

104TH CONGRESS
1ST SESSION

H. R. 1267

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 1995

Mr. DEAL of Georgia (for himself, Mr. CLEMENT, Mr. TANNER, Mr. STENHOLM, Mrs. LINCOLN, Mrs. THURMAN, and Mr. PAYNE of Virginia) introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities, and in addition to the Committees on the Judiciary, Commerce, National Security, Banking and Financial Services, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Individual Responsibil-
5 ity Act of 1995”.

6 **SEC. 2. TABLE OF CONTENTS.**

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

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

TITLE I—TIME-LIMITED TRANSITIONAL ASSISTANCE

- Sec. 101. Limitation on duration of AFDC benefits.
- Sec. 102. Establishment of Federal data base.

TITLE II—MAKE WORK PAY

Subtitle A—Health Care

- Sec. 201. Transitional medicaid benefits.

Subtitle B—Earned Income Tax Credit

- Sec. 211. Notice of availability required to be provided to applicants and former recipients of AFDC, food stamps, and medicaid.
- Sec. 212. Notice of availability of earned income tax credit and dependent care tax credit to be included on W-4 form.
- Sec. 213. Advance payment of earned income tax credit through State demonstration programs.

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- Sec. 221. Dependent care credit to be refundable; high-income taxpayers ineligible for credit.
- Sec. 222. Funding of child care services.

Subtitle D—AFDC Work Disregards

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

Subtitle E—AFDC Asset Limitations

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

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- Sec. 301. Work first program.
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- Sec. 303. Applicability to States.
- Sec. 304. Sense of the Congress relating to availability of work first program in rural areas.
- Sec. 305. Grants to community-based organizations.

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- Sec. 401. State obligation to provide paternity establishment and child support enforcement services.
- Sec. 402. Distribution of payments.
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- Sec. 418. Reports and data collection by the Secretary.

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- Sec. 422. Centralized collection and disbursement of support payments.
- Sec. 423. Amendments concerning income withholding.
- Sec. 424. Locator information from interstate networks.
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- Sec. 426. Use of social security numbers.

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- Sec. 432. Improvements to full faith and credit for child support orders.
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- Sec. 441. Sense of the Congress.
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- Sec. 443. Cooperation requirement and good cause exception.
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- Sec. 451. National Child Support Guidelines Commission.
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Subtitle B—Limitation on Emergency Assistance Expenditures

Sec. 911. Limitation on expenditures for emergency assistance.

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- Sec. 921. Certain Federal assistance includible in gross income.
- Sec. 922. Earned income tax credit denied to individuals not authorized to be employed in the United States.
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- Sec. 924. AFDC and food stamp benefits not taken into account for purposes of the earned income tax credit.

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- Sec. 1001. Authority to establish authorization periods.
- Sec. 1002. Specific period for prohibiting participation of stores based on lack of business integrity.
- Sec. 1003. Information for verifying eligibility for authorization.
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- Sec. 1005. Bases for suspensions and disqualifications.
- Sec. 1006. Authority to suspend stores violating program requirements pending administrative and judicial review.
- Sec. 1007. Disqualification of retailers who are disqualified from the WIC program.
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- Sec. 1009. Expanded civil and criminal forfeiture for violations of the Food Stamp Act.
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- Sec. 1012. Doubled penalties for violating food stamp program requirements.
- Sec. 1013. Mandatory claims collection methods.
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- Sec. 1016. Work requirement for able-bodied recipients.
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- Sec. 1018. Coordination of employment and training programs.
- Sec. 1019. Promoting expansion of electronic benefits transfer.
- Sec. 1020. One-year freeze of standard deduction.
- Sec. 1021. Nutrition assistance for Puerto Rico.
- Sec. 1022. Other amendments to the Food Stamp Act of 1977.

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- Sec. 1051. Short title.
- Sec. 1052. Availability of commodities.
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- Sec. 1055. Allocation of commodities to States.
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- Sec. 1057. Initial processing costs.
- Sec. 1058. Assurances; anticipated use.
- Sec. 1059. Authorization of appropriations.
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- Sec. 1061. Commodities not income.
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- Sec. 1063. Definitions.

- Sec. 1064. Regulations.
- Sec. 1065. Finality of determinations.
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- Sec. 1067. Settlement and adjustment of claims.
- Sec. 1068. Repealers; amendments.

TITLE XI—DEFICIT REDUCTION

- Sec. 1101. Dedication of savings to deficit reduction.

TITLE XII—EFFECTIVE DATE

- Sec. 1201. Effective date.

1 **SEC. 3. AMENDMENT OF THE SOCIAL SECURITY ACT.**

2 Except as otherwise expressly provided, wherever in
 3 this Act an amendment or repeal is expressed in terms
 4 of an amendment to, or repeal of, a section or other provi-
 5 sion, the reference shall be considered to be made to a
 6 section or other provision of the Social Security Act.

7 **TITLE I—TIME-LIMITED** 8 **TRANSITIONAL ASSISTANCE**

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

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

11 (1) by striking “and” at the end of paragraph
 12 (44);

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

15 (3) by inserting after paragraph (45) the fol-
 16 lowing:

17 “(46) in the case of a State that has exercised
 18 the option provided for in paragraph (52), provide
 19 that—

1 “(A) a family shall not be eligible for aid
2 under the State plan if a member of the family
3 is—

4 “(i) prohibited from participating in
5 the State program established under sub-
6 part 1 of part G by reason of section
7 497(b); or

8 “(ii) prohibited from participating in
9 the State program established under sub-
10 part 2 of part G by reason of section
11 499(a)(4); and

12 “(B) each member of the family shall be
13 considered to be receiving such aid for purposes
14 of eligibility for medical assistance under the
15 State plan approved under title XIX for so long
16 as the family would be eligible for such aid but
17 for subparagraph (A).”.

18 **SEC. 102. ESTABLISHMENT OF FEDERAL DATA BASE.**

19 Section 402 (42 U.S.C. 602) is amended by inserting
20 after subsection (c) the following:

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

TITLE II—MAKE WORK PAY

Subtitle A—Health Care

SEC. 201. TRANSITIONAL MEDICAID BENEFITS.

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

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

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

(A) in the heading, by striking “EXTENSION” and inserting “EXTENSIONS”;

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

(C) in paragraph (2)(B)(ii)—

(i) in the heading, by striking “PERIOD” and inserting “PERIODS”, and

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

3 (D) in paragraph (3)(A), by striking “the
4 6-month period” and inserting “any 6-month
5 period”;

6 (E) in paragraph (4)(A), by striking “the
7 extension period” and inserting “any extension
8 period”; and

9 (F) in paragraph (5)(D)(i), by striking “is
10 a 3-month period” and all that follows and in-
11 serting the following: “is, with respect to a par-
12 ticular 6-month additional extension period pro-
13 vided under this subsection, a 3-month period
14 beginning with the 1st or 4th month of such ex-
15 tension period.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 subsection (a) shall apply to calendar quarters beginning
18 on or after October 1, 1997, without regard to whether
19 or not final regulations to carry out such amendments
20 have been promulgated by such date.

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

3 (1) in paragraph (24) by striking “and” at the
4 end;

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

7 (3) by inserting after paragraph (25) the fol-
8 lowing:

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

14 “(A) the existence of the earned income
15 tax credit under section 32 of the Internal Rev-
16 enue Code of 1986; and

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

19 (c) MEDICAID.—Section 1902(a) (42 U.S.C.
20 1396a(a)) is amended—

21 (1) by striking “and” at the end of paragraph
22 (61);

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

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

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

10 **SEC. 212. NOTICE OF AVAILABILITY OF EARNED INCOME**

11 **TAX CREDIT AND DEPENDENT CARE TAX**

12 **CREDIT TO BE INCLUDED ON W-4 FORM.**

13 Section 11114 of the Omnibus Budget Reconciliation
14 Act of 1990 (26 U.S.C. 21 note), relating to program to
15 increase public awareness, is amended by adding at the
16 end the following new sentence: “Such means shall include
17 printing a notice of the availability of such credits on the
18 forms used by employees to determine the proper number
19 of withholding exemptions under chapter 24 of the Inter-
20 nal Revenue Code of 1986.”.

21 **SEC. 213. ADVANCE PAYMENT OF EARNED INCOME TAX**

22 **CREDIT THROUGH STATE DEMONSTRATION**

23 **PROGRAMS.**

24 (a) IN GENERAL.—Section 3507 of the Internal Rev-
25 enue Code of 1986 (relating to the advance payment of

1 the earned income tax credit) is amended by adding at
2 the end the following:

3 “(g) STATE DEMONSTRATIONS.—

4 “(1) IN GENERAL.—In lieu of receiving earned
5 income advance amounts from an employer under
6 subsection (a), a participating resident shall receive
7 advance earned income payments from a responsible
8 State agency pursuant to a State Advance Payment
9 Program that is designated pursuant to paragraph
10 (2).

11 “(2) DESIGNATIONS.—

12 “(A) IN GENERAL.—From among the
13 States submitting proposals satisfying the re-
14 quirements of subsection (g)(3), the Secretary
15 (in consultation with the Secretary of Health
16 and Human Services) may designate not more
17 than 4 State Advance Payment Demonstra-
18 tions. States selected for the demonstrations
19 may have, in the aggregate, no more than 5
20 percent of the total number of household par-
21 ticipating in the program under the Food
22 Stamp program in the immediately preceding
23 fiscal year, Administrative costs of a State in
24 conducting a demonstration under this section
25 may be included for matching under section

1 403(a) of the Social Security Act and section
2 16(a) of the Food Stamp Act of 1977.

3 “(B) WHEN DESIGNATION MAY BE
4 MADE.—Any designation under this paragraph
5 shall be made no later than December 31,
6 1995.

7 “(C) PERIOD FOR WHICH DESIGNATION IS
8 IN EFFECT.—

9 “(i) IN GENERAL.—Designations
10 made under this paragraph shall be effec-
11 tive for advance earned income payments
12 made after December 31, 1995, and before
13 January 1, 1999.

14 “(ii) SPECIAL RULES.—

15 “(I) REVOCATION OF DESIGNA-
16 TIONS.—The Secretary may revoke
17 the designation under this paragraph
18 if the Secretary determines that the
19 State is not complying substantially
20 with the proposal described in para-
21 graph (3) submitted by the State.

22 “(II) AUTOMATIC TERMINATION
23 OF DESIGNATIONS.—Any failure by a
24 State to comply with the reporting re-
25 quirements described in paragraphs

1 (3)(F) and (3)(G) has the effect of
2 immediately terminating the designa-
3 tion under this paragraph (2) and
4 rendering paragraph (5)(A)(ii) inap-
5 plicable to subsequent payments.

6 “(3) PROPOSALS.—No State may be designated
7 under subsection (g)(2) unless the State’s proposal
8 for such designation—

9 “(A) identifies the responsible State agen-
10 cy,

11 “(B) describes how and when the advance
12 earned income payments will be made by that
13 agency, including a description of any other
14 State or Federal benefits with which such pay-
15 ments will be coordinated,

16 “(C) describes how the State will obtain
17 the information on which the amount of ad-
18 vance earned income payments made to each
19 participating resident will be determined in ac-
20 cordance with paragraph (4),

21 “(D) describes how State residents who
22 will be eligible to receive advance earned income
23 payments will be selected, notified of the oppor-
24 tunity to receive advance earned income pay-
25 ments from the responsible State agency, and

1 given the opportunity to elect to participate in
2 the program,

3 “(E) describes how the State will verify, in
4 addition to receiving the certifications and
5 statement described in paragraph (7)(D)(iv),
6 the eligibility of participating residents for the
7 earned tax credit,

8 “(F) commits the State to furnishing to
9 each participating resident and to the Secretary
10 by January 31 of each year a written statement
11 showing—

12 “(i) the name and taxpayer identifica-
13 tion number of the participating resident,
14 and

15 “(ii) the total amount of advance
16 earned income payments made to the par-
17 ticipating resident during the prior cal-
18 endar year,

19 “(G) commits the State to furnishing to
20 the Secretary by December 1 of each year a
21 written statement showing the name and tax-
22 payer identification number of each participat-
23 ing resident,

24 “(H) commits the State to treat the ad-
25 vanced earned income payments as described in

1 subsection (g)(5) and any repayments of exces-
2 sive advance earned income payments as de-
3 scribed in subsection (g)(6),

4 “(I) commits the State to assess the devel-
5 opment and implementation of its State Ad-
6 vance Payment Program, including an agree-
7 ment to share its findings and lessons with
8 other interested States in a manner to be de-
9 scribed by the Secretary, and

10 “(J) is submitted to the Secretary on or
11 before June 30, 1995.

12 “(4) AMOUNT AND TIMING OF ADVANCE
13 EARNED INCOME PAYMENTS.—

14 “(A) AMOUNT.—

15 “(i) IN GENERAL.—The method for
16 determining the amount of advance earned
17 income payments made to each participat-
18 ing resident is to conform to the full extent
19 possible with the provisions of subsection
20 (c).

21 “(ii) SPECIAL RULE.—A State may,
22 at its election, apply the rules of subsection
23 (c)(2)(B) by substituting ‘between 60 per-
24 cent and 75 percent of the credit percent-
25 age in effect under section 32(b)(1) for an

1 individual with the corresponding number
2 of qualifying children' for '60 percent of
3 the credit percentage in effect under sec-
4 tion 32(b)(1) for such an eligible individual
5 with 1 qualifying child' in clause (i) and
6 'the same percentage (as applied in clause
7 (i))' for '60 percent' in clause (ii).

8 “(B) TIMING.—The frequency of advance
9 earned income payments may be made on the
10 basis of the payroll periods of participating resi-
11 dents, on a single statewide schedule, or on any
12 other reasonable basis prescribed by the State
13 in its proposal; however, in no event may ad-
14 vance earned income payments be made to any
15 participating resident less frequently than on a
16 calendar-quarter basis.

17 “(5) PAYMENTS TO BE TREATED AS PAYMENTS
18 OF WITHHOLDING AND FICA TAXES.—

19 “(A) IN GENERAL.—For purposes of this
20 title, advance earned income payments during
21 any calendar quarter—

22 “(i) shall neither be treated as a pay-
23 ment of compensation nor be included in
24 gross income, and

25 “(ii) shall be treated as made out of—

1 “(I) amounts required to be de-
2 ducted by the State and withheld for
3 the calendar quarter by the State
4 under section 3401 (relating to wage
5 withholding), and

6 “(II) amounts required to be de-
7 ducted for the calendar quarter under
8 section 3102 (relating to FICA em-
9 ployee taxes), and

10 “(III) amounts of the taxes im-
11 posed on the State for the calendar
12 quarter under section 3111 (relating
13 to FICA employer taxes),

14 as if the State had paid to the Secretary,
15 on the day on which payments are made to
16 participating residents, an amount equal to
17 such payments.

18 “(B) ADVANCE PAYMENTS EXCEED TAXES
19 DUE.—If for any calendar quarter the aggre-
20 gate amount of advance earned income pay-
21 ments made by the responsible State agency
22 under a State Advance Payment Program ex-
23 ceeds the sum of the amounts referred to in
24 subparagraph (A)(ii) (without regard to para-
25 graph (6)(A)), each such advance earned in-

1 come payment shall be reduced by an amount
2 which bears the same ratio to such excess as
3 such advance earned income payment bears to
4 the aggregate amount of all such advance
5 earned income payments.

6 “(6) STATE REPAYMENT OF EXCESSIVE AD-
7 VANCE EARNED INCOME PAYMENTS.—

8 “(A) IN GENERAL.—Notwithstanding any
9 other provision of law, in the case of an exces-
10 sive advance earned income payment a State
11 shall be treated as having deducted and with-
12 held under section 3401 (relating to wage with-
13 holding), and therefore is required to pay to the
14 United States, the repayment amount during
15 the repayment calendar quarter.

16 “(B) EXCESSIVE ADVANCE EARNED IN-
17 COME PAYMENT.—For purposes of this section,
18 an excessive advance income payment is that
19 portion of any advance earned income payment
20 that, when combined with other advance earned
21 income payments previously made to the same
22 participating resident during the same calendar
23 year, exceeds the amount of earned income tax
24 credit to which that participating resident is en-
25 titled under section 32 for that year.

1 “(C) REPAYMENT AMOUNT.—The repay-
2 ment amount is equal to 50 percent of the ex-
3 cess of—

4 “(i) excessive advance earned income
5 payments made by a State during a par-
6 ticular calendar year, over

7 “(ii) the sum of—

8 “(I) 4 percent of all advance
9 earned income payments made by the
10 State during that calendar year, and

11 “(II) the excessive advance
12 earned income payments made by the
13 State during that calendar year that
14 have been collected from participating
15 residents by the Secretary.

16 “(D) REPAYMENT CALENDAR QUARTER.—
17 The repayment calendar quarter is the second
18 calendar quarter of the third calendar year
19 after the calendar year in which an excessive
20 earned income payment is made.

21 “(7) DEFINITIONS.—For purposes of this sec-
22 tion—

23 “(A) STATE ADVANCE PAYMENT PRO-
24 GRAM.—The term ‘State Advance Payment
25 Program’ means the program described in a

1 proposal submitted for designation under para-
2 graph (1) and designated by the Secretary
3 under paragraph (2).

4 “(B) RESPONSIBLE STATE AGENCY.—The
5 term ‘responsible State agency’ means the sin-
6 gle State agency that will be making the ad-
7 vance earned income payments to residents of
8 the State who elect to participate in a State Ad-
9 vance Payment Program.

10 “(C) ADVANCE EARNED INCOME PAY-
11 MENTS.—The term ‘advance earned income
12 payments’ means an amount paid by a respon-
13 sible State agency to residents of the State pur-
14 suant to a State Advance Payment Program.

15 “(D) PARTICIPATING RESIDENT.—The
16 term ‘participating resident’ means an individ-
17 ual who—

18 “(i) is a resident of a State that has
19 in effect a designated State Advance Pay-
20 ment Program,

21 “(ii) makes the election described in
22 paragraph (3)(C) pursuant to guidelines
23 prescribed by the State,

1 “(iii) certifies to the State the number
2 of qualifying children the individual has,
3 and

4 “(iv) provides to the State the certifi-
5 cations and statement set forth in sub-
6 sections (b)(1), (b)(2), (b)(3), and (b)(4)
7 (except that for purposes of this clause
8 (iv), the term ‘any employer’ shall be sub-
9 stituted for ‘another employer’ in sub-
10 section (b)(3)), along with any other infor-
11 mation required by the State.”.

12 (b) TECHNICAL ASSISTANCE.—The Secretaries of
13 Treasury and Health and Human Services shall jointly en-
14 sure that technical assistance is provided to State Advance
15 Payment Programs and that these programs are rigor-
16 ously evaluated.

17 (c) ANNUAL REPORTS.—The Secretary shall issue
18 annual reports detailing the extent to which—

19 (1) residents participate in the State Advance
20 Payment Programs,

21 (2) participating residents file Federal and
22 State tax returns,

23 (3) participating residents report accurately the
24 amount of the advance earned income payments

1 made to them by the responsible State agency dur-
2 ing the year, and

3 (4) recipients of excessive advance earned in-
4 come payments repaid those amounts.

5 The report shall also contain an estimate of the amount
6 of advance earned income payments made by each respon-
7 sible State agency but not reported on the tax returns of
8 a participating resident and the amount of excessive ad-
9 vance earned income payments.

10 (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-
11 poses of providing technical assistance described in sub-
12 section (b), preparing the reports described in subsection
13 (c), and providing grants to States in support of des-
14 ignated State Advance Payment Programs, there are au-
15 thorized to be appropriated in advance to the Secretary
16 of the Treasury and the Secretary of Health and Human
17 Services a total of \$1,400,000 for fiscal years 1996
18 through 1999.

19 **Subtitle C—Child Care**

20 **SEC. 221. DEPENDENT CARE CREDIT TO BE REFUNDABLE;** 21 **HIGH-INCOME TAXPAYERS INELIGIBLE FOR** 22 **CREDIT.**

23 (a) CREDIT TO BE REFUNDABLE.—

24 (1) IN GENERAL.—Section 21 of the Internal
25 Revenue Code of 1986 (relating to expenses for

1 household and dependent care services necessary for
2 gainful employment) is hereby moved to subpart C
3 of part IV of subchapter A of chapter 1 of such
4 Code (relating to refundable credits) and inserted
5 after section 34.

6 (2) TECHNICAL AMENDMENTS.—

7 (A) Section 35 of such Code is redesignig-
8 nated as section 36.

9 (B) Section 21 of such Code is redesignig-
10 nated as section 35.

11 (C) Paragraph (1) of section 35(a) of such
12 Code (as redesignated by subparagraph (B)) is
13 amended by striking “this chapter” and insert-
14 ing “this subtitle”.

15 (D) Subparagraph (C) of section 129(a)(2)
16 of such Code is amended by striking “section
17 21(e)” and inserting “section 35(e)”.

18 (E) Paragraph (2) of section 129(b) of
19 such Code is amended by striking “section
20 21(d)(2)” and inserting “section 35(d)(2)”.

21 (F) Paragraph (1) of section 129(e) of
22 such Code is amended by striking “section
23 21(b)(2)” and inserting “section 35(b)(2)”.

1 (G) Subsection (e) of section 213 of such
2 Code is amended by striking “section 21” and
3 inserting “section 35”.

4 (H) Paragraph (2) of section 1324(b) of
5 title 31, United States Code, is amended by in-
6 serting before the period “, or from section 35
7 of such Code”.

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

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

“Sec. 36. Overpayments of tax.”.

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

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

19 “(3) PHASEOUT OF CREDIT FOR HIGHER-IN-
20 COME TAXPAYERS.—The amount of the credit which
21 would (but for this paragraph) be allowed by this
22 section shall be reduced (but not below zero) by an
23 amount which bears the same ratio to such amount
24 of credit as the excess of the taxpayer’s adjusted

1 gross income for the taxable year over \$60,000 bears
2 to \$20,000. Any reduction determined under the
3 preceding sentence which is not a multiple of \$10
4 shall be rounded to the nearest multiple of \$10.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 1996.

8 **SEC. 222. FUNDING OF CHILD CARE SERVICES.**

9 (a) ELIMINATION OF CHILD CARE PROGRAMS.—

10 (1) AFDC AND TRANSITIONAL CHILD CARE
11 PROGRAMS.—

12 (A) REPEALER.—Section 402(g) (42
13 U.S.C. 602(g)) is hereby repealed.

14 (B) CONFORMING AMENDMENTS.—

15 (i) Section 403(a)(3) (42 U.S.C.
16 603(a)(3)) is amended by striking “other
17 than services furnished pursuant to section
18 402(g)”.

19 (ii) Section 403(e) (42 U.S.C. 603(e))
20 is amended—

21 (I) by striking “, 402(a)(43), and
22 402(g)(1),” and inserting “and
23 402(a)(43)”;

24 (II) by striking the 2nd sentence.

1 (2) AT-RISK CHILD CARE PROGRAM.—Sections
2 402(i) and 403(n) (42 U.S.C. 602(i) and 603(n))
3 are hereby repealed.

4 (3) CHILD CARE PROGRAMS UNDER THE CHILD
5 CARE AND DEVELOPMENT BLOCK GRANT ACT OF
6 1990.—The Child Care and Development Block
7 Grant Act of 1990 (42 U.S.C. 9858 et seq.) is here-
8 by repealed.

9 (b) FUNDING OF CHILD CARE SERVICES THROUGH
10 SOCIAL SERVICES BLOCK GRANT PROGRAM.—Title XX
11 (42 U.S.C. 1397–1397f) is amended by adding at the end
12 the following:

13 “**SEC. 2008. CHILD CARE.**

14 “(a) CONDITIONAL ENTITLEMENT.—In addition to
15 any payment under section 2002 or 2007, each State with
16 a plan approved under this section for a fiscal year shall
17 be entitled to payment of an amount equal to the special
18 allotment of the State for the fiscal year.

19 “(b) STATE PLANS.—

20 “(1) CONTENT.—A plan meets the require-
21 ments of this paragraph if the plan—

22 “(A) identifies an appropriate State agency
23 to be the lead agency responsible for admin-
24 istering at the State level, and coordinating

1 with local governments, the activities of the
2 State pursuant to this section;

3 “(B) describes the activities the State will
4 carry out with funds provided under this sec-
5 tion;

6 “(C) provides assurances that the funds
7 provided under this section will be used to sup-
8 plement, not supplant, State and local funds as
9 well as Federal funds provided under any Act
10 and applied to child care activities in the State
11 during fiscal year 1989;

12 “(D) provides assurances that the State
13 will not expend more than 7 percent of the
14 funds provided to the States under this section
15 for the fiscal year for administrative expenses;

16 “(E) provides assurances that, in providing
17 child care assistance, the State will give priority
18 to families with low income and families living
19 in a low-income geographical area;

20 “(F) ensures that child care providers re-
21 imbursement under this section meet applicable
22 standards of State and local law;

23 “(G) provides assurances that the lead
24 agency will coordinate the use of funds provided
25 under this section with the use of other Federal

1 resources for child care provided under this Act,
2 and with other Federal, State, or local child
3 care and preschool programs operated in the
4 State;

5 “(H) provides for the establishment of
6 such fiscal and accounting procedures as may
7 be necessary to—

8 “(i) ensure a proper accounting of
9 Federal funds received by the State under
10 this section; and

11 “(ii) ensure the proper verification of
12 the reports submitted by the State under
13 subsection (f)(2);

14 “(I) provides assurances that the State will
15 not impose more stringent standards and licens-
16 ing or regulatory requirements on child care
17 providers receiving funds provided under this
18 section than those imposed on other child care
19 providers in the State;

20 “(J) provides assurances that the State
21 will not implement any policy or practice which
22 has the effect of significantly restricting paren-
23 tal choice by—

1 “(i) expressly or effectively excluding
2 any category of care or type of provider
3 within a category of care;

4 “(ii) limiting parental access to or
5 choices from among various categories of
6 care or types of providers; or

7 “(iii) excluding a significant number
8 of providers in any category of care; and

9 “(K) provides assurances that parents will
10 be informed regarding their options under this
11 section, including the option of receiving a child
12 care certificate or voucher.

13 “(2) FORM.—A State may submit a plan that
14 meets the requirements of paragraph (1) in the form
15 of amendments to the State plan submitted pursu-
16 ant to section 658E of the Child Care and Develop-
17 ment Block Grant Act of 1990, as in effect before
18 the effective date of section 222 of the Individual
19 Responsibility Act of 1995.

20 “(3) APPROVAL.—Not later than 90 days after
21 the date the State submits a plan to the Secretary
22 under this subsection, the Secretary shall either ap-
23 prove or disapprove the plan. If the Secretary dis-
24 approves the plan, the Secretary shall provide the

1 State with an explanation and recommendations for
2 changes in the plan to gain approval.

3 “(c) SPECIAL ALLOTMENTS.—

4 “(1) IN GENERAL.—The special allotment of a
5 State for a fiscal year equals the amount that bears
6 the same ratio to the amount specified in paragraph
7 (2) for the fiscal year, as the number of children
8 who have not attained 13 years of age and are resid-
9 ing with families in the State bears to the total
10 number of such children in all States with plans ap-
11 proved under this section for the fiscal year, deter-
12 mined on the basis of the most recent data available
13 from the Department of Commerce at the time the
14 special allotment is determined.

15 “(2) AMOUNT SPECIFIED.—The amount speci-
16 fied in this paragraph is—

17 “(A) \$1,400,000,000 for fiscal year 1997;

18 and

19 “(B) \$1,450,000,000 for each of fiscal
20 years 1998, 1999, and 2000.

21 “(d) PAYMENTS TO STATES.—

22 “(1) PAYMENTS.—The Secretary shall provide
23 funds to each State with a plan approved under this
24 section for a fiscal year from the special allotment

1 of the State for the fiscal year, in accordance with
2 section 6503 of title 31, United States Code.

3 “(2) EXPENDITURE OF FUNDS BY STATES.—
4 Except as provided in paragraph (3)(A), each State
5 to which funds are paid under this section for a fis-
6 cal year shall expend such funds in the fiscal year
7 or in the immediately succeeding fiscal year.

8 “(3) REDISTRIBUTION OF UNEXPENDED SPE-
9 CIAL ALLOTMENTS.—

10 “(A) REMITTANCE TO THE SECRETARY.—
11 Each State to which funds are paid under this
12 section for a fiscal year shall remit to the Sec-
13 retary that part of such funds which the State
14 intends not to, or does not, expend in the fiscal
15 year or in the immediately succeeding fiscal
16 year.

17 “(B) REDISTRIBUTION.—The Secretary
18 shall increase the special allotment of each
19 State with a plan approved under this part for
20 a fiscal year that does not remit any amount to
21 the Secretary for the fiscal year by an amount
22 equal to—

23 “(i) the aggregate of the amounts re-
24 mitted pursuant to subparagraph (A) for
25 the fiscal year; multiplied by

1 “(ii) the adjusted State share for the
2 fiscal year.

3 “(C) ADJUSTED STATE SHARE.—As used
4 in subparagraph (B)(ii), the term ‘adjusted
5 State share’ means, with respect to a fiscal
6 year—

7 “(i) the special allotment of the State
8 for the fiscal year (before any increase
9 under subparagraph (B)); divided by

10 “(ii)(I) the sum of the special allot-
11 ments of all States with plans approved
12 under this part for the fiscal year; minus

13 “(II) the aggregate of the amounts re-
14 mitted to the Secretary pursuant to sub-
15 paragraph (A) for the fiscal year.

16 “(e) USE OF FUNDS.—

17 “(1) IN GENERAL.—Funds provided under this
18 section shall be used to expand parent choices in se-
19 lecting child care, to address deficiencies in the sup-
20 ply of child care, and to expand and improve child
21 care services, with an emphasis on providing such
22 services to low-income families and geographical
23 areas. Subject to the approval of the Secretary,
24 States to which funds are paid under this section
25 shall use such funds to carry out child care pro-

1 grams and activities through cash grants, certifi-
2 cates, or contracts with families, or public or private
3 entities as the State determines appropriate. States
4 shall take parental preference into account to the
5 maximum extent possible in carrying out child care
6 programs.

7 “(2) SPECIFIC USES.—Each State to which
8 funds are paid under this section may expend such
9 funds for—

10 “(A) child care services for infants, sick
11 children, children with special needs, and chil-
12 dren of adolescent parents;

13 “(B) after-school and before-school pro-
14 grams and programs during nontraditional
15 hours for the children of working parents;

16 “(C) programs for the recruitment and
17 training of day care workers, including older
18 Americans;

19 “(D) grant and loan programs to enable
20 child care workers and providers to meet State
21 and local standards and requirements;

22 “(E) child care programs developed by
23 public and private sector partnerships;

1 “(F) State efforts to provide technical as-
2 sistance designed to help providers improve the
3 services offered to parents and children; and

4 “(G) other child care-related programs
5 consistent with the purpose of this section and
6 approved by the Secretary.

7 “(3) LIMITATIONS ON USE OF FUNDS.—A State
8 to which funds are paid under this section for a fis-
9 cal year shall use not less than 80 percent of such
10 funds to provide direct child care assistance to low-
11 income parents through child care certificates or
12 vouchers, contracts, or grants.

13 “(4) METHODS OF FUNDING.—Funds for child
14 care services under this title shall be for the benefit
15 of parents and shall be provided through child care
16 vouchers or certificates provided directly to parents
17 or through contracts or grants with public or private
18 providers.

19 “(5) PARENTAL RIGHTS OF CHOICE.—Any par-
20 ent who receives a child care certificate under this
21 title may use such certificate with any child care
22 provider, including those providers which have reli-
23 gious activities, if such provider is freely chosen by
24 the parent from among the available alternatives.

25 “(6) CHILD CARE CERTIFICATES.—

1 “(A) IN GENERAL.—For purposes of this
2 title, a child care certificate is a certificate is-
3 sued by a State directly to a parent or legal
4 guardian for use only as payment for child care
5 services in any child care facility eligible to re-
6 ceive funds under this Act.

7 “(B) REDEMPTION.—If the demand for
8 child care services of families qualified to re-
9 ceive such services from a State under this Act
10 exceeds the available supply of such services,
11 the State shall ration assistance to obtain such
12 services using procedures that do not disadvan-
13 tage parents using child care certificates, rel-
14 ative to other methods of financing, in either
15 the waiting period or the pecuniary value of
16 such services.

17 “(C) COMMENCEMENT OF CERTIFICATE
18 PROGRAM.—Beginning not later than 1 year
19 after the date of the enactment of this section,
20 each State that receives funds under this title
21 shall offer a child care certificate program in
22 accordance with this section.

23 “(D) AUTHORITY TO USE CHILD CARE
24 FUNDS FOR CERTIFICATE PROGRAM.—Each
25 State to which funds are paid under this title

1 may use the funds provided to the State under
2 this title which are required to be used for child
3 care activities to plan and establish the State’s
4 child care certificate program.

5 “(7) OPTION OF RECEIVING A CHILD CARE
6 CERTIFICATE.—Each parent or legal guardian who
7 receives assistance pursuant to this title shall be
8 provided with the option of enrolling their child with
9 an eligible child care provider that receives funds
10 through grants, contracts, or child care certificates
11 provided under this title. Such parent shall have the
12 right to use such certificates to purchase child care
13 services from an eligible provider of their choice. The
14 State shall ensure that parental preference is consid-
15 ered to the maximum extent possible in awarding
16 grants or contracts.

17 “(8) RIGHTS OF RELIGIOUS CHILD CARE PRO-
18 VIDERS.—Notwithstanding any other provision of
19 law, a religious child care provider who receives
20 funds under this Act may require adherence by em-
21 ployees to the religious tenets or teachings of the
22 provider.

23 “(9) ELIGIBLE CHILD CARE PROVIDERS.—Any
24 child care provider who meets applicable standards
25 of State and local law shall be eligible to receive

1 funds under this section. As used in this paragraph,
2 the term ‘child care provider’ includes—

3 “(A) proprietary for-profit entities, rel-
4 atives, informal day care homes, religious child
5 care providers, day care centers, and any other
6 entities that the State determines appropriate
7 subject to approval of the Secretary;

8 “(B) nonprofit organizations under sub-
9 sections (c) and (d) of section 501 of the Inter-
10 nal Revenue Code of 1986;

11 “(C) professional or employee associations;

12 “(D) consortia of small businesses; and

13 “(E) units of State and local governments,
14 and elementary, secondary, and post-secondary
15 educational institutions.

16 “(10) PROHIBITED USES.—Any State to which
17 funds are paid under this section may not use such
18 funds—

19 “(A) to satisfy any State matching require-
20 ment imposed under any Federal grant;

21 “(B) for the purchase or improvement of
22 land, or the purchase, construction, or perma-
23 nent improvement (other than minor remodel-
24 ing) of any building or other facility; or

1 “(C) to provide any service which the State
2 makes generally available to the residents of the
3 State without cost to such residents and with-
4 out regard to the income of such residents.

5 “(f) REPORTING REQUIREMENTS.—

6 “(1) NOTICE TO SECRETARY OF UNEXPENDED
7 FUNDS.—Each State which has not completely ex-
8 pended the funds paid to the State under this sec-
9 tion for a fiscal year in the fiscal year or the imme-
10 diately succeeding fiscal year shall notify the Sec-
11 retary of any amount not so expended.

12 “(2) STATE REPORTS ON USE OF FUNDS.—Not
13 later than 18 months after the date of the enact-
14 ment of this section, and each year thereafter, the
15 State shall prepare and submit to the Secretary, in
16 such form as the Secretary shall prescribe, a report
17 describing the State’s use of funds paid to the State
18 under this section, including—

19 “(A) the number, type, and distribution of
20 services and programs under this section;

21 “(B) the average cost of child care, by type
22 of provider;

23 “(C) the number of children serviced under
24 this section;

1 “(D) the average income and distribution
2 of incomes of the families being served;

3 “(E) efforts undertaken by the State pur-
4 suant to this section to promote and ensure
5 health and safety and improve quality; and

6 “(F) such other information as the Sec-
7 retary considers appropriate.

8 “(3) GUIDELINES FOR STATE REPORTS; CO-
9 ORDINATION WITH REPORTS UNDER SECTION
10 2006.—Within 6 months after the date of the enact-
11 ment of this section, the Secretary shall establish
12 guidelines for State reports under paragraph (2). To
13 the extent feasible, the Secretary shall coordinate
14 such reporting requirement with the reports required
15 under section 2006 and, as the Secretary deems ap-
16 propriate, with other reporting requirements placed
17 on States as a condition of receipt of other Federal
18 funds which support child care.

19 “(4) REPORTS BY THE SECRETARY.—

20 “(A) REPORTS TO THE CONGRESS OF SUM-
21 MARY OF STATE REPORTS.—The Secretary shall
22 annually summarize the information reported to
23 the Secretary pursuant to paragraph (2) and
24 provide such summary to the Congress.

1 “(B) REPORTS TO THE STATES ON EFFEC-
2 TIVE PRACTICES.—The Secretary shall annually
3 provide the States with a report on particularly
4 effective practices and programs supported by
5 funds paid to the State under this section,
6 which ensure the health and safety of children
7 in care, promote quality child care, and provide
8 training to all types of providers.

9 “(g) ADMINISTRATION AND ENFORCEMENT.—

10 “(1) ADMINISTRATION.—The Secretary shall—

11 “(A) coordinate all activities of the Depart-
12 ment of Health and Human Services relating to
13 child care, and, to the maximum extent prac-
14 ticable, coordinate such activities with similar
15 activities of other Federal entities;

16 “(B) collect, publish, and make available to
17 the public a listing of State child care standards
18 at least once every 3 years; and

19 “(C) provide technical assistance to assist
20 States to carry out this section, including as-
21 sistance on a reimbursable basis.

22 “(2) ENFORCEMENT.—

23 “(A) REVIEW OF COMPLIANCE WITH
24 STATE PLAN.—The Secretary shall review and
25 monitor State compliance with this section and

1 the plans approved under this section for the
2 State, and shall have the power to terminate
3 payments to the State in accordance with sub-
4 paragraph (B).

