 “(49) provide that the maximum amount of aid  
8 payable for any month to a family under the State  
9 plan shall not be reduced below the maximum  
10 amount of aid payable under the State plan in effect  
11 for October 1994 to a family of the same size.”.

12 **SEC. 503. OPTIONAL SUPPLEMENTATION OF BENEFITS FOR**  
13 **FAMILIES SUBJECT TO RETROSPECTIVE**  
14 **BUDGETING.**

15 (a) IN GENERAL.—Section 402(a)(13) (42 U.S.C.  
16 602(a)(13)) is amended—

17 (1) by striking “and” at the end of subpara-  
18 graph (A);

19 (2) by adding “and” at the end of subpara-  
20 graph (B); and

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

22 “(C) the State may increase the amount of  
23 aid otherwise payable under the State plan to  
24 a family to whom the State applies this para-  
25 graph for any month if, due to changed cir-

1           cumstances, the sum of such otherwise payable  
2           aid and the other income of the family for the  
3           month would be less than the maximum amount  
4           of aid otherwise payable under the State plan to  
5           a family of the same size;”.

6           (b) CONFORMING AMENDMENT.—Section 403(a) (42  
7 U.S.C. 603(a)) is amended by striking the 2nd sentence.

8   **SEC. 504. INCOME DISREGARDS.**

9           (a) STUDENT EARNINGS.—

10           (1) IN GENERAL.—Section 402(a)(8)(A)(i) (42  
11 U.S.C. 602(a)(8)(A)(i)) is amended by striking “de-  
12 pendent child” and all that follows and inserting  
13 “individual who has not attained 20 years of age  
14 and is an elementary or secondary school student”.

15           (2) CONFORMING AMENDMENTS.—Section  
16 402(a) (42 U.S.C. 602(a)) is amended—

17           (A) in paragraph (8)(A)(vii)—

18           (i) by striking “a dependent child who  
19 is a full-time student” and inserting “an  
20 individual who has not attained 20 years of  
21 age, who is an elementary or secondary  
22 school student or is participating in a pro-  
23 gram intended to lead to a certificate of  
24 high school equivalency or in other State-  
25 approved education or training in accord-

1           ance with an employability plan developed  
2           under section 482(b),”; and

3                   (ii) by striking “such child” and in-  
4           serting “the individual”; and

5                   (B) in paragraph (18), by striking “of a  
6           dependent child who” and inserting “of an indi-  
7           vidual who has not attained 20 years of age  
8           and”.

9           (b) TRAINING STIPENDS.—Section 402(a)(8)(A)(v)  
10       (42 U.S.C. 602(a)(8)(A)(v)) is amended to read as follows:

11                   “(v) shall disregard from the income of  
12           any individual applying for or receiving aid to  
13           families with dependent children any amount  
14           received as a stipend or allowance under the  
15           Job Training Partnership Act or under any  
16           other training or similar program;”.

17       (c) LUMP-SUM INCOME.—

18                   (1) IN GENERAL.—Section 402(a)(8)(A) (42  
19       U.S.C. 602(a)(8)(A)), as amended by section 312(b)  
20       of this Act, is amended—

21                   (A) by striking “and” at the end of clause  
22           (viii); and

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

24                   “(x) shall disregard from the income of  
25           any family member any amounts of income re-

1           ceived in the form of nonrecurring lump-sum  
2           payments;”.

3           (2) REPEAL.—Section 402(a) (42 U.S.C.  
4           602(a)) is amended by striking paragraph (17).

5           (d) EDUCATIONAL ASSISTANCE.—Section  
6           402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by  
7           section 312(b) of this Act and subsection (c)(1) of this  
8           section, is amended—

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

10          and

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

12                   “(xi) shall disregard all educational assist-  
13                   ance provided to a family member;”.

14          (e) IN-KIND INCOME.—Section 402(a)(8)(A) (42  
15           U.S.C. 602(a)(8)(A)), as amended by section 312(b) of  
16           this Act and subsections (c)(1) and (d) of this section, is  
17           amended—

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

19          and

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

21                   “(xii) shall disregard all in-kind income  
22                   provided to a family member;”.

23          (f) BENEFITS UNDER THE NATIONAL AND COMMU-  
24           NITY SERVICE ACT.—Section 402(a)(8)(A) (42 U.S.C.  
25           602(a)(8)(A)), as amended by section 312(b) of this Act

1 and subsections (c)(1), (d), and (e) of the section, is  
2 amended—

3 (1) by striking “and” at the end of clause (xi);

4 and

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

6 “(xiii) shall disregard any living allowance,  
7 child care allowance, stipend, or educational  
8 award paid under section 140 of the National  
9 and Community Service Act of 1990 to a family  
10 member participating in a national service pro-  
11 gram carried out with assistance from the Cor-  
12 poration for National and Community Serv-  
13 ice;”.