5 “(B) NONCOMPLIANCE.—

6 “(i) IN GENERAL.—If the Secretary,
7 after reasonable notice to a State and op-
8 portunity for a hearing, finds that—

9 “(I) there has been a failure by
10 the State to comply substantially with
11 any provision or requirement set forth
12 in the plan approved under this sec-
13 tion for the State; or

14 “(II) in the operation of any pro-
15 gram for which assistance is provided
16 under this section there is a failure by
17 the State to comply substantially with
18 any provision of this section;

19 the Secretary shall notify the State of the
20 findings and that no further payments may
21 be made to such State under this section
22 (or, in the case of noncompliance in the op-
23 eration of a program or activity, that no
24 further payments to the State will be made
25 with respect to such program or activity)

1 until the Secretary is satisfied that there is
2 no longer any such failure to comply or
3 that the noncompliance will be promptly
4 corrected.

5 “(ii) ADDITIONAL SANCTIONS.—In the
6 case of a finding of noncompliance made
7 pursuant to clause (i), the Secretary may,
8 in addition to imposing the sanctions de-
9 scribed in such subparagraph, impose the
10 other appropriate sanctions, including
11 recoupment of money improperly expended
12 for purposes prohibited or not authorized
13 by this section, and disqualification from
14 the receipt of financial assistance under
15 this section.

16 “(iii) NOTICE.—The notice required
17 under subparagraph (A) shall include a
18 specific identification of any additional
19 sanction being imposed under clause (ii).

20 “(C) ISSUANCE OF RULES.—The Secretary
21 shall establish by rule procedures for—

22 “(i) receiving, processing, and deter-
23 mining the validity of complaints concern-
24 ing any failure of a State to comply with

1 the State plan or any requirement of this
2 section; and

3 “(ii) imposing sanctions under this
4 subsection.

5 **“SEC. 2009. CHILD CARE DURING PARTICIPATION IN EM-**
6 **PLOYMENT, EDUCATION, AND TRAINING; EX-**
7 **TENDED ELIGIBILITY.**

8 “(a) CHILD CARE GUARANTEE.—

9 “(1) IN GENERAL.—Each State agency referred
10 to in section 2008(b)(1)(A) shall guarantee child
11 care in accordance with section 2008—

12 “(A) for any individual who is participat-
13 ing in an education or training activity (includ-
14 ing participation in a program established
15 under part G of title IV) if the State agency
16 approves the activity and determines that the
17 individual is participating satisfactorily in the
18 activity;

19 “(B) for each family with a dependent
20 child requiring such care to the extent that
21 such care is determined by the State agency to
22 be necessary for an individual in the family to
23 accept employment or remain employed, includ-
24 ing in a community service job under part H of
25 title IV; and

1 “(C) to the extent that the State agency
2 determines that such care is necessary for the
3 employment of an individual, if the family of
4 which the individual is a member has ceased to
5 receive aid under the State plan approved under
6 part A of title IV by reason of increased hours
7 of, or income from, such employment or by rea-
8 son of section 402(a)(8)(B)(ii)(II), subject to
9 paragraph (2) of this subsection.

10 “(2) LIMITATIONS ON ELIGIBILITY FOR TRANSI-
11 TIONAL CHILD CARE.—A family shall not be eligible
12 for child care under paragraph (1)(C)—

13 “(A) for more than 12 months after the
14 last month for which the family received aid de-
15 scribed in such paragraph;

16 “(B) if the family did not receive such aid
17 in at least 3 of the most recent 6 months in
18 which the family received such aid;

19 “(C) if the family does not include a child
20 who is (or, if needy, would be) a dependent
21 child (within the meaning of part A of title IV);

22 “(D) for any month beginning after the
23 caretaker relative (within the meaning of such
24 part) in the family has terminated his or her
25 employment without good cause; or

1 “(E) with respect to a child, for any month
2 beginning after the caretaker relative in the
3 family has refused to cooperate with the State
4 in establishing or enforcing the obligation of
5 any parent of the child to provide support for
6 the child, without good cause as determined by
7 the State agency in accordance with standards
8 prescribed by the Secretary which shall take
9 into consideration the best interests of the
10 child.

11 “(b) STATE ENTITLEMENT TO PAYMENTS.—Each
12 State with a plan approved under section 2008 shall be
13 entitled to receive from the Secretary for any fiscal year
14 an amount equal to—

15 “(1) the total amount expended by the State to
16 carry out subsection (a) during the fiscal year; mul-
17 tiplied by

18 “(2) the greater of—

19 “(A) 70 percent; or

20 “(B) the Federal medical assistance per-
21 centage (as defined in the last sentence of sec-
22 tion 1118, increased by 10 percentage points.”.

23 “(c) EFFECTIVE DATE.—The amendments and re-
24 peals made by this section shall take effect on October
25 1, 1996.

1 **Subtitle D—AFDC Work Disregards**

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

4 Section 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)) is
5 amended—

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

7 and

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

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

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

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

22 (1) by striking “and” at the end of paragraph
23 (47);

24 (2) by striking the period at the end of para-
25 graph (48) and inserting “; and”; and

1 (3) by inserting after paragraph (48) the fol-
2 lowing:

3 “(49) at the option of the State, and in such
4 part or parts of the State as the State may select,
5 provide that—

6 “(A) upon the recommendation of the case-
7 worker who is handling the case of a family eli-
8 gible for aid under the State plan, the State
9 shall, in lieu of any other payment under the
10 State plan to a family during a time period of
11 not more than 3 months, make a lump-sum
12 payment to the family for the time period in an
13 amount not to exceed—

14 “(i) the amount of the monthly bene-
15 fit to which the family is entitled under the
16 State plan; multiplied by

17 “(ii) the number of months in the
18 time period;

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

22 “(C) if, during a time period for which the
23 State has made a lump-sum payment to a fam-
24 ily pursuant to subparagraph (A), the family
25 applies for and (but for the lump-sum payment)

1 would be eligible for aid under the State plan
2 for a greater monthly benefit than the monthly
3 benefit to which the family was entitled under
4 the State plan at the time of the calculation of
5 the lump sum payment, then, notwithstanding
6 subparagraph (A), the State shall, for that part
7 of the time period that remains after the family
8 becomes eligible for the greater monthly benefit,
9 provide monthly benefits to the family in an
10 amount not to exceed—

11 “(i) the amount by which the greater
12 monthly benefit exceeds the former month-
13 ly benefit, multiplied by the number of
14 months in the time period; divided by

15 “(ii) the whole number of months re-
16 maining in the time period.”.

17 **SEC. 233. ELIMINATION OF QUARTERS OF COVERAGE RE-**
18 **QUIREMENT FOR MARRIED TEENS UNDER**
19 **AFDC-UP PROGRAM.**

20 (a) IN GENERAL.—Section 407(b)(1)(A)(iii)(I) (42
21 U.S.C. 607(b)(1)(A)(iii)(I)) is amended by inserting “ex-
22 cept in the case of a family in which the parents are mar-
23 ried and neither parent has attained 20 years of age,”
24 after “(I)”.

1 (b) EXTENSION OF AFDC-UP PROGRAM.—Section
 2 401(h) of the Family Support Act of 1988 (42 U.S.C. 602
 3 and note, 607) is amended by striking “1998” and insert-
 4 ing “2000”.

5 **Subtitle E—AFDC Asset**
 6 **Limitations**

7 **SEC. 241. INCREASE IN RESOURCE THRESHOLDS; SEPA-**
 8 **RATE THRESHOLD FOR VEHICLES.**

9 Section 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is
 10 amended—

11 (1) by striking “\$1,000 or such lower amount
 12 as the State may determine” and inserting
 13 “\$2,000”; and

14 (2) in clause (i), by striking “such amount as
 15 the Secretary may prescribe” and inserting “the dol-
 16 lar amount prescribed by the Secretary of Agri-
 17 culture under section 5(g) of the Food Stamp Act of
 18 1977”.

19 **SEC. 242. LIMITED DISREGARD OF AMOUNTS SAVED FOR**
 20 **POST-SECONDARY EDUCATION, THE PUR-**
 21 **CHASE OF A FIRST HOME, OR THE ESTAB-**
 22 **LISHMENT OR OPERATION OF A**
 23 **MICROENTERPRISE.**

24 (a) DISREGARD FROM RESOURCES.—Section
 25 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is amended—

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

2 (2) by inserting “, or (v) any amount not ex-
3 ceeding \$8,000 in 1 qualified asset account (as de-
4 fined in section 406(i)) of 1 member of such family”
5 before “; and”.

6 (b) DISREGARD FROM INCOME.—

7 (1) IN GENERAL.—Section 402(a)(8)(A) (42
8 U.S.C. 602(a)(8)(A)), as amended by section 231 of
9 this Act, is amended—

10 (A) by striking “and” at the end of clause
11 (viii); and

12 (B) by inserting after clause (ix) the fol-
13 lowing new clause:

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

20 (2) NONRECURRING LUMP SUM EXEMPT FROM
21 LUMP SUM RULE.—Section 402(a)(17) (42 U.S.C.
22 602(a)(17)) is amended by adding at the end the
23 following: “; and that this paragraph shall not apply
24 to earned or unearned income received in a month
25 on a nonrecurring basis to the extent that such in-

1 come is placed in a qualified asset account (as de-
2 fined in section 406(i)) the total amount in which,
3 after such placement, does not exceed \$8,000;”.

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

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

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

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

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

16 (c) DEFINITIONS.—Section 406 (42 U.S.C. 606) is
17 amended by adding at the end the following:

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

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

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

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

10 “(C) The establishment or operation of a
11 microenterprise owned by a member of the family.

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

15 **TITLE III—THE WORK FIRST** 16 **PROGRAM**

17 **SEC. 301. WORK FIRST PROGRAM.**

18 (a) STATE PLAN REQUIREMENT.—Section 402(a)
19 (42 U.S.C. 602(a)), as amended by sections 101, 102,
20 211(a), and 232 of this Act, is amended—

21 (1) by striking “and” at the end of paragraph
22 (48);

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

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

3 “(50) provide that the State—

4 “(A) shall develop an individual respon-
5 sibility plan in accordance with part F for each
6 applicant for, or recipient of, aid under the
7 State plan who—

8 “(i) has attained 18 years of age; or

9 “(ii) has not completed high school or
10 obtained a certificate of high school equiva-
11 lency, and is not attending secondary
12 school;

13 “(B) has in effect and operation—

14 “(i) a work first program that meets
15 the requirements of subpart 1 of part G
16 (or, for any fiscal year for which the Sec-
17 retary has approved a State plan under
18 subpart 2 of part G, such subpart 2); and

19 “(ii) a community service program
20 that meets the requirements of part H, or
21 a job placement voucher program that
22 meets the requirements of part I, but not
23 both;

24 “(C) shall provide a position in the
25 workfare program established by the State

1 under part H, or a job placement voucher under
2 the job placement voucher program established
3 by the State under part I to any individual who,
4 by reason of section 497(b), is prohibited from
5 participating in the work first program oper-
6 ated by the State, and shall not provide such a
7 position or such a voucher to any other individ-
8 ual; and

9 “(D) shall provide to participants in such
10 programs such case management services as are
11 necessary to ensure the integrated provision of
12 benefits and services under such programs.”.

13 (b) ESTABLISHMENT AND OPERATION OF PRO-
14 GRAM.—Title IV (42 U.S.C. 601 et seq.) is amended by
15 striking part F and inserting the following:

16 **“Part F—Individual Responsibility Plan**

17 **“SEC. 481. ASSESSMENT.**

18 “The State agency referred to in section 402(a)(3)
19 shall make an initial assessment of the skills, prior work
20 experience, and employability of each individual for whom
21 section 402(a)(50)(A) requires the State to develop an in-
22 dividual responsibility plan.

23 **“SEC. 482. INDIVIDUAL RESPONSIBILITY PLANS.**

24 “(a) IN GENERAL.—On the basis of the assessment
25 made under section 481 with respect to an individual, the

1 State agency, in consultation with the individual, shall de-
2 velop an individual responsibility plan for the individual,
3 which—

4 “(1) shall provide that participation by the indi-
5 vidual in job search activities shall be a condition of
6 eligibility for aid under the State plan approved
7 under part A, except during any period for which
8 the individual is employed full-time in an
9 unsubsidized job in the private sector;

10 “(2) sets forth an employment goal for the indi-
11 vidual and a plan for moving the individual imme-
12 diately into private sector employment;

13 “(3) sets forth the obligations of the individual,
14 which may include a requirement that the individual
15 attend school, maintain certain grades and attend-
16 ance, keep school age children of the individual in
17 school, immunize children, attend parenting and
18 money management classes, or do other things that
19 will help the individual become and remain employed
20 in the private sector; and

21 “(4) may require that the individual enter the
22 State program established under part G, if the case-
23 worker determines that the individual will need edu-
24 cation, training, job placement assistance, wage en-

1 hancement, or other services to become employed in
2 the private sector.

3 “(b) TIMING.—The State agency shall comply with
4 subsection (a) with respect to an individual—

5 “(1) within 90 days (or, at the option of the
6 State, 180 days) after the effective date of this part,
7 in the case of an individual who, as of such effective
8 date, is a recipient of aid under the State plan ap-
9 proved under part A; or

10 “(2) within 30 days (or, at the option of the
11 State, 90 days) after the individual is determined to
12 be eligible for such aid, in the case of any other indi-
13 vidual.

14 **“SEC. 483. PROVISION OF PROGRAM AND EMPLOYMENT IN-**
15 **FORMATION.**

16 “The State shall inform all applicants for and recipi-
17 ents of aid under the State plan approved under part A
18 of all available services under the State plan for which
19 they are eligible.

20 **“SEC. 484. REQUIREMENT THAT RECIPIENTS ENTER THE**
21 **WORK FIRST PROGRAM.**

22 “(a) IN GENERAL.—Beginning with fiscal year 2004,
23 the State shall place recipients of aid under the State plan
24 approved under part A, who have not become employed
25 in the private sector within 1 year after signing an individ-

1 ual responsibility plan, in the first available slot in the
2 State program established under part G, except as pro-
3 vided in subsection (b).

4 “(b) EXCEPTIONS.—A State may not be required to
5 place a recipient of such aid in the State program estab-
6 lished under part G if the recipient—

7 “(1) is ill, incapacitated, or of advanced age;

8 “(2) has not attained 18 years of age;

9 “(3) is caring for a child or parent who is ill
10 or incapacitated; or

11 “(4) is enrolled in school or in educational or
12 training programs that will lead to private sector
13 employment.

14 **“SEC. 485. PENALTIES.**

15 “(a) STATE NOT OPERATING A WORK FIRST PRO-
16 GRAM UNDER A STATE MODEL OR A WORKFARE PRO-
17 GRAM.—In the case of a State that is not operating a pro-
18 gram under subpart 2 of part G or under part H:

19 “(1) FAILURE TO COMPLY WITH INDIVIDUAL
20 RESPONSIBILITY PLAN OR AGREEMENT OF MUTUAL
21 RESPONSIBILITY.—

22 “(A) PROGRESSIVE REDUCTIONS IN AID
23 FOR 1ST AND 2ND FAILURES.—The amount of
24 aid otherwise payable under the State plan ap-
25 proved under part A to a family that includes

1 an individual who fails without good cause to
2 comply with an individual responsibility plan
3 (or, if the State has established a program
4 under subpart 1 of part G and the individual is
5 required to participate in the program, an
6 agreement of mutual responsibility) signed by
7 the individual (other than by reason of conduct
8 described in paragraph (2)) shall be reduced
9 by—

10 “(i) 33 percent for the 1st such act of
11 noncompliance; or

12 “(ii) 66 percent for the 2nd such act
13 of noncompliance.

14 “(B) DENIAL OF AID FOR 3RD FAILURE.—

15 In the case of the 3rd such act of noncompli-
16 ance, the family of which the individual is a
17 member shall not thereafter be eligible for aid
18 under the State plan approved under part A.

19 “(C) ACTS OF NONCOMPLIANCE.—For pur-
20 poses of this paragraph, a 1st act of noncompli-
21 ance by an individual continues for more than
22 1 calendar month shall be considered a 2nd act
23 of noncompliance, and a 2nd act of noncompli-
24 ance that continues for more than 3 calendar

1 months shall be considered a 3rd act of non-
2 compliance.

3 “(2) DENIAL OF AFDC TO ADULTS REFUSING
4 TO WORK, LOOK FOR WORK, OR ACCEPT A BONA
5 FIDE OFFER OF EMPLOYMENT.—

6 “(A) REFUSAL TO WORK OR LOOK FOR
7 WORK.—If an unemployed individual who has
8 attained 18 years of age refuses to work or look
9 for work—

10 “(i) in the case of the 1st such re-
11 fusal, aid under the State plan approved
12 under part A shall not be payable with re-
13 spect to the individual until the later of—

14 “(I) a period of not less than 6
15 months after the date of the first such
16 refusal; or

17 “(II) the first date the individual
18 agrees to work or look for work.

19 “(ii) in the case of the 2nd such re-
20 fusal, the family of which the individual is
21 a member shall not thereafter be eligible
22 for aid under the State plan approved
23 under part A.

24 “(B) REFUSAL TO ACCEPT A BONA FIDE
25 OFFER OF EMPLOYMENT.—If an unemployed

1 individual who has attained 18 years of age re-
2 fuses to accept a bona fide offer of employment,
3 the family of which the individual is a member
4 shall not thereafter be eligible for aid under the
5 State plan approved under part A.

6 “(b) OTHER STATES.—In the case of any other
7 State, the State shall reduce, by such amount as the State
8 considers appropriate, the amount of aid otherwise pay-
9 able under the State plan approved under part A to a fam-
10 ily that includes an individual who fails without good cause
11 to comply with an individual responsibility plan signed by
12 the individual.

13 **“Part G—Work First Program**

14 **“Subpart 1—Federal Model**

15 **“SEC. 491. ESTABLISHMENT AND OPERATION OF STATE**
16 **PROGRAMS.**

17 “A work first program meets the requirements of this
18 subpart if the program meets the following requirements:

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

23 “(2) METHOD.—The method of the program is
24 to connect recipients of aid to families with depend-
25 ent children with the private sector labor market as

1 soon as possible and offer them the support and
2 skills necessary to remain in the labor market. Each
3 component of the program should be permeated with
4 an emphasis on employment and with an under-
5 standing that minimum wage jobs are a stepping
6 stone to more highly paid employment.

7 “(3) JOB CREATION.—The creation of jobs,
8 with an emphasis on private sector jobs, shall be a
9 component of the program and shall be a priority for
10 each State office with responsibilities under the pro-
11 gram.

12 “(4) USE OF INCENTIVES.—The State shall use
13 incentives to change the culture of each State office
14 with responsibilities under the State plan approved
15 under part A, improve the performance of employ-
16 ees, and ensure that the objective of each employee
17 of each such State office is to find an unsubsidized
18 paid job for each program participant.

19 “(5) CASEWORKER TRAINING.—The State may
20 provide such training to caseworkers and related
21 personnel (including through the use of incentives)
22 as may be necessary to ensure successful job place-
23 ments that result in full-time public or private em-
24 ployment (outside the State agencies with respon-
25 sibilities under part A) for program participants.

1 The State shall reward any caseworker who enters
2 an agreement of mutual responsibility with a pro-
3 gram participant that provides for education or
4 training activities as well as work.

5 “(6) REPORTS.—Each office with responsibility
6 for operating the program shall make monthly sta-
7 tistical reports to the governing body of the State,
8 county, and city in which located, of job placements
9 and the number of program participants who are no
10 longer receiving aid under the State plan approved
11 under part A as a result of participation in the pro-
12 gram.

13 “(7) CASE MANAGEMENT TEAMS.—

14 “(A) DUTIES.—The program requires the
15 State to assign to each individual required or
16 allowed to participate in the program a case
17 management team that shall meet with the pro-
18 gram participant and develop an agreement of
19 mutual responsibility for the individual.

20 “(B) DEADLINE.—

21 “(i) IN GENERAL.—The case manage-
22 ment team shall comply with subparagraph
23 (A) with respect to a program participant
24 within 30 days (or, at the option of the

1 State, within a period not exceeding 90
2 days) after the later of—

3 “(I) the date the application of
4 the program participant for aid under
5 the State plan approved under part A
6 was approved; or

7 “(II) the date this subpart first
8 applies to the State.

9 “(ii) REPEAT PARTICIPANTS.—Within
10 30 days after the State makes a deter-
11 mination under section 497(b)(2) to allow
12 an individual to participate in the pro-
13 gram, the case management team shall
14 meet with the individual and develop an
15 agreement of mutual responsibility for the
16 individual.

17 “(8) AGREEMENTS OF MUTUAL RESPONSIBIL-
18 ITY.—The agreement of mutual responsibility for a
19 participant shall—

20 “(A) contain an individualized comprehen-
21 sive plan, developed by the team and the partic-
22 ipant, to move the participant into a full-time
23 unsubsidized job, through activities under sec-
24 tion 492, 493, 494, 495, or 496;

1 “(B) to the greatest extent possible, be de-
2 signed to move the participant as quickly as
3 possible into whatever type and amount of work
4 as the participant is capable of handling, and
5 increases the responsibility and amount of work
6 over time until the participant is able to work
7 full-time;

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

10 “(D) provide that aid under the State plan
11 is to be paid to the participant based on the
12 number of hours that the participant spends in
13 activities provided for in the agreement;

14 “(E) provide that the participant shall
15 spend at least 30 hours per week (or, at State
16 option, at least 20 hours per week during fiscal
17 years 1997 and 1998, and at least 25 hours
18 per week during fiscal year 1999) in activities
19 provided for in the agreement;

20 “(F) provide that the participant shall ac-
21 cept any bona fide offer of unsubsidized full-
22 time employment, unless the participant has
23 good cause for not doing so;

1 “(G) at the option of the State, require the
2 participant to undergo appropriate substance
3 abuse treatment; and

4 “(H) at the option of the State, require the
5 participant to have his or her children receive
6 appropriate immunizations against disease.

7 “(9) OPTIONS FOR PARTICIPANTS.—The case
8 manager for a program participant shall present the
9 participant with each option offered under the State
10 program through which the participant will, over
11 time, be moved into full-time unsubsidized employ-
12 ment.

13 “(10) ONE-STOP EMPLOYMENT SHOPS.—

14 “(A) IN GENERAL.—In carrying out the
15 program, the State shall utilize and make avail-
16 able to each program participant, through the
17 establishment and operation or utilization of
18 appropriate Federal or State one-stop employ-
19 ment shops, services under programs carried
20 out under the following provisions of law:

21 “(i) Part A of title II of the Job
22 Training Partnership Act (29 U.S.C. 1601
23 et seq.) (relating to the adult training pro-
24 gram).

1 “(ii) Part B of title II of such Act (29
2 U.S.C. 1630 et seq.) (relating to the sum-
3 mer youth employment and training pro-
4 grams).

5 “(iii) Part C of title II of such Act
6 (29 U.S.C. 1641 et seq.) (relating to the
7 youth training program).

8 “(iv) Title III of such Act (29 U.S.C.
9 1651 et seq.) (relating to employment and
10 training assistance for dislocated workers).

11 “(v) Part B of title IV of such Act
12 (29 U.S.C. 1691 et seq.) (relating to the
13 Job Corps).

14 “(vi) The Carl D. Perkins Vocational
15 and Applied Technology Education Act (20
16 U.S.C. 2301 et seq.).

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

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

24 “(ix) Subtitle A of title VII of the
25 Stewart B. McKinney Homeless Assistance

1 Act (42 U.S.C. 11421) (relating to adult
2 education for the homeless).

3 “(x) Subtitle B of title VII of such
4 Act (42 U.S.C. 11431 et seq.) (relating to
5 education for homeless children and
6 youth).

7 “(xi) Subtitle C of title VII of such
8 Act (42 U.S.C. 11441) (relating to job
9 training for the homeless).

10 “(xii) The School-to-Work Opportuni-
11 ties Act of 1994.

12 “(xiii) The National and Community
13 Service Act of 1990 (42 U.S.C. 12501 et
14 seq.).

15 “(xiv) The National Skill Standards
16 Act of 1994.

17 “(B) COORDINATION.—In utilizing appro-
18 priate Federal or State one-stop employment
19 shops described in subparagraph (A), the State
20 shall ensure coordination between the case-
21 worker of each program participant and the ad-
22 ministrators of the programs carried out under
23 the provisions of law described in such subpara-
24 graph.

1 “(11) NONDISPLACEMENT.—The program may
2 not be operated in a manner that results in—

3 “(A) the displacement of a currently em-
4 ployed worker or position by a program partici-
5 pant;

6 “(B) the replacement of an employee who
7 has been terminated with a program partici-
8 pant; or

9 “(C) the replacement of an individual who
10 is on layoff from the same position given to a
11 program participant or any equivalent position.

12 **“SEC. 492. REVAMPED JOBS PROGRAM.**

13 “A State that establishes a program under this sub-
14 part may operate a program similar to the program known
15 as the ‘GAIN Program’ that has been operated by River-
16 side County, California, under Federal law in effect imme-
17 diately before the date this subpart first applies to the
18 State of California.

19 **“SEC. 493. USE OF PLACEMENT COMPANIES.**

20 “(a) IN GENERAL.—A State that establishes a pro-
21 gram under this subpart may enter into contracts with
22 private companies (whether operated for profit or not for
23 profit) for the placement of participants in the program
24 in positions of full-time employment, preferably in the pri-

1 vate sector, for wages sufficient to eliminate the need of
2 such participants for cash assistance.

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

6 “(1) PROVISION OF JOB READINESS AND SUP-
7 PORT SERVICES.—The contract shall require the
8 company to provide, to any program participant who
9 presents to the company a voucher issued under sub-
10 section (d) intensive personalized support and job
11 readiness services designed to prepare the individual
12 for employment and ensure the continued success of
13 the individual in employment.

14 “(2) PAYMENTS.—

15 “(A) IN GENERAL.—The contract shall
16 provide for payments to be made to the com-
17 pany with respect to each program participant
18 who presents to the company a voucher issued
19 under subsection (d).

20 “(B) STRUCTURE.—The contract shall
21 provide for the majority of the amounts to be
22 paid under the contract with respect to a pro-
23 gram participant, to be paid after the company
24 has placed the participant in a position of full-
25 time employment and the participant has been

1 employed in the position for such period of not
2 less than 5 months as the State deems appro-
3 priate.

4 “(c) COMPETITIVE BIDDING REQUIRED.—Contracts
5 under this section shall be awarded only after competitive
6 bidding.

7 “(d) VOUCHERS.—The State shall issue a voucher to
8 each program participant whose agreement of mutual re-
9 sponsibility provides for the use of placement companies
10 under this section, indicating that the participant is eligi-
11 ble for the services of such a company.

12 **“SEC. 494. TEMPORARY SUBSIDIZED JOB CREATION.**

13 “A State that establishes a program under this sub-
14 part may establish a program similar to the program
15 known as ‘JOBS Plus’ that has been operated by the State
16 of Oregon under Federal law in effect immediately before
17 the date this subpart first applies to the State of Oregon.

18 **“SEC. 495. MICROENTERPRISE.**

19 “(a) GRANTS AND LOANS TO NONPROFIT ORGANIZA-
20 TIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE,
21 TRAINING, AND CREDIT TO LOW INCOME ENTRE-
22 PRENEURS.—A State that establishes a program under
23 this subpart may make grants and loans to nonprofit orga-
24 nizations to provide technical assistance, training, and

1 credit to low income entrepreneurs for the purpose of es-
2 tablishing microenterprises.

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

7 **“SEC. 496. WORK SUPPLEMENTATION PROGRAM.**

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

19 “(b) STATE FLEXIBILITY.—

20 “(1) Nothing in this subpart, or in any State
21 plan approved under part A, shall be construed to
22 prevent a State from operating (on such terms and
23 conditions and in such cases as the State may find
24 to be necessary or appropriate) a work supple-
25 mentation program in accordance with this section

1 and section 494 (as in effect immediately before the
2 date this subpart first applies to the State).

3 “(2) Notwithstanding section 402(a)(23) or any
4 other provision of law, a State may adjust the levels
5 of the standards of need under the State plan as the
6 State determines to be necessary and appropriate for
7 carrying out a work supplementation program under
8 this section.

9 “(3) Notwithstanding section 402(a)(1) or any
10 other provision of law, a State operating a work
11 supplementation program under this section may
12 provide that the need standards in effect in those
13 areas of the State in which the program is in oper-
14 ation may be different from the need standards in
15 effect in the areas in which the program is not in
16 operation, and the State may provide that the need
17 standards for categories of recipients may vary
18 among such categories to the extent the State deter-
19 mines to be appropriate on the basis of ability to
20 participate in the work supplementation program.

21 “(4) Notwithstanding any other provision of
22 law, a State may make such further adjustments in
23 the amounts of the aid to families with dependent
24 children paid under the plan to different categories
25 of recipients (as determined under paragraph (3)) in

1 order to offset increases in benefits from needs-relat-
2 ed programs (other than the State plan approved
3 under part A) as the State determines to be nec-
4 essary and appropriate to further the purposes of
5 the work supplementation program.

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

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

13 “(A) may reduce or eliminate the amount
14 of earned income to be disregarded under the
15 State plan as the State determines to be nec-
16 essary and appropriate to further the purposes
17 of the work supplementation program; and

18 “(B) during 1 or more of the first 9
19 months of an individual’s employment pursuant
20 to a program under this subpart, may apply to
21 the wages of the individual the provisions of
22 subparagraph (A)(iv) of section 402(a)(8) with-
23 out regard to the provisions of subparagraph
24 (B)(ii)(II) of such section.

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

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

12 “(2) For purposes of this section, an eligible in-
13 dividual is an individual who is in a category which
14 the State determines should be eligible to participate
15 in the work supplementation program, and who
16 would, at the time of placement in the job involved,
17 be eligible for aid to families with dependent chil-
18 dren under an approved State plan if the State did
19 not have a work supplementation program in effect.

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

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

1 “(B) a job provided to an eligible individ-
2 ual by any other employer for which all or part
3 of the wages are paid by the State or local
4 agency.

5 A State may provide or subsidize under the program
6 any job which the State determines to be appro-
7 priate.

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

19 “(d) COST LIMITATION.—The amount of the Federal
20 payment to a State under section 403 for expenditures in-
21 curred in making payments to individuals and employers
22 under a work supplementation program under this sub-
23 section shall not exceed an amount equal to the amount
24 which would otherwise be payable under such section if
25 the family of each individual employed in the program es-

1 tablished in the State under this section had received the
2 maximum amount of aid to families with dependent chil-
3 dren payable under the State plan to such a family with
4 no income (without regard to adjustments under sub-
5 section (b)) for the lesser of—

6 “(1) 9 months; or

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

9 “(e) RULES OF INTERPRETATION.—

10 “(1) This section shall not be construed as re-
11 quiring the State or local agency administering the
12 State plan to provide employee status to an eligible
13 individual to whom the State or local agency pro-
14 vides a job under the work supplementation program
15 (or with respect to whom the State or local agency
16 provides all or part of the wages paid to the individ-
17 ual by another entity under the program), or as re-
18 quiring any State or local agency to provide that an
19 eligible individual filling a job position provided by
20 another entity under the program be provided em-
21 ployee status by the entity during the first 13 weeks
22 the individual fills the position.

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

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

14 **“SEC. 497. PARTICIPATION RULES.**

15 “(a) IN GENERAL.—Except as provided in subsection
16 (b), a State that establishes a program under this part
17 may require any individual receiving aid under the State
18 plan approved under part A to participate in the program.

19 “(b) 2-YEAR LIMITATION ON PARTICIPATION.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), an individual may not participate in a
22 State program established under this part if the in-
23 dividual has participated in the State program es-
24 tablished under this part for 24 months after the
25 date the individual first signed an agreement of mu-

1 tual responsibility under this part, excluding any
2 month during which the individual worked for an av-
3 erage of at least 25 hours per week in a private sec-
4 tor job.

5 “(2) AUTHORITY TO ALLOW REPEAT PARTICI-
6 PATION.—

7 “(A) IN GENERAL.—Subject to subpara-
8 graph (B) of this paragraph, a State may allow
9 an individual who, by reason of paragraph (1),
10 would be prohibited from participating in the
11 State program established under this part to
12 participate in the program for such additional
13 period or periods as the State determines ap-
14 propriate.

15 “(B) LIMITATION ON PERCENTAGE OF RE-
16 PEAT PARTICIPANTS.—

17 “(i) IN GENERAL.—Except as pro-
18 vided in clause (ii) of this subparagraph,
19 the number of individuals allowed under
20 subparagraph (A) to participate during a
21 program year in a State program estab-
22 lished under this part shall not exceed—

23 “(I) 10 percent of the total num-
24 ber of individuals who participated in
25 the State program established under

1 this part or the State program estab-
2 lished under part H during the imme-
3 diately preceding program year; or

4 “(II) in the case of fiscal year
5 2004 or any succeeding fiscal year, 15
6 percent of such total number of indi-
7 viduals.

8 “(ii) AUTHORITY TO INCREASE LIM-
9 TATION.—

10 “(I) PETITION.—A State may re-
11 quest the Secretary to increase to not
12 more than 15 percent the percentage
13 limitation imposed by clause (i)(I) for
14 a fiscal year before fiscal year 2004.

15 “(II) AUTHORITY TO GRANT RE-
16 QUEST.—The Secretary may approve
17 a request made pursuant to subclause
18 (I) if the Secretary deems it appro-
19 priate. The Secretary shall develop
20 recommendations on the criteria that
21 should be applied in evaluating re-
22 quests under subclause (I).

23 **“SEC. 498. CASELOAD PARTICIPATION RATES; PERFORM-**
24 **ANCE MEASURES.**

25 “(a) PARTICIPATION RATES.—

1 “(1) REQUIREMENT.—A State that operates a
 2 program under this part shall achieve a participation
 3 rate for the following fiscal years of not less than
 4 the following percentage:

“Fiscal year:	Percentage:
1997	16
1998	20
1999	24
2000	28
2001	32
2002	40
2003 or later	52.

5 “(2) PARTICIPATION RATE DEFINED.—

6 “(A) IN GENERAL.—As used in this sub-
 7 section, the term ‘participation rate’ means,
 8 with respect to a State and a fiscal year, an
 9 amount equal to—

10 “(i) the average monthly number of
 11 individuals who, during the fiscal year,
 12 participate in the State program estab-
 13 lished under this part or the State pro-
 14 gram (if any) established under part H; di-
 15 vided by

16 “(ii) the average monthly number of
 17 individuals for whom an individual respon-
 18 sibility plan is in effect under section 482
 19 during the fiscal year.

20 “(B) SPECIAL RULE.—For each of the 1st
 21 12 months after an individual ceases to receive

1 aid under a State plan approved under part A
2 by reason of having become employed for more
3 than 25 hours per week in an unsubsidized job
4 in the private sector, the individual shall be
5 considered to be participating in the State pro-
6 gram established under this part, and to be an
7 adult recipient of such aid, for purposes of sub-
8 paragraph (A).

9 “(3) STATE COMPLIANCE REPORTS.—Each
10 State that operates a program under this part for a
11 fiscal year shall submit to the Secretary a report on
12 the participation rate of the State for the fiscal year.

13 “(4) EFFECT OF FAILURE TO MEET PARTICIPA-
14 TION RATES.—

15 “(A) IN GENERAL.—If a State reports that
16 the State has failed to achieve the participation
17 rate required by paragraph (1) for the fiscal
18 year, the Secretary may make recommendations
19 for changes in the State program established
20 under this part and (if the State has estab-
21 lished a program under part H) the State pro-
22 gram established under part H. The State may
23 elect to follow such recommendations, and shall
24 demonstrate to the Secretary how the State will
25 achieve the required participation rates.

1 “(B) SECOND CONSECUTIVE FAILURE.—
2 Notwithstanding subparagraph (A), if a State
3 fails to achieve the participation rate required
4 by paragraph (1) for 2 consecutive fiscal years,
5 the Secretary may—

6 “(i) require the State to make
7 changes in the State program established
8 under this part and (if the State has estab-
9 lished a program under part H) the State
10 program established under part H; and

11 “(ii) reduce by 5 percent the amount
12 otherwise payable to the State under para-
13 graph (1) or (2) (whichever applies to the
14 State) of section 403(a).

15 “(b) PERFORMANCE STANDARDS.—The Secretary
16 shall develop standards to be used to measure the effec-
17 tiveness of the programs established under this part and
18 part H in moving recipients of aid under the State plan
19 approved under part A into full-time unsubsidized employ-
20 ment.

21 “(c) PERFORMANCE-BASED MEASURES.—

22 “(1) ESTABLISHMENT.—The Secretary shall, by
23 regulation, establish measures of the effectiveness of
24 the State programs established under this part and
25 under part H in moving recipients of aid under the

1 State plan approved under part A into full-time
2 unsubsidized employment, based on the performance
3 of such programs.

4 “(2) ANNUAL COMPLIANCE REPORTS.—Each
5 State that operates a program under this part shall
6 submit to the Secretary annual reports that compare
7 the achievements of the program with the perform-
8 ance-based measures established under paragraph
9 (1).

10 **“Subpart 2—Optional State Plans**

11 **“SEC. 499. STATE ROLE.**

12 “(a) PROGRAM REQUIREMENTS.—Any State may es-
13 tablish and operate a work first program that meets the
14 following requirements, unless the State is operating a
15 work first program under subpart 1:

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

20 “(2) METHOD.—The method of the program is
21 to connect recipients of aid to families with depend-
22 ent children with the private sector labor market as
23 soon as possible and offer them the support and
24 skills necessary to remain in the labor market. Each
25 component of the program should be permeated with

1 an emphasis on employment and with an under-
2 standing that minimum wage jobs are a stepping
3 stone to more highly paid employment. The program
4 shall provide recipients with education, training, job
5 search and placement, wage supplementation, tem-
6 porary subsidized jobs, or such other services that
7 the State deems necessary to help a recipient obtain
8 private sector employment.

9 “(3) JOB CREATION.—The creation of jobs,
10 with an emphasis on private sector jobs, shall be a
11 component of the program and shall be a priority for
12 each State office with responsibilities under the pro-
13 gram.

14 “(4) FORMS OF ASSISTANCE.—The State shall
15 provide assistance to participants in the program in
16 the form of education, training, job placement serv-
17 ices (including vouchers for job placement services),
18 work supplementation programs, temporary sub-
19 sidized job creation, job counseling, assistance in es-
20 tablishing microenterprises, or other services to pro-
21 vide individuals with the support and skills necessary
22 to obtain and keep employment in the private sector.

23 “(5) 2-YEAR LIMITATION ON PARTICIPATION.—
24 The program shall comply with section 497(b).

1 “(6) AGREEMENTS OF MUTUAL RESPONSIBIL-
2 ITY.—

3 “(A) IN GENERAL.—The State agency
4 shall develop an agreement of mutual respon-
5 sibility for each program participant, which will
6 be an individualized comprehensive plan, devel-
7 oped by the team and the participant, to move
8 the participant into a full-time unsubsidized
9 job. The agreement should detail the education,
10 training, or skills that the individual will be re-
11 ceiving to obtain a full-time unsubsidized job,
12 and the obligations of the individual.

13 “(B) HOURS OF PARTICIPATION REQUIRE-
14 MENT.—The agreement shall provide that the
15 individual shall participate in activities in ac-
16 cordance with the agreement for—

17 “(i) not fewer than 20 hours per week
18 during fiscal years 1997 and 1998;

19 “(ii) not fewer than 25 hours per
20 week during fiscal year 1999; and

21 “(iii) not fewer than 30 hours per
22 week thereafter.

23 “(7) CASELOAD PARTICIPATION RATES.—The
24 program shall comply with section 498.

1 “(8) NONDISPLACEMENT.—The program shall
2 comply with section 491(11).

3 “(b) ANNUAL REPORTS.—

4 “(1) COMPLIANCE WITH PERFORMANCE MEAS-
5 URES.—Each State that operates a program under
6 this subpart shall submit to the Secretary annual re-
7 ports that compare the achievements of the program
8 with the performance-based measures established
9 under section 490(b).

10 “(2) COMPLIANCE WITH PARTICIPATION
11 RATES.—Each State that operates a program under
12 this subpart for a fiscal year shall submit to the Sec-
13 retary a report on the participation rate of the State
14 for the fiscal year.

15 **“SEC. 500. FEDERAL ROLE.**

16 “(a) APPROVAL OF STATE PLANS.—

17 “(1) IN GENERAL.—Within 60 days after the
18 date a State submits to the Secretary a plan that
19 provides for the establishment and operation of a
20 work first program that meets the requirements of
21 section 499, the Secretary shall approve the plan.

22 “(2) AUTHORITY TO EXTEND APPROVAL DEAD-
23 LINE.—The 60-day deadline established in para-
24 graph (1) with respect to a State may be extended

1 in accordance with an agreement between the Sec-
2 retary and the State.

3 “(b) PERFORMANCE-BASED MEASURES.—The Sec-
4 retary shall, by regulation, establish measures of the effec-
5 tiveness of the State program established under this sub-
6 part and (if the State has established a program under
7 part H) the State program established under part H in
8 moving recipients of aid under the State plan approved
9 under part A into full-time unsubsidized employment,
10 based on the performance of such programs.

11 “(c) EFFECT OF FAILURE TO MEET PARTICIPATION
12 RATES.—

13 “(1) IN GENERAL.—If a State reports that the
14 State has failed to achieve the participation rate re-
15 quired by section 499(a)(7) for the fiscal year, the
16 Secretary may make recommendations for changes
17 in the State program established under this subpart
18 and (if the State has established a program under
19 part H) the State program established under part
20 H. The State may elect to follow such recommenda-
21 tions, and shall demonstrate to the Secretary how
22 the State will achieve the required participation
23 rates.

24 “(2) SECOND CONSECUTIVE FAILURE.—Not-
25 withstanding paragraph (1), if the State has failed

1 to achieve the participation rates required by section
2 499(a)(7) for 2 consecutive fiscal years, the Sec-
3 retary may require the State to make changes in the
4 State program established under this subpart and (if
5 the State has established a program under part H)
6 the State program established under part H.

7 **“Part H—Workfare Program**

8 **“SEC. 500A. ESTABLISHMENT AND OPERATION OF PRO-**
9 **GRAM.**

10 “(a) IN GENERAL.—A State that establishes a work
11 first program under a subpart of part G may establish
12 and carry out a workfare program that meets the require-
13 ments of this part, unless the State has established a job
14 placement voucher program under part I.

15 “(b) OBJECTIVE.—The objective of the workfare pro-
16 gram is for each program participant to find and hold a
17 full-time unsubsidized paid job, and for this goal to be
18 achieved in a cost-effective fashion.

19 “(c) CASE MANAGEMENT TEAMS.—The State shall
20 assign to each program participant a case management
21 team that shall meet with the participant and assist the
22 participant to choose the most suitable workfare job under
23 subsection (e), (f), or (g) and to eventually obtain a full-
24 time unsubsidized paid job.

1 “(d) PROVISION OF JOBS.—The State shall provide
2 each participant in the program with a community service
3 job that meets the requirements of subsection (e) or a sub-
4 sidized job that meets the requirements of subsection (f)
5 or (g).

6 “(e) COMMUNITY SERVICE JOBS.—

7 “(1) IN GENERAL.—Except as provided in para-
8 graphs (2) and (3), each participant shall work for
9 not fewer than 30 hours per week (or, at the option
10 of the State, 20 hours per week during fiscal years
11 1997 and 1998, not fewer than 25 hours per week
12 during fiscal year 1999, not fewer than 30 hours per
13 week during fiscal years 2000 and 2001, and not
14 fewer than 35 hours per week thereafter) in a com-
15 munity service job, and be paid at a rate which is
16 not greater than 75 percent (or, at the option of the
17 State, 100 percent) of the maximum amount of aid
18 payable under the State plan approved under part A
19 to a family of the same size and composition with
20 no income.

21 “(2) EXCEPTION.—(A) If the participant has
22 obtained unsubsidized part-time employment in the
23 private sector, the State shall provide the participant
24 with a part-time community service job.

1 “(B) If the State provides a participant a part-
2 time community service job under subparagraph (A),
3 the State shall ensure that the participant works for
4 not fewer than 30 hours per week.

5 “(3) WAGES NOT CONSIDERED EARNED IN-
6 COME.—Wages paid under a workfare program shall
7 not be considered to be earned income for purposes
8 of any provision of law.

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

12 “(A) a job provided to a participant by the
13 State administering the State plan under part
14 A; or

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

18 A State may provide or subsidize under the program
19 any job which the State determines to be appro-
20 priate.

21 “(f) TEMPORARY SUBSIDIZED JOB CREATION.—A
22 State that establishes a workfare program under this part
23 may establish a program similar to the program operated
24 by the State of Oregon, which is known as ‘JOBS Plus’.

25 “(g) WORK SUPPLEMENTATION PROGRAM.—

1 “(1) IN GENERAL.—A State that establishes a
2 workfare program under this part may institute a
3 work supplementation program under which the
4 State, to the extent it considers appropriate, may re-
5 serve the sums that would otherwise be payable to
6 participants in the program as a community service
7 minimum wage and use the sums instead for the
8 purpose of providing and subsidizing private sector
9 jobs for the participants.

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

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

19 “(i) DURATION OF PARTICIPATION.—

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

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

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), a State may allow an individual
3 who, by reason of paragraph (1), would be pro-
4 hibited from participating in the State program
5 established under this part to participate in the
6 program for such additional period or periods
7 as the State determines appropriate.

8 “(B) LIMITATION ON PERCENTAGE OF RE-
9 PEAT PARTICIPANTS.—

10 “(i) IN GENERAL.—Except as pro-
11 vided in clause (ii), the number of individ-
12 uals allowed under subparagraph (A) to
13 participate during a program year in a
14 State program established under this part
15 shall not exceed 10 percent of the total
16 number of individuals who participated in
17 the program during the immediately pre-
18 ceding program year.

19 “(ii) AUTHORITY TO INCREASE LIM-
20 TATION.—

21 “(I) PETITION.—A State may re-
22 quest the Secretary to increase the
23 percentage limitation imposed by
24 clause (i) to not more than 15 per-
25 cent.

1 “(II) AUTHORITY TO GRANT RE-
2 QUEST.—The Secretary may approve
3 a request made pursuant to subclause
4 (I) if the Secretary deems it appro-
5 priate. The Secretary shall develop
6 recommendations on the criteria that
7 should be applied in evaluating re-
8 quests under subclause (I).

9 “(j) USE OF PLACEMENT COMPANIES.—A State that
10 establishes a workfare program under this part may enter
11 into contracts with private companies (whether operated
12 for profit or not for profit) for the placement of partici-
13 pants in the program in positions of full-time employment,
14 preferably in the private sector, for wages sufficient to
15 eliminate the need of such participants for cash assistance
16 in accordance with section 493.

17 “(k) MAXIMUM OF 3 COMMUNITY SERVICE JOBS.—
18 A program participant may not receive more than 3 com-
19 munity service jobs under the program.

20 **“Part I—Job Placement Voucher Program**

21 **“SEC. 500B. JOB PLACEMENT VOUCHER PROGRAM.**

22 “A State that is not operating a workfare program
23 under part H may establish a job placement voucher pro-
24 gram that meets the following requirements:

1 “(1) The program shall offer each program par-
2 ticipant a voucher which the participant may use to
3 obtain employment in the private sector.

4 “(2) An employer who receives a voucher issued
5 under the program from an individual may redeem
6 the voucher at any time after the individual has been
7 employed by the employer for 6 months, unless an-
8 other employee of the employer was displaced by the
9 employment of the individual.

10 “(3) Upon presentation of a voucher by an em-
11 ployer to the State agency responsible for the admin-
12 istration of the program, the State agency shall pay
13 to the employer an amount equal to 50 percent of
14 the total amount of aid paid under the State plan
15 approved under part A to the family of which the in-
16 dividual is a member for the most recent 12 months
17 for which the family was eligible for such aid.”.

18 (c) FUNDING.—Section 403 (42 U.S.C. 603) is
19 amended by inserting after subsection (b) the following:

20 “(c)(1) Each State that is operating a program in
21 accordance with subpart 1 of part G (or in accordance
22 with a plan approved under subpart 2 of part G), and a
23 program in accordance with part H or I shall be entitled
24 to payments under subsection (d) for any fiscal year in
25 an amount equal to the sum of the applicable percentages

1 (specified in such subsection) of its expenditures to carry
2 out such programs (subject to limitations prescribed by
3 or pursuant to such parts or this section on expenditures
4 that may be included for purposes of determining payment
5 under subsection (d)), but such payments for any fiscal
6 year in the case of any State may not exceed the limitation
7 determined under paragraph (2) with respect to the State.

8 “(2) The limitation determined under this paragraph
9 with respect to a State for any fiscal year is the amount
10 that bears the same ratio to the amount specified in para-
11 graph (3) for such fiscal year as the average monthly num-
12 ber of adult recipients (as defined in paragraph (4)) in
13 the State in the preceding fiscal year bears to the average
14 monthly number of such recipients in all the States for
15 such preceding year.

16 “(3)(A) The amount specified in this paragraph is—

17 “(i) \$1,500,000,000 for fiscal year 1997;

18 “(iii) \$2,000,000,000 for fiscal year 1998;

19 “(iv) \$2,600,000,000 for fiscal year 1999;

20 “(v) \$3,100,000,000 for fiscal year 2000; and

21 “(vi) the amount determined under subpara-
22 graph (B) for fiscal year 2001 and each succeeding
23 fiscal year.

24 “(B) The amount determined under this subpara-
25 graph for a fiscal year is the product of the following:

1 “(i) The amount specified in this paragraph for
2 the immediately preceding fiscal year.

3 “(ii) 1.00 plus the percentage (if any) by
4 which—

5 “(I) the average of the Consumer Price
6 Index (as defined in section 1(f)(5) of the Inter-
7 nal Revenue Code of 1986) for the most recent
8 12-month period for which such information is
9 available; exceeds

10 “(II) the average of the Consumer Price
11 Index (as so defined) for the 12-month period
12 ending on June 30 of the 2nd preceding fiscal
13 year.

14 “(iii) The amount that bears the same ratio to
15 the amount specified in this paragraph for the im-
16 mediately preceding fiscal year as the number of in-
17 dividuals whom the Secretary estimates will partici-
18 pate in programs operated under part G, H, or I
19 during the fiscal year bears to the total number of
20 individuals who participated in such programs dur-
21 ing such preceding fiscal year.

22 “(4) For purposes of this subsection, the term ‘adult
23 recipient’ in the case of any State means an individual
24 other than a dependent child (unless such child is the cus-
25 todial parent of another dependent child) whose needs are

1 met (in whole or in part) with payments of aid to families
2 with dependent children.

3 “(d)(1) In lieu of any payment under subsection (a),
4 the Secretary shall pay to each State that is operating a
5 program in accordance with subpart 1 of part G (or in
6 accordance with a plan approved under subpart 2 of part
7 G), and a program in accordance with part H or I, and
8 to which section 1108 does not apply, with respect to ex-
9 penditures by the State to carry out such programs, an
10 amount equal to 70 percent, or the Federal medical assist-
11 ance percentage (as defined in section 1905(b)) increased
12 by 10 percentage points, whichever is the greater, of the
13 total amount expended during the quarter for the oper-
14 ation and administration of such programs.

15 “(2) In lieu of any payment under subsection (a), the
16 Secretary shall pay to each State that is operating a pro-
17 gram in accordance with subpart 1 of part G (or in accord-
18 ance with a plan approved under subpart 2 of part G),
19 and a program in accordance with part H or I, and to
20 which section 1108 applies, with respect to expenditures
21 by the State to carry out such programs (including ex-
22 penditures for child care under section 402(g)(1)(A)), an
23 amount equal to—

24 “(A) with respect to so much of such expendi-
25 tures in a fiscal year as do not exceed the State’s

1 expenditures in the fiscal year 1987 with respect to
2 which payments were made to such State from its
3 allotment for such fiscal year pursuant to part C of
4 this title as then in effect, 90 percent; and

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

8 “(i) 50 percent, in the case of expenditures
9 for administrative costs made by a State in op-
10 erating such programs for such fiscal year
11 (other than the personnel costs for staff em-
12 ployed full-time in the operation of such pro-
13 gram) and the costs of transportation and other
14 work-related supportive services under section
15 402(g)(2); and

16 “(ii) 70 percent or the Federal medical as-
17 sistance percentage (as defined in the last sen-
18 tence of section 1118) increased by 10 percent-
19 age points, whichever is the greater, in the case
20 of expenditures made by a State in operating
21 such programs for such fiscal year (other than
22 for costs described in clause (i)).

23 “(3) With respect to the amount for which payment
24 is made to a State under paragraph (2)(A), the State’s

1 expenditures for the costs of operating such programs may
2 be in cash or in kind, fairly evaluated.

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

8 (d) SECRETARY’S SPECIAL ADJUSTMENT FUND.—
9 Section 403 (42 U.S.C. 603) is amended by adding at the
10 end the following:

11 “(p)(1) There shall be available to the Secretary from
12 the amount appropriated for payments under subsection
13 (c) for States’ programs under parts G and H for fiscal
14 year 1996, \$300,000,000 for special adjustments to
15 States’ limitations on Federal payments for such pro-
16 grams.

17 “(2) A State may, not later than March 1 and Sep-
18 tember 1 of each fiscal year, submit to the Secretary a
19 request to adjust the limitation on payments under this
20 section with respect to its program under part G (and,
21 in fiscal years after 1997) its program under part H for
22 the following fiscal year. The Secretary shall only consider
23 such a request from a State which has, or which dem-
24 onstrates convincingly on the basis of estimates that it
25 will, submit allowable claims for Federal payment in the

1 full amount available to it under subsection (c) in the cur-
2 rent fiscal year and obligated 95 percent of its full amount
3 in the prior fiscal year. The Secretary shall by regulation
4 prescribe criteria for the equitable allocation among the
5 States of Federal payments pursuant to adjustments of
6 the limitations referred to in the preceding sentence in the
7 case where the requests of all States that the Secretary
8 finds reasonable exceed the amount available, and, within
9 30 days following the dates specified in this paragraph,
10 will notify each State whether one or more of its limita-
11 tions will be adjusted in accordance with the State's re-
12 quest and the amount of the adjustment (which may be
13 some or all of the amount requested).

14 “(3) The Secretary may adjust the limitation on Fed-
15 eral payments to a State for a fiscal year under subsection
16 (c), and upon a determination by the Secretary that (and
17 the amount by which) a State's limitation should be
18 raised, the amount specified in either such subsection, or
19 both, shall be considered to be so increased for the follow-
20 ing fiscal year.

21 “(4) The amount made available under paragraph (1)
22 for special adjustments shall remain available to the Sec-
23 retary until expended. That amount shall be reduced by
24 the sum of the adjustments approved by the Secretary in
25 any fiscal year, and the amount shall be increased in a

1 fiscal year by the amount by which all States' limitations
2 under subsection (c) of this section and section 2008 for
3 a fiscal year exceeded the sum of the Federal payments
4 under such provisions of law for such fiscal year, but for
5 fiscal years after 1997, such amount at the end of such
6 fiscal year shall not exceed \$400,000,000.''.

7 (e) CONFORMING AMENDMENTS.—

8 (1) Section 402(a) (42 U.S.C. 602(a)) is
9 amended by striking paragraph (19).

10 (2) Section 403 (42 U.S.C. 603) is amended by
11 striking subsections (k) and (l).

12 (3) Section 407(b)(1)(B) (42 U.S.C.
13 607(b)(1)(B)) is amended—

14 (A) by adding “and” at the end of clause
15 (iii);

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

18 (C) by striking clause (v).

19 (4) Section 407(b)(2)(B)(ii)(I) (42 U.S.C.
20 607(b)(2)(B)(ii)(I)) is amended by striking “under
21 section 402(a)(19) or”.

22 (5) Section 407(b)(2)(C) (42 U.S.C.
23 607(b)(2)(C)) is amended by striking “section
24 402(a)(19) and”.

1 (6) Section 1115(b)(2)(A) (42 U.S.C.
2 1315(b)(2)(A)) is amended by striking “, and
3 402(a)(19) (relating to the work incentive pro-
4 gram)”.

5 (7) Section 1108 (42 U.S.C. 1308) is amend-
6 ed—

7 (A) in subsection (a), by striking “or, in
8 the case of part A of title IV, section 403(k)”;
9 and

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

14 (8) Section 1902(a)(19)(A)(i)(I) (42 U.S.C.
15 1396a(a)(19)(A)(i)(I)) is amended by striking
16 “482(e)(6)” and inserting “486(f)”.

17 (9) Section 1928(a)(1) (42 U.S.C. 1396s(a)(1))
18 is amended by striking “482(e)(6)” and inserting
19 “486(f)”.

20 (f) INTENT OF THE CONGRESS.—The Congress in-
21 tends for State activities under section 494 of the Social
22 Security Act (as added by the amendment made by section
23 301(b) of this Act) to emphasize the use of the funds that
24 would otherwise be used to provide individuals with aid
25 to families with dependent children under part A of title

1 IV of the Social Security Act and with food stamp benefits
2 under the Food Stamp Act of 1977, to subsidize the wages
3 of such individuals in temporary jobs.

4 (g) SENSE OF THE CONGRESS.—It is the sense of
5 the Congress that States should target individuals who
6 have not attained 25 years of age for participation in the
7 program established by the State under part G of title
8 IV of the Social Security Act (as added by the amendment
9 made by section 301(b) of this section) in order to break
10 the cycle of welfare dependency.

11 **SEC. 302. REGULATIONS.**

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

15 **SEC. 303. APPLICABILITY TO STATES.**

16 (a) STATE OPTION TO ACCELERATE APPLICABIL-
17 ITY.—If a State formally notifies the Secretary of Health
18 and Human Services that the State desires to accelerate
19 the applicability to the State of the amendments made by
20 this title, the amendments shall apply to the State on and
21 after such earlier date as the State may select.

22 (b) STATE OPTION TO DELAY APPLICABILITY UNTIL
23 WAIVERS EXPIRE.—The amendments made by this title
24 shall not apply to a State with respect to which there is
25 in effect a waiver issued under section 1115 of the Social

1 Security Act for the State program established under part
2 G of title IV of such Act, until the waiver expires, if the
3 State formally notifies the Secretary of Health and
4 Human Services that the State desires to so delay such
5 effective date.

6 (c) AUTHORITY OF THE SECRETARY OF HEALTH
7 AND HUMAN SERVICES TO DELAY APPLICABILITY TO A
8 STATE.—If a State formally notifies the Secretary of
9 Health and Human Services that the State desires to
10 delay the applicability to the State of the amendments
11 made by this title, the amendments shall apply to the
12 State on and after any later date agreed upon by the Sec-
13 retary and the State.

14 **SEC. 304. SENSE OF THE CONGRESS RELATING TO AVAIL-**
15 **ABILITY OF WORK FIRST PROGRAM IN RURAL**
16 **AREAS.**

17 It is the sense of the Congress that the Secretary of
18 Health and Human Services and the States should con-
19 sider the needs of rural areas in designing State plans
20 under part G of title IV of the Social Security Act.

21 **SEC. 305. GRANTS TO COMMUNITY-BASED ORGANIZATIONS.**

22 (a) IN GENERAL.—The Secretary of Health and
23 Human Services may make grants in accordance with this
24 section to community-based organizations that move re-
25 cipients of aid to families with dependent children under

1 a State plan approved under part A of title IV of the So-
2 cial Security Act or under other public assistance pro-
3 grams into private sector work.

4 (b) AUTHORIZATION OF APPROPRIATIONS.—There
5 are authorized to be appropriated to carry out this section
6 \$25,000,000 for fiscal year 1996 and \$50,000,000 for fis-
7 cal years 1997, 1998, 1999, and 2000.

8 (c) ELIGIBLE ORGANIZATIONS.—The Secretary of
9 Health and Human Services shall award grants to commu-
10 nity-based organizations that—

11 (1) receive at least 5 percent of their funding
12 from local government sources; and

13 (2) move recipients referred to in subsection (a)
14 in the direction of unsubsidized private employment
15 by integrating and co-locating at least 5 of the fol-
16 lowing services—

17 (A) case management;

18 (B) job training;

19 (C) child care;

20 (D) housing;

21 (E) health care services;

22 (F) nutrition programs;

23 (G) life skills training; and

24 (H) parenting skills.

25 (d) AWARDING OF GRANTS.—

1 (1) IN GENERAL.—The Secretary shall award
2 grants based on the quality of applications, subject
3 to paragraphs (2) and (3).

4 (2) PREFERENCE IN AWARDING GRANTS.—In
5 awarding grants under this section, the Secretary
6 shall give preference to organizations which receive
7 more than 50 percent of their funding from State
8 government, local government or private sources.

9 (3) DISTRIBUTION OF GRANT.—The Secretary
10 shall award at least 1 grant to each State from
11 which the Secretary received an application.

12 (4) LIMITATION ON SIZE OF GRANT.—The Sec-
13 retary shall not award any grants under this section
14 of more than \$1,000,000.

15 (e) ISSUANCE OF REGULATIONS.—Not less than 6
16 months after the date of the enactment of this section,
17 the Secretary shall prescribe such regulations as may be
18 necessary to implement this section.

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

4 **Subtitle A—Eligibility and Other**
5 **Matters Concerning Title IV–D**
6 **Program Clients**

7 **SEC. 401. STATE OBLIGATION TO PROVIDE PATERNITY ES-**
8 **TABLISHMENT AND CHILD SUPPORT EN-**
9 **FORCEMENT SERVICES.**

10 (a) STATE LAW REQUIREMENTS.—Section 466(a)
11 (42 U.S.C. 666(a)) is amended by inserting after para-
12 graph (11) the following:

13 “(12) USE OF CENTRAL CASE REGISTRY AND
14 CENTRALIZED COLLECTIONS UNIT.—Procedures
15 under which—

16 “(A) every child support order established
17 or modified in the State on or after October 1,
18 1998, is recorded in the central case registry
19 established in accordance with section 454A(e);
20 and

21 “(B) child support payments are collected
22 through the centralized collections unit estab-
23 lished in accordance with section 454B—

1 “(i) on and after October 1, 1998,
2 under each order subject to wage withhold-
3 ing under section 466(b); and

4 “(ii) on and after October 1, 1999,
5 under each other order required to be re-
6 corded in such central case registry under
7 this paragraph or section 454A(e), except
8 as provided in subparagraph (C); and

9 “(C)(i) parties subject to a child support
10 order described in subparagraph (B)(ii) may
11 opt out of the procedure for payment of support
12 through the centralized collections unit (but not
13 the procedure for inclusion in the central case
14 registry) by filing with the State agency a writ-
15 ten agreement, signed by both parties, to an
16 alternative payment procedure; and

17 “(ii) an agreement described in clause (i)
18 becomes void whenever either party advises the
19 State agency of an intent to vacate the agree-
20 ment.”.

21 (b) STATE PLAN REQUIREMENTS.—Section 454 (42
22 U.S.C. 654) is amended—

23 (1) by striking paragraph (4) and inserting the
24 following:

25 “(4) provide that such State will undertake—

1 “(A) to provide appropriate services under
2 this part to—

3 “(i) each child with respect to whom
4 an assignment is effective under section
5 402(a)(26), 471(a)(17), or 1912 (except in
6 cases where the State agency determines,
7 in accordance with paragraph (25), that it
8 is against the best interests of the child to
9 do so); and

10 “(ii) each child not described in clause
11 (i)—

12 “(I) with respect to whom an in-
13 dividual applies for such services; and

14 “(II) (on and after October 1,
15 1998) each child with respect to
16 whom a support order is recorded in
17 the central State case registry estab-
18 lished under section 454A, regardless
19 of whether application is made for
20 services under this part; and

21 “(B) to enforce the support obligation es-
22 tablished with respect to the custodial parent of
23 a child described in subparagraph (A) unless
24 the parties to the order which establishes the
25 support obligation have opted, in accordance

1 with section 466(a)(12)(C), for an alternative
2 payment procedure.”; and

3 (2) in paragraph (6)—

4 (A) by striking subparagraph (A) and in-
5 serting the following:

6 “(A) services under the State plan shall be
7 made available to nonresidents on the same
8 terms as to residents;”;

9 (B) in subparagraph (B)—

10 (i) by inserting “on individuals not re-
11 ceiving assistance under part A” after
12 “such services shall be imposed”; and

13 (ii) by inserting “but no fees or costs
14 shall be imposed on any absent or custo-
15 dial parent or other individual for inclusion
16 in the central State registry maintained
17 pursuant to section 454A(e)”; and

18 (C) in each of subparagraphs (B), (C), and
19 (D)—

20 (i) by indenting such subparagraph
21 and aligning its left margin with the left
22 margin of subparagraph (A); and

23 (ii) by striking the final comma and
24 inserting a semicolon.

25 (c) CONFORMING AMENDMENTS.—

1 (1) Section 452(g)(2)(A) (42 U.S.C.
2 652(g)(2)(A)) is amended by striking “454(6)” each
3 place it appears and inserting “454(4)(A)(ii)”.

4 (2) Section 454(23) (42 U.S.C. 654(23)) is
5 amended, effective October 1, 1998, by striking “in-
6 formation as to any application fees for such services
7 and”.

8 (3) Section 466(a)(3)(B) (42 U.S.C.
9 666(a)(3)(B)) is amended by striking “in the case of
10 overdue support which a State has agreed to collect
11 under section 454(6)” and inserting “in any other
12 case”.

13 (4) Section 466(e) (42 U.S.C. 666(e)) is
14 amended by striking “or (6)”.

15 **SEC. 402. DISTRIBUTION OF PAYMENTS.**

16 (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-
17 PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE
18 RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is
19 amended—

20 (1) in subparagraph (A)—

21 (A) by inserting “except as otherwise spe-
22 cifically provided in section 464 or 466(a)(3),”
23 after “is effective,”; and

24 (B) by striking “except that” and all that
25 follows through the semicolon; and

1 (2) in subparagraph (B), by striking “, except”
2 and all that follows through “medical assistance”.

3 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-
4 RECEIVING AFDC.—Section 457 (42 U.S.C. 657) is amend-
5 ed—

6 (1) by striking subsection (a) and redesignating
7 subsection (b) as subsection (a);

8 (2) in subsection (a), as redesignated—

9 (A) in the matter preceding paragraph (2),
10 to read as follows:

11 “(a) IN THE CASE OF A FAMILY RECEIVING
12 AFDC.—Amounts collected under this part during any
13 month as support of a child who is receiving assistance
14 under part A (or a parent or caretaker relative of such
15 a child) shall (except in the case of a State exercising the
16 option under subsection (b)) be distributed as follows:

17 “(1) an amount equal to the amount that will
18 be disregarded pursuant to section 402(a)(8)(A)(vi)
19 shall be taken from each of—

20 (A) amounts received in a month which
21 represent payments for that month; and

22 (B) amounts received in a month which
23 represent payments for a prior month which
24 were made by the absent parent in the month
25 when due;

1 and shall be paid to the family without affecting its
2 eligibility for assistance or decreasing any amount
3 otherwise payable as assistance to such family dur-
4 ing such month;”;

5 (B) in paragraph (4), by striking “or (B)”
6 and all that follows and inserting “; then (B)
7 from any remainder, amounts equal to arrear-
8 ages of such support obligations assigned, pur-
9 suant to part A, to any other State or States
10 shall be paid to such other State or States and
11 used to pay any such arrearages (with appro-
12 priate reimbursement of the Federal Govern-
13 ment to the extent of its participation in the
14 financing); and then (C) any remainder shall be
15 paid to the family.”.

16 (3) by inserting after subsection (a), as redesign-
17 ated, the following new subsection:

18 “(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAM-
19 ILY RECEIVING AFDC.—In the case of a State electing
20 the option under this subsection, amounts collected as de-
21 scribed in subsection (a) shall be distributed as follows:

22 “(1) an amount equal to the amount that will
23 be disregarded pursuant to section 402(a)(8)(A)(vi)
24 shall be taken from each of—

1 “(A) amounts received in a month which
2 represent payments for that month; and

3 “(B) amounts received in a month which
4 represent payments for a prior month which
5 were made by the absent parent in the month
6 when due;

7 and shall be paid to the family without affecting its
8 eligibility for assistance or decreasing any amount
9 otherwise payable as assistance to such family dur-
10 ing such month;

11 “(2) second, from any remainder, amounts
12 equal to the balance of support owed for the current
13 month shall be paid to the family;

14 “(3) third, from any remainder, amounts equal
15 to arrearages of such support obligations assigned,
16 pursuant to part A, to the State making the collec-
17 tion shall be retained and used by such State to pay
18 any such arrearages (with appropriate reimburse-
19 ment of the Federal Government to the extent of its
20 participation in the financing);

21 “(4) fourth, from any remainder, amounts
22 equal to arrearages of such support obligations as-
23 signed, pursuant to part A, to any other State or
24 States shall be paid to such other State or States
25 and used to pay any such arrearages (with appro-

1 appropriate reimbursement of the Federal Government to
2 the extent of its participation in the financing); and

3 “(5) fifth, any remainder shall be paid to the
4 family.”.

5 (c) DISTRIBUTION TO A FAMILY NOT RECEIVING
6 AFDC.—

7 (1) IN GENERAL.—Section 457(c) (42 U.S.C.
8 657(c)) is amended to read as follows:

9 “(c) IN CASE OF FAMILY NOT RECEIVING AFDC.—
10 Amounts collected by a State agency under this part dur-
11 ing any month as support of a child who is not receiving
12 assistance under part A (or of a parent or caretaker rel-
13 ative of such a child) shall (subject to the remaining provi-
14 sions of this section) be distributed as follows:

15 “(1) first, amounts equal to the total of such
16 support owed for such month shall be paid to the
17 family;

18 “(2) second, from any remainder, amounts
19 equal to arrearages of such support obligations for
20 months during which such child did not receive as-
21 sistance under part A shall be paid to the family;

22 “(3) third, from any remainder, amounts equal
23 to arrearages of such support obligations assigned to
24 the State making the collection pursuant to part A
25 shall be retained and used by such State to pay any

1 such arrearages (with appropriate reimbursement of
2 the Federal Government to the extent of its partici-
3 pation in the financing);

4 “(4) fourth, from any remainder, amounts
5 equal to arrearages of such support obligations as-
6 signed to any other State pursuant to part A shall
7 be paid to such other State or States, and used to
8 pay such arrearages, in the order in which such ar-
9 rearages accrued (with appropriate reimbursement
10 of the Federal Government to the extent of its par-
11 ticipation in the financing).”.

12 (2) EFFECTIVE DATE.—The amendment made
13 by paragraph (1) shall take effect on October 1,
14 1999.

15 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-
16 ANCE UNDER PART E.—Section 457(d) (42 U.S.C.
17 657(d)) is amended, in the matter preceding paragraph
18 (1), by striking “Notwithstanding the preceding provisions
19 of this section, amounts” and inserting the following:

20 “(d) IN CASE OF A CHILD RECEIVING ASSISTANCE
21 UNDER PART E.—Amounts”.

22 (e) SUSPENSION OR CANCELLATION OF DEBTS UPON
23 MARRIAGE OF PARENTS.—Section 457 (42 U.S.C. 657)
24 is amended by adding at the end the following:

1 “(e) SUSPENSION OR CANCELLATION OF DEBTS TO
2 STATE UPON MARRIAGE OF PARENTS.—

3 “(1) CIRCUMSTANCES REQUIRING SUSPENSION
4 OR CANCELLATION.—In any case in which a State
5 has been assigned rights to support owed with re-
6 spect to a child who is receiving or has received as-
7 sistance under part A and—

8 “(A) the parent owing such support mar-
9 ries (or remarries) the parent with whom such
10 child is living and to whom such support is
11 owed and applies to the State for relief under
12 this subsection;

13 “(B) the State determines (in accordance
14 with procedures and criteria established by the
15 Secretary) that the marriage is not a sham
16 marriage entered into solely to satisfy this sub-
17 section; and

18 “(C) the combined income of such parents
19 is less than twice the Federal poverty line,
20 the State shall afford relief to the parent owing such
21 support in accordance with paragraph (2).

22 “(2) SUSPENSION OR CANCELLATION.—In the
23 case of a marriage or remarriage described in para-
24 graph (1), the State shall either—

1 “(A) cancel all debts owed to the State
2 pursuant to such assignment; or

3 “(B) suspend collection of such debts for
4 the duration of such marriage, and cancel such
5 debts if such duration extends beyond the end
6 of the period with respect to which support is
7 owed.

8 “(3) NOTICE REQUIRED.—The State shall no-
9 tify custodial parents of children who are receiving
10 aid under part A of the relief available under this
11 subsection to individuals who marry (or remarry).”.

12 (f) STATE OPTIONS TO PASS THROUGH AND TO DIS-
13 REGARD CHILD SUPPORT AMOUNTS.—

14 (1) STATE OPTION TO PASS THROUGH CHILD
15 SUPPORT.—Section 457(b)(1) (42 U.S.C. 657(b)(1))
16 is amended to read as follows:

17 “(1) at State option, an amount determined by
18 the State, equal to all or a portion of the monthly
19 support obligation, may be paid to the family from
20 each of—

21 “(A) amounts received in a month which
22 represent payments for that month; and

23 “(B) amounts received in a month which
24 represent payments for a prior month which

1 were made by the absent parent in the month
2 when due;”.

3 (2) STATE OPTION TO DISREGARD CHILD SUP-
4 PORT.—Section 402(a)(8)(A)(vi) (42 U.S.C
5 602(a)(8)(A)(vi)) is amended—

6 (A) by striking “shall disregard the first
7 \$50” and inserting “may disregard all or any
8 portion”;

9 (B) by striking “the first \$50” and insert-
10 ing “and all or any portion”; and

11 (C) by striking “section 457(b)” and in-
12 serting “section 457(a)”.

13 (g) PASS THROUGH AND DISREGARD OF SUPPORT
14 COLLECTED ON BEHALF OF A FAMILY SUBJECT TO THE
15 FAMILY CAP.—

16 (1) PASS THROUGH.—Section 457 (42 U.S.C.
17 657), as amended by subsection (e) of this section,
18 is amended by adding at the end the following:

19 “(f) PASS THROUGH OF SUPPORT COLLECTED ON
20 BEHALF OF A FAMILY SUBJECT TO THE FAMILY CAP.—
21 Amounts collected by a State agency under this part dur-
22 ing any month as support of a child who is a member
23 of a 1-parent family subject to section 402(a)(51) shall
24 be distributed to the family.”.

1 (2) DISREGARD.—Section 402(a)(8)(A)(vi) (42
2 U.S.C. 602(a)(8)(A)(vi)) is amended by inserting
3 “, except that, in the case of a 1-parent family sub-
4 ject to paragraph (51), all support payments col-
5 lected and paid to the family under section 457(f)
6 shall be disregarded” before the semicolon.

7 (h) REGULATIONS.—The Secretary of Health and
8 Human Services shall promulgate regulations—

9 (1) under part D of title IV of the Social Secu-
10 rity Act, establishing a uniform nationwide standard
11 for allocation of child support collections from an ob-
12 ligor owing support to more than one family; and

13 (2) under part A of such title, establishing
14 standards applicable to States electing the alter-
15 native formula under section 457(b) of such Act for
16 distribution of collections on behalf of families re-
17 ceiving Aid to Families with Dependent Children,
18 designed to minimize irregular monthly payments to
19 such families.

20 (i) CLERICAL AMENDMENT.—Section 454 (42 U.S.C.
21 654) is amended—

22 (1) in paragraph (11), by striking “(11)” and
23 inserting “(11)(A)”; and

24 (2) by redesignating paragraph (12) as sub-
25 paragraph (B) of paragraph (11).