14 (g) “FILL-THE-GAP” DISREGARDS.—Section  
15 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by  
16 section 312(b) of this Act and subsections (c)(1), (d), (e),  
17 and (f) of this section, is amended—

18 (1) by striking “and” at the end of clause (xii);

19 and

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

21 “(xiv) after applying paragraph (28) and  
22 the other clauses of this subparagraph, may dis-  
23 regard such categories of income as are pro-  
24 vided for in the State plan in an amount not  
25 exceeding the difference between the State’s

1 standard of need applicable to the family in-  
2 volved and the State's payment amount for a  
3 family of the same size with no other income;”.

4 **SEC. 505. INCREASE IN RESOURCE LIMIT.**

5 Section 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is  
6 amended by striking “\$1000 or such lower amount as the  
7 State may determine” and inserting “\$2000 (or, in the  
8 case of a family with a member who has attained 60 years  
9 of age, \$3000)”.

10 **SEC. 506. EXCLUSIONS FROM RESOURCES.**

11 (a) LIFE INSURANCE.—Section 402(a)(7)(B)(ii) (42  
12 U.S.C. 602(a)(7)(B)(ii)) is amended by striking “and fu-  
13 neral agreements” and inserting “funeral agreements, and  
14 the cash value of life insurance policies,”.

15 (b) REAL PROPERTY WHICH MUST BE DISPOSED  
16 OF.—Section 402(a)(7)(B)(iii) (42 U.S.C.  
17 602(a)(7)(B)(iii)) is amended to read as follows: “(iii) real  
18 property which the family is making a good faith effort  
19 to dispose of at a reasonable price, or”.

20 (c) EXCLUSION OF EITC PAYMENTS.—Section  
21 402(a)(7)(B)(iv) (42 U.S.C. 602(a)(7)(B)) is amended—

22 (1) by inserting “12-month period that begins  
23 with” before “the month of receipt”; and

24 (2) by inserting “and any lump-sum payment of  
25 State earned income tax credits and any payments

1 described in this clause are deemed to be expended  
2 before other resources that are so included” before  
3 the semicolon.

4 (d) LUMP-SUM PAYMENTS FOR MEDICAL EXPENSES  
5 OR REPLACEMENT OF LOST RESOURCES.—Section  
6 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by  
7 subsections (b) and (c) of this section, is amended—

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

10 (2) by inserting “, or (v) for the month of re-  
11 cept and the following 11-month period, amounts  
12 that have been paid as reimbursement (or payment  
13 in advance) for medical expenses or for the cost of  
14 repairing or replacing resources of the family” be-  
15 fore the semicolon.

16 (e) RESOURCES FOR SELF-EMPLOYMENT.—Section  
17 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by  
18 subsections (b), (c), and (d) of this section, is amended—

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

21 (2) by inserting “, or (vii) liquid and nonliquid  
22 resources that are or will be used for the self-em-  
23 ployment of a family member, to the extent and  
24 under the circumstances allowed by the State agency  
25 in accordance with regulations issued by the Sec-



1 **SEC. 509. PAYMENTS TO THE TERRITORIES.**

2 (a) IN GENERAL.—Section 1108(a) (42 U.S.C.  
3 1308(a)) is amended in the 1st sentence by striking all  
4 that follows “—” and inserting the following:

5 “(1) for payment to Puerto Rico shall not ex-  
6 ceed—

7 “(A) \$82,000,000 with respect to fiscal  
8 years 1994, 1995, and 1996; and

9 “(B) \$102,500,000 for fiscal year 1997,  
10 and \$102,500,000 (adjusted pursuant to sub-  
11 section (f)) for each fiscal year thereafter;

12 “(2) for payment to the Virgin Islands shall not  
13 exceed—

14 “(A) \$2,800,000 with respect to fiscal  
15 years 1994, 1995, and 1996; and

16 “(B) \$3,500,000 for fiscal year 1997, and  
17 \$3,500,000 (adjusted pursuant to subsection  
18 (f)) for each fiscal year thereafter; and

19 “(3) for payment to Guam shall not exceed—

20 “(A) \$3,800,000 with respect to fiscal year  
21 1994, 1995, and 1996; and

22 “(B) \$4,750,000 for fiscal year 1997, and  
23 \$4,750,000 (adjusted pursuant to subsection  
24 (f)) for each fiscal year thereafter.”.