1 **SEC. 403. DUE PROCESS RIGHTS.**

2 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
3 amended by section 402(f) of this Act, is amended by in-
4 serting after paragraph (11) the following new paragraph:

5 “(12) provide for procedures to ensure that—

6 “(A) individuals who are applying for or
7 receiving services under this part, or are parties
8 to cases in which services are being provided
9 under this part—

10 “(i) receive notice of all proceedings in
11 which support obligations might be estab-
12 lished or modified; and

13 “(ii) receive a copy of any order estab-
14 lishing or modifying a child support obliga-
15 tion, or (in the case of a petition for modi-
16 fication) a notice of determination that
17 there should be no change in the amount
18 of the child support award, within 14 days
19 after issuance of such order or determina-
20 tion;

21 “(B) individuals applying for or receiving
22 services under this part have access to a fair
23 hearing that meets standards established by the
24 Secretary and ensures prompt consideration
25 and resolution of complaints (but the resort to

1 such procedure shall not stay the enforcement
2 of any support order); and

3 “(C) individuals adversely affected by the
4 establishment or modification of (or, in the case
5 of a petition for modification, the determination
6 that there should be no change in) a child sup-
7 port order shall be afforded not less than 30
8 days after the receipt of the order or determina-
9 tion to initiate proceedings to challenge such
10 order or determination;”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall become effective on October 1, 1997.

13 **SEC. 404. PRIVACY SAFEGUARDS.**

14 (a) STATE PLAN REQUIREMENT.—Section 454 (42
15 U.S.C. 454) is amended—

16 (1) by striking “and” at the end of paragraph
17 (23);

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

20 (3) by adding after paragraph (24) the follow-
21 ing:

22 “(25) will have in effect safeguards applicable
23 to all sensitive and confidential information handled
24 by the State agency designed to protect the privacy
25 rights of the parties, including—

1 “(A) safeguards against unauthorized use
2 or disclosure of information relating to proceed-
3 ings or actions to establish paternity, or to es-
4 tablish or enforce support;

5 “(B) prohibitions on the release of infor-
6 mation on the whereabouts of one party to an-
7 other party against whom a protective order
8 with respect to the former party has been en-
9 tered; and

10 “(C) prohibitions on the release of infor-
11 mation on the whereabouts of one party to an-
12 other party if the State has reason to believe
13 that the release of the information may result
14 in physical or emotional harm to the former
15 party.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 subsection (a) shall become effective on October 1, 1997.

18 **Subtitle B—Program**
19 **Administration and Funding**

20 **SEC. 411. FEDERAL MATCHING PAYMENTS.**

21 (a) INCREASED BASE MATCHING RATE.—Section
22 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as
23 follows:

24 “(2) The applicable percent for a quarter for
25 purposes of paragraph (1)(A) is—

1 “(A) for fiscal year 1997, 69 percent,
2 “(B) for fiscal year 1998, 72 percent, and
3 “(C) for fiscal year 1999 and succeeding
4 fiscal years, 75 percent.”.

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

7 (1) in subsection (a)(1), in the matter preced-
8 ing subparagraph (A), by striking “From” and in-
9 serting “Subject to subsection (c), from”; and
10 (2) by inserting after subsection (b) the follow-
11 ing new subsection:

12 “(c) MAINTENANCE OF EFFORT.—Notwithstanding
13 the provisions of subsection (a), total expenditures for the
14 State program under this part for fiscal year 1997 and
15 each succeeding fiscal year, reduced by the percentage
16 specified for such fiscal year under subsection (a)(2)(A),
17 (B), or (C)(i), shall not be less than such total expendi-
18 tures for fiscal year 1996, reduced by 66 percent.”.

19 **SEC. 412. PERFORMANCE-BASED INCENTIVES AND PEN-**
20 **ALTIES.**

21 (a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCH-
22 ING RATE.—Section 458 (42 U.S.C. 658) is amended to
23 read as follows:

24 “INCENTIVE ADJUSTMENTS TO MATCHING RATE
25 “SEC. 458. (a) INCENTIVE ADJUSTMENT.—(1) IN
26 GENERAL.—In order to encourage and reward State child

1 support enforcement programs which perform in an effec-
2 tive manner, the Federal matching rate for payments to
3 a State under section 455(a)(1)(A), for each fiscal year
4 beginning on or after October 1, 1998, shall be increased
5 by a factor reflecting the sum of the applicable incentive
6 adjustments (if any) determined in accordance with regu-
7 lations under this section with respect to Statewide pater-
8 nity establishment and to overall performance in child sup-
9 port enforcement.

10 “(2) STANDARDS.—(A) IN GENERAL.—The Sec-
11 retary shall specify in regulations—

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

16 “(ii) the amounts of incentive adjustment that
17 shall be awarded to States achieving specified ac-
18 complishment or improvement levels, which amounts
19 shall be graduated, ranging up to—

20 “(I) 5 percentage points, in connection
21 with Statewide paternity establishment; and

22 “(II) 10 percentage points, in connection
23 with overall performance in child support en-
24 forcement.

1 “(B) LIMITATION.—In setting performance stand-
2 ards pursuant to subparagraph (A)(i) and adjustment
3 amounts pursuant to subparagraph (A)(ii), the Secretary
4 shall ensure that the aggregate number of percentage
5 point increases as incentive adjustments to all States do
6 not exceed such aggregate increases as assumed by the
7 Secretary in estimates of the cost of this section as of
8 June 1995, unless the aggregate performance of all States
9 exceeds the projected aggregate performance of all States
10 in such cost estimates.

11 “(3) DETERMINATION OF INCENTIVE ADJUST-
12 MENT.—The Secretary shall determine the amount (if
13 any) of incentive adjustment due each State on the basis
14 of the data submitted by the State pursuant to section
15 454(15)(B) concerning the levels of accomplishment (and
16 rates of improvement) with respect to performance indica-
17 tors specified by the Secretary pursuant to this section.

18 “(4) FISCAL YEAR SUBJECT TO INCENTIVE ADJUST-
19 MENT.—The total percentage point increase determined
20 pursuant to this section with respect to a State program
21 in a fiscal year shall apply as an adjustment to the appli-
22 cable percent under section 455(a)(2) for payments to
23 such State for the succeeding fiscal year.

24 “(5) RECYCLING OF INCENTIVE ADJUSTMENT.—A
25 State shall expend in the State program under this part

1 all funds paid to the State by the Federal Government
2 as a result of an incentive adjustment under this section.

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

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

8 “(A) the total number of out-of-wedlock
9 children in the State under one year of age for
10 whom paternity is established or acknowledged
11 during the fiscal year, to

12 “(B) the total number of children born out
13 of wedlock in the State during such fiscal year;
14 and

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

19 “(A) the percentage of cases requiring a
20 child support order in which such an order was
21 established;

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

24 “(C) the ratio of child support collected to
25 child support due; and

1 “(D) the cost-effectiveness of the State
2 program, as determined in accordance with
3 standards established by the Secretary in regu-
4 lations.”.

5 (b) ADJUSTMENT OF PAYMENTS UNDER PART D OF
6 TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as
7 amended by section 411(a) of this Act, is amended—

8 (1) by striking the period at the end of sub-
9 paragraph (C)(ii) and inserting a comma; and

10 (2) by adding after and below subparagraph
11 (C), flush with the left margin of the subsection, the
12 following:

13 “increased by the incentive adjustment factor (if any) de-
14 termined by the Secretary pursuant to section 458.”.

15 (c) CONFORMING AMENDMENTS.—Section 454(22)
16 (42 U.S.C. 654(22)) is amended—

17 (1) by striking “incentive payments” the first
18 place it appears and inserting “incentive adjust-
19 ments”; and

20 (2) by striking “any such incentive payments
21 made to the State for such period” and inserting
22 “any increases in Federal payments to the State re-
23 sulting from such incentive adjustments”.

24 (d) CALCULATION OF IV-D PATERNITY ESTABLISH-
25 MENT PERCENTAGE.—(1) Section 452(g)(1) (42 U.S.C.

1 652(g)(1)) is amended in the matter preceding subpara-
2 graph (A) by inserting “its overall performance in child
3 support enforcement is satisfactory (as defined in section
4 458(b) and regulations of the Secretary), and” after
5 “1994,”.

6 (2) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
7 amended—

8 (A) in subparagraph (A), in the matter preced-
9 ing clause (i)—

10 (i) by striking “paternity establishment
11 percentage” and inserting “IV-D paternity es-
12 tablishment percentage”; and

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

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

17 (C) in subparagraph (A)(ii)(I), by striking “as
18 of the end of the fiscal year” and inserting “in the
19 fiscal year or, at the option of the State, as of the
20 end of such year”;

21 (D) in subparagraph (A)(ii)(II), by striking “or
22 (E) as of the end of the fiscal year” and inserting
23 “in the fiscal year or, at the option of the State, as
24 of the end of such year”;

25 (E) in subparagraph (A)(iii)—

1 (i) by striking “during the fiscal year”;

2 and

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

4 (F) in the matter following subparagraph (A)—

5 (i) by striking “who were born out of wed-
6 lock during the immediately preceding fiscal
7 year” and inserting “born out of wedlock”;

8 (ii) by striking “such preceding fiscal
9 year” both places it appears and inserting “the
10 preceding fiscal year”; and

11 (iii) by striking “or (E)” the second place
12 it appears.

13 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
14 amended—

15 (A) by striking subparagraph (A) and redesignating
16 subparagraphs (B) and (C) as subparagraphs
17 (A) and (B), respectively;

18 (B) in subparagraph (A), as redesignated, by
19 striking “the percentage of children born out-of-wed-
20 lock in the State” and inserting “the percentage of
21 children in the State who are born out of wedlock
22 or for whom support has not been established”; and

23 (C) in subparagraph (B), as redesignated—

1 (i) by inserting “and overall performance
2 in child support enforcement” after “paternity
3 establishment percentages”; and

4 (ii) by inserting “and securing support”
5 before the period.

6 (e) REDUCTION OF PAYMENTS UNDER PART D OF
7 TITLE IV.—

8 (1) NEW REQUIREMENTS.—Section 455 (42
9 U.S.C. 655) is amended by inserting after sub-
10 section (b) the following:

11 “(c)(1) If the Secretary finds, with respect to a State
12 program under this part in a fiscal year beginning on or
13 after October 1, 1997—

14 “(A)(i) on the basis of data submitted by a
15 State pursuant to section 454(15)(B), that the State
16 program in such fiscal year failed to achieve the IV-
17 D paternity establishment percentage (as defined in
18 section 452(g)(2)(A)) or the appropriate level of
19 overall performance in child support enforcement (as
20 defined in section 458(b)(2)), or to meet other per-
21 formance measures that may be established by the
22 Secretary, or

23 “(ii) on the basis of an audit or audits of such
24 State data conducted pursuant to section
25 452(a)(4)(C), that the State data submitted pursu-

1 ant to section 454(15)(B) is incomplete or unreli-
2 able; and

3 “(B) that, with respect to the succeeding fiscal
4 year—

5 “(i) the State failed to take sufficient cor-
6 rective action to achieve the appropriate per-
7 formance levels as described in subparagraph
8 (A)(i) of this paragraph, or

9 “(ii) the data submitted by the State pur-
10 suant to section 454(15)(B) is incomplete or
11 unreliable,

12 the amounts otherwise payable to the State under this
13 part for quarters following the end of such succeeding fis-
14 cal year, prior to quarters following the end of the first
15 quarter throughout which the State program is in compli-
16 ance with such performance requirement, shall be reduced
17 by the percentage specified in paragraph (2).

18 “(2) The reductions required under paragraph (1)
19 shall be—

20 “(A) not less than 6 nor more than 8 percent,
21 or

22 “(B) not less than 8 nor more than 12 percent,
23 if the finding is the second consecutive finding made
24 pursuant to paragraph (1), or

1 “(C) not less than 12 nor more than 15 per-
2 cent, if the finding is the third or a subsequent con-
3 secutive such finding.

4 “(3) For purposes of this subsection, section
5 402(a)(27), and section 452(a)(4), a State which is deter-
6 mined as a result of an audit to have submitted incomplete
7 or unreliable data pursuant to section 454(15)(B), shall
8 be determined to have submitted adequate data if the Sec-
9 retary determines that the extent of the incompleteness
10 or unreliability of the data is of a technical nature which
11 does not adversely affect the determination of the level of
12 the State’s performance.”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Section 403 (42 U.S.C. 603) is amend-
15 ed by striking subsection (h).

16 (B) Section 452(a)(4) (42 U.S.C.
17 652(a)(4)) is amended by striking “403(h)”
18 each place such term appears and inserting
19 “455(c)”.

20 (C) Subsections (d)(3)(A), (g)(1), and
21 (g)(3)(A) of section 452 (42 U.S.C. 652) are
22 each amended by striking “403(h)” and insert-
23 ing “455(c)”.

24 (f) EFFECTIVE DATES.—

1 (1) INCENTIVE ADJUSTMENTS.—(A) The
2 amendments made by subsections (a), (b), and (c)
3 shall become effective October 1, 1997, except to the
4 extent provided in subparagraph (B).

5 (B) Section 458 of the Social Security Act, as
6 in effect prior to the enactment of this section, shall
7 be effective for purposes of incentive payments to
8 States for fiscal years prior to fiscal year 1999.

9 (2) PENALTY REDUCTIONS.—(A) The amend-
10 ments made by subsection (d) shall become effective
11 with respect to calendar quarters beginning on and
12 after the date of enactment of this Act.

13 (B) The amendments made by subsection (e)
14 shall become effective with respect to calendar quar-
15 ters beginning on and after the date one year after
16 the date of enactment of this Act.

17 **SEC. 413. FEDERAL AND STATE REVIEWS AND AUDITS.**

18 (a) STATE AGENCY ACTIVITIES.—Section 454 (42
19 U.S.C. 654) is amended—

20 (1) in paragraph (14), by striking “(14)” and
21 inserting “(14)(A)”;

22 (2) by redesignating paragraph (15) as sub-
23 paragraph (B) of paragraph (14); and

24 (3) by inserting after paragraph (14) the fol-
25 lowing new paragraph:

1 “(15) provide for—

2 “(A) a process for annual reviews of and
3 reports to the Secretary on the State program
4 under this part, which shall include such infor-
5 mation as may be necessary to measure State
6 compliance with Federal requirements for expe-
7 dited procedures and timely case processing,
8 using such standards and procedures as are re-
9 quired by the Secretary, under which the State
10 agency will determine the extent to which such
11 program is in conformity with applicable re-
12 quirements with respect to the operation of
13 State programs under this part (including the
14 status of complaints filed under the procedure
15 required under paragraph (12)(B)); and

16 “(B) a process of extracting from the
17 State automated data processing system and
18 transmitting to the Secretary data and calcula-
19 tions concerning the levels of accomplishment
20 (and rates of improvement) with respect to ap-
21 plicable performance indicators (including IV-D
22 paternity establishment percentages and overall
23 performance in child support enforcement) to
24 the extent necessary for purposes of sections
25 452(g) and 458.”.

1 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42
2 U.S.C. 652(a)(4)) is amended to read as follows:

3 “(4)(A) review data and calculations transmit-
4 ted by State agencies pursuant to section
5 454(15)(B) on State program accomplishments with
6 respect to performance indicators for purposes of
7 section 452(g) and 458, and determine the amount
8 (if any) of penalty reductions pursuant to section
9 455(c) to be applied to the State;

10 “(B) review annual reports by State agencies
11 pursuant to section 454(15)(A) on State program
12 conformity with Federal requirements; evaluate any
13 elements of a State program in which significant de-
14 ficiencies are indicated by such report on the status
15 of complaints under the State procedure under sec-
16 tion 454(12)(B); and, as appropriate, provide to the
17 State agency comments, recommendations for addi-
18 tional or alternative corrective actions, and technical
19 assistance; and

20 “(C) conduct audits, in accordance with the
21 government auditing standards of the United States
22 Comptroller General—

23 “(i) at least once every 3 years (or more
24 frequently, in the case of a State which fails to
25 meet requirements of this part, or of regula-

1 tions implementing such requirements, concern-
2 ing performance standards and reliability of
3 program data) to assess the completeness, reli-
4 ability, and security of the data, and the accu-
5 racy of the reporting systems, used for the cal-
6 culations of performance indicators specified in
7 subsection (g) and section 458;

8 “(ii) of the adequacy of financial manage-
9 ment of the State program, including assess-
10 ments of—

11 “(I) whether Federal and other funds
12 made available to carry out the State pro-
13 gram under this part are being appro-
14 priately expended, and are properly and
15 fully accounted for; and

16 “(II) whether collections and disburse-
17 ments of support payments and program
18 income are carried out correctly and are
19 properly and fully accounted for; and

20 “(iii) for such other purposes as the Sec-
21 retary may find necessary;”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall be effective with respect to calendar
24 quarters beginning on or after the date one year after en-
25 actment of this section.

1 **SEC. 414. REQUIRED REPORTING PROCEDURES.**

2 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.
3 652(a)(5)) is amended by inserting “, and establish proce-
4 dures to be followed by States for collecting and reporting
5 information required to be provided under this part, and
6 establish uniform definitions (including those necessary to
7 enable the measurement of State compliance with the re-
8 quirements of this part relating to expedited processes and
9 timely case processing) to be applied in following such pro-
10 cedures” before the semicolon.

11 (b) STATE PLAN REQUIREMENT.—Section 454 (42
12 U.S.C. 654), as amended by section 404(a) of this Act,
13 is amended—

14 (1) by striking “and” at the end of paragraph
15 (24);

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

18 (3) by adding after paragraph (25) the follow-
19 ing:

20 “(26) provide that the State shall use the defi-
21 nitions established under section 452(a)(5) in col-
22 lecting and reporting information as required under
23 this part.”.

24 **SEC. 415. AUTOMATED DATA PROCESSING REQUIREMENTS.**

25 (a) REVISED REQUIREMENTS.—(1) Section 454(16)
26 (42 U.S.C. 654(16)) is amended—

1 (A) by striking “, at the option of the State,”;

2 (B) by inserting “and operation by the State
3 agency” after “for the establishment”;

4 (C) by inserting “meeting the requirements of
5 section 454A” after “information retrieval system”;

6 (D) by striking “in the State and localities
7 thereof, so as (A)” and inserting “so as”;

8 (E) by striking “(i)”; and

9 (F) by striking “(including” and all that follows
10 and inserting a semicolon.

11 (2) Part D of title IV (42 U.S.C. 651–669) is amend-
12 ed by inserting after section 454 the following new section:

13 “AUTOMATED DATA PROCESSING

14 “SEC. 454A. (a) IN GENERAL.—In order to meet the
15 requirements of this section, for purposes of the require-
16 ment of section 454(16), a State agency shall have in op-
17 eration a single statewide automated data processing and
18 information retrieval system which has the capability to
19 perform the tasks specified in this section, and performs
20 such tasks with the frequency and in the manner specified
21 in this part or in regulations or guidelines of the Sec-
22 retary.

23 “(b) PROGRAM MANAGEMENT.—The automated sys-
24 tem required under this section shall perform such func-
25 tions as the Secretary may specify relating to management
26 of the program under this part, including—

1 “(1) controlling and accounting for use of Fed-
2 eral, State, and local funds to carry out such pro-
3 gram; and

4 “(2) maintaining the data necessary to meet
5 Federal reporting requirements on a timely basis.

6 “(c) CALCULATION OF PERFORMANCE INDICA-
7 TORS.—In order to enable the Secretary to determine the
8 incentive and penalty adjustments required by sections
9 452(g) and 458, the State agency shall—

10 “(1) use the automated system—

11 “(A) to maintain the requisite data on
12 State performance with respect to paternity es-
13 tablishment and child support enforcement in
14 the State; and

15 “(B) to calculate the IV–D paternity es-
16 tablishment percentage and overall performance
17 in child support enforcement for the State for
18 each fiscal year; and

19 “(2) have in place systems controls to ensure
20 the completeness, and reliability of, and ready access
21 to, the data described in paragraph (1)(A), and the
22 accuracy of the calculations described in paragraph
23 (1)(B).

24 “(d) INFORMATION INTEGRITY AND SECURITY.—The
25 State agency shall have in effect safeguards on the integ-

1 rity, accuracy, and completeness of, access to, and use of
2 data in the automated system required under this section,
3 which shall include the following (in addition to such other
4 safeguards as the Secretary specifies in regulations):

5 “(1) POLICIES RESTRICTING ACCESS.—Written
6 policies concerning access to data by State agency
7 personnel, and sharing of data with other persons,
8 which—

9 “(A) permit access to and use of data only
10 to the extent necessary to carry out program re-
11 sponsibilities;

12 “(B) specify the data which may be used
13 for particular program purposes, and the per-
14 sonnel permitted access to such data; and

15 “(C) ensure that data obtained or disclosed
16 for a limited program purpose is not used or
17 redisclosed for another, impermissible purpose.

18 “(2) SYSTEMS CONTROLS.—Systems controls
19 (such as passwords or blocking of fields) to ensure
20 strict adherence to the policies specified under para-
21 graph (1).

22 “(3) MONITORING OF ACCESS.—Routine mon-
23 itoring of access to and use of the automated sys-
24 tem, through methods such as audit trails and feed-

1 back mechanisms, to guard against and promptly
2 identify unauthorized access or use.

3 “(4) TRAINING AND INFORMATION.—The State
4 agency shall have in effect procedures to ensure that
5 all personnel (including State and local agency staff
6 and contractors) who may have access to or be re-
7 quired to use sensitive or confidential program data
8 are fully informed of applicable requirements and
9 penalties, and are adequately trained in security pro-
10 cedures.

11 “(5) PENALTIES.—The State agency shall have
12 in effect administrative penalties (up to and includ-
13 ing dismissal from employment) for unauthorized ac-
14 cess to, or disclosure or use of, confidential data.”.

15 (3) REGULATIONS.—Section 452 (42 U.S.C. 652) is
16 amended by adding at the end the following:

17 “(j) The Secretary shall prescribe final regulations
18 for implementation of the requirements of section 454A
19 not later than 2 years after the date of the enactment of
20 this subsection.”.

21 (4) IMPLEMENTATION TIMETABLE.—Section
22 454(24) (42 U.S.C. 654(24)), as amended by sections
23 404(a)(2) and 414(b)(1) of this Act, is amended to read
24 as follows:

1 “(24) provide that the State will have in effect
2 an automated data processing and information re-
3 trieval system—

4 “(A) by October 1, 1995, meeting all re-
5 quirements of this part which were enacted on
6 or before the date of enactment of the Family
7 Support Act of 1988; and

8 “(B) by October 1, 1999, meeting all re-
9 quirements of this part enacted on or before the
10 date of enactment of the Individual Responsibil-
11 ity Act of 1995 (but this provision shall not be
12 construed to alter earlier deadlines specified for
13 elements of such system), except that such
14 deadline shall be extended by 1 day for each
15 day (if any) by which the Secretary fails to
16 meet the deadline imposed by section 452(j);”.

17 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
18 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section
19 455(a) (42 U.S.C. 655(a)) is amended—

20 (1) in paragraph (1)(B)—

21 (A) by striking “90 percent” and inserting
22 “the percent specified in paragraph (3)”;

23 (B) by striking “so much of”; and

24 (C) by striking “which the Secretary” and
25 all that follows and inserting “, and”; and

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

3 “(3)(A) The Secretary shall pay to each State, for
4 each quarter in fiscal year 1996, 90 percent of so much
5 of State expenditures described in subparagraph (1)(B) as
6 the Secretary finds are for a system meeting the require-
7 ments specified in section 454(16), or meeting such re-
8 quirements without regard to clause (D) thereof.

9 “(B)(i) The Secretary shall pay to each State, for
10 each quarter in fiscal years 1997 through 2001, the per-
11 centage specified in clause (ii) of so much of State expend-
12 itures described in subparagraph (1)(B) as the Secretary
13 finds are for a system meeting the requirements specified
14 in section 454(16) and 454A, subject to clause (iii).

15 “(ii) The percentage specified in this clause, for pur-
16 poses of clause (i), is the higher of—

17 “(I) 80 percent, or

18 “(II) the percentage otherwise applicable to
19 Federal payments to the State under subparagraph
20 (A) (as adjusted pursuant to section 458).”.

21 (c) CONFORMING AMENDMENT.—Section 123(c) of
22 the Family Support Act of 1988 (102 Stat. 2352; Public
23 Law 100–485) is repealed.

24 (d) ADDITIONAL PROVISIONS.—For additional provi-
25 sions of section 454A, as added by subsection (a) of this

1 section, see the amendments made by sections 421,
2 422(c), and 433(d) of this Act.

3 **SEC. 416. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.**

4 (a) REPORTING TO SECRETARY.—Section 452(a) (42
5 U.S.C. 652(a)) is amended in the matter preceding para-
6 graph (1) by striking “directly”.

7 (b) STAFFING STUDIES.—

8 (1) SCOPE.—The Secretary of Health and
9 Human Services shall, directly or by contract, con-
10 duct studies of the staffing of each State child sup-
11 port enforcement program under part D of title IV
12 of the Social Security Act. Such studies shall include
13 a review of the staffing needs created by require-
14 ments for automated data processing, maintenance
15 of a central case registry and centralized collections
16 of child support, and of changes in these needs re-
17 sulting from changes in such requirements. Such
18 studies shall examine and report on effective staffing
19 practices used by the States and on recommended
20 staffing procedures.

21 (2) FREQUENCY OF STUDIES.—The Secretary
22 shall complete the first staffing study required under
23 paragraph (1) by October 1, 1997, and may conduct
24 additional studies subsequently at appropriate inter-
25 vals.

1 “(C) operation of the Federal Parent Locator
2 Service under section 453, to the extent such costs
3 are not recovered through user fees.

4 “(2) The amount specified in this paragraph for a
5 fiscal year is the amount equal to a percentage of the re-
6 duction in Federal payments to States under part A on
7 account of child support (including arrearages) collected
8 in the preceding fiscal year on behalf of children receiving
9 aid under such part A in such preceding fiscal year (as
10 determined on the basis of the most recent reliable data
11 available to the Secretary as of the end of the third cal-
12 endar quarter following the end of such preceding fiscal
13 year), equal to—

14 “(A) 1 percent, for the activities specified in
15 subparagraphs (A) and (B) of paragraph (1); and

16 “(B) 2 percent, for the activities specified in
17 subparagraph (C) of paragraph (1).”.

18 **SEC. 418. REPORTS AND DATA COLLECTION BY THE SEC-**

19 **RETARY.**

20 (a) ANNUAL REPORT TO CONGRESS.—(1) Section
21 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

22 (A) by striking “this part;” and inserting “this
23 part, including—”; and

24 (B) by adding at the end the following indented
25 clauses:

1 “(i) the total amount of child support
2 payments collected as a result of services
3 furnished during such fiscal year to indi-
4 viduals receiving services under this part;

5 “(ii) the cost to the States and to the
6 Federal Government of furnishing such
7 services to those individuals; and

8 “(iii) the number of cases involving
9 families—

10 “(I) who became ineligible for aid
11 under part A during a month in such
12 fiscal year; and

13 “(II) with respect to whom a
14 child support payment was received in
15 the same month;”.

16 (2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C))
17 is amended—

18 (A) in the matter preceding clause (i)—

19 (i) by striking “with the data required
20 under each clause being separately stated for
21 cases” and inserting “separately stated for (1)
22 cases”;

23 (ii) by striking “cases where the child was
24 formerly receiving” and inserting “or formerly
25 received”;

1 (iii) by inserting “or 1912” after
2 “471(a)(17)”; and

3 (iv) by inserting “(2)” before “all other”;
4 (B) in each of clauses (i) and (ii), by striking
5 “, and the total amount of such obligations”;

6 (C) in clause (iii), by striking “described in”
7 and all that follows and inserting “in which support
8 was collected during the fiscal year.”;

9 (D) by striking clause (iv); and

10 (E) by redesignating clause (v) as clause (vii),
11 and inserting after clause (iii) the following new
12 clauses:

13 “(iv) the total amount of support col-
14 lected during such fiscal year and distrib-
15 uted as current support;

16 “(v) the total amount of support col-
17 lected during such fiscal year and distrib-
18 uted as arrearages;

19 “(vi) the total amount of support due
20 and unpaid for all fiscal years; and”.

21 (3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G))
22 is amended by striking “on the use of Federal courts
23 and”.

24 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is
25 amended by striking all that follows subparagraph (I).

1 (b) DATA COLLECTION AND REPORTING.—Section
2 469 (42 U.S.C. 669) is amended—

3 (1) by striking subsections (a) and (b) and in-
4 serting the following:

5 “(a) The Secretary shall collect and maintain, on a
6 fiscal year basis, up-to-date statistics, by State, with re-
7 spect to services to establish paternity and services to es-
8 tablish child support obligations, the data specified in sub-
9 section (b), separately stated, in the case of each such
10 service, with respect to—

11 “(1) families (or dependent children) receiving
12 aid under plans approved under part A (or E); and

13 “(2) families not receiving such aid.

14 “(b) The data referred to in subsection (a) are—

15 “(1) the number of cases in the caseload of the
16 State agency administering the plan under this part
17 in which such service is needed; and

18 “(2) the number of such cases in which the
19 service has been provided.”; and

20 (2) in subsection (c), by striking “(a)(2)” and
21 inserting “(b)(2)”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall be effective with respect to fiscal year
24 1996 and succeeding fiscal years.

1 **Subtitle C—Locate and Case**
2 **Tracking**

3 **SEC. 421. CENTRAL STATE AND CASE REGISTRY.**

4 Section 454A, as added by section 415(a)(2) of this
5 Act, is amended by adding at the end the following:

6 “(e) CENTRAL CASE REGISTRY.—(1) IN GEN-
7 ERAL.—The automated system required under this section
8 shall perform the functions, in accordance with the provi-
9 sions of this subsection, of a single central registry con-
10 taining records with respect to each case in which services
11 are being provided by the State agency (including, on and
12 after October 1, 1998, each order specified in section
13 466(a)(12)), using such standardized data elements (such
14 as names, social security numbers or other uniform identi-
15 fication numbers, dates of birth, and case identification
16 numbers), and containing such other information (such as
17 information on case status) as the Secretary may require.

18 “(2) PAYMENT RECORDS.—Each case record in the
19 central registry shall include a record of—

20 “(A) the amount of monthly (or other periodic)
21 support owed under the support order, and other
22 amounts due or overdue (including arrears, interest
23 or late payment penalties, and fees);

1 “(B) the date on which or circumstances under
2 which the support obligation will terminate under
3 such order;

4 “(C) all child support and related amounts col-
5 lected (including such amounts as fees, late payment
6 penalties, and interest on arrearages);

7 “(D) the distribution of such amounts collected;
8 and

9 “(E) the birth date of the child for whom the
10 child support order is entered.

11 “(3) UPDATING AND MONITORING.—The State agen-
12 cy shall promptly establish and maintain, and regularly
13 monitor, case records in the registry required by this sub-
14 section, on the basis of—

15 “(A) information on administrative actions and
16 administrative and judicial proceedings and orders
17 relating to paternity and support;

18 “(B) information obtained from matches with
19 Federal, State, or local data sources;

20 “(C) information on support collections and dis-
21 tributions; and

22 “(D) any other relevant information.

23 “(f) DATA MATCHES AND OTHER DISCLOSURES OF
24 INFORMATION.—The automated system required under
25 this section shall have the capacity, and be used by the

1 State agency, to extract data at such times, and in such
2 standardized format or formats, as may be required by
3 the Secretary, and to share and match data with, and re-
4 ceive data from, other data bases and data matching serv-
5 ices, in order to obtain (or provide) information necessary
6 to enable the State agency (or Secretary or other State
7 or Federal agencies) to carry out responsibilities under
8 this part. Data matching activities of the State agency
9 shall include at least the following:

10 “(1) DATA BANK OF CHILD SUPPORT OR-
11 DERS.—Furnish to the Data Bank of Child Support
12 Orders established under section 453(h) (and update
13 as necessary, with information including notice of
14 expiration of orders) minimal information (to be
15 specified by the Secretary) on each child support
16 case in the central case registry.

17 “(2) FEDERAL PARENT LOCATOR SERVICE.—
18 Exchange data with the Federal Parent Locator
19 Service for the purposes specified in section 453.

20 “(3) AFDC AND MEDICAID AGENCIES.—Ex-
21 change data with State agencies (of the State and
22 of other States) administering the programs under
23 part A and title XIX, as necessary for the perform-
24 ance of State agency responsibilities under this part
25 and under such programs.

1 “(4) INTRA- AND INTERSTATE DATA
2 MATCHES.—Exchange data with other agencies of
3 the State, agencies of other States, and interstate
4 information networks, as necessary and appropriate
5 to carry out (or assist other States to carry out) the
6 purposes of this part.”.

7 **SEC. 422. CENTRALIZED COLLECTION AND DISBURSEMENT**
8 **OF SUPPORT PAYMENTS.**

9 (a) STATE PLAN REQUIREMENT.—Section 454 (42
10 U.S.C. 654), as amended by sections 404(a) and 414(b)
11 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 adding after paragraph (26) the follow-
17 ing new paragraph:

18 “(27) provide that the State agency, on and
19 after October 1, 1998—

20 “(A) will operate a centralized, automated
21 unit for the collection and disbursement of child
22 support under orders being enforced under this
23 part, in accordance with section 454B; and

24 “(B) will have sufficient State staff (con-
25 sisting of State employees), and (at State op-

1 payments under support orders in all cases being en-
2 forced by the State pursuant to section 454(4).

3 “(b) REQUIRED PROCEDURES.—The centralized col-
4 lections unit shall use automated procedures, electronic
5 processes, and computer-driven technology to the maxi-
6 mum extent feasible, efficient, and economical, for the col-
7 lection and disbursement of support payments, including
8 procedures—

9 “(1) for receipt of payments from parents, em-
10 ployers, and other States, and for disbursements to
11 custodial parents and other obligees, the State agen-
12 cy, and the State agencies of other States;

13 “(2) for accurate identification of payments;

14 “(3) to ensure prompt disbursement of the cus-
15 todial parent’s share of any payment; and

16 “(4) to furnish to either parent, upon request,
17 timely information on the current status of support
18 payments.”.

19 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
20 added by section 415(a)(2) of this Act and as amended
21 by section 421 of this Act, is amended by adding at the
22 end the following new subsection:

23 “(g) CENTRALIZED COLLECTION AND DISTRIBUTION
24 OF SUPPORT PAYMENTS.—The automated system re-
25 quired under this section shall be used, to the maximum

1 extent feasible, to assist and facilitate collections and dis-
2 bursement of support payments through the centralized
3 collections unit operated pursuant to section 454B,
4 through the performance of functions including at a mini-
5 mum—

6 “(1) generation of orders and notices to em-
7 ployers (and other debtors) for the withholding of
8 wages (and other income)—

9 “(A) within two working days after receipt
10 (from the directory of New Hires established
11 under section 453(i) or any other source) of no-
12 tice of and the income source subject to such
13 withholding; and

14 “(B) using uniform formats directed by
15 the Secretary;

16 “(2) ongoing monitoring to promptly identify
17 failures to make timely payment; and

18 “(3) automatic use of enforcement mechanisms
19 (including mechanisms authorized pursuant to sec-
20 tion 466(c)) where payments are not timely made.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall become effective on October 1, 1998.

1 **SEC. 423. AMENDMENTS CONCERNING INCOME WITHHOLD-**
2 **ING.**

3 (a) MANDATORY INCOME WITHHOLDING.—(1) Sec-
4 tion 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read
5 as follows:

6 “(1) INCOME WITHHOLDING.—(A) UNDER OR-
7 DERS ENFORCED UNDER THE STATE PLAN.—Proce-
8 dures described in subsection (b) for the withholding
9 from income of amounts payable as support in cases
10 subject to enforcement under the State plan.

11 “(B) UNDER CERTAIN ORDERS PREDATING
12 CHANGE IN REQUIREMENT.—Procedures under
13 which all child support orders issued (or modified)
14 before October 1, 1996, and which are not otherwise
15 subject to withholding under subsection (b), shall be-
16 come subject to withholding from wages as provided
17 in subsection (b) if arrearages occur, without the
18 need for a judicial or administrative hearing.”.

19 (2) Section 466(a)(8) (42 U.S.C. 666(a)(8)) is re-
20 pealed.

21 (3) Section 466(b) (42 U.S.C. 666(b)) is amended—

22 (A) in the matter preceding paragraph (1), by
23 striking “subsection (a)(1)” and inserting “sub-
24 section (a)(1)(A)”;

25 (B) in paragraph (5), by striking all that fol-
26 lows “administered by” and inserting “the State

1 through the centralized collections unit established
2 pursuant to section 454B, in accordance with the re-
3 quirements of such section 454B.”;

4 (C) in paragraph (6)(A)(i)—

5 (i) by inserting “, in accordance with time-
6 tables established by the Secretary,” after
7 “must be required”; and

8 (ii) by striking “to the appropriate agency”
9 and all that follows and inserting “to the State
10 centralized collections unit within 5 working
11 days after the date such amount would (but for
12 this subsection) have been paid or credited to
13 the employee, for distribution in accordance
14 with this part.”;

15 (D) in paragraph (6)(A)(ii), by inserting “be in
16 a standard format prescribed by the Secretary, and”
17 after “shall”; and

18 (E) in paragraph (6)(D)—

19 (i) by striking “employer who discharges”
20 and inserting “employer who—(A) discharges”;

21 (ii) by relocating subparagraph (A), as des-
22 ignated, as an indented subparagraph after and
23 below the introductory matter;

24 (iii) by striking the period at the end; and

1 (iv) by adding after and below subpara-
2 graph (A) the following new subparagraph:

3 “(B) fails to withhold support from wages,
4 or to pay such amounts to the State centralized
5 collections unit in accordance with this sub-
6 section.”.

7 (b) CONFORMING AMENDMENT.—Section 466(c) (42
8 U.S.C. 666(c)) is repealed.

9 (c) DEFINITION OF TERMS.—The Secretary shall
10 promulgate regulations providing definitions, for purposes
11 of part D of title IV of the Social Security Act, for the
12 term “income” and for such other terms relating to in-
13 come withholding under section 466(b) of such Act as the
14 Secretary may find it necessary or advisable to define.