1 (b) INFLATION ADJUSTMENT.—Section 406 (42  
2 U.S.C. 606) is amended by adding at the end the follow-  
3 ing:

4 “(f) The Secretary shall adjust each dollar amount  
5 required to be adjusted pursuant to this subsection for any  
6 fiscal year by—

7 “(1) multiplying the amount by the ratio of—

8 “(A) the Consumer Price Index (as pre-  
9 pared by the Department of Labor) for the 3rd  
10 quarter of the calendar year in which the fiscal  
11 year begins, to

12 “(B) the Consumer Price Index for the 3rd  
13 quarter of calendar year 1996; and

14 “(2) rounding the product, if not a multiple of  
15 \$10,000, to the nearer multiple of \$10,000.”.

## 16 **Subtitle B—Food Stamp Act** 17 **Amendments**

### 18 **SEC. 511. INCONSEQUENTIAL INCOME.**

19 Section 5(d)(2) of the Food Stamp Act of 1977 (7  
20 U.S.C. 2014(d)(2)) is amended to read as follows: “(2)  
21 any inconsequential payments, as defined by the Sec-  
22 retary, received during the certification period, but not to  
23 exceed a total of such payments of \$30 per household  
24 member in any quarter, whether the household’s income  
25 is calculated on a prospective or retrospective basis,”.

1 **SEC. 512. EDUCATIONAL ASSISTANCE.**

2 Section 5 of the Food Stamp Act of 1977 (7 U.S.C.  
3 2014) is amended—

4 (1) by striking clause (3) of subsection (d) and  
5 inserting the following:

6 “(3) all educational assistance provided to a  
7 household member,”;

8 (2) in the proviso of clause (5) of subsection  
9 (d), by striking “and no portion of any educational  
10 loan” and all that follows through “provided for liv-  
11 ing expenses,”; and

12 (3) striking clause (3) of subsection (k).

13 **SEC. 513. TRAINING STIPENDS AND ALLOWANCES; INCOME**  
14 **FROM ON-THE-JOB TRAINING PROGRAMS.**

15 Section 5 of the Food Stamp Act of 1977 (7 U.S.C.  
16 2014) is amended—

17 (1) by striking “and (16)” in subsection (d)  
18 and inserting “(16)”;

19 (2) by inserting before the period at the end of  
20 subsection (d) “, and (17) any amount received by  
21 any member of a household as a stipend or allow-  
22 ance under the Job Training Partnership Act (29  
23 U.S.C. 1501 et seq.) or under any other training or  
24 similar program”; and

25 (3) by striking subsection (l).

1 **SEC. 514. EARNED INCOME TAX CREDITS.**

2 Effective on and after September 1, 1994, the second  
3 sentence of section (5)(g)(3) of the Food Stamp Act of  
4 1977 (7 U.S.C. 2014(g)(3)) is amended—

5 (1) by inserting “Federal or State lump-sum”  
6 immediately preceding “earned income tax credits”;  
7 and

8 (2) by striking “if such member was participat-  
9 ing” and all that follows through “the 12-month pe-  
10 riod”.

11 **SEC. 515. RESOURCES NECESSARY FOR SELF-EMPLOY-**  
12 **MENT.**

13 Section 5(g)(3) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2014(g)(3)) is amended by adding at the end the  
15 following: “The Secretary shall also exclude from financial  
16 resources loans obtained for the purposes of starting or  
17 operating a business. The Secretary may exclude from fi-  
18 nancial resources liquid or nonliquid resources that are or  
19 will be used for the self-employment of any member of a  
20 household to the extent and under the circumstances al-  
21 lowed in regulations issued by the Secretary after con-  
22 sultation with and the Secretary of Health and Human  
23 Services.”.

1 **SEC. 516. LUMP-SUM PAYMENTS FOR MEDICAL EXPENSES**  
 2 **OR REPLACEMENT OF LOST RESOURCES.**

3 Section 5(g)(3) of the Food Stamp Act of 1977 (7  
 4 U.S.C. 2014(g)(3)), as amended by the preceding provi-  
 5 sions of this subtitle, is amended by adding at the end  
 6 the following: “The Secretary shall also exclude from fi-  
 7 nancial resources, for a period of one year from their re-  
 8 ceipt, amounts that have been paid as reimbursements (or  
 9 payment in advance) for medical expenses or for the cost  
 10 of repairing or replacing resources of the family.”.

11 **SEC. 517. CONFORMING AMENDMENT.**

12 Section 5(d)(8) of the Food Stamp Act of 1977 (7  
 13 U.S.C. 2014(d)(8)) is amended in the proviso by inserting  
 14 “paragraph (3) of subsection (g) of this section or” before  
 15 “other laws”.

16 **TITLE VI—EFFECTIVE DATE**

17 **SEC. 601. EFFECTIVE DATE.**

18 Except as otherwise provided in this Act, this Act and  
 19 the amendments made by this Act shall take effect on Oc-  
 20 tober 1, 1995.

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