15 **SEC. 424. LOCATOR INFORMATION FROM INTERSTATE NET-**
16 **WORKS.**

17 Section 466(a) (42 U.S.C. 666(a)), as amended by
18 section 423(a)(2) of this Act, is amended by inserting
19 after paragraph (7) the following:

20 “(8) LOCATOR INFORMATION FROM INTER-
21 STATE NETWORKS.—Procedures ensuring that the
22 State will neither provide funding for, nor use for
23 any purpose (including any purpose unrelated to the
24 purposes of this part), any automated interstate net-
25 work or system used to locate individuals—

1 “(A) for purposes relating to the use of
2 motor vehicles; or

3 “(B) providing information for law en-
4 forcement purposes (where child support en-
5 forcement agencies are otherwise allowed access
6 by State and Federal law),

7 unless all Federal and State agencies administering
8 programs under this part (including the entities es-
9 tablished under section 453) have access to informa-
10 tion in such system or network to the same extent
11 as any other user of such system or network.”.

12 **SEC. 425. EXPANDED FEDERAL PARENT LOCATOR SERVICE.**

13 (a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS
14 AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

15 (1) in subsection (a), by striking all that follows
16 “subsection (c))” and inserting the following:

17 “, for the purpose of establishing parentage, establishing,
18 setting the amount of, modifying, or enforcing child sup-
19 port obligations—

20 “(1) information on, or facilitating the discov-
21 ery of, the location of any individual—

22 “(A) who is under an obligation to pay
23 child support;

24 “(B) against whom such an obligation is
25 sought; or

1 “(C) to whom such an obligation is owed,
2 including such individual’s social security num-
3 ber (or numbers), most recent residential ad-
4 dress, and the name, address, and employer
5 identification number of such individual’s em-
6 ployer; and

7 “(2) information on the individual’s wages (or
8 other income) from, and benefits of, employment (in-
9 cluding rights to or enrollment in group health care
10 coverage); and

11 “(3) information on the type, status, location,
12 and amount of any assets of, or debts owed by or
13 to, any such individual.”; and

14 (2) in subsection (b)—

15 (A) in the matter preceding paragraph (1),
16 by striking “social security” and all that follows
17 through “absent parent” and inserting “infor-
18 mation specified in subsection (a)”;

19 (B) in paragraph (2), by inserting before
20 the period “, or from any consumer reporting
21 agency (as defined in section 603(f) of the Fair
22 Credit Reporting Act (15 U.S.C. 1681a(f))”;

23 (3) in subsection (e)(1), by inserting before the
24 period “, or by consumer reporting agencies”.

1 (b) REIMBURSEMENT FOR DATA FROM FEDERAL
2 AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is
3 amended in the fourth sentence by inserting before the
4 period “in an amount which the Secretary determines to
5 be reasonable payment for the data exchange (which
6 amount shall not include payment for the costs of obtain-
7 ing, compiling, or maintaining the data)”.

8 (c) ACCESS TO CONSUMER REPORTS UNDER FAIR
9 CREDIT REPORTING ACT.—(1) Section 608 of the Fair
10 Credit Reporting Act (15 U.S.C. 1681f) is amended—

11 (A) by striking “, limited to” and inserting “to
12 a governmental agency (including the entire
13 consumer report, in the case of a Federal, State, or
14 local agency administering a program under part D
15 of title IV of the Social Security Act, and limited
16 to”; and

17 (B) by striking “employment, to a govern-
18 mental agency” and inserting “employment, in the
19 case of any other governmental agency)”.

20 (2) REIMBURSEMENT FOR REPORTS BY STATE
21 AGENCIES AND CREDIT BUREAUS.—Section 453 (42
22 U.S.C. 653) is amended by adding at the end the following
23 new subsection:

24 “(g) The Secretary is authorized to reimburse costs
25 to State agencies and consumer credit reporting agencies

1 the costs incurred by such entities in furnishing informa-
2 tion requested by the Secretary pursuant to this section
3 in an amount which the Secretary determines to be rea-
4 sonable payment for the data exchange (which amount
5 shall not include payment for the costs of obtaining, com-
6 piling, or maintaining the data).”.

7 (d) DISCLOSURE OF TAX RETURN INFORMATION.—

8 (1) Section 6103(1)(6)(A)(ii) of the Internal Revenue
9 Code of 1986 is amended by striking “, but only if” and
10 all that follows and inserting a period.

11 (2) Section 6103(1)(8)(A) of the Internal Revenue
12 Code of 1986 is amended by inserting “Federal,” before
13 “State or local”.

14 (e) TECHNICAL AMENDMENTS.—

15 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
16 and 463(e) (42 U.S.C. 652(a)(9), 653(a), 653(b),
17 663(a), and 663(e)) are each amended by inserting
18 “Federal” before “Parent” each place it appears.

19 (2) Section 453 (42 U.S.C. 653) is amended in
20 the heading by adding “FEDERAL” before “PAR-
21 ENT”.

22 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
23 653), as amended by subsection (c)(2) of this section, is
24 amended by adding at the end the following:

25 “(h) DATA BANK OF CHILD SUPPORT ORDERS.—

1 “(1) IN GENERAL.—Not later than October 1,
2 1998, in order to assist States in administering their
3 State plans under this part and parts A, F, and G,
4 and for the other purposes specified in this section,
5 the Secretary shall establish and maintain in the
6 Federal Parent Locator Service an automated reg-
7 istry to be known as the Data Bank of Child Sup-
8 port Orders, which shall contain abstracts of child
9 support orders and other information described in
10 paragraph (2) on each case in each State central
11 case registry maintained pursuant to section
12 454A(e), as furnished (and regularly updated), pur-
13 suant to section 454A(f), by State agencies admin-
14 istering programs under this part.

15 “(2) CASE INFORMATION.—The information re-
16 ferred to in paragraph (1), as specified by the Sec-
17 retary, shall include sufficient information (including
18 names, social security numbers or other uniform
19 identification numbers, and State case identification
20 numbers) to identify the individuals who owe or are
21 owed support (or with respect to or on behalf of
22 whom support obligations are sought to be estab-
23 lished), and the State or States which have estab-
24 lished or modified, or are enforcing or seeking to es-
25 tablish, such an order.

1 “(i) DIRECTORY OF NEW HIRES.—

2 “(1) IN GENERAL.—Not later than October 1,
3 1998, In order to assist States in administering
4 their State plans under this part and parts A, F,
5 and G, and for the other purposes specified in this
6 section, the Secretary shall establish and maintain in
7 the Federal Parent Locator Service an automated
8 directory to be known as the directory of New Hires,
9 containing—

10 “(A) information supplied by employers on
11 each newly hired individual, in accordance with
12 paragraph (2); and

13 “(B) information supplied by State agen-
14 cies administering State unemployment com-
15 pensation laws, in accordance with paragraph
16 (3).

17 “(2) EMPLOYER INFORMATION.—

18 “(A) INFORMATION REQUIRED.—Subject
19 to subparagraph (D), each employer shall fur-
20 nish to the Secretary, for inclusion in the direc-
21 tory established under this subsection, not later
22 than 10 days after the date (on or after Octo-
23 ber 1, 1998) on which the employer hires a new
24 employee (as defined in subparagraph (C)), a
25 report containing the name, date of birth, and

1 social security number of such employee, and
2 the employer identification number of the em-
3 ployer.

4 “(B) REPORTING METHOD AND FOR-
5 MAT.—The Secretary shall provide for trans-
6 mission of the reports required under subpara-
7 graph (A) using formats and methods which
8 minimize the burden on employers, which shall
9 include—

10 “(i) automated or electronic trans-
11 mission of such reports;

12 “(ii) transmission by regular mail;
13 and

14 “(iii) transmission of a copy of the
15 form required for purposes of compliance
16 with section 3402 of the Internal Revenue
17 Code of 1986.

18 “(C) EMPLOYEE DEFINED.—For purposes
19 of this paragraph, the term ‘employee’ means
20 any individual subject to the requirement of
21 section 3402(f)(2) of the Internal Revenue Code
22 of 1986.

23 “(D) PAPERWORK REDUCTION REQUIRE-
24 MENT.—As required by the information re-
25 sources management policies published by the

1 Director of the Office of Management and
2 Budget pursuant to section 3504(b)(1) of title
3 44, United States Code, the Secretary, in order
4 to minimize the cost and reporting burden on
5 employers, shall not require reporting pursuant
6 to this paragraph if an alternative reporting
7 mechanism can be developed that either relies
8 on existing Federal or State reporting or en-
9 ables the Secretary to collect the needed infor-
10 mation in a more cost-effective and equally ex-
11 peditious manner, taking into account the re-
12 porting costs on employers.

13 “(E) CIVIL MONEY PENALTY ON NON-
14 COMPLYING EMPLOYERS.—(i) Any employer
15 that fails to make a timely report in accordance
16 with this paragraph with respect to an individ-
17 ual shall be subject to a civil money penalty, for
18 each calendar year in which the failure occurs,
19 of the lesser of \$500 or 1 percent of the wages
20 or other compensation paid by such employer to
21 such individual during such calendar year.

22 “(ii) Subject to clause (iii), the provisions
23 of section 1128A (other than subsections (a)
24 and (b) thereof) shall apply to a civil money
25 penalty under clause (i) in the same manner as

1 they apply to a civil money penalty or proceed-
2 ing under section 1128A(a).

3 “(iii) Any employer with respect to whom
4 a penalty under this subparagraph is upheld
5 after an administrative hearing shall be liable to
6 pay all costs of the Secretary with respect to
7 such hearing.

8 “(3) EMPLOYMENT SECURITY INFORMATION.—

9 “(A) REPORTING REQUIREMENT.—Each
10 State agency administering a State unemploy-
11 ment compensation law approved by the Sec-
12 retary of Labor under the Federal Unemploy-
13 ment Tax Act shall furnish to the Secretary of
14 Health and Human Services extracts of the re-
15 ports to the Secretary of Labor concerning the
16 wages and unemployment compensation paid to
17 individuals required under section 303(a)(6), in
18 accordance with subparagraph (B).

19 “(B) MANNER OF COMPLIANCE.—The ex-
20 tracts required under subparagraph (A) shall be
21 furnished to the Secretary of Health and
22 Human Services on a quarterly basis, with re-
23 spect to calendar quarters beginning on and
24 after October 1, 1996, by such dates, in such

1 format, and containing such information as re-
2 quired by that Secretary in regulations.

3 “(j) DATA MATCHES AND OTHER DISCLOSURES.—

4 “(1) VERIFICATION BY SOCIAL SECURITY AD-
5 MINISTRATION.—(A) The Secretary shall transmit
6 data on individuals and employers maintained under
7 this section to the Social Security Administration to
8 the extent necessary for verification in accordance
9 with subparagraph (B).

10 “(B) The Social Security Administration shall
11 verify the accuracy of, correct or supply to the ex-
12 tent necessary and feasible, and report to the Sec-
13 retary, the following information in data supplied by
14 the Secretary pursuant to subparagraph (A):

15 “(i) the name, social security number, and
16 birth date of each individual; and

17 “(ii) the employer identification number of
18 each employer.

19 “(2) CHILD SUPPORT LOCATOR MATCHES.—For
20 the purpose of locating individuals for purposes of
21 paternity establishment and establishment and en-
22 forcement of child support, the Secretary shall—

23 “(A) match data in the directory of New
24 Hires against the child support order abstracts

1 in the Data Bank of Child Support Orders not
2 less often than every 2 working days; and

3 “(B) report information obtained from
4 such a match to concerned State agencies oper-
5 ating programs under this part not later than
6 2 working days after such match.

7 “(3) DATA MATCHES AND DISCLOSURES OF
8 DATA IN ALL REGISTRIES FOR TITLE IV PROGRAM
9 PURPOSES.—The Secretary shall—

10 “(A) perform matches of data in each com-
11 ponent of the Federal Parent Locator Service
12 maintained under this section against data in
13 each other such component (other than the
14 matches required pursuant to paragraph (1)),
15 and report information resulting from such
16 matches to State agencies operating programs
17 under this part and parts A, F, and G; and

18 “(B) disclose data in such registries to
19 such State agencies,
20 to the extent, and with the frequency, that the Sec-
21 retary determines to be effective in assisting such
22 States to carry out their responsibilities under such
23 programs.

24 “(k) FEES.—

1 “(1) FOR SSA VERIFICATION.—The Secretary
2 shall reimburse the Commissioner of Social Security,
3 at a rate negotiated between the Secretary and the
4 Commissioner, the costs incurred by the Commis-
5 sioner in performing the verification services speci-
6 fied in subsection (j).

7 “(2) FOR INFORMATION FROM SESAS.—The
8 Secretary shall reimburse costs incurred by State
9 employment security agencies in furnishing data as
10 required by subsection (j)(3), at rates which the Sec-
11 retary determines to be reasonable (which rates shall
12 not include payment for the costs of obtaining, com-
13 piling, or maintaining such data).

14 “(3) FOR INFORMATION FURNISHED TO STATE
15 AND FEDERAL AGENCIES.—State and Federal agen-
16 cies receiving data or information from the Secretary
17 pursuant to this section shall reimburse the costs in-
18 curred by the Secretary in furnishing such data or
19 information, at rates which the Secretary determines
20 to be reasonable (which rates shall include payment
21 for the costs of obtaining, verifying, maintaining,
22 and matching such data or information).

23 “(l) RESTRICTION ON DISCLOSURE AND USE.—Data
24 in the Federal Parent Locator Service, and information

1 resulting from matches using such data, shall not be used
2 or disclosed except as specifically provided in this section.

3 “(m) RETENTION OF DATA.—Data in the Federal
4 Parent Locator Service, and data resulting from matches
5 performed pursuant to this section, shall be retained for
6 such period (determined by the Secretary) as appropriate
7 for the data uses specified in this section.

8 “(n) INFORMATION INTEGRITY AND SECURITY.—The
9 Secretary shall establish and implement safeguards with
10 respect to the entities established under this section de-
11 signed to—

12 “(1) ensure the accuracy and completeness of
13 information in the Federal Parent Locator Service;
14 and

15 “(2) restrict access to confidential information
16 in the Federal Parent Locator Service to authorized
17 persons, and restrict use of such information to au-
18 thorized purposes.

19 “(o) LIMIT ON LIABILITY.—The Secretary shall not
20 be liable to either a State or an individual for inaccurate
21 information provided to a component of the Federal Par-
22 ent Locator Service section and disclosed by the Secretary
23 in accordance with this section.”.

24 (g) CONFORMING AMENDMENTS.—

1 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
2 CURITY ACT.—Section 454(8)(B) (42 U.S.C.
3 654(8)(B)) is amended to read as follows:

4 “(B) the Federal Parent Locator Service
5 established under section 453;”.

6 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
7 Section 3304(16) of the Internal Revenue Code of
8 1986 is amended—

9 (A) by striking “Secretary of Health, Edu-
10 cation, and Welfare” each place such term ap-
11 pears and inserting “Secretary of Health and
12 Human Services”;

13 (B) in subparagraph (B), by striking
14 “such information” and all that follows and in-
15 serting “information furnished under subpara-
16 graph (A) or (B) is used only for the purposes
17 authorized under such subparagraph;”;

18 (C) by striking “and” at the end of sub-
19 paragraph (A);

20 (D) by redesignating subparagraph (B) as
21 subparagraph (C); and

22 (E) by inserting after subparagraph (A)
23 the following new subparagraph:

24 “(B) wage and unemployment compensa-
25 tion information contained in the records of

1 such agency shall be furnished to the Secretary
2 of Health and Human Services (in accordance
3 with regulations promulgated by such Sec-
4 retary) as necessary for the purposes of the di-
5 rectory of New Hires established under section
6 453(i) of the Social Security Act, and”.

7 (3) TO STATE GRANT PROGRAM UNDER TITLE
8 III OF THE SOCIAL SECURITY ACT.—Section 303(a)
9 (42 U.S.C. 503(a)) is amended—

10 (A) by striking “and” at the end of para-
11 graph (8);

12 (B) by striking the period at the end of
13 paragraph (9) and inserting “; and”; and

14 (C) by adding after paragraph (9) the fol-
15 lowing new paragraph:

16 “(10) The making of quarterly electronic re-
17 ports, at such dates, in such format, and containing
18 such information, as required by the Secretary of
19 Health and Human Services under section 453(i)(3),
20 and compliance with such provisions as such Sec-
21 retary may find necessary to ensure the correctness
22 and verification of such reports.”.

23 **SEC. 426. USE OF SOCIAL SECURITY NUMBERS.**

24 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
25 U.S.C. 666(a)), as amended by section 401(a) of this Act,

1 is amended by inserting after paragraph (12) the follow-
2 ing:

3 “(13) SOCIAL SECURITY NUMBERS RE-
4 QUIRED.—Procedures requiring the recording of so-
5 cial security numbers—

6 “(A) of both parties on marriage licenses
7 and divorce decrees; and

8 “(B) of both parents, on birth records and
9 child support and paternity orders.”.

10 (b) CLARIFICATION OF FEDERAL POLICY.—Section
11 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended
12 by striking the third sentence and inserting “This clause
13 shall not be considered to authorize disclosure of such
14 numbers except as provided in the preceding sentence.”.

15 **Subtitle D—Streamlining and**
16 **Uniformity of Procedures**

17 **SEC. 431. ADOPTION OF UNIFORM STATE LAWS.**

18 Section 466(a) (42 U.S.C. 666(a)), as amended by
19 sections 401(a) and 426(a) of this Act, is amended insert-
20 ing after paragraph (13) the following:

21 “(14) INTERSTATE ENFORCEMENT.—(A) ADOP-
22 TION OF UIFSA.—Procedures under which the State
23 adopts in its entirety (with the modifications and ad-
24 ditions specified in this paragraph) not later than
25 January 1, 1997, and uses on and after such date,

1 the Uniform Interstate Family Support Act, as ap-
2 proved by the National Conference of Commissioners
3 on Uniform State Laws in August, 1992.

4 “(B) EXPANDED APPLICATION OF UIFSA.—The
5 State law adopted pursuant to subparagraph (A)
6 shall be applied to any case—

7 “(i) involving an order established or modi-
8 fied in one State and for which a subsequent
9 modification is sought in another State; or

10 “(ii) in which interstate activity is required
11 to enforce an order.

12 “(C) JURISDICTION TO MODIFY ORDERS.—The
13 State law adopted pursuant to subparagraph (A) of
14 this paragraph shall contain the following provision
15 in lieu of section 611(a)(1) of the Uniform Inter-
16 state Family Support Act described in such subpara-
17 graph (A):

18 ““(1) the following requirements are met:

19 ““(i) the child, the individual obligee, and
20 the obligor—

21 ““(I) do not reside in the issuing
22 State; and

23 ““(II) either reside in this State or
24 are subject to the jurisdiction of this State
25 pursuant to section 201; and

1 “(ii) (in any case where another State is
2 exercising or seeks to exercise jurisdiction to
3 modify the order) the conditions of section 204
4 are met to the same extent as required for pro-
5 ceedings to establish orders; or’.

6 “(D) SERVICE OF PROCESS.—The State law
7 adopted pursuant to subparagraph (A) shall recog-
8 nize as valid, for purposes of any proceeding subject
9 to such State law, service of process upon persons
10 in the State (and proof of such service) by any
11 means acceptable in another State which is the initi-
12 ating or responding State in such proceeding.

13 “(E) COOPERATION BY EMPLOYERS.—The
14 State law adopted pursuant to subparagraph (A)
15 shall provide for the use of procedures (including
16 sanctions for noncompliance) under which all entities
17 in the State (including for-profit, nonprofit, and gov-
18 ernmental employers) are required to provide
19 promptly, in response to a request by the State
20 agency of that or any other State administering a
21 program under this part, information on the employ-
22 ment, compensation, and benefits of any individual
23 employed by such entity as an employee or contrac-
24 tor.’’.

1 **SEC. 432. IMPROVEMENTS TO FULL FAITH AND CREDIT**
2 **FOR CHILD SUPPORT ORDERS.**

3 Section 1738B of title 28, United States Code, is
4 amended—

5 (1) in subsection (a)(2), by striking “subsection
6 (e)” and inserting “subsections (e), (f), and (i)”;

7 (2) in subsection (b), by inserting after the 2nd
8 undesignated paragraph the following:

9 “‘child’s home State’ means the State in which
10 a child lived with a parent or a person acting as par-
11 ent for at least six consecutive months immediately
12 preceding the time of filing of a petition or com-
13 parable pleading for support and, if a child is less
14 than six months old, the State in which the child
15 lived from birth with any of them. A period of tem-
16 porary absence of any of them is counted as part of
17 the six-month period.”;

18 (3) in subsection (c), by inserting “by a court
19 of a State” before “is made”;

20 (4) in subsection (c)(1), by inserting “and sub-
21 sections (e), (f), and (g)” after “located”;

22 (5) in subsection (d)—

23 (A) by inserting “individual” before “con-
24 testant”; and

25 (B) by striking “subsection (e)” and in-
26 serting “subsections (e) and (f)”;

1 (6) in subsection (e), by striking “make a modi-
2 fication of a child support order with respect to a
3 child that is made” and inserting “modify a child
4 support order issued”;

5 (7) in subsection (e)(1), by inserting “pursuant
6 to subsection (i)” before the semicolon;

7 (8) in subsection (e)(2)—

8 (A) by inserting “individual” before “con-
9 testant” each place such term appears; and

10 (B) by striking “to that court’s making the
11 modification and assuming” and inserting “with
12 the State of continuing, exclusive jurisdiction
13 for a court of another State to modify the order
14 and assume”;

15 (9) by redesignating subsections (f) and (g) as
16 subsections (g) and (h), respectively;

17 (10) by inserting after subsection (e) the follow-
18 ing:

19 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—
20 If one or more child support orders have been issued in
21 this or another State with regard to an obligor and a child,
22 a court shall apply the following rules in determining
23 which order to recognize for purposes of continuing, exclu-
24 sive jurisdiction and enforcement:

1 “(1) If only one court has issued a child sup-
2 port order, the order of that court must be recog-
3 nized.

4 “(2) If two or more courts have issued child
5 support orders for the same obligor and child, and
6 only one of the courts would have continuing, exclu-
7 sive jurisdiction under this section, the order of that
8 court must be recognized.

9 “(3) If two or more courts have issued child
10 support orders for the same obligor and child, and
11 only one of the courts would have continuing, exclu-
12 sive jurisdiction under this section, an order issued
13 by a court in the current home State of the child
14 must be recognized, but if an order has not been is-
15 sued in the current home State of the child, the
16 order most recently issued must be recognized.

17 “(4) If two or more courts have issued child
18 support orders for the same obligor and child, and
19 none of the courts would have continuing, exclusive
20 jurisdiction under this section, a court may issue a
21 child support order, which must be recognized.

22 “(5) The court that has issued an order recog-
23 nized under this subsection is the court having con-
24 tinuing, exclusive jurisdiction.”;

25 (11) in subsection (g) (as so redesignated)—

1 (A) by striking “PRIOR” and inserting
2 “MODIFIED”; and

3 (B) by striking “subsection (e)” and in-
4 serting “subsections (e) and (f)”;

5 (12) in subsection (h) (as so redesignated)—

6 (A) in paragraph (2), by inserting “includ-
7 ing the duration of current payments and other
8 obligations of support” before the comma; and

9 (B) in paragraph (3), by inserting “arrear
10 under” after “enforce”; and

11 (13) by adding at the end the following:

12 “(i) REGISTRATION FOR MODIFICATION.—If there is
13 no individual contestant or child residing in the issuing
14 State, the party or support enforcement agency seeking
15 to modify, or to modify and enforce, a child support order
16 issued in another State shall register that order in a State
17 with jurisdiction over the nonmovant for the purpose of
18 modification.”.

19 **SEC. 433. STATE LAWS PROVIDING EXPEDITED PROCE-**
20 **DURES.**

21 (a) STATE LAW REQUIREMENTS.—Section 466 (42
22 U.S.C. 666) is amended—

23 (1) in subsection (a)(2), in the first sentence, to
24 read as follows: “Expedited administrative and judi-
25 cial procedures (including the procedures specified in

1 subsection (c) for establishing paternity and for es-
2 tablishing, modifying, and enforcing support obliga-
3 tions.”; and

4 (2) by adding after subsection (b) the following
5 new subsection:

6 “(c) EXPEDITED PROCEDURES.—The procedures
7 specified in this subsection are the following:

8 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
9 CY.—Procedures which give the State agency the au-
10 thority (and recognize and enforce the authority of
11 State agencies of other States), without the necessity
12 of obtaining an order from any other judicial or ad-
13 ministrative tribunal (but subject to due process
14 safeguards, including (as appropriate) requirements
15 for notice, opportunity to contest the action, and op-
16 portunity for an appeal on the record to an inde-
17 pendent administrative or judicial tribunal), to take
18 the following actions relating to establishment or en-
19 forcement of orders:

20 “(A) GENETIC TESTING.—To order genetic
21 testing for the purpose of paternity establish-
22 ment as provided in section 466(a)(5).

23 “(B) DEFAULT ORDERS.—To enter a de-
24 fault order, upon a showing of service of proc-

1 ess and any additional showing required by
2 State law—

3 “(i) establishing paternity, in the case
4 of any putative father who refuses to sub-
5 mit to genetic testing; and

6 “(ii) establishing or modifying a sup-
7 port obligation, in the case of a parent (or
8 other obligor or obligee) who fails to re-
9 spond to notice to appear at a proceeding
10 for such purpose.

11 “(C) SUBPOENAS.—To subpoena any fi-
12 nancial or other information needed to estab-
13 lish, modify, or enforce an order, and to sanc-
14 tion failure to respond to any such subpoena.

15 “(D) ACCESS TO PERSONAL AND FINAN-
16 CIAL INFORMATION.—To obtain access, subject
17 to safeguards on privacy and information secu-
18 rity, to the following records (including auto-
19 mated access, in the case of records maintained
20 in automated data bases):

21 “(i) records of other State and local
22 government agencies, including—

23 “(I) vital statistics (including
24 records of marriage, birth, and di-
25 vorce);

1 “(II) State and local tax and revenue records (including information
2 on residence address, employer, income and assets);

3 “(III) records concerning real
4 and titled personal property;

5 “(IV) records of occupational and
6 professional licenses, and records concerning the ownership and control of
7 corporations, partnerships, and other
8 business entities;

9 “(V) employment security
10 records;

11 “(VI) records of agencies administering public assistance programs;

12 “(VII) records of the motor vehicle department; and

13 “(VIII) corrections records; and

14 “(ii) certain records held by private
15 entities, including—

16 “(I) customer records of public
17 utilities and cable television companies; and

18 “(II) information (including information on assets and liabilities) on
19

1 individuals who owe or are owed sup-
2 port (or against or with respect to
3 whom a support obligation is sought)
4 held by financial institutions (subject
5 to limitations on liability of such enti-
6 ties arising from affording such ac-
7 cess).

8 “(E) INCOME WITHHOLDING.—To order
9 income withholding in accordance with sub-
10 section (a)(1) and (b) of section 466.

11 “(F) CHANGE IN PAYEE.—(In cases where
12 support is subject to an assignment under sec-
13 tion 402(a)(26), 471(a)(17), or 1912, or to a
14 requirement to pay through the centralized col-
15 lections unit under section 454B) upon provid-
16 ing notice to obligor and obligee, to direct the
17 obligor or other payor to change the payee to
18 the appropriate government entity.

19 “(G) SECURE ASSETS TO SATISFY ARREAR-
20 AGES.—For the purpose of securing overdue
21 support—

22 “(i) to intercept and seize any peri-
23 odic or lump-sum payment to the obligor
24 by or through a State or local government
25 agency, including—

1 “(I) unemployment compensa-
2 tion, workers’ compensation, and
3 other benefits;

4 “(II) judgments and settlements
5 in cases under the jurisdiction of the
6 State or local government; and

7 “(III) lottery winnings;

8 “(ii) to attach and seize assets of the
9 obligor held by financial institutions;

10 “(iii) to attach public and private re-
11 tirement funds in appropriate cases, as de-
12 termined by the Secretary; and

13 “(iv) to impose liens in accordance
14 with paragraph (a)(4) and, in appropriate
15 cases, to force sale of property and dis-
16 tribution of proceeds.

17 “(H) INCREASE MONTHLY PAYMENTS.—
18 For the purpose of securing overdue support, to
19 increase the amount of monthly support pay-
20 ments to include amounts for arrearages (sub-
21 ject to such conditions or restrictions as the
22 State may provide).

23 “(I) SUSPENSION OF DRIVERS’ LI-
24 CENSES.—To suspend drivers’ licenses of indi-

1 viduals owing past-due support, in accordance
2 with subsection (a)(16).

3 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

4 The expedited procedures required under subsection
5 (a)(2) shall include the following rules and author-
6 ity, applicable with respect to all proceedings to es-
7 tablish paternity or to establish, modify, or enforce
8 support orders:

9 “(A) LOCATOR INFORMATION; PRESUMP-
10 TIONS CONCERNING NOTICE.—Procedures
11 under which—

12 “(i) the parties to any paternity or
13 child support proceedings are required
14 (subject to privacy safeguards) to file with
15 the tribunal before entry of an order, and
16 to update as appropriate, information on
17 location and identity (including Social Se-
18 curity number, residential and mailing ad-
19 dresses, telephone number, driver’s license
20 number, and name, address, and telephone
21 number of employer); and

22 “(ii) in any subsequent child support
23 enforcement action between the same par-
24 ties, the tribunal shall be authorized, upon
25 sufficient showing that diligent effort has

1 been made to ascertain such party's cur-
2 rent location, to deem due process require-
3 ments for notice and service of process to
4 be met, with respect to such party, by de-
5 livery to the most recent residential or em-
6 ployer address so filed pursuant to clause
7 (i).

8 “(B) STATEWIDE JURISDICTION.—Proce-
9 dures under which—

10 “(i) the State agency and any admin-
11 istrative or judicial tribunal with authority
12 to hear child support and paternity cases
13 exerts statewide jurisdiction over the par-
14 ties, and orders issued in such cases have
15 statewide effect; and

16 “(ii) (in the case of a State in which
17 orders in such cases are issued by local ju-
18 risdictions) a case may be transferred be-
19 tween jurisdictions in the State without
20 need for any additional filing by the peti-
21 tioner, or service of process upon the re-
22 spondent, to retain jurisdiction over the
23 parties.”.

1 (c) EXCEPTIONS FROM STATE LAW REQUIRE-
2 MENTS.—Section 466(d) (42 U.S.C. 666(d)) is amend-
3 ed—

4 (1) by striking “(d) If” and inserting the fol-
5 lowing:

6 “(d) EXEMPTIONS FROM REQUIREMENTS.—

7 “(1) IN GENERAL.—Subject to paragraph (2),
8 if”; and

9 (2) by adding at the end the following new
10 paragraph:

11 “(2) NONEXEMPT REQUIREMENTS.—The Sec-
12 retary shall not grant an exemption from the re-
13 quirements of—

14 “(A) subsection (a)(5) (concerning proce-
15 dures for paternity establishment);

16 “(B) subsection (a)(10) (concerning modi-
17 fication of orders);

18 “(C) subsection (a)(12) (concerning re-
19 cording of orders in the central State case reg-
20 istry);

21 “(D) subsection (a)(13) (concerning re-
22 cording of Social Security numbers);

23 “(E) subsection (a)(14) (concerning inter-
24 state enforcement); or

1 “(B) will advise individuals, both orally
2 and in writing, of the grounds for good cause
3 exceptions to the requirement to cooperate with
4 such efforts;

5 “(C) will take the best interests of the
6 child into consideration in making the deter-
7 mination whether such individual has good
8 cause not to cooperate with such efforts;

9 “(D)(i) will make the initial determination
10 as to whether an individual is cooperating (or
11 has good cause not to cooperate) with efforts to
12 establish paternity within 10 days after such in-
13 dividual is referred to such State agency by the
14 State agency administering the program under
15 part A of title XIX;

16 “(ii) will make redeterminations as to co-
17 operation or good cause at appropriate inter-
18 vals; and

19 “(iii) will promptly notify the individual,
20 and the State agencies administering such pro-
21 grams, of each such determination and redeter-
22 mination;

23 “(E) with respect to any child born on or
24 after the date 10 months after enactment of
25 this provision, will not determine (or redeter-

1 mine) the mother (or other custodial relative) of
2 such child to be cooperating with efforts to es-
3 tablish paternity unless such individual fur-
4 nishes—

5 “(i) the name of the putative father
6 (or fathers); and

7 “(ii) sufficient additional information
8 to enable the State agency, if reasonable
9 efforts were made, to verify the identity of
10 the person named as the putative father
11 (including such information as the putative
12 father’s present address, telephone num-
13 ber, date of birth, past or present place of
14 employment, school previously or currently
15 attended, and names and addresses of par-
16 ents, friends, or relatives able to provide
17 location information, or other information
18 that could enable service of process on
19 such person), and

20 “(F)(i) (where a custodial parent who was
21 initially determined not to be cooperating (or to
22 have good cause not to cooperate) is later deter-
23 mined to be cooperating or to have good cause
24 not to cooperate) will immediately notify the
25 State agencies administering the programs

1 under part A of title XIX that this eligibility
2 condition has been met; and

3 “(ii) (where a custodial parent was initially
4 determined to be cooperating (or to have good
5 cause not to cooperate)) will not later determine
6 such individual not to be cooperating (or not to
7 have good cause not to cooperate) until such in-
8 dividual has been afforded an opportunity for a
9 hearing.”.

10 (b) AFDC AMENDMENTS.—

11 (1) Section 402(a)(11) (42 U.S.C. 602(a)(11))
12 is amended by striking “furnishing of” and inserting
13 “application for”.

14 (2) Section 402(a)(26) (42 U.S.C. 602(a)(26))
15 is amended—

16 (A) in each of subparagraphs (A) and (B),
17 by redesignating clauses (i) and (ii) as
18 subclauses (I) and (II);

19 (B) by indenting and redesignating sub-
20 paragraphs (A), (B), and (C) as clauses (i), (ii),
21 and (iv), respectively;

22 (C) in clause (ii), as redesignated—

23 (i) by striking “is claimed, or in ob-
24 taining any other payments or property

1 due such applicant or such child,” and in-
2 sserting “is claimed;”; and

3 (ii) by striking “unless” and all that
4 follows through “aid is claimed; and”;

5 (D) by adding after clause (ii) the follow-
6 ing new clause:

7 “(iii) to cooperate with the State in
8 obtaining any other payments or property
9 due such applicant or such child; and”;

10 (E) in the matter preceding clause (i) (as
11 so redesignated) to read as follows:

12 “(26) provide—

13 “(A) that, as a condition of eligibility for
14 aid, each applicant or recipient will be required
15 (subject to subparagraph (C))—”;

16 (F) in subparagraph (A)(iv), as redesign-
17 ated, by striking “, unless such individual”
18 and all that follows through “individuals in-
19 volved”;

20 (G) by adding at the end the following new
21 subparagraphs:

22 “(B) that the State agency will imme-
23 diately refer each applicant requiring paternity
24 establishment services to the State agency ad-
25 ministering the program under part D;

1 “(C) that an individual will not be required
2 to cooperate with the State, as provided under
3 subparagraph (A), if the individual is found to
4 have good cause for refusing to cooperate, as
5 determined in accordance with standards pre-
6 scribed by the Secretary, which standards shall
7 take into consideration the best interests of the
8 child on whose behalf aid is claimed—

9 “(i) to the satisfaction of the State
10 agency administering the program under
11 part D, as determined in accordance with
12 section 454(25), with respect to the re-
13 quirements under clauses (i) and (ii) of
14 subparagraph (A); and

15 “(ii) to the satisfaction of the State
16 agency administering the program under
17 this part, with respect to the requirements
18 under clauses (iii) and (iv) of subpara-
19 graph (A);

20 “(D) that (except as provided in subpara-
21 graph (E)) an applicant requiring paternity es-
22 tablishment services (other than an individual
23 eligible for emergency assistance as defined in
24 section 406(e)) shall not be eligible for any aid

1 under a State plan approved under this part
2 until such applicant—

3 “(i) has furnished to the agency ad-
4 ministering the State plan under part D
5 the information specified in section
6 454(25)(E); or

7 “(ii) has been determined by such
8 agency to have good cause not to cooper-
9 ate;

10 “(E) that the provisions of subparagraph
11 (D) shall not apply—

12 “(i) if the State agency specified in
13 such subparagraph has not, within 10 days
14 after such individual was referred to such
15 agency, provided the notification required
16 by section 454(25)(D)(iii), until such noti-
17 fication is received; and

18 “(ii) if such individual appeals a de-
19 termination that the individual lacks good
20 cause for noncooperation, until after such
21 determination is affirmed after notice and
22 opportunity for a hearing; and”;

23 (H)(i) by relocating and redesignating as
24 subparagraph (F) the text at the end of sub-
25 paragraph (A)(ii) beginning with “that, if the

1 relative” and all that follows through the semi-
2 colon;

3 (ii) in subparagraph (F), as so redesign-
4 nated and relocated, by striking “subpara-
5 graphs (A) and (B) of this paragraph” and in-
6 serting “subparagraph (A)”; and

7 (iii) by striking “and” at the end of sub-
8 paragraph (a)(ii).

9 (c) MEDICAID AMENDMENTS.—Section 1912(a) (42
10 U.S.C. 1396k(a)) is amended—

11 (1) in paragraph (1)(B), by inserting “(except
12 as provided in paragraph (2))” after “to cooperate
13 with the State”;

14 (2) in subparagraphs (B) and (C) of paragraph
15 (1) by striking “, unless” and all that follows and
16 inserting a semicolon; and

17 (3) by redesignating paragraph (2) as para-
18 graph (5), and inserting after paragraph (1) the fol-
19 lowing new paragraphs:

20 “(2) provide that the State agency will imme-
21 diately refer each applicant or recipient requiring
22 paternity establishment services to the State agency
23 administering the program under part D of title IV;

24 “(3) provide that an individual will not be re-
25 quired to cooperate with the State, as provided

1 under paragraph (1), if the individual is found to
2 have good cause for refusing to cooperate, as deter-
3 mined in accordance with standards prescribed by
4 the Secretary, which standards shall take into con-
5 sideration the best interests of the individuals in-
6 volved—

7 “(A) to the satisfaction of the State agency
8 administering the program under part D, as de-
9 termined in accordance with section 454(25),
10 with respect to the requirements to cooperate
11 with efforts to establish paternity and to obtain
12 support (including medical support) from a par-
13 ent; and

14 “(B) to the satisfaction of the State agen-
15 cy administering the program under this title,
16 with respect to other requirements to cooperate
17 under paragraph (1);

18 “(4) provide that (except as provided in para-
19 graph (5)) an applicant requiring paternity estab-
20 lishment services (other than an individual eligible
21 for emergency assistance as defined in section
22 406(e), or presumptively eligible pursuant to section
23 1920) shall not be eligible for medical assistance
24 under this title until such applicant—

1 “(i) has furnished to the agency admin-
2 istering the State plan under part D of title IV
3 the information specified in section 454(25)(E);
4 or

5 “(ii) has been determined by such agency
6 to have good cause not to cooperate; and

7 “(5) provide that the provisions of paragraph
8 (4) shall not apply with respect to an applicant—

9 “(i) if such agency has not, within 10 days
10 after such individual was referred to such agen-
11 cy, provided the notification required by section
12 454(25)(D)(iii), until such notification is re-
13 ceived); and

14 “(ii) if such individual appeals a deter-
15 mination that the individual lacks good cause
16 for noncooperation, until after such determina-
17 tion is affirmed after notice and opportunity for
18 a hearing.”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall be effective with respect to applications
21 filed in or after the first calendar quarter beginning 10
22 months or more after the date of the enactment of this
23 Act (or such earlier quarter as the State may select) for
24 aid under a State plan approved under part A of title IV

1 or for medical assistance under a State plan approved
2 under title XIX.

3 **SEC. 444. FEDERAL MATCHING PAYMENTS.**

4 (a) INCREASED BASE MATCHING RATE.—Section
5 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as
6 follows:

7 “(2) The applicable percent for a quarter for
8 purposes of paragraph (1)(A) is—

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

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

11 “(C) for fiscal year 1998 and succeeding
12 fiscal years, 75 percent.”.

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

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

18 (2) by inserting after subsection (b) the follow-
19 ing:

20 “(c) MAINTENANCE OF EFFORT.—Notwithstanding
21 subsection (a), total expenditures for the State program
22 under this part for fiscal year 1996 and each succeeding
23 fiscal year, reduced by the percentage specified for such
24 fiscal year under subparagraph (A), (B), or (C)(i) of para-

1 graph (2), shall not be less than such total expenditures
2 for fiscal year 1995, reduced by 66 percent.”.

3 **SEC. 445. PERFORMANCE-BASED INCENTIVES AND PEN-**
4 **ALTIES.**

5 (a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCH-
6 ING RATE.—Section 458 (42 U.S.C. 658) is amended to
7 read as follows:

8 “INCENTIVE ADJUSTMENTS TO MATCHING RATE

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

10 “(1) IN GENERAL.—In order to encourage and
11 reward State child support enforcement programs
12 which perform in an effective manner, the Federal
13 matching rate for payments to a State under section
14 455(a)(1)(A), for each fiscal year beginning on or
15 after October 1, 1997, shall be increased by a factor
16 reflecting the sum of the applicable incentive adjust-
17 ments (if any) determined in accordance with regu-
18 lations under this section with respect to Statewide
19 paternity establishment and the overall performance
20 of the State in child support enforcement.

21 “(2) STANDARDS.—

22 “(A) IN GENERAL.—The Secretary shall
23 specify in regulations—

24 “(i) the levels of accomplishment, and
25 rates of improvement as alternatives to
26 such levels, which States must attain to

1 qualify for incentive adjustments under
2 this section; and

3 “(ii) the amounts of incentive adjust-
4 ment that shall be awarded to States
5 achieving specified accomplishment or im-
6 provement levels, which amounts shall be
7 graduated, ranging up to—

8 “(I) 5 percentage points, in con-
9 nection with Statewide paternity es-
10 tablishment; and

11 “(II) 10 percentage points, in
12 connection with overall performance in
13 child support enforcement.

14 “(B) LIMITATION.—In setting performance
15 standards pursuant to subparagraph (A)(i) and
16 adjustment amounts pursuant to subparagraph
17 (A)(ii), the Secretary shall ensure that the ag-
18 gregate number of percentage point increases as
19 incentive adjustments to all States do not ex-
20 ceed such aggregate increases as assumed by
21 the Secretary in estimates of the cost of this
22 section as of June 1994, unless the aggregate
23 performance of all States exceeds the projected
24 aggregate performance of all States in such cost
25 estimates.

1 “(3) DETERMINATION OF INCENTIVE ADJUST-
2 MENT.—

3 “(A) USE OF PERFORMANCE INDICA-
4 TORS.—The Secretary shall, for fiscal year
5 1998 and each succeeding fiscal year, determine
6 the amount (if any) of incentive adjustment for
7 each State on the basis of the data submitted
8 by the State pursuant to section 454(15)(B)
9 with respect to performance indicators estab-
10 lished by the Secretary.

11 “(B) MINIMUM PERFORMANCE RE-
12 QUIRED.—

13 “(i) IN GENERAL.—The Secretary
14 shall not determine an incentive adjust-
15 ment for a State for a fiscal year if the
16 level of performance of the State for the
17 fiscal year with respect to such perform-
18 ance indicators is below the performance
19 threshold established by the Secretary for
20 the State for the fiscal year.

21 “(ii) ESTABLISHMENT OF STATE PER-
22 FORMANCE THRESHOLD.—The perform-
23 ance threshold with respect to such per-
24 formance indicators for a State and a fis-

1 cal year shall be at or above the greater
2 of—

3 “(I) the national average level of
4 performance with respect to such indi-
5 cators, as of the date of the enact-
6 ment of this section; or

7 “(II) the level of performance of
8 the State with respect to such indica-
9 tors for the immediately preceding fis-
10 cal year.

11 “(C) DEADLINE FOR ISSUANCE OF REGU-
12 LATIONS.—Within 90 days after the date of the
13 enactment of this section, the Secretary shall
14 issue regulations setting forth the criteria for
15 awarding incentive adjustments.

16 “(4) FISCAL YEAR SUBJECT TO INCENTIVE AD-
17 JUSTMENT.—The total percentage point increase de-
18 termined pursuant to this section with respect to a
19 State program in a fiscal year shall apply as an ad-
20 justment to the percent applicable under section
21 455(a)(2) for payments to such State for the suc-
22 ceeding fiscal year.

23 “(b) DEFINITIONS.—As used in subsection (a):

24 “(1) STATEWIDE PATERNITY ESTABLISHMENT
25 PERCENTAGE.—The term ‘Statewide paternity estab-

1 lishment percentage’ means, with respect to a fiscal
2 year, the ratio (expressed as a percentage) of—

3 “(A) the total number of out-of-wedlock
4 children in the State under one year of age for
5 whom paternity is established or acknowledged
6 during the fiscal year, to

7 “(B) the total number of children born out
8 of wedlock in the State during such fiscal year.

9 “(2) OVERALL PERFORMANCE OF THE STATE
10 IN CHILD SUPPORT ENFORCEMENT.—The term
11 ‘overall performance of the State in child support
12 enforcement’ means a measure or measures of the
13 effectiveness of the State agency in a fiscal year
14 which takes into account factors including—

15 “(A) the percentage of cases requiring a
16 child support order in which such an order was
17 established;

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

20 “(C) the ratio of child support collected to
21 child support due; and

22 “(D) the cost-effectiveness of the State
23 program, as determined in accordance with
24 standards established by the Secretary in regu-
25 lations.”.

1 (b) TITLE IV–D PAYMENT ADJUSTMENT.—Section
2 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section
3 415(a) of this Act, is amended—

4 (1) by striking the period at the end of sub-
5 paragraph (C) and inserting a semicolon; and

6 (2) by adding after and below subparagraph
7 (C), flush with the left margin of the subsection, the
8 following:

9 “increased by the incentive adjustment factor (if any) de-
10 termined by the Secretary pursuant to section 458.”.

11 (c) CONFORMING AMENDMENTS.—Section 454(22)
12 (42 U.S.C. 654(22)) is amended—

13 (1) by striking “incentive payments” the 1st
14 place such term appears and inserting “incentive ad-
15 justments”; and

16 (2) by striking “any such incentive payments
17 made to the State for such period” and inserting
18 “any increases in Federal payments to the State re-
19 sulting from such incentive adjustments”.

20 (d) CALCULATION OF IV–D PATERNITY ESTABLISH-
21 MENT PERCENTAGE.—

22 (1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
23 amended in the matter preceding subparagraph (A)
24 by inserting “its overall performance in child sup-
25 port enforcement is satisfactory (as defined in sec-

1 tion 458(b) and regulations of the Secretary), and”
2 after “1994,”.

3 (2) Section 452(g)(2)(A) (42 U.S.C.
4 652(g)(2)(A)) is amended in the matter preceding
5 clause (i)—

6 (A) by striking “paternity establishment
7 percentage” and inserting “IV-D paternity es-
8 tablishment percentage”; and

9 (B) by striking “(or all States, as the case
10 may be)”.

11 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
12 amended—

13 (A) by striking subparagraph (A) and re-
14 designating subparagraphs (B) and (C) as sub-
15 paragraphs (A) and (B), respectively;

16 (B) in subparagraph (A) (as so redesign-
17 ated), by striking “the percentage of children
18 born out-of-wedlock in a State” and inserting
19 “the percentage of children in a State who are
20 born out of wedlock or for whom support has
21 not been established”; and

22 (C) in subparagraph (B) (as so redesign-
23 ated)—

1 (i) by inserting “and overall perform-
2 ance in child support enforcement” after
3 “paternity establishment percentages”; and

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

6 (e) TITLE IV–A PAYMENT REDUCTION.—Section
7 403 (42 U.S.C. 603) is amended—

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

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

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

15 “(A)(i) on the basis of data submitted by a
16 State pursuant to section 454(15)(B), that the State
17 program in such fiscal year failed to achieve the IV–
18 D paternity establishment percentage (as defined in
19 section 452(g)(2)(A)) or the appropriate level of
20 overall performance in child support enforcement (as
21 defined in section 458(b)(2)), or to meet other per-
22 formance measures that may be established by the
23 Secretary, or

24 “(ii) on the basis of an audit or audits of such
25 State data conducted pursuant to section

1 452(a)(4)(C), that the State data submitted pursu-
2 ant to section 454(15)(B) is incomplete or unreli-
3 able; and

4 “(B) that, with respect to the succeeding fiscal
5 year—

6 “(i) the State failed to take sufficient cor-
7 rective action to achieve the appropriate per-
8 formance levels as described in subparagraph
9 (A)(i), or

10 “(ii) the data submitted by the State pur-
11 suant to section 454(15)(B) is incomplete or
12 unreliable,

13 the amounts otherwise payable to the State under this
14 part for quarters following the end of such succeeding fis-
15 cal year, prior to quarters following the end of the first
16 quarter throughout which the State program is in compli-
17 ance with such performance requirement, shall be reduced
18 by the percentage specified in paragraph (2).

19 “(2) The reductions required under paragraph (1)
20 shall be—

21 “(A) not less than 1 nor more than 2 percent,
22 or

23 “(B) not less than 2 nor more than 3 percent,
24 if the finding is the 2nd consecutive finding made
25 pursuant to paragraph (1), or

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

4 (3) in subsection (h)(3), by striking “not in full
5 compliance” and all that follows and inserting “de-
6 termined as a result of an audit to have submitted
7 incomplete or unreliable data pursuant to section
8 454(15)(B), shall be determined to have submitted
9 adequate data if the Secretary determines that the
10 extent of the incompleteness or unreliability of the
11 data is of a technical nature which does not ad-
12 versely affect the determination of the level of the
13 State’s performance.”.

14 (f) EFFECTIVE DATES.—

15 (1) INCENTIVE ADJUSTMENTS.—(A) The
16 amendments made by subsections (a), (b), and (c)
17 shall become effective October 1, 1996, except to the
18 extent provided in subparagraph (B).

19 (B) Section 458 of the Social Security Act, as
20 in effect immediately before the date of the enact-
21 ment of this section, shall be effective for purposes
22 of incentive payments to States for fiscal years be-
23 fore fiscal year 1998.

24 (2) PENALTY REDUCTIONS.—(A) The amend-
25 ments made by subsection (d) shall become effective

1 with respect to calendar quarters beginning on and
2 after the date of enactment of this Act.

3 (B) The amendments made by subsection (e)
4 shall become effective with respect to calendar quar-
5 ters beginning on and after the date that is 1 year
6 after the date of enactment of this Act.

7 **SEC. 446. STATE LAWS CONCERNING PATERNITY ESTAB-**
8 **LISHMENT.**

9 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
10 U.S.C. 666(a)(5)) is amended—

11 (1) by striking “(5)” and inserting the follow-
12 ing:

13 “(5) PROCEDURES CONCERNING PATERNITY ES-
14 TABLISHMENT.—”;

15 (2) in subparagraph (A)—

16 (A) by striking “(A)(i)” and inserting the
17 following:

18 “(A) ESTABLISHMENT PROCESS AVAIL-
19 ABLE FROM BIRTH UNTIL AGE EIGHTEEN.—
20 (i)”;

21 (B) by indenting clauses (i) and (ii) so
22 that the left margin of such clauses is 2 ems to
23 the right of the left margin of paragraph (4);
24 (3) in subparagraph (B)—

1 (A) by striking “(B)” and inserting the
2 following:

3 “(B) PROCEDURES CONCERNING GENETIC
4 TESTING.—(i)”;

5 (B) in clause (i), as redesignated, by in-
6 serting before the period “, where such request
7 is supported by a sworn statement (I) by such
8 party alleging paternity setting forth facts es-
9 tablishing a reasonable possibility of the req-
10 uisite sexual contact of the parties, or (II) by
11 such party denying paternity setting forth facts
12 establishing a reasonable possibility of the
13 nonexistence of sexual contact of the parties;”;

14 (C) by inserting after and below clause (i)
15 (as redesignated) the following new clause:

16 “(ii) Procedures which require the State
17 agency, in any case in which such agency orders
18 genetic testing—

19 “(I) to pay costs of such tests, subject
20 to recoupment (where the State so elects)
21 from the putative father if paternity is es-
22 tablished; and

23 “(II) to obtain additional testing in
24 any case where an original test result is

1 disputed, upon request and advance pay-
2 ment by the disputing party.”;

3 (4) by striking subparagraphs (C) and (D) and
4 inserting the following:

5 “(C) PATERNITY ACKNOWLEDGMENT.—(i)
6 Procedures for a simple civil process for volun-
7 tarily acknowledging paternity under which the
8 State must provide that, before a mother and a
9 putative father can sign an acknowledgment of
10 paternity, the putative father and the mother
11 must be given notice, orally, in writing, and in
12 a language that each can understand, of the al-
13 ternatives to, the legal consequences of, and the
14 rights (including, if 1 parent is a minor, any
15 rights afforded due to minority status) and re-
16 sponsibilities that arise from, signing the ac-
17 knowledgment.

18 “(ii) Such procedures must include a hos-
19 pital-based program for the voluntary acknowl-
20 edgment of paternity focusing on the period im-
21 mediately before or after the birth of a child.

22 “(iii) Such procedures must require the
23 State agency responsible for maintaining birth
24 records to offer voluntary paternity establish-
25 ment services.

1 “(iv) The Secretary shall prescribe regula-
2 tions governing voluntary paternity establish-
3 ment services offered by hospitals and birth
4 record agencies. The Secretary shall prescribe
5 regulations specifying the types of other entities
6 that may offer voluntary paternity establish-
7 ment services, and governing the provision of
8 such services, which shall include a requirement
9 that such an entity must use the same notice
10 provisions used by, the same materials used by,
11 provide the personnel providing such services
12 with the same training provided by, and evalu-
13 ate the provision of such services in the same
14 manner as, voluntary paternity establishment
15 programs of hospitals and birth record agen-
16 cies.

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

23 “(D) STATUS OF SIGNED PATERNITY AC-
24 KNOWLEDGMENT.—(i) Procedures under which
25 a signed acknowledgment of paternity is consid-

1 ered a legal finding of paternity, subject to the
2 right of any signatory to rescind the acknowl-
3 edgment within 60 days.

4 “(ii)(I) Procedures under which, after the
5 60-day period referred to in clause (i), a signed
6 acknowledgment of paternity may be challenged
7 in court only on the basis of fraud, duress, or
8 material mistake of fact, with the burden of
9 proof upon the challenger, and under which the
10 legal responsibilities (including child support
11 obligations) of any signatory arising from the
12 acknowledgment may not be suspended during
13 the challenge, except for good cause shown.

14 “(II) Procedures under which, after the
15 60-day period referred to in clause (i), a minor
16 who signs an acknowledgment of paternity
17 other than in the presence of a parent or court-
18 appointed guardian ad litem may rescind the
19 acknowledgment in a judicial or administrative
20 proceeding, until the earlier of—

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

22 “(bb) the date of the first judicial or
23 administrative proceeding brought (after
24 the signing) to establish a child support
25 obligation, visitation rights, or custody

1 rights with respect to the child whose pa-
2 ternity is the subject of the acknowledg-
3 ment, and at which the minor is rep-
4 resented by a parent, guardian ad litem, or
5 attorney.”;

6 (5) by striking subparagraph (E) and inserting
7 the following:

8 “(E) BAR ON ACKNOWLEDGMENT RATIFI-
9 CATION PROCEEDINGS.—Procedures under
10 which no judicial or administrative proceedings
11 are required or permitted to ratify an unchal-
12 lenged acknowledgment of paternity.”;

13 (6) by striking subparagraph (F) and inserting
14 the following:

15 “(F) ADMISSIBILITY OF GENETIC TESTING
16 RESULTS.—Procedures—

17 “(i) requiring that the State admit
18 into evidence, for purposes of establishing
19 paternity, results of any genetic test that
20 is—

21 “(I) of a type generally acknowl-
22 edged, by accreditation bodies des-
23 igned by the Secretary, as reliable
24 evidence of paternity; and

1 “(II) performed by a laboratory
2 approved by such an accreditation
3 body;

4 “(ii) that any objection to genetic
5 testing results must be made in writing not
6 later than a specified number of days be-
7 fore any hearing at which such results may
8 be introduced into evidence (or, at State
9 option, not later than a specified number
10 of days after receipt of such results); and

11 “(iii) that, if no objection is made, the
12 test results are admissible as evidence of
13 paternity without the need for foundation
14 testimony or other proof of authenticity or
15 accuracy.”; and

16 (7) by adding after subparagraph (H) the
17 following new subparagraphs:

18 “(I) NO RIGHT TO JURY TRIAL.—Proce-
19 dures providing that the parties to an action to
20 establish paternity are not entitled to jury trial.

21 “(J) TEMPORARY SUPPORT ORDER BASED
22 ON PROBABLE PATERNITY IN CONTESTED
23 CASES.—Procedures which require that a tem-
24 porary order be issued, upon motion by a party,
25 requiring the provision of child support pending

1 an administrative or judicial determination of
2 parentage, where there is clear and convincing
3 evidence of paternity (on the basis of genetic
4 tests or other evidence).

5 “(K) PROOF OF CERTAIN SUPPORT AND
6 PATERNITY ESTABLISHMENT COSTS.—Proce-
7 dures under which bills for pregnancy, child-
8 birth, and genetic testing are admissible as evi-
9 dence without requiring third-party foundation
10 testimony, and shall constitute prima facie evi-
11 dence of amounts incurred for such services and
12 testing on behalf of the child.

13 “(L) WAIVER OF STATE DEBTS FOR CO-
14 OPERATION.—At the option of the State, proce-
15 dures under which the tribunal establishing pa-
16 ternity and support has discretion to waive
17 rights to all or part of amounts owed to the
18 State (but not to the mother) for costs related
19 to pregnancy, childbirth, and genetic testing
20 and for public assistance paid to the family
21 where the father cooperates or acknowledges
22 paternity before or after genetic testing.

23 “(M) STANDING OF PUTATIVE FATHERS.—
24 Procedures ensuring that the putative father

1 has a reasonable opportunity to initiate a pater-
2 nity action.”.

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

9 (c) TECHNICAL AMENDMENT.—Section 468 (42
10 U.S.C. 668) is amended by striking “a simple civil process
11 for voluntarily acknowledging paternity and”.

12 **SEC. 447. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
13 **LISHMENT.**

14 (a) STATE PLAN REQUIREMENT.—Section 454(23)
15 (42 U.S.C. 654(23)) is amended by adding at the end the
16 following new subparagraph:

17 “(C) publicize the availability and encour-
18 age the use of procedures for voluntary estab-
19 lishment of paternity and child support through
20 a variety of means, which—

21 “(i) include distribution of written
22 materials at health care facilities (includ-
23 ing hospitals and clinics), and other loca-
24 tions such as schools;

1 “(ii) may include pre-natal programs
2 to educate expectant couples on individual
3 and joint rights and responsibilities with
4 respect to paternity (and may require all
5 expectant recipients of assistance under
6 part A to participate in such pre-natal pro-
7 grams, as an element of cooperation with
8 efforts to establish paternity and child sup-
9 port);

10 “(iii) include, with respect to each
11 child discharged from a hospital after birth
12 for whom paternity or child support has
13 not been established, reasonable follow-up
14 efforts (including at least one contact of
15 each parent whose whereabouts are known,
16 except where there is reason to believe
17 such follow-up efforts would put mother or
18 child at risk), providing—

19 “(I) in the case of a child for
20 whom paternity has not been estab-
21 lished, information on the benefits of
22 and procedures for establishing pater-
23 nity; and

24 “(II) in the case of a child for
25 whom paternity has been established

1 but child support has not been estab-
2 lished, information on the benefits of
3 and procedures for establishing a
4 child support order, and an applica-
5 tion for child support services;”.

6 (b) ENHANCED FEDERAL MATCHING.—Section
7 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

8 (1) by inserting “(i)” before “laboratory costs”,
9 and

10 (2) by inserting before the semicolon “, and (ii)
11 costs of outreach programs designed to encourage
12 voluntary acknowledgment of paternity”.

13 (c) EFFECTIVE DATES.—(1) The amendments made
14 by subsection (a) shall become effective October 1, 1997.

15 (2) The amendments made by subsection (b) shall be
16 effective with respect to calendar quarters beginning on
17 and after October 1, 1996.

18 **Subtitle F—Establishment and** 19 **Modification of Support Orders**

20 **SEC. 451. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-** 21 **SION.**

22 (a) ESTABLISHMENT.—There is hereby established a
23 commission to be known as the “National Child Support
24 Guidelines Commission” (in this section referred to as the
25 “Commission”).

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

6 (c) MEMBERSHIP.—

7 (1) NUMBER; APPOINTMENT.—

8 (A) IN GENERAL.—The Commission shall
9 be composed of 12 individuals appointed jointly
10 by the Secretary of Health and Human Services
11 and the Congress, not later than January 15,
12 1997, of which—

13 (i) 2 shall be appointed by the Chair-
14 man of the Committee on Finance of the
15 Senate, and 1 shall be appointed by the
16 ranking minority member of the Commit-
17 tee;

18 (ii) 2 shall be appointed by the Chair-
19 man of the Committee on Ways and Means
20 of the House of Representatives, and 1
21 shall be appointed by the ranking minority
22 member of the Committee; and

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

1 (B) QUALIFICATIONS OF MEMBERS.—

2 Members of the Commission shall have exper-
3 tise and experience in the evaluation and devel-
4 opment of child support guidelines. At least 1
5 member shall represent advocacy groups for
6 custodial parents, at least 1 member shall rep-
7 resent advocacy groups for noncustodial par-
8 ents, and at least 1 member shall be the direc-
9 tor of a State program under part D of title IV
10 of the Social Security Act.

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

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

1 (e) REPORT.—Not later than 2 years after the ap-
2 pointment of members, the Commission shall submit to
3 the President, the Committee on Ways and Means of the
4 House of Representatives, and the Committee on Finance
5 of the Senate, a recommended national child support
6 guideline and a final assessment of issues relating to such
7 a proposed national child support guideline.

8 (f) TERMINATION.—The Commission shall terminate
9 6 months after the submission of the report described in
10 subsection (e).

11 **SEC. 452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
12 **MENT OF CHILD SUPPORT ORDERS.**

13 (a) IN GENERAL.—Section 466(a)(10) (42 U.S.C.
14 666(a)(10)) is amended to read as follows:

15 “(10) PROCEDURES FOR MODIFICATION OF
16 SUPPORT ORDERS.—

17 “(A)(i) Procedures under which—

18 “(I) every 3 years, at the request of
19 either parent subject to a child support
20 order, the State shall review and, as appro-
21 priate, adjust the order in accordance with
22 the guidelines established under section
23 467(a) if the amount of the child support
24 award under the order differs from the
25 amount that would be awarded in accord-

1 ance with such guidelines, without a re-
2 quirement for any other change in cir-
3 cumstances; and

4 “(II) upon request at any time of ei-
5 ther parent subject to a child support
6 order, the State shall review and, as appro-
7 priate, adjust the order in accordance with
8 the guidelines established under section
9 467(a) based on a substantial change in
10 the circumstances of either such parent.

11 “(ii) Such procedures shall require both
12 parents subject to a child support order to be
13 notified of their rights and responsibilities pro-
14 vided for under clause (i) at the time the order
15 is issued and in the annual information ex-
16 change form provided under subparagraph (B).

17 “(B) Procedures under which each child
18 support order issued or modified in the State
19 after the effective date of this subparagraph
20 shall require the parents subject to the order to
21 provide each other with a complete statement of
22 their respective financial condition annually on
23 a form which shall be established by the Sec-
24 retary and provided by the State. The Secretary

1 shall establish regulations for the enforcement
2 of such exchange of information.”.

3 **Subtitle G—Enforcement of**
4 **Support Orders**

5 **SEC. 461. FEDERAL INCOME TAX REFUND OFFSET.**

6 (a) CHANGED ORDER OF REFUND DISTRIBUTION
7 UNDER INTERNAL REVENUE CODE.—Section 6402(c) of
8 the Internal Revenue Code of 1986 is amended by striking
9 the 3rd sentence.

10 (b) ELIMINATION OF DISPARITIES IN TREATMENT
11 OF ASSIGNED AND NON-ASSIGNED ARREARAGES.—(1)
12 Section 464(a) (42 U.S.C. 664(a)) is amended—

13 (A) by striking “(a)” and inserting “(a) OFF-
14 SET AUTHORIZED.—”;

15 (B) in paragraph (1)—

16 (i) in the first sentence, by striking “which
17 has been assigned to such State pursuant to
18 section 402(a)(26) or section 471(a)(17)”;

19 (ii) in the second sentence, by striking “in
20 accordance with section 457 (b)(4) or (d)(3)”
21 and inserting “as provided in paragraph (2)”;

22 (C) in paragraph (2), to read as follows:

23 “(2) The State agency shall distribute amounts
24 paid by the Secretary of the Treasury pursuant to
25 paragraph (1)—

1 “(A) in accordance with section 457 (a)(4)
2 or (d)(3), in the case of past-due support as-
3 signed to a State pursuant to section
4 402(a)(26) or section 471(a)(17); and

5 “(B) to or on behalf of the child to whom
6 the support was owed, in the case of past-due
7 support not so assigned.”;

8 (D) in paragraph (3)—

9 (i) by striking “or (2)” each place it ap-
10 pears; and

11 (ii) in subparagraph (B), by striking
12 “under paragraph (2)” and inserting “on ac-
13 count of past-due support described in para-
14 graph (2)(B)”.

15 (2) Section 464(b) (42 U.S.C. 664(b)) is
16 amended—

17 (A) by striking “(b)(1)” and inserting “(b)
18 REGULATIONS.—”; and

19 (B) by striking paragraph (2).

20 (3) Section 464(c) (42 U.S.C. 664(c)) is
21 amended—

22 (A) by striking “(c)(1) Except as provided
23 in paragraph (2), as” and inserting “(c) DEFINI-
24 TION.—As”; and

25 (B) by striking paragraphs (2) and (3).

1 (c) TREATMENT OF LUMP-SUM TAX REFUND
2 UNDER AFDC.—

3 (1) EXEMPTION FROM LUMP-SUM RULE.—Sec-
4 tion 402(a)(17) (42 U.S.C. 602(a)(17)) is amended
5 by adding at the end the following: “but this para-
6 graph shall not apply to income received by a family
7 that is attributable to a child support obligation
8 owed with respect to a member of the family and
9 that is paid to the family from amounts withheld
10 from a Federal income tax refund otherwise payable
11 to the person owing such obligation, to the extent
12 that such income is placed in a qualified asset ac-
13 count (as defined in section 406(j)) the total
14 amounts in which, after such placement, does not
15 exceed \$10,000;”.

16 (2) QUALIFIED ASSET ACCOUNT DEFINED.—
17 Section 406 (42 U.S.C. 606), as amended by section
18 402(g)(2) of this Act, is amended by adding at the
19 end the following:

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

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

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

6 “(B) The improvement of the employability (in-
7 cluding self-employment) of a member of the family
8 (such as through the purchase of an automobile).

9 “(C) The purchase of a home for the family.

10 “(D) A change of the family residence.”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall become effective October 1, 1999.

13 **SEC. 462. INTERNAL REVENUE SERVICE COLLECTION OF**
14 **ARREARS.**

15 (a) AMENDMENT TO INTERNAL REVENUE CODE.—
16 Section 6305(a) of the Internal Revenue Code of 1986 is
17 amended—

18 (1) in paragraph (1), by inserting “except as
19 provided in paragraph (5)” after “collected”;

20 (2) by striking “and” at the end of paragraph
21 (3);

22 (3) by striking the period at the end of para-
23 graph (4) and inserting a comma;

24 (4) by adding after paragraph (4) the following
25 new paragraph:

1 “(5) no additional fee may be assessed for ad-
2 justments to an amount previously certified pursu-
3 ant to such section 452(b) with respect to the same
4 obligor.”; and

5 (5) by striking “Secretary of Health, Edu-
6 cation, and Welfare” each place it appears and in-
7 serting “Secretary of Health and Human Services”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall become effective October 1, 1997.

10 **SEC. 463. AUTHORITY TO COLLECT SUPPORT FROM FED-**
11 **ERAL EMPLOYEES.**

12 (a) CONSOLIDATION AND STREAMLINING OF AU-
13 THORITIES.—

14 (1) Section 459 (42 U.S.C. 659) is amended in
15 the caption by inserting “INCOME WITHHOLDING,”
16 before “GARNISHMENT”.

17 (2) Section 459(a) (42 U.S.C. 659(a)) is
18 amended—

19 (A) by striking “(a)” and inserting “(a)
20 CONSENT TO SUPPORT ENFORCEMENT.—

21 (B) by striking “section 207” and insert-
22 ing “section 207 of this Act and 38 U.S.C.
23 5301”; and

24 (C) by striking all that follows “a private
25 person,” and inserting “to withholding in ac-

1 cordance with State law pursuant to subsections
2 (a)(1) and (b) of section 466 and regulations of
3 the Secretary thereunder, and to any other legal
4 process brought, by a State agency administer-
5 ing a program under this part or by an individ-
6 ual obligee, to enforce the legal obligation of
7 such individual to provide child support or ali-
8 mony.”.

9 (3) Section 459(b) (42 U.S.C. 659(b)) is
10 amended to read as follows:

11 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
12 PRIVATE PERSON.— Except as otherwise provided herein,
13 each entity specified in subsection (a) shall be subject,
14 with respect to notice to withhold income pursuant to sub-
15 section (a)(1) or (b) of section 466, or to any other order
16 or process to enforce support obligations against an indi-
17 vidual (if such order or process contains or is accompanied
18 by sufficient data to permit prompt identification of the
19 individual and the moneys involved), to the same require-
20 ments as would apply if such entity were a private per-
21 son.”.

22 (4) Section 459(c) (42 U.S.C. 659(c)) is redес-
23 igned and relocated as paragraph (2) of subsection
24 (f), and is amended—

1 (A) by striking “responding to interro-
2 gatories pursuant to requirements imposed by
3 section 461(b)(3)” and inserting “taking ac-
4 tions necessary to comply with the requirements
5 of subsection (A) with regard to any individ-
6 ual”; and

7 (B) by striking “any of his duties” and all
8 that follows and inserting “such duties.”.

9 (5) Section 461 (42 U.S.C. 661) is amended by
10 striking subsection (b), and section 459 (42 U.S.C.
11 659) is amended by inserting after subsection (b)
12 (as added by paragraph (3) of this subsection) the
13 following:

14 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
15 OR PROCESS.—(1) The head of each agency subject to the
16 requirements of this section shall—

17 “(A) designate an agent or agents to receive or-
18 ders and accept service of process; and

19 “(B) publish (i) in the appendix of such regula-
20 tions, (ii) in each subsequent republication of such
21 regulations, and (iii) annually in the Federal Reg-
22 ister, the designation of such agent or agents, identi-
23 fied by title of position, mailing address, and tele-
24 phone number.”.

1 (6) Section 459 (42 U.S.C. 659) is amended by
2 striking subsection (d) and by inserting after sub-
3 section (c)(1) (as added by paragraph (5) of this
4 subsection) the following:

5 “(2) Whenever an agent designated pursuant to para-
6 graph (1) receives notice pursuant to subsection (a)(1) or
7 (b) of section 466, or is effectively served with any order,
8 process, or interrogatories, with respect to an individual’s
9 child support or alimony payment obligations, such agent
10 shall—

11 “(A) as soon as possible (but not later than fif-
12 teen days) thereafter, send written notice of such no-
13 tice or service (together with a copy thereof) to such
14 individual at his duty station or last-known home
15 address;

16 “(B) within 30 days (or such longer period as
17 may be prescribed by applicable State law) after re-
18 ceipt of a notice pursuant to subsection (a)(1) or (b)
19 of section 466, comply with all applicable provisions
20 of such section 466; and

21 “(C) within 30 days (or such longer period as
22 may be prescribed by applicable State law) after ef-
23 fective service of any other such order, process, or
24 interrogatories, respond thereto.”.

1 (7) Section 461 (42 U.S.C. 661) is amended by
2 striking subsection (c), and section 459 (42 U.S.C.
3 659) is amended by inserting after subsection (c) (as
4 added by paragraph (5) and amended by paragraph
5 (6) of this subsection) the following:

6 “(d) PRIORITY OF CLAIMS.—In the event that a gov-
7 ernmental entity receives notice or is served with process,
8 as provided in this section, concerning amounts owed by
9 an individual to more than one person—

10 “(1) support collection under section 466(b)
11 must be given priority over any other process, as
12 provided in section 466(b)(7);

13 “(2) allocation of moneys due or payable to an
14 individual among claimants under section 466(b)
15 shall be governed by the provisions of such section
16 466(b) and regulations thereunder; and

17 “(3) such moneys as remain after compliance
18 with subparagraphs (A) and (B) shall be available to
19 satisfy any other such processes on a first-come,
20 first-served basis, with any such process being satis-
21 fied out of such moneys as remain after the satisfac-
22 tion of all such processes which have been previously
23 served.”.

1 (8) Section 459(e) (42 U.S.C. 659(e)) is
2 amended by striking “(e)” and inserting the follow-
3 ing:

4 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—”.

5 (9) Section 459(f) (42 U.S.C. 659(f)) is amend-
6 ed by striking “(f)” and inserting the following:

7 “(f) RELIEF FROM LIABILITY.—(1)”.

8 (10) Section 461(a) (42 U.S.C. 661(a)) is re-
9 designated and relocated as section 459(g), and is
10 amended—

11 (A) by striking “(g)” and inserting the fol-
12 lowing:

13 “(g) REGULATIONS.—”; and

14 (B) by striking “section 459” and insert-
15 ing “this section”.

16 (11) Section 462 (42 U.S.C. 662) is amended
17 by striking subsection (f), and section 459 (42
18 U.S.C. 659) is amended by inserting the following
19 after subsection (g) (as added by paragraph (10) of
20 this subsection):

21 “(h) MONEYS SUBJECT TO PROCESS.—(1) Subject to
22 subsection (i), moneys paid or payable to an individual
23 which are considered to be based upon remuneration for
24 employment, for purposes of this section—

25 “(A) consist of—

1 “(i) compensation paid or payable for per-
2 sonal services of such individual, whether such
3 compensation is denominated as wages, salary,
4 commission, bonus, pay, allowances, or other-
5 wise (including severance pay, sick pay, and in-
6 centive pay);

7 “(ii) periodic benefits (including a periodic
8 benefit as defined in section 228(h)(3)) or other
9 payments—

10 “(I) under the insurance system es-
11 tablished by title II;

12 “(II) under any other system or fund
13 established by the United States which
14 provides for the payment of pensions, re-
15 tirement or retired pay, annuities, depend-
16 ents’ or survivors’ benefits, or similar
17 amounts payable on account of personal
18 services performed by the individual or any
19 other individual;

20 “(III) as compensation for death
21 under any Federal program;

22 “(IV) under any Federal program es-
23 tablished to provide ‘black lung’ benefits;
24 or

1 “(V) by the Secretary of Veterans Af-
2 fairs as pension, or as compensation for a
3 service-connected disability or death (ex-
4 cept any compensation paid by such Sec-
5 retary to a former member of the Armed
6 Forces who is in receipt of retired or re-
7 tainer pay if such former member has
8 waived a portion of his retired pay in order
9 to receive such compensation); and

10 “(iii) worker’s compensation benefits paid
11 under Federal or State law; but

12 “(B) do not include any payment—

13 “(i) by way of reimbursement or otherwise,
14 to defray expenses incurred by such individual
15 in carrying out duties associated with his em-
16 ployment; or

17 “(ii) as allowances for members of the uni-
18 formed services payable pursuant to chapter 7
19 of title 37, United States Code, as prescribed
20 by the Secretaries concerned (defined by section
21 101(5) of such title) as necessary for the effi-
22 cient performance of duty.”.

23 (12) Section 462(g) (42 U.S.C. 662(g)) is re-
24 designated and relocated as section 459(i) (42
25 U.S.C. 659(i)).

1 (13)(A) Section 462 (42 U.S.C. 662) is amend-
2 ed—

3 (i) in subsection (e)(1), by redesignating
4 subparagraphs (A), (B), and (C) as clauses (i),
5 (ii), and (iii); and

6 (ii) in subsection (e), by redesignating
7 paragraphs (1) and (2) as subparagraphs (A)
8 and (B).

9 (B) Section 459 (42 U.S.C. 659) is amended by
10 adding at the end the following:

11 “(j) DEFINITIONS.—For purposes of this sec-
12 tion—”.

13 (C) Subsections (a) through (e) of section 462
14 (42 U.S.C. 662), as amended by subparagraph (A)
15 of this paragraph, are relocated and redesignated as
16 paragraphs (1) through (4), respectively of section
17 459(j) (as added by subparagraph (B) of this para-
18 graph, (42 U.S.C. 659(j))), and the left margin of
19 each of such paragraphs (1) through (4) is indented
20 2 ems to the right of the left margin of subsection
21 (i) (as added by paragraph (12) of this subsection).

22 (b) CONFORMING AMENDMENTS.—

23 (1) TO PART D OF TITLE IV.—Sections 461 and
24 462 (42 U.S.C. 661), as amended by subsection (a)
25 of this section, are repealed.

1 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
2 tion 5520a of title 5, United States Code, is amend-
3 ed, in subsections (h)(2) and (i), by striking “sec-
4 tions 459, 461, and 462 of the Social Security Act
5 (42 U.S.C. 659, 661, and 662)” and inserting “sec-
6 tion 459 of the Social Security Act (42 U.S.C.
7 659)”.

8 (c) MILITARY RETIRED AND RETAINER PAY.—(1)
9 DEFINITION OF COURT.—Section 1408(a)(1) of title 10,
10 United States Code, is amended—

11 (A) by striking “and” at the end of subpara-
12 graph (B);

13 (B) by striking the period at the end of sub-
14 paragraph (C) and inserting “; and”; and

15 (C) by adding after subparagraph (C) the fol-
16 lowing new paragraph:

17 “(D) any administrative or judicial tribu-
18 nal of a State competent to enter orders for
19 support or maintenance (including a State
20 agency administering a State program under
21 part D of title IV of the Social Security Act).”;

22 (2) DEFINITION OF COURT ORDER.—Section
23 1408(a)(2) of such title is amended by inserting “or a
24 court order for the payment of child support not included

1 in or accompanied by such a decree or settlement,” before
2 “which—”.

3 (3) PUBLIC PAYEE.—Section 1408(d) of such title is
4 amended—

5 (A) in the heading, by striking “to spouse” and
6 inserting “to (or for benefit of)”; and

7 (B) in paragraph (1), in the first sentence, by
8 inserting “(or for the benefit of such spouse or
9 former spouse to a State central collections unit or
10 other public payee designated by a State, in accord-
11 ance with part D of title IV of the Social Security
12 Act, as directed by court order, or as otherwise di-
13 rected in accordance with such part D)” before “in
14 an amount sufficient”.

15 (4) RELATIONSHIP TO PART D OF TITLE IV.—Sec-
16 tion 1408 of such title is amended by adding at the end
17 the following new subsection:

18 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
19 involving a child support order against a member who has
20 never been married to the other parent of the child, the
21 provisions of this section shall not apply, and the case
22 shall be subject to the provisions of section 459 of the
23 Social Security Act.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall become effective 6 months after the date
3 of the enactment of this Act.

4 **SEC. 464. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
5 **TIONS OF MEMBERS OF THE ARMED FORCES.**

6 (a) AVAILABILITY OF LOCATOR INFORMATION.—

7 (1) MAINTENANCE OF ADDRESS INFORMA-
8 TION.—The Secretary of Defense shall establish a
9 centralized personnel locator service that includes
10 the address of each member of the Armed Forces
11 under the jurisdiction of the Secretary. Upon re-
12 quest of the Secretary of Transportation, addresses
13 for members of the Coast Guard shall be included in
14 the centralized personnel locator service.

15 (2) TYPE OF ADDRESS.—

16 (A) RESIDENTIAL ADDRESS.—Except as
17 provided in subparagraph (B), the address for
18 a member of the Armed Forces shown in the lo-
19 cator service shall be the residential address of
20 that member.

21 (B) DUTY ADDRESS.—The address for a
22 member of the Armed Forces shown in the loca-
23 tor service shall be the duty address of that
24 member in the case of a member—

1 (i) who is permanently assigned over-
2 seas, to a vessel, or to a routinely
3 deployable unit; or

4 (ii) with respect to whom the Sec-
5 retary concerned makes a determination
6 that the member's residential address
7 should not be disclosed due to national se-
8 curity or safety concerns.

9 (3) UPDATING OF LOCATOR INFORMATION.—
10 Within 30 days after a member listed in the locator
11 service establishes a new residential address (or a
12 new duty address, in the case of a member covered
13 by paragraph (2)(B)), the Secretary concerned shall
14 update the locator service to indicate the new ad-
15 dress of the member.

16 (4) AVAILABILITY OF INFORMATION.—The Sec-
17 retary of Defense shall make information regarding
18 the address of a member of the Armed Forces listed
19 in the locator service available, on request, to the
20 Federal Parent Locator Service.

21 (b) FACILITATING GRANTING OF LEAVE FOR AT-
22 TENDANCE AT HEARINGS.—

23 (1) REGULATIONS.—The Secretary of each
24 military department, and the Secretary of Transpor-
25 tation with respect to the Coast Guard when it is

1 not operating as a service in the Navy, shall pre-
2 scribe regulations to facilitate the granting of leave
3 to a member of the Armed Forces under the juris-
4 diction of that Secretary in a case in which—

5 (A) the leave is needed for the member to
6 attend a hearing described in paragraph (2);

7 (B) the member is not serving in or with
8 a unit deployed in a contingency operation (as
9 defined in section 101 of title 10, United States
10 Code); and

11 (C) the exigencies of military service (as
12 determined by the Secretary concerned) do not
13 otherwise require that such leave not be
14 granted.

15 (2) COVERED HEARINGS.—Paragraph (1) ap-
16 plies to a hearing that is conducted by a court or
17 pursuant to an administrative process established
18 under State law, in connection with a civil action—

19 (A) to determine whether a member of the
20 Armed Forces is a natural parent of a child; or

21 (B) to determine an obligation of a mem-
22 ber of the Armed Forces to provide child sup-
23 port.

24 (3) DEFINITIONS.—For purposes of this sub-
25 section:

1 (A) The term “court” has the meaning
2 given that term in section 1408(a) of title 10,
3 United States Code.

4 (B) The term “child support” has the
5 meaning given such term in section 462 of the
6 Social Security Act (42 U.S.C. 662).

7 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
8 PLIANCE WITH CHILD SUPPORT ORDERS.—

9 (1) DATE OF CERTIFICATION OF COURT
10 ORDER.—Section 1408 of title 10, United States
11 Code, is amended—

12 (A) by redesignating subsection (i) as sub-
13 section (j); and

14 (B) by inserting after subsection (h) the
15 following new subsection (i):

16 “(i) CERTIFICATION DATE.—It is not necessary that
17 the date of a certification of the authenticity or complete-
18 ness of a copy of a court order or an order of an adminis-
19 trative process established under State law for child sup-
20 port received by the Secretary concerned for the purposes
21 of this section be recent in relation to the date of receipt
22 by the Secretary.”.

23 (2) PAYMENTS CONSISTENT WITH ASSIGN-
24 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)
25 of such title is amended by inserting after the first

1 sentence the following: “In the case of a spouse or
2 former spouse who, pursuant to section 402(a)(26)
3 of the Social Security Act (42 U.S.C. 602(26)), as-
4 signs to a State the rights of the spouse or former
5 spouse to receive support, the Secretary concerned
6 may make the child support payments referred to
7 in the preceding sentence to that State in amounts
8 consistent with that assignment of rights.”.

9 (3) ARREARAGES OWED BY MEMBERS OF THE
10 UNIFORMED SERVICES.—Section 1408(d) of such
11 title is amended by adding at the end the following
12 new paragraph:

13 “(6) In the case of a court order or an order of an
14 administrative process established under State law for
15 which effective service is made on the Secretary concerned
16 on or after the date of the enactment of this paragraph
17 and which provides for payments from the disposable re-
18 tired pay of a member to satisfy the amount of child sup-
19 port set forth in the order, the authority provided in para-
20 graph (1) to make payments from the disposable retired
21 pay of a member to satisfy the amount of child support
22 set forth in a court order or an order of an administrative
23 process established under State law shall apply to payment
24 of any amount of child support arrearages set forth in that

1 order as well as to amounts of child support that currently
2 become due.”.

3 **SEC. 465. MOTOR VEHICLE LIENS.**

4 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amend-
5 ed—

6 (1) by striking “(4) Procedures” and inserting
7 the following:

8 “(4) LIENS.—

9 “(A) IN GENERAL.—Procedures”; and

10 (2) by adding at the end the following new sub-
11 paragraph:

12 “(B) MOTOR VEHICLE LIENS.—Procedures
13 for placing liens for arrears of child support on
14 motor vehicle titles of individuals owing such
15 arrears equal to or exceeding two months of
16 support, under which—

17 “(i) any person owed such arrears
18 may place such a lien;

19 “(ii) the State agency administering
20 the program under this part shall system-
21 atically place such liens;

22 “(iii) expedited methods are provided
23 for—

24 “(I) ascertaining the amount of
25 arrears;

1 “(II) affording the person owing
2 the arrears or other titleholder to con-
3 test the amount of arrears or to ob-
4 tain a release upon fulfilling the sup-
5 port obligation;

6 “(iv) such a lien has precedence over
7 all other encumbrances on a vehicle title
8 other than a purchase money security in-
9 terest; and

10 “(v) the individual or State agency
11 owed the arrears may execute on, seize,
12 and sell the property in accordance with
13 State law.”.

14 **SEC. 466. VOIDING OF FRAUDULENT TRANSFERS.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by
16 sections 401(a), 426(a), 431, and 442 of this Act, is
17 amended by inserting after paragraph (15) the following:

18 “(16) FRAUDULENT TRANSFERS.—Procedures
19 under which—

20 “(A) the State has in effect—

21 “(i) the Uniform Fraudulent Convey-
22 ance Act of 1981,

23 “(ii) the Uniform Fraudulent Trans-
24 fer Act of 1984, or

1 “(iii) another law, specifying indicia of
2 fraud which create a prima facie case that
3 a debtor transferred income or property to
4 avoid payment to a child support creditor,
5 which the Secretary finds affords com-
6 parable rights to child support creditors;
7 and

8 “(B) in any case in which the State knows
9 of a transfer by a child support debtor with re-
10 spect to which such a prima facie case is estab-
11 lished, the State must—

12 “(i) seek to void such transfer; or

13 “(ii) obtain a settlement in the best
14 interests of the child support creditor.”.

15 **SEC. 467. STATE LAW AUTHORIZING SUSPENSION OF LI-**
16 **CENSES.**

17 Section 466(a) (42 U.S.C. 666(a)), as amended by
18 sections 401(a), 426(a), 431, 442, and 466 of this Act,
19 is amended by inserting after paragraph (16) the follow-
20 ing:

21 “(17) AUTHORITY TO WITHHOLD OR SUSPEND
22 LICENSES.—Procedures under which the State has
23 (and uses in appropriate cases) authority (subject to
24 appropriate due process safeguards) to withhold or
25 suspend, or to restrict the use of driver’s licenses,

1 and professional and occupational licenses of individ-
2 uals owing overdue child support or failing, after re-
3 ceiving appropriate notice, to comply with subpoenas
4 or warrants relating to paternity or child support
5 proceedings.”.

6 **SEC. 468. REPORTING ARREARAGES TO CREDIT BUREAUS.**

7 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
8 to read as follows:

9 “(7) REPORTING ARREARAGES TO CREDIT BU-
10 REAUS.—(A) Procedures (subject to safeguards pur-
11 suant to subparagraph (B)) requiring the State to
12 report periodically to consumer reporting agencies
13 (as defined in section 603(f) of the Fair Credit Re-
14 porting Act (15 U.S.C. 1681a(f)) the name of any
15 absent parent who is delinquent by 90 days or more
16 in the payment of support, and the amount of over-
17 due support owed by such parent.

18 “(B) Procedures ensuring that, in carrying out
19 subparagraph (A), information with respect to an
20 absent parent is reported—

21 “(i) only after such parent has been af-
22 farded all due process required under State law,
23 including notice and a reasonable opportunity
24 to contest the accuracy of such information;
25 and

1 “(ii) only to an entity that has furnished
2 evidence satisfactory to the State that the en-
3 tity is a consumer reporting agency.”.

4 **SEC. 469. EXTENDED STATUTE OF LIMITATION FOR COL-**
5 **LECTION OF ARREARAGES.**

6 (a) AMENDMENTS.—Section 466(a)(9) (42 U.S.C.
7 666(a)(9)) is amended—

8 (1) by striking “(9) Procedures” and inserting
9 the following:

10 “(9) LEGAL TREATMENT OF ARREARS.—

11 “(A) FINALITY.—Procedures”;

12 (2) by redesignating subparagraphs (A), (B),
13 and (C) as clauses (i), (ii), and (iii), respectively,
14 and by indenting each of such clauses 2 additional
15 ems to the right; and

16 (3) by adding after and below subparagraph
17 (A), as redesignated, the following new subpara-
18 graph:

19 “(B) STATUTE OF LIMITATIONS.—Proce-
20 dures under which the statute of limitations on
21 any arrearages of child support extends at least
22 until the child owed such support is 30 years of
23 age.”.

24 (b) APPLICATION OF REQUIREMENT.—The amend-
25 ment made by this section shall not be read to require

1 any State law to revive any payment obligation which had
2 lapsed prior to the effective date of such State law.

3 **SEC. 470. CHARGES FOR ARREARAGES.**

4 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
5 U.S.C. 666(a)), as amended by sections 401(a), 426(a),
6 431, 442, 466, and 467 of this Act, is amended by insert-
7 ing after paragraph (17) the following:

8 “(18) CHARGES FOR ARREARAGES.—Proce-
9 dures providing for the calculation and collection of
10 interest or penalties for arrearages of child support,
11 and for distribution of such interest or penalties col-
12 lected for the benefit of the child (except where the
13 right to support has been assigned to the State).”.

14 (b) REGULATIONS.—The Secretary of Health and
15 Human Services shall establish by regulation a rule to re-
16 solve choice of law conflicts arising in the implementation
17 of the amendment made by subsection (a).

18 (c) CONFORMING AMENDMENT.—Section 454(21)
19 (42 U.S.C. 654(21)) is repealed.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall be effective with respect to arrearages
22 accruing on or after October 1, 1998.

23 **SEC. 471. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
24 **CHILD SUPPORT.**

25 (a) HHS CERTIFICATION PROCEDURE.—

1 (1) SECRETARIAL RESPONSIBILITY.—Section
2 452 (42 U.S.C. 652), as amended by sections
3 415(a)(3) and 417 of this Act, is amended by adding
4 at the end the following new subsection:

5 “(l) CERTIFICATIONS FOR PURPOSES OF PASSPORT
6 RESTRICTIONS.—

7 “(1) IN GENERAL.—Where the Secretary re-
8 ceives a certification by a State agency in accord-
9 ance with the requirements of section 454(28) that
10 an individual owes arrearages of child support in an
11 amount exceeding \$5,000 or in an amount exceeding
12 24 months’ worth of child support, the Secretary
13 shall transmit such certification to the Secretary of
14 State for action (with respect to denial, revocation,
15 or limitation of passports) pursuant to section
16 471(b) of the Individual Responsibility Act of 1995.

17 “(2) LIMIT ON LIABILITY.—The Secretary shall
18 not be liable to an individual for any action with re-
19 spect to a certification by a State agency under this
20 section.”.

21 (2) STATE CSE AGENCY RESPONSIBILITY.—Sec-
22 tion 454 (42 U.S.C. 654), as amended by sections
23 404(a), 414(b), and 422(a) of this Act, is amend-
24 ed—

1 (A) by striking “and” at the end of para-
2 graph (26);

3 (B) by striking the period at the end of
4 paragraph (27) and inserting “; and”; and

5 (C) by adding after paragraph (27) the fol-
6 lowing new paragraph:

7 “(28) provide that the State agency will have in
8 effect a procedure (which may be combined with the
9 procedure for tax refund offset under section 464)
10 for certifying to the Secretary, for purposes of the
11 procedure under section 452(l) (concerning denial of
12 passports) determinations that individuals owe ar-
13 rearages of child support in an amount exceeding
14 \$5,000 or in an amount exceeding 24 months’ worth
15 of child support, under which procedure—

16 “(A) each individual concerned is afforded
17 notice of such determination and the con-
18 sequences thereof, and an opportunity to con-
19 test the determination; and

20 “(B) the certification by the State agency
21 is furnished to the Secretary in such format,
22 and accompanied by such supporting docu-
23 mentation, as the Secretary may require.”.

24 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
25 OF PASSPORTS.—

1 (1) IN GENERAL.—The Secretary of State,
2 upon certification by the Secretary of Health and
3 Human Services, in accordance with section 452(l)
4 of the Social Security Act, that an individual owes
5 arrearages of child support in excess of \$5,000, shall
6 refuse to issue a passport to such individual, and
7 may revoke, restrict, or limit a passport issued pre-
8 viously to such individual.

9 (2) LIMIT ON LIABILITY.—The Secretary of
10 State shall not be liable to an individual for any ac-
11 tion with respect to a certification by a State agency
12 under this section.

13 (c) EFFECTIVE DATE.—This section and the amend-
14 ments made by this section shall become effective October
15 1, 1996.

16 **SEC. 472. INTERNATIONAL CHILD SUPPORT ENFORCE-**
17 **MENT.**

18 (a) SENSE OF THE CONGRESS THAT THE UNITED
19 STATES SHOULD RATIFY THE UNITED NATIONS CON-
20 VENTION OF 1956.—It is the sense of the Congress that
21 the United States should ratify the United Nations Con-
22 vention of 1956.

23 (b) TREATMENT OF INTERNATIONAL CHILD SUP-
24 PORT CASES AS INTERSTATE CASES.—Section 454 (42

1 U.S.C. 654), as amended by sections 404(a), 414(b),
2 422(a), and 471(a)(2) of this Act, is amended—

3 (1) by striking “and” at the end of paragraph
4 (27);

5 (2) by striking the period at the end of para-
6 graph (28) and inserting “; and”; and

7 (3) by inserting after paragraph (28) the fol-
8 lowing:

9 “(29) provide that the State must treat inter-
10 national child support cases in the same manner as
11 the State treats interstate child support cases.”.

12 **SEC. 473. SEIZURE OF LOTTERY WINNINGS, SETTLEMENTS,**
13 **PAYOUTS, AWARDS, AND BEQUESTS, AND**
14 **SALE OF FORFEITED PROPERTY, TO PAY**
15 **CHILD SUPPORT ARREARAGES.**

16 Section 466(a) (42 U.S.C. 666(a)), as amended by
17 sections 401(a), 426(a), 431, 442, 466, 467, and 470(a)
18 of this Act, is amended by inserting after paragraph (18)
19 the following:

20 “(19) Procedures, in addition to other income
21 withholding procedures, under which a lien is im-
22 posed against property with the following effect:

23 “(A) The distributor of the winnings from
24 a State lottery or State-sanctioned or tribal-
25 sanctioned gambling house or casino shall—

1 “(i) suspend payment of the winnings
2 from the person otherwise entitled to the
3 payment until an inquiry is made to and a
4 response is received from the State child
5 support enforcement agency as to whether
6 the person owes a child support arrearage;
7 and

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

13 “(B) The person required to make a pay-
14 ment under a policy of insurance or a settle-
15 ment of a claim made with respect to the policy
16 shall—

17 “(i) suspend the payment until an in-
18 quiry is made to and a response received
19 from the agency as to whether the person
20 otherwise entitled to the payment owes a
21 child support arrearage; and

22 “(ii) if there is such an arrearage,
23 withhold from the payment the lesser of
24 the amount of the payment or the amount

1 of the arrearage, and pay the amount with-
2 held to the agency for distribution.

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

6 “(i) suspend the payment of the
7 amount until an inquiry is made to and a
8 response is received from the agency as to
9 whether the person otherwise entitled to
10 the payment owes a child support arrear-
11 age; and

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

17 “(D) If the State seizes property forfeited
18 to the State by an individual by reason of a
19 criminal conviction, the State shall—

20 “(i) hold the property until an inquiry
21 is made to and a response is received from
22 the agency as to whether the individual
23 owes a child support arrearage; and

24 “(ii) if there is such an arrearage, sell
25 the property and, after satisfying the

1 claims of all other private or public claim-
2 ants to the property and deducting from
3 the proceeds of the sale the attendant costs
4 (such as for towing, storage, and the sale),
5 pay the lesser of the remaining proceeds or
6 the amount of the arrearage directly to the
7 agency for distribution.

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

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

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

20 **SEC. 474. LIABILITY OF GRANDPARENTS FOR FINANCIAL**
21 **SUPPORT OF CHILDREN OF THEIR MINOR**
22 **CHILDREN.**

23 Section 466(a) (42 U.S.C. 666(a)), as amended by
24 sections 401(a), 426(a), 431, 442, 466, 467, 470(a), and

1 473 of this Act, is amended by inserting after paragraph
2 (19) the following:

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

10 **SEC. 475. SENSE OF THE CONGRESS REGARDING PRO-**
11 **GRAMS FOR NONCUSTODIAL PARENTS UN-**
12 **ABLE TO MEET CHILD SUPPORT OBLIGA-**
13 **TIONS.**

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

19 **Subtitle H—Medical Support**

20 **SEC. 481. TECHNICAL CORRECTION TO ERISA DEFINITION**
21 **OF MEDICAL CHILD SUPPORT ORDER.**

22 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-
23 ployee Retirement Income Security Act of 1974 (29
24 U.S.C. 1169(a)(2)(B)) is amended—

1 (1) by striking “issued by a court of competent
2 jurisdiction”;

3 (2) by striking the period at the end of clause
4 (ii) and inserting a comma; and

5 (3) by adding, after and below clause (ii), the
6 following:

7 “if such judgment, decree, or order (I) is issued
8 by a court of competent jurisdiction or (II) is
9 issued by an administrative adjudicator and has
10 the force and effect of law under applicable
11 State law.”.

12 (b) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall take effect on the date of the en-
15 actment of this Act.

16 (2) PLAN AMENDMENTS NOT REQUIRED UNTIL
17 JANUARY 1, 1996.—Any amendment to a plan re-
18 quired to be made by an amendment made by this
19 section shall not be required to be made before the
20 first plan year beginning on or after January 1,
21 1996, if—

22 (A) during the period after the date before
23 the date of the enactment of this Act and be-
24 fore such first plan year, the plan is operated

1 in accordance with the requirements of the
2 amendments made by this section, and

3 (B) such plan amendment applies retro-
4 actively to the period after the date before the
5 date of the enactment of this Act and before
6 such first plan year.

7 A plan shall not be treated as failing to be operated
8 in accordance with the provisions of the plan merely
9 because it operates in accordance with this para-
10 graph.

11 **SEC. 482. EXTENSION OF MEDICAID ELIGIBILITY FOR FAMI-**
12 **LIES LOSING AFDC DUE TO INCREASED**
13 **CHILD SUPPORT COLLECTIONS.**

14 Section 402(a) (42 U.S.C. 602(a)), as amended by
15 the other provisions of this Act, is amended—

16 (1) by striking “and” at the end of paragraph
17 (55);

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

20 (3) by inserting after paragraph (56) the fol-
21 lowing:

22 “(57) provide that each member of a family
23 which would be eligible for aid under the State plan
24 but for the receipt of child support payments shall
25 be considered to be receiving such aid for purposes

1 of eligibility for medical assistance under the State
2 plan approved under title XIX for so long as the
3 family would (but for such receipt) be eligible for
4 such aid.”.

5 **Subtitle I—Effect of Enactment**

6 **SEC. 491. EFFECTIVE DATES.**

7 (a) IN GENERAL.—Except as otherwise specifically
8 provided (but subject to subsections (b) and (c))—

9 (1) provisions of this title requiring enactment
10 or amendment of State laws under section 466 of
11 the Social Security Act, or revision of State plans
12 under section 454 of such Act, shall be effective with
13 respect to periods beginning on and after October 1,
14 1996; and

15 (2) all other provisions of this title shall become
16 effective upon enactment.

17 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
18 provisions of this title shall become effective with respect
19 to a State on the later of—

20 (1) the date specified in this title, or

21 (2) the effective date of laws enacted by the leg-
22 islature of such State implementing such provisions,
23 but in no event later than the first day of the first cal-
24 endar quarter beginning after the close of the first regular
25 session of the State legislature that begins after the date

1 of enactment of this Act. For purposes of the previous
2 sentence, in the case of a State that has a 2-year legisla-
3 tive session, each year of such session shall be deemed to
4 be a separate regular session of the State legislature.

5 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
6 AMENDMENT.—A State shall not be found out of compli-
7 ance with any requirement enacted by this title if it is
8 unable to comply without amending the State constitution
9 until the earlier of—

10 (1) the date one year after the effective date of
11 the necessary State constitutional amendment, or

12 (2) the date five years after enactment of this
13 title.

14 **SEC. 492. SEVERABILITY.**

15 If any provision of this title or the application thereof
16 to any person or circumstance is held invalid, the invalid-
17 ity shall not affect other provisions or applications of this
18 title which can be given effect without regard to the invalid
19 provision or application, and to this end the provisions of
20 this title shall be severable.

1 **TITLE V—TEEN PREGNANCY**
2 **AND FAMILY STABILITY**
3 **Subtitle A—Federal Role**

4 **SEC. 501. STATE OPTION TO DENY AFDC FOR ADDITIONAL**
5 **CHILDREN.**

6 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
7 602(a)), as amended by sections 101, 102, 211(a), 232,
8 and 301(a) of this Act, is amended—

9 (1) by striking “and” at the end of paragraph
10 (49);

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

13 (3) by inserting after paragraph (50) the fol-
14 lowing:

15 “(51) at the option of the State, provide that—

16 “(A)(i) notwithstanding paragraph (7)(A),
17 the needs of a child will not be taken into ac-
18 count in making the determination under para-
19 graph (7) with respect to the family of the child
20 if the child was born (other than as a result of
21 rape or incest) to a member of the family—

22 “(I) while the family was a recipient
23 of aid under the State plan; or

1 “(II) during the 6-month period end-
2 ing with the date the family applied for
3 such aid; and

4 “(ii) if the amount of aid payable to a fam-
5 ily under the State plan is reduced by reason of
6 subparagraph (A), each member of the family
7 shall be considered to be receiving such aid for
8 purposes of eligibility for medical assistance
9 under the State plan approved under title XIX
10 for so long as such aid would otherwise not be
11 so reduced; and

12 “(B) if the State exercises the option, the State
13 may provide the family with vouchers, in amounts
14 not exceeding the amount of any such reduction in
15 aid, that may be used only to pay for particular
16 goods and services specified by the State as suitable
17 for the care of the child of the parent (such as dia-
18 pers, clothing, or school supplies).”.

19 (b) APPLICABILITY.—The amendments made by sub-
20 section (a) shall apply to payments under a State plan
21 approved under part A of title IV of the Social Security
22 Act for months beginning after the date of the enactment
23 of this Act, and to payments to States under such part
24 for quarters beginning after such date.

1 **SEC. 502. MINORS RECEIVING AFDC REQUIRED TO LIVE**
2 **UNDER RESPONSIBLE ADULT SUPERVISION.**

3 Section 402(a)(43) (42 U.S.C. 602(a)(43)) is amend-
4 ed by striking “at the option of the State,”.

5 **SEC. 503. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
6 **PREGNANCY.**

7 (a) IN GENERAL.—Title XX (42 U.S.C. 1397–
8 1397f), as amended by section 222(b) of this Act, is
9 amended by adding at the end the following:

10 **“SEC. 2010. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
11 **PREGNANCY.**

12 “(a) NATIONAL CLEARINGHOUSE ON ADOLESCENT
13 PREGNANCY.—

14 “(1) ESTABLISHMENT.—The responsible Fed-
15 eral officials shall establish, through grant or con-
16 tract, a national center for the collection and provi-
17 sion of programmatic information and technical as-
18 sistance that relates to adolescent pregnancy preven-
19 tion programs, to be known as the ‘National Clear-
20 ingshouse on Adolescent Pregnancy Prevention Pro-
21 grams’.

22 “(2) FUNCTIONS.—The national center estab-
23 lished under paragraph (1) shall serve as a national
24 information and data clearinghouse, and as a train-
25 ing, technical assistance, and material development

1 source for adolescent pregnancy prevention pro-
2 grams. Such center shall—

3 “(A) develop and maintain a system for
4 disseminating information on all types of ado-
5 lescent pregnancy prevention program and on
6 the state of adolescent pregnancy prevention
7 program development, including information
8 concerning the most effective model programs;

9 “(B) develop and sponsor a variety of
10 training institutes and curricula for adolescent
11 pregnancy prevention program staff;

12 “(C) identify model programs representing
13 the various types of adolescent pregnancy pre-
14 vention programs;

15 “(D) develop technical assistance materials
16 and activities to assist other entities in estab-
17 lishing and improving adolescent pregnancy
18 prevention programs;

19 “(E) develop networks of adolescent preg-
20 nancy prevention programs for the purpose of
21 sharing and disseminating information; and

22 “(F) conduct such other activities as the
23 responsible Federal officials find will assist in
24 developing and carrying out programs or activi-
25 ties to reduce adolescent pregnancy.

1 “(b) FUNDING.—The responsible Federal officials
2 shall make grants to eligible entities for the establishment
3 and operation of a National Clearinghouse on Adolescent
4 Pregnancy Prevention Programs under subsection (a) so
5 that in the aggregate the expenditures for such grants do
6 not exceed \$2,000,000 for fiscal year 1996, \$4,000,000
7 for fiscal year 1997, \$8,000,000 for fiscal year 1998, and
8 \$10,000,000 for fiscal year 1999 and each subsequent fis-
9 cal year.

10 “(c) DEFINITIONS.—As used in this section:

11 “(1) ADOLESCENTS.—The term ‘adolescents’
12 means youth who are ages 10 through 19.

13 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
14 tity’ means a partnership that includes—

15 “(A) a local education agency, acting on
16 behalf of one or more schools, together with

17 “(B) one or more community-based organi-
18 zations, institutions of higher education, or
19 public or private agencies or organizations.

20 “(3) ELIGIBLE AREA.—The term ‘eligible area’
21 means a school attendance area in which—

22 “(A) at least 75 percent of the children are
23 from low-income families as that term is used
24 in part A of title I of the Elementary and Sec-
25 ondary Education Act of 1965; or

1 “(B) the number of children receiving Aid
2 to Families with Dependent Children under
3 part A of title IV is substantial as determined
4 by the responsible Federal officials; or

5 “(C) the unmarried adolescent birth rate is
6 high, as determined by the responsible Federal
7 officials.

8 “(4) SCHOOL.—The term ‘school’ means a pub-
9 lic elementary, middle, or secondary school.

10 “(5) RESPONSIBLE FEDERAL OFFICIALS.—The
11 term ‘responsible Federal officials’ means the Sec-
12 retary of Education, the Secretary of Health and
13 Human Services, and the Chief Executive Officer of
14 the Corporation for National and Community Serv-
15 ice.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall become effective October 1, 1994.

18 **SEC. 504. INCENTIVE FOR TEEN PARENTS TO ATTEND**
19 **SCHOOL.**

20 Section 402(a) (42 U.S.C. 602(a)), as amended by
21 sections 101, 102, 211(a), 232, 301(a), and 501(a) of this
22 Act, is amended—

23 (1) by striking “and” at the end of paragraph
24 (50);

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

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

5 “(52) provide that the amount of aid otherwise
6 payable under the plan for a month to a family that
7 includes a parent who has not attained 20 years of
8 age and has not completed secondary school (or re-
9 ceived a certificate of high school equivalency) may
10 be reduced by 25 percent if, during the immediately
11 preceding month, the parent has failed without good
12 cause (as defined by the State in consultation with
13 the Secretary) to maintain minimum attendance (as
14 defined by the State in consultation with the Sec-
15 retary) at an educational institution.”.

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

18 Section 407(a) (42 U.S.C. 607(a)) is amended—

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

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

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

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

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

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

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

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

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

1 **SEC. 508. DENIAL OF FEDERAL HOUSING BENEFITS TO MI-**
2 **NORS WHO BEAR CHILDREN OUT-OF-WED-**
3 **LOCK.**

4 (a) PROHIBITION OF ASSISTANCE.—Notwithstanding
5 any other provision of law, a household whose head of
6 household is an individual who has borne a child out-of-
7 wedlock before attaining 18 years of age may not be pro-
8 vided Federal housing assistance for a dwelling unit until
9 attaining such age, unless—

10 (1) after the birth of the child—

11 (A) the individual marries an individual
12 who has been determined by the relevant State
13 to be the biological father of the child; or

14 (B) the biological parent of the child has
15 legal custody of the child and marries an indi-
16 vidual who legally adopts the child;

17 (2) the individual is a biological and custodial
18 parent of another child who was not born out-of-
19 wedlock; or

20 (3) eligibility for such Federal housing assist-
21 ance is based in whole or in part on any disability
22 or handicap of a member of the household.

23 (b) DEFINITIONS.—For purposes of this section, the
24 following definitions shall apply:

25 (1) COVERED PROGRAM.—The term “covered
26 program” means—

1 (A) the program of rental assistance on be-
2 half of low-income families provided under sec-
3 tion 8 of the United States Housing Act of
4 1937 (42 U.S.C. 1437f);

5 (B) the public housing program under title
6 I of the United States Housing Act of 1937 (42
7 U.S.C. 1437 et seq.);

8 (C) the program of rent supplement pay-
9 ments on behalf of qualified tenants pursuant
10 to contracts entered into under section 101 of
11 the Housing and Urban Development Act of
12 1965 (12 U.S.C. 1701s);

13 (D) the program of interest reduction pay-
14 ments pursuant to contracts entered into by the
15 Secretary of Housing and Urban Development
16 under section 236 of the National Housing Act
17 (12 U.S.C. 1715z-1);

18 (E) the program for mortgage insurance
19 provided pursuant to sections 221(d) (3) or (4)
20 of the National Housing Act (12 U.S.C.
21 1715l(d)) for multifamily housing for low- and
22 moderate-income families;

23 (F) the rural housing loan program under
24 section 502 of the Housing Act of 1949 (42
25 U.S.C. 1472);

1 (G) the rural housing loan guarantee pro-
2 gram under section 502(h) of the Housing Act
3 of 1949 (42 U.S.C. 1472(h));

4 (H) the loan and grant programs under
5 section 504 of the Housing Act of 1949 (42
6 U.S.C. 1474) for repairs and improvements to
7 rural dwellings;

8 (I) the program of loans for rental and co-
9 operative rural housing under section 515 of
10 the Housing Act of 1949 (42 U.S.C. 1485);

11 (J) the program of rental assistance pay-
12 ments pursuant to contracts entered into under
13 section 521(a)(2)(A) of the Housing Act of
14 1949 (42 U.S.C. 1490a(a)(2)(A));

15 (K) the loan and assistance programs
16 under sections 514 and 516 of the Housing Act
17 of 1949 (42 U.S.C. 1484, 1486) for housing for
18 farm labor;

19 (L) the program of grants and loans for
20 mutual and self-help housing and technical as-
21 sistance under section 523 of the Housing Act
22 of 1949 (42 U.S.C. 1490c);

23 (M) the program of grants for preservation
24 and rehabilitation of housing under section 533

1 of the Housing Act of 1949 (42 U.S.C.
2 1490m); and

3 (N) the program of site loans under sec-
4 tion 524 of the Housing Act of 1949 (42
5 U.S.C. 1490d).

6 (2) COVERED PROJECT.—The term “covered
7 project” means any housing for which Federal hous-
8 ing assistance is provided that is attached to the
9 project or specific dwelling units in the project.

10 (3) FEDERAL HOUSING ASSISTANCE.—The term
11 “Federal housing assistance” means—

12 (A) assistance provided under a covered
13 program in the form of any contract, grant,
14 loan, subsidy, cooperative agreement, loan or
15 mortgage guarantee or insurance, or other fi-
16 nancial assistance; or

17 (B) occupancy in a dwelling unit that is—

18 (i) provided assistance under a cov-
19 ered program; or

20 (ii) located in a covered project and
21 subject to occupancy limitations under a
22 covered program that are based on income.

23 (4) STATE.—The term “State” means the
24 States of the United States, the District of Colum-
25 bia, the Commonwealth of Puerto Rico, the Com-

1 monwealth of the Northern Mariana Islands, Guam,
2 the Virgin Islands, American Samoa, and any other
3 territory or possession of the United States.

4 (c) LIMITATIONS ON APPLICABILITY.—Subsection
5 (a) shall not apply to Federal housing assistance provided
6 for a household pursuant to an application or request for
7 such assistance made by such household before the effec-
8 tive date of this Act if the household was receiving such
9 assistance on the effective date of this Act.

10 **SEC. 509. STATE OPTION TO DENY AFDC TO MINOR**
11 **PARENTS.**

12 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
13 602(a)), as amended by sections 101, 102, 211(a), 232,
14 301(a), 501(a), and 504 of this Act, is amended—

15 (1) by striking “and” at the end of paragraph
16 (51);

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

19 (3) by inserting after paragraph (52) the fol-
20 lowing:

21 “(53)(A) at the option of the State, provide
22 that—

23 “(i) in making the determination under
24 paragraph (7) with respect to a family, the
25 State may disregard the needs of any family

1 member who is a parent and has not attained
2 18 years of age or such lesser age as the State
3 may prescribe; and

4 “(ii) if the amount of aid payable to a fam-
5 ily under the State plan is reduced by reason of
6 subparagraph (A), each member of the family
7 shall be considered to be receiving such aid for
8 purposes of eligibility for medical assistance
9 under the State plan approved under title XIX
10 for so long as such aid would otherwise not be
11 so reduced; and

12 “(B) if the State exercises the option, the State
13 may provide the family with vouchers, in amounts
14 not exceeding the amount of any such reduction in
15 aid, that may be used only to pay for—

16 “(i) particular goods and services specified
17 by the State as suitable for the care of the child
18 of the parent (such as diapers, clothing, or
19 cribs); and

20 “(ii) the costs associated with a maternity
21 home, foster home, or other adult-supervised
22 supportive living arrangement in which the par-
23 ent and the child live.”.

24 (b) APPLICABILITY.—The amendments made by sub-
25 section (a) shall apply to payments under a State plan

1 approved under part A of title IV of the Social Security
2 Act for months beginning on or after January 1, 1998,
3 and to payments to States under such part for quarters
4 beginning after such date.

5 **Subtitle B—State Role**

6 **SEC. 511. TEENAGE PREGNANCY PREVENTION AND FAMILY**
7 **STABILITY.**

8 (a) FINDINGS.—The Congress finds that—

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

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

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

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

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

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

1 (2) reproductive family planning and education
2 should be made available to every potential parent so
3 as to give such parents the opportunity to avoid un-
4 intended births;

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

10 (4) States should work with schools for the
11 early identification and referral of children at risk
12 for parenthood at an early age.

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

14 Section 402(a)(15)(A) (42 U.S.C. 602(a)(15)(A)) is
15 amended by striking “out of wedlock”.

16 **TITLE VI—PROGRAM**
17 **SIMPLIFICATION**

18 **Subtitle A—Increased State**
19 **Flexibility**

20 **SEC. 601. STATE OPTION TO PROVIDE AFDC THROUGH**
21 **ELECTRONIC BENEFIT TRANSFER SYSTEMS.**

22 Section 402(a) (42 U.S.C. 602(a)), as amended by
23 sections 101, 102, 211(a), 232, 301(a), 501(a), 504, and
24 509(a) of this Act, is amended—

1 **Subtitle B—Coordination of AFDC**
2 **and Food Stamp Programs**

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

5 (a) STATE OPTION TO USE INCOME AND ELIGI-
6 BILITY VERIFICATION SYSTEM.—Section 1137(b) (42
7 U.S.C. 1320b-7(b)) is amended—

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

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

13 (b) STATE OPTION TO USE RETROSPECTIVE BUDG-
14 ETING WITHOUT MONTHLY REPORTING.—Section
15 402(a)(13) (42 U.S.C. 602(a)(13)) is amended—

16 (1) by striking all that precedes subparagraph
17 (A) and inserting the following:

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

22 (2) in each of subparagraphs (A) and (B), by
23 striking “, in the case of families who are required
24 to report monthly to the State agency pursuant to
25 paragraph (14)”.

1 (c) EXCLUSION FROM INCOME OF ALL INCOME OF
2 DEPENDENT CHILD WHO IS A STUDENT.—Section
3 402(a)(8)(A)(i) (42 U.S.C. 602(a)(8)(A)(i)) is amended—

4 (1) by striking “earned”; and

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

7 (d) EXCLUSION FROM INCOME OF CERTAIN ENERGY
8 ASSISTANCE PAYMENTS BASED ON NEED.—

9 (1) IN GENERAL.—Section 402(a)(8)(A) (42
10 U.S.C. 602(a)(8)(A)), as amended by sections 231
11 and 242(b)(1) of this Act, is amended—

12 (A) by striking “and” at the end of clause
13 (ix); and

14 (B) by adding at the end the following:

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

18 “(I) a State or local general assist-
19 ance program; or

20 “(II) another basic assistance pro-
21 gram comparable to general assistance (as
22 determined by the Secretary); and”.

23 (2) INCLUSION OF ENERGY ASSISTANCE PRO-
24 VIDED UNDER THE LIHEAP PROGRAM.—Section

1 402(a)(8)(B) (42 U.S.C. 602(a)(8)(B)) is amend-
2 ed—

3 (A) by striking “and” at the end of clause
4 (i); and

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

6 “(iii) shall not disregard any assist-
7 ance provided directly to, or indirectly for
8 the benefit of, any person described in sub-
9 paragraph (A)(ii) under the Low-Income
10 Home Energy Assistance Act of 1981, not-
11 withstanding section 2605(f)(1) of such
12 Act; and”.

13 (e) APPLICABILITY TO AFDC OF FUTURE INCOME
14 EXCLUSIONS UNDER FOOD STAMP PROGRAM.—Section
15 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by
16 sections 231, 242(b)(1) of this Act and by subsection
17 (d)(1) of this section, is 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 from the income of
22 any child, relative, or other individual described
23 in clause (ii) applying for aid under the State
24 plan, any child, relative, or other individual so
25 described receiving such aid, or both, any funds

1 that a Federal statute (enacted after the date
2 of the enactment of this clause) excludes from
3 income for purposes of determining eligibility
4 for benefits under the food stamp program
5 under the Food Stamp Act of 1977, the level
6 of benefits under the program, or both, respec-
7 tively.”.

8 (f) PERIODIC REVIEWS.—Section 402(a) (42 U.S.C.
9 602(a)), as amended by sections 101, 102, 211(a), 232,
10 301(a), 501(a), 504, 509(a), and 601 of this Act, is
11 amended—

12 (1) by striking “and” at the end of paragraph
13 (53);

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

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

18 “(55) provide that the State shall, not less fre-
19 quently than annually review each determination
20 made under the State plan with respect to the eligi-
21 bility of each recipient of aid under the State plan;”.

22 (g) EXCLUSION FROM RESOURCES OF ES-
23 SENTIAL EMPLOYMENT-RELATED PROPERTY.—Section
24 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by
25 section 242(a) of this Act, is amended—

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

3 (2) by inserting “, or (vi) the value of real and
4 tangible personal property (other than currency,
5 commercial paper, and similar property) of a family
6 member that is essential to the employment or self-
7 employment of the member, until the expiration of
8 the 1-year period beginning on the date the member
9 ceases to be so employed or so self-employed” before
10 the semicolon.

11 (h) EXCLUSION FROM RESOURCES OF EQUITY IN
12 CERTAIN INCOME-PRODUCING REAL PROPERTY.—Sec-
13 tion 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended
14 by section 242(a) of this Act and by subsection (g) of this
15 section, is amended—

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

18 (2) by inserting “, or (vii) the equity of any
19 member of the family in real property to which 1 or
20 more members of the family have sole and clear title,
21 that the State agency determines is producing in-
22 come consistent with the fair market value of the
23 property” before the semicolon.

24 (i) EXCLUSION FROM RESOURCES OF LIFE INSUR-
25 ANCE POLICIES.—Section 402(a)(7)(B) (42 U.S.C.

1 602(a)(7)(B)), as amended by section 242(a) of this Act
2 and by subsections (g) and (h) of this section, is amend-
3 ed—

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

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

8 (j) EXCLUSION FROM RESOURCES OF REAL PROP-
9 erty THAT THE FAMILY IS MAKING A GOOD FAITH EF-
10 FORT TO SELL.—Section 402(a)(7)(B)(iii) (42 U.S.C.
11 602(a)(7)(B)(iii)) is amended—

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

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

17 (k) PROMPT RESTORATION OF BENEFITS WRONG-
18 FULLY DENIED.—Section 402(a) (42 U.S.C. 602(a)), as
19 amended by sections 101, 102, 211(a), 232, 301(a),
20 501(a), 504, 509(a), and 601 of this Act and by sub-
21 section (f) of this section, is amended—

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

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

1 (3) by inserting after paragraph (55) the fol-
2 lowing:

3 “(56) provide that, upon receipt of a request
4 from a family for the payment of any amount of aid
5 under the State plan the payment of which to the
6 family has been wrongfully denied or terminated, the
7 State shall promptly pay the amount to the family
8 if the wrongful denial or termination occurred not
9 more than 1 year before the date of the request or
10 the date the State agency is notified or otherwise
11 discovers the wrongful denial or termination.”.

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

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

16 “(c) ‘Certification period’ means the period specified
17 by the State agency for which households shall be eligible
18 to receive authorization cards, except that such period
19 shall be—

20 “(1) 24 months for households in which all
21 adult members are elderly or disabled; and

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

24 (2) Section 6(c)(1)(C) of the Food Stamp Act of
25 1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

- 1 (A) in clause (ii) by adding “and” at the end;
2 (B) in clause (iii) by striking “; and” at the end
3 and inserting a period; and
4 (C) by striking clause (iv).

5 (b) INCLUSION OF ENERGY ASSISTANCE IN IN-
6 COME.—

7 (1) AMENDMENTS TO THE FOOD STAMP ACT
8 OF 1977.—Section 5 of the Food Stamp Act of
9 1977 (7 U.S.C. 2014) is amended—

10 (A) in subsection (d)—

11 (i) by striking paragraph (11); and

12 (ii) by redesignating paragraphs (12)
13 through (16) as paragraphs (11) through (15),
14 respectively; and

15 (B) in subsection (k)—

16 (i) in paragraph (1)(B) by striking “, not
17 including energy or utility-cost assistance,”; and

18 (ii) in paragraph (2)—

19 (I) by striking subparagraph (C); and

20 (II) by redesignating subparagraphs

21 (D) through (H) as subparagraphs (C)
22 through (J), respectively.

23 (2) AMENDMENTS TO THE LOW-INCOME HOME
24 ENERGY ASSISTANCE ACT OF 1981.—Section

1 2605(f) of the Low-Income Home Energy Assistance
2 Act of 1981 (42 U.S.C. 8624(f)) is amended—

3 (A) in paragraph (1) by striking “food
4 stamps,”; and

5 (B) by amending paragraph (2) to read as
6 follows:

7 “(2) Paragraph (1) shall not apply for any purpose
8 under the Food Stamp Act of 1977.”.

9 (c) EXCLUSION OF CERTAIN JTPA INCOME.—Sec-
10 tion 5(d) of the Food Stamp Act of 1977 (7 U.S.C.
11 2014(d)), as amended by subsection (b), is amended—

12 (1) by striking “and (15)” and inserting
13 “(15)”; and

14 (2) by inserting before the period the following:
15 “, and (16) income received under the Job Training Part-
16 nership Act by a household member who is less than 19
17 years of age”.

18 (d) EXCLUSION OF EDUCATIONAL ASSISTANCE
19 FROM INCOME.—Section 5(d) of the Food Stamp Act of
20 1977 (7 U.S.C. 2014(d)) is amended—

21 (1) by amending paragraph (3) to read as follows:

22 “(3) all educational loans on which payment is deferred
23 (including any loan origination fees or insurance pre-
24 miums associated with such loans), grants, scholarships,
25 fellowships, veterans’ educational benefits, and the like

1 awarded to a household member enrolled at a recognized
2 institution of post-secondary education, at a school for the
3 handicapped, in a vocational education program, or in a
4 program that provides for completion of a secondary
5 school diploma or obtaining the equivalent thereof,”; and

6 (2) in paragraph (5) by striking “and no portion”
7 and all that follows through “reimbursement”.

8 (e) LIMITATION ON ADDITIONAL EARNED INCOME
9 DEDUCTION.—The 3rd sentence of section 5(e) of the
10 Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended
11 by striking “earned income that” and all that follows
12 through “report”, and inserting “determining an
13 overissuance due to the failure of a household to report
14 earned income”.

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

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

1 (g) EXCLUSION OF LIFE INSURANCE POLICIES.—
2 Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.
3 2014(g)) is amended by adding at the end the following:

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

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

10 “(n) Whenever a Federal statute enacted after the
11 date of the enactment of this Act excludes funds from in-
12 come for purposes of determining eligibility, benefit levels,
13 or both under State plans approved under part A of title
14 IV of the Social Security Act, then such funds shall be
15 excluded from income for purposes of determining eligi-
16 bility, benefit levels, or both, respectively, under the food
17 stamp program of households all of whose members re-
18 ceive benefits under a State plan approved under part A
19 of title IV of the Social Security Act.”.

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

1 **Subtitle C—Fraud Reduction**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (a) STUDY.—As soon as practicable after the date of
9 the enactment of this Act, the Commissioner of Social Se-
10 curity shall conduct a study of the feasibility of issuing,
11 in counterfeit-resistant form, a single identification card
12 which would combine the features of the social security
13 card now issued pursuant to section 205 of the Social Se-
14 curity Act and any health security card which may be pro-
15 vided for in health reform legislation enacted in the 104th
16 Congress. In such study, the Commissioner shall devote
17 particular consideration to—

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

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

1 (2) in clause (i), by striking “whichever” and
2 inserting “when, if the State chooses to so require
3 (and specifies in its State plan), whichever”;

4 (3) in clause (ii), by inserting “when” before
5 such parent; and

6 (4) in clause (iii), by inserting “when, if the
7 State chooses to so require (and so specifies in its
8 State plan)” after “(iii)”.

9 (b) STATE OPTION TO EXPAND PROGRAM.—Section
10 407(a) (42 U.S.C. 607(a)) is amended by inserting “or
11 the unemployment (as defined (if at all) by the State in
12 the State plan approved under section 402)” before “of
13 the parent”.

14 (c) EFFECTIVE DATE.—Subsection (b) and the
15 amendments made by subsection (a) shall become effective
16 October 1, 1996.

17 **SEC. 642. DEFINITION OF ESSENTIAL PERSON.**

18 (a) GENERAL REQUIREMENT.—Section 402 (42
19 U.S.C. 602), as amended by section 222(a)(1)(A) of this
20 Act, is amended by inserting after subsection (f) the fol-
21 lowing:

22 “(g) In order that the State may include the needs
23 of an individual in determining the needs of the dependent
24 child and relative with whom the child is living, such indi-

1 vidual must be living in the same home as such child and
2 relative, and—

3 “(1) furnishing personal services required be-
4 cause of the relative’s physical or mental inability to
5 provide care necessary for herself or himself or for
6 the dependent child (which, for purposes of this sub-
7 section only, includes a child receiving supplemental
8 security income benefits under title XVI); or

9 “(2) furnishing child care services, or care for
10 an incapacitated member of the family, that is nec-
11 essary to permit the caretaker relative—

12 “(A) to engage in full or part-time employ-
13 ment outside the home, or

14 “(B) to attend a course of education de-
15 signed to lead to a high school diploma (or its
16 equivalent) or a course of training on a full or
17 part-time basis, or to participate in the pro-
18 gram under part G on a full or part-time
19 basis.”.

20 **SEC. 643. “FILL-THE-GAP” BUDGETING.**

21 (a) IN GENERAL.—Section 402(a)(8)(A) (42 U.S.C.
22 602(a)(8)(A)), as amended by sections 231, 242(b)(1),
23 and 611(d)(1) of this Act, is amended—

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

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

2 “(xiii) in addition to any other amounts re-
3 quired or permitted by this paragraph to be dis-
4 regarded in a month, may exempt countable in-
5 come identified in the State plan by type or
6 source and by amount, but in an amount not
7 exceeding the difference between the State’s
8 standard of need applicable to the family and
9 the amount from which all remaining
10 nonexempt income is subtracted to determine
11 the amount of aid payable under the State plan
12 to a family of the same size with no other in-
13 come;”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) shall take effect on October 1, 1997.

16 **SEC. 644. REPEAL OF REQUIREMENT TO MAKE CERTAIN**
17 **SUPPLEMENTAL PAYMENTS IN STATES PAY-**
18 **ING LESS THAN THEIR NEEDS STANDARDS.**

19 Section 402(a)(28) (42 U.S.C. 602(a)(28)) is hereby
20 repealed.

21 **SEC. 645. COLLECTION OF AFDC OVERPAYMENTS FROM**
22 **FEDERAL TAX REFUNDS.**

23 (a) AUTHORITY TO INTERCEPT TAX REFUND.—(1)
24 Part A of title IV (42 U.S.C. 601–617) is amended by
25 adding at the end the following:

1 “COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX
2 REFUNDS

3 “SEC. 418. (a) Upon receiving notice from a State
4 agency administering a plan approved under this part that
5 a named individual has been overpaid under the State plan
6 approved under this part, the Secretary of the Treasury
7 shall determine whether any amounts as refunds of Fed-
8 eral taxes paid are payable to such individual, regardless
9 of whether such individual filed a tax return as a married
10 or unmarried individual. If the Secretary of the Treasury
11 finds that any such amount is payable, he shall withhold
12 from such refunds an amount equal to the overpayment
13 sought to be collected by the State and pay such amount
14 to the State agency.

15 “(b) The Secretary of the Treasury shall issue regula-
16 tions, approved by the Secretary of Health and Human
17 Services, that provide—

18 “(1) that a State may only submit under sub-
19 section (a) requests for collection of overpayments
20 with respect to individuals (A) who are no longer re-
21 ceiving aid under the State plan approved under this
22 part, (B) with respect to whom the State has al-
23 ready taken appropriate action under State law
24 against the income or resources of the individuals or
25 families involved as required under section

1 402(a)(22) (B), and (C) to whom the State agency
2 has given notice of its intent to request withholding
3 by the Secretary of the Treasury from their income
4 tax refunds;

5 “(2) that the Secretary of the Treasury will
6 give a timely and appropriate notice to any other
7 person filing a joint return with the individual whose
8 refund is subject to withholding under subsection
9 (a); and

10 “(3) the procedures that the State and the Sec-
11 retary of the Treasury will follow in carrying out
12 this section which, to the maximum extent feasible
13 and consistent with the specific provisions of this
14 section, will be the same as those issued pursuant to
15 section 464(b) applicable to collection of past-due
16 child support.”.

17 (2) Section 6402 of the Internal Revenue Code of
18 1986 (as amended by section 443(a) of this Act) is amend-
19 ed—

20 (A) in subsection (a), by striking “(c) and (d)”
21 and inserting “(c), (d), and (e)”;

22 (B) by redesignating subsections (e) through (i)
23 as subsections (f) through (j), respectively; and

24 (C) by inserting after subsection (d) the follow-
25 ing:

1 “(g) COLLECTION OF OVERPAYMENTS UNDER TITLE
2 IV–A OF THE SOCIAL SECURITY ACT.—The amount of
3 any overpayment to be refunded to the person making the
4 overpayment shall be reduced (after reductions pursuant
5 to subsections (c) and (d), but before a credit against fu-
6 ture liability for an internal revenue tax) in accordance
7 with section 418 of the Social Security Act (concerning
8 recovery of overpayments to individuals under State plans
9 approved under part A of title IV of such Act).”.

10 (b) CONFORMING AMENDMENT.—Section
11 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is
12 amended by striking “section 464 or 1137 of the Social
13 Security Act” and inserting “section 419, 464, or 1137
14 of the Social Security Act.”

15 **SEC. 646. TERRITORIES.**

16 (a) IN GENERAL.—Section 1108(a) (42 U.S.C.
17 1308(a)) is amended by striking paragraphs (1), (2), and
18 (3) and inserting the following:

19 “(1) for payment to Puerto Rico shall not ex-
20 ceed—

21 “(A) \$82,000,000 with respect to fiscal
22 years 1994, 1995, and 1996, and

23 “(B) \$102,500,000 or, if greater, such
24 amount adjusted by the CPI (as prescribed in

1 subsection (f) for fiscal year 1997 and each
2 fiscal year thereafter;

3 “(2) for payment to the Virgin Islands shall not
4 exceed—

5 “(A) \$2,800,000 with respect to fiscal
6 years 1994, 1995, and 1996, and

7 “(B) \$3,500,000 or, if greater, such
8 amount adjusted by the CPI (as prescribed in
9 subsection (f)) for fiscal year 1997 and each
10 fiscal year thereafter; and

11 “(3) for payment to Guam shall not exceed—

12 “(A) \$3,800,000 with respect to fiscal year
13 1994, 1995, and 1996, and

14 “(B) \$4,750,000 or, if greater, such
15 amount adjusted by the CPI (as prescribed in
16 subsection (f)), for fiscal year 1997 and each
17 fiscal year thereafter.”.

18 (b) CPI ADJUSTMENT.—Section 1108 (42 U.S.C.
19 1308) is amended by adding at the end the following:

20 “(f) For purposes of subsection (a), an amount is ‘ad-
21 justed by the CPI’ for months in calendar year by mul-
22 tiplying that amount by the ratio of the Consumer Price
23 Index as prepared by the Department of Labor for—

24 “(1) the third quarter of the preceding calendar
25 year, to

1 “(2) the third quarter of calendar year 1996,
2 and rounding the product, if not a multiple of
3 \$10,000, to the nearer multiple of \$10,000.”.

4 **SEC. 647. DISREGARD OF STUDENT INCOME.**

5 (a) **IN GENERAL.**—Section 402(a)(8)(A)(i) (42
6 U.S.C. 602(a)(8)(A)(i)) is amended by striking “depend-
7 ent child” and all that follows and inserting “individual
8 who has not attained 19 years of age and is an elementary
9 or secondary school student”.

10 (b) **CONFORMING AMENDMENTS.**—Section 402(a)
11 (42 U.S.C. 602(a)) is amended—

12 (1) in paragraph (8)(A)(vii)—

13 (A) by striking “a dependent child who is
14 a full-time student” and inserting “an individ-
15 ual who has not attained 19 years of age and
16 is an elementary or secondary school student”;
17 and

18 (B) by striking “such child” and inserting
19 “such individual”; and

20 (2) in paragraph (18), by striking “of a de-
21 pendent child” and inserting “of an individual under
22 age 19”.

1 **SEC. 648. LUMP-SUM INCOME.**

2 Section 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as
3 amended by sections 231, 242(b)(1), 611(d)(1), and
4 643(a) of this Act, is amended—

5 (1) by striking “and” at the end of clause (xii);

6 and

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

8 “(xiv) shall disregard from the income of
9 any family member any amounts of income re-
10 ceived in the form of nonrecurring lump-sum
11 payments other than payments made pursuant
12 to an order for child or spousal support being
13 enforced by the agency administering the State
14 plan approved under part D;”.

15 **TITLE VII—CHILD PROTECTION**
16 **BLOCK GRANT PROGRAM**

17 **SEC. 701. ESTABLISHMENT OF PROGRAMS.**

18 Part B of title IV (42 U.S.C. 620–635) is amended
19 to read as follows:

20 **PART B—CHILD PROTECTION BLOCK GRANT**
21 **PROGRAM**

22 **“SEC. 420. PURPOSES; AUTHORIZATIONS OF APPROPRIA-**
23 **TIONS.**

24 “The purpose of this part is to enable States to carry
25 out a program of child welfare and child protection serv-
26 ices which includes—

1 “(1) child protection services for children who
2 are, or are suspected of being or at risk of becoming,
3 victims of abuse or neglect;

4 “(2) preventive services and activities, including
5 community-based family support services, designed
6 to strengthen and preserve families and to prevent
7 child abuse and neglect; and

8 “(3) permanency planning services and activi-
9 ties to achieve planned, permanent living arrange-
10 ments (including family reunification, adoption, and
11 independent living) for children who have been re-
12 moved from their families.

13 **“SEC. 421. STATE PLANS.**

14 “(a) IN GENERAL.—In order to be eligible for pay-
15 ment under this part, a State must have an approved plan
16 (developed jointly by the Secretary and the State agency,
17 after consultation with persons and entities specified in
18 subsection (b)) for the provision of services to children and
19 families which meet the requirements of subsection (c).

20 “(b) CONSULTATION WITH APPROPRIATE ENTI-
21 TIES.—A State, in developing its plan for approval under
22 this part, shall consult with concerned persons and enti-
23 ties, including—

24 “(1) public and nonprofit private agencies and
25 community-based organizations with experience in

1 administering programs of child welfare services for
2 children and families; and

3 “(2) representatives of and advocates for chil-
4 dren and families.

5 “(c) STATE PLAN REQUIREMENTS.—A State plan
6 under this part shall—

7 “(1) describe the services and activities to be
8 performed, and the service delivery mechanisms (in-
9 cluding service providers and statewide distribution
10 of services) to be used, to provide—

11 “(A) child protection services described in
12 section 420(1) (including such services provided
13 under this part and part E);

14 “(B) preventive services described in sec-
15 tion 420(2) (and shall provide for delivery of
16 such services through a statewide network of
17 local nonprofit community-based family support
18 programs, in collaboration with existing health,
19 mental health, education, employment, training,
20 child welfare, and other social services agen-
21 cies); and

22 “(C) permanency planning services de-
23 scribed in section 420(3) (including family re-
24 unification, adoption, and independent living);

1 “(2)(A)(i) declare the State’s goals for accom-
2 plishments under the plan is in operation in the
3 State, and (ii) be updated periodically to declare the
4 State’s goals for accomplishments under the plan by
5 the end of each fifth fiscal year thereafter;

6 “(B) describe the methods to be used in meas-
7 uring progress toward accomplishment of the goals;
8 and

9 “(C) contain a commitment that the State—

10 “(i) will perform an interim review of its
11 progress toward accomplishment of the goals after
12 the end of each of the first 4 fiscal years covered by
13 the goals, and on the basis of such interim review
14 will revise the statement of goals in the plan, if nec-
15 essary, to reflect changed circumstances or other rel-
16 evant factors; and

17 “(ii) will perform, after the end of the last fis-
18 cal year covered by the goals, a final review of its
19 progress toward accomplishment of the goals and
20 prepare a report to the Secretary on the basis of
21 such final review;

22 “(3) provide assurances that reasonable
23 amounts will be expended under this part to carry
24 out each of the purposes specified in paragraphs (1)
25 through (3) of section 420; and

1 “(4) provide assurances that the State has in
2 effect a program of foster care safeguards meeting
3 the requirements of section 425.

4 “(d) SECRETARIAL APPROVAL.—The Secretary shall
5 approve a State plan that meets the requirements of this
6 section.

7 **“SEC. 422. RESERVATIONS; ALLOTMENTS TO STATES.**

8 “(a) IN GENERAL.—The Secretary shall allot the
9 amount specified in subsection (b) for each fiscal year in
10 accordance with subsections (c) through (f).

11 “(b) FEDERAL FUNDING.—The amount specified for
12 purposes of this section shall be—

13 “(1) \$653,000,000 for fiscal year 1996;

14 “(1) \$682,000,000 for fiscal year 1997;

15 “(1) \$713,000,000 for fiscal year 1998;

16 “(1) \$737,000,000 for fiscal year 1999; and

17 “(1) \$763,000,000 for fiscal year 2000.

18 “(c) PROJECTS OF NATIONAL SIGNIFICANCE.—Two
19 percent of the amount specified under subsection (b) for
20 each fiscal year shall be reserved for expenditure by the
21 Secretary for projects of national significance related to
22 the purposes of this part.

23 “(d) TRAINING AND TECHNICAL ASSISTANCE.—Two
24 percent of the amount specified under subsection (b) for
25 each fiscal year shall be reserved for expenditure by the

1 Secretary for training and technical assistance to State
2 and local public and nonprofit private entities related to
3 the program under this part.

4 “(e) INDIAN TRIBES.—One percent of the amount
5 specified under subsection (b) for each fiscal year shall
6 be reserved for allotment to Indian tribes in accordance
7 with section 424.

8 “(f) STATES.—From the balance of the amount spec-
9 ified for each fiscal year under subsection (b) remaining
10 after the application of subsections (c), (d), and (e), the
11 Secretary shall allot to each State an amount which bears
12 the same ratio to the amount specified as the total amount
13 that would have been allotted to the State for such fiscal
14 year under this part, as in effect on September 30, 1995,
15 bears to the total amount that would have been so allotted
16 to all States for such fiscal year.

17 **“SEC. 423. PAYMENTS TO STATES.**

18 “(a) ENTITLEMENT TO PAYMENT; FEDERAL SHARE
19 OF COSTS.—Each State which has a plan approved under
20 this part shall be entitled to payment, equal to its allot-
21 ment under section 422 for a fiscal year, for use in pay-
22 ment by the State of 75 percent of the costs of activities
23 under the State plan during such fiscal year. The remain-
24 ing 25 percent of such costs shall be paid by the State
25 with funds from non-Federal sources.

1 “(b) PAYMENT INSTALLMENTS.—The Secretary shall
2 make payments in accordance with section 6503 of title
3 31, United States Code, to each State from its allotment
4 for use under this part.

5 **“SEC. 424. PAYMENTS TO INDIAN TRIBES.**

6 “(a) IN GENERAL.—The Secretary shall make pay-
7 ments under this part for a fiscal year directly to the tribal
8 organization of an Indian tribe with a plan approved under
9 this part, except that such plan need not meet any require-
10 ment under such section that the Secretary determines is
11 inappropriate with respect to such Indian tribe.

12 “(b) ALLOTMENT.—From the amount reserved pur-
13 suant to section 422(e) for any fiscal year, the Secretary
14 shall allot to each Indian tribe meeting the conditions
15 specified in subsection (a), an amount bearing the same
16 ratio to such reserved amount as the number of children
17 in all Indian tribes with State plans so approved, as deter-
18 mined by the Secretary on the basis of the most current
19 and reliable information available to the Secretary.

20 **“SEC. 425. FOSTER CARE PROTECTION.**

21 “‘In order to meet the requirements of this section,
22 for purposes of section 421(c)(4), a State shall—

23 “(1) since June 17, 1980, have completed an
24 inventory of all children who, before the inventory,

1 had been in foster care under the responsibility of
2 the State for 6 months or more, which determined—

3 “(A) the appropriateness of, and necessity
4 for, the foster care placement;

5 “(B) whether the child could or should be
6 returned to the parents of the child or should
7 be freed for adoption or other permanent place-
8 ment; and

9 “(C) the services necessary to facilitate the
10 return of the child or the placement of the child
11 for adoption or legal guardianship;

12 “(2) be operating, to the satisfaction of the Sec-
13 retary—

14 “(A) a statewide information system from
15 which can be readily determined the status, de-
16 mographic characteristics, location, and goals
17 for the placement of every child who is (or,
18 within the immediately preceding 12 months,
19 has been) in foster care;

20 “(B) a case review system (as defined in
21 section 475(5)) for each child receiving foster
22 care under the supervision of the State;

23 “(C) a service program designed to help
24 children—

1 “(i) where appropriate, return to fam-
2 ilies from which they have been removed;
3 or

4 “(ii) be placed for adoption, with a
5 legal guardian, or, if adoption or legal
6 guardianship is determined not to be ap-
7 propriate for a child, in some other
8 planned, permanent living arrangement;
9 and

10 “(D) a replacement preventive services
11 program designed to help children at risk of
12 foster care placement remain with their fami-
13 lies; and

14 “(3)(A) have reviewed (or by October 31, 1995
15 will have reviewed) State policies and administrative
16 and judicial procedures in effect for children aban-
17 doned at or shortly after birth (including policies
18 and procedures providing for legal representation of
19 such children); and

20 “(B) be implementing (or by October 31, 1996,
21 will be implementing) such policies and procedures
22 as the State determines, on the basis of the review
23 described in clause (i), to be necessary to enable per-
24 manent decisions to be made expeditiously with re-
25 spect to the placement of such children.

1 **SEC. 702. REPEALS AND CONFORMING AMENDMENTS.**

2 (a) ABANDONED INFANTS ASSISTANCE.—

3 (1) REPEAL.—The Abandoned Infants Assist-
4 ance Act of 1988 (42 U.S.C. 670 note) is repealed.

5 (2) CONFORMING AMENDMENT.—Section
6 421(7) of the Domestic Violence Service Act of 1973
7 (42 U.S.C. 5061(7)) is amended to read as follows:

8 “(7) the term ‘boarder baby’ means an infant
9 who is medically cleared for discharge from an
10 acute-care hospital setting, but remains hospitalized
11 because of a lack of appropriate out-of-hospital
12 placement alternatives.”.

13 (b) CHILD ABUSE PREVENTION AND TREATMENT.—

14 (1) REPEAL.—The Child Abuse Prevention and
15 Treatment Act (42 U.S.C. 5101 et seq.) is repealed.

16 (2) CONFORMING AMENDMENTS.—The Victims
17 of Crime Act of 1984 (42 U.S.C. 10601 et seq.) is
18 amended by striking section 1404A.

19 (c) ADOPTION OPPORTUNITIES.—The Child Abuse
20 Prevention and Treatment and Adoption Reform Act of
21 1978 (42 U.S.C. 5111 et seq.) is repealed.

22 (d) FAMILY SUPPORT CENTERS.—Subtitle F of title
23 VII of the Stewart B. McKinney Homeless Assistance Act
24 (42 U.S.C. 11481–11489) is repealed.

1 (e) FOSTER CARE.—Section 472(d) (42 U.S.C.
2 672(d)) is amended by striking “422(b)(9)” and inserting
3 “425”.

4 **SEC. 703. EFFECTIVE DATE.**

5 The amendments and repeals made by this title shall
6 take effect on October 1, 1995, and shall apply with re-
7 spect to activities under State programs on and after that
8 date.

9 **TITLE VIII—SSI REFORM**
10 **Subtitle A—Eligibility of Children**
11 **for Benefits**

12 **SEC. 801. RESTRICTIONS ON ELIGIBILITY.**

13 (a) IN GENERAL.—Section 1614(a)(3)(A) (42 U.S.C.
14 1382c(a)(3)(A)) is amended—

15 (1) by inserting “(i)” after “(3)(A)”;

16 (2) by inserting “who has attained 18 years of
17 age” before “shall be considered”;

18 (3) by striking “he” and inserting “the individ-
19 ual”;

20 (4) by striking “(or, in the case of an individual
21 under the age of 18, if he suffers from any medically
22 determinable physical or mental impairment of com-
23 parable severity)”;

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

1 “(ii) An individual who has not attained 18 years of
2 age shall be considered to be disabled for purposes of this
3 title for a month if the individual has any medically deter-
4 minable physical or mental impairment (or combination
5 of impairments) that meets the requirements, applicable
6 to individuals who have not attained 18 years of age, of
7 the Listings of Impairments set forth in appendix 1 of
8 subpart P of part 404 of title 20, Code of Federal Regula-
9 tions, or the individual has a combination of impairments
10 the effect of which should be considered disabling for pur-
11 poses of this title. In applying this clause, such Listings
12 shall not include maladaptive behavior or psychoactive
13 substance dependence disorder (as specified in the appen-
14 dix setting forth such Listings).”.

15 (b) TRANSITION TO NEW ELIGIBILITY CRITERIA.—
16 Within 3 months after the date of the enactment of this
17 Act, the Commissioner of Social Security shall establish
18 a functional equivalency standard separate from the List-
19 ing of Impairments (set forth in appendix 1 of subpart
20 P of part 404 of title 20, Code of Federal Regulations
21 (revised as of April 1, 1994)) under which a child with
22 a combination of impairments should be considered dis-
23 abled for purposes of the supplemental security income
24 program under title XVI of the Social Security Act. With-
25 in 10 months after the date of the enactment of this Act,

1 the Commissioner shall review the case of each individual
2 who, immediately before such date of enactment, qualified
3 for benefits under such program by reason of an individ-
4 ualized functional assessment in order to determine eligi-
5 bility under such Listings and the criteria established
6 under such standard.

7 **SEC. 802. CONTINUING DISABILITY REVIEWS FOR CERTAIN**
8 **CHILDREN.**

9 Section 1614(a)(3)(G) (42 U.S.C. 1382c(a)(3)(G)) is
10 amended—

11 (1) by inserting “(i)” after “(G)”; and

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

13 “(ii)(I) Not less frequently than once every 3 years,
14 the Commissioner shall redetermine the eligibility for ben-
15 efits under this title of each individual who has not at-
16 tained 18 years of age and is eligible for such benefits
17 by reason of disability.

18 “(II) Subclause (I) shall not apply to an individual
19 if the individual has an impairment (or combination of im-
20 pairments) which is (or are) not expected to improve.

21 “(III) Subject to recommendations made by the Com-
22 missioner, parents or guardians of recipients whose cases
23 are reviewed under this clause shall present, at the time
24 of review, evidence demonstrating that funds provided
25 under this title have been used to assist the recipient in

1 improving the condition which was the basis for providing
2 benefits under this title.”.

3 **SEC. 803. DISABILITY REVIEW REQUIRED FOR SSI RECIPI-**
4 **ENTS WHO ARE 18 YEARS OF AGE.**

5 (a) IN GENERAL.—Section 1614(a)(3)(G) (42 U.S.C.
6 1382c(a)(3)(G)), as amended by section 802 of this sub-
7 title, is amended by adding at the end the following:

8 “(iii)(I) The Commissioner shall redetermine the eli-
9 gibility of a qualified individual for supplemental security
10 income benefits under this title by reason of disability, by
11 applying the criteria used in determining eligibility for
12 such benefits of applicants who have attained 18 years of
13 age.

14 “(II) The redetermination required by subclause (I)
15 with respect to a qualified individual shall be conducted
16 during the 1-year period that begins on the date the quali-
17 fied individual attains 18 years of age.

18 “(III) As used in this clause, the term ‘qualified indi-
19 vidual’ means an individual who attains 18 years of age
20 and is a recipient of benefits under this title by reason
21 of disability.

22 “(IV) A redetermination under subclause (I) of this
23 clause shall be considered a substitute for a review re-
24 quired under any other provision of this subparagraph.”.

1 (b) REPORT TO THE CONGRESS.—Not later than Oc-
2 tober 1, 1998, the Commissioner of Social Security shall
3 submit to the Committee on Ways and Means of the
4 House of Representatives and the Committee on Finance
5 of the Senate a report on the activities conducted under
6 section 1614(a)(3)(G)(iii) of the Social Security Act.

7 (c) CONFORMING REPEAL.—Section 207 of the So-
8 cial Security Independence and Program Improvements
9 Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is
10 hereby repealed.

11 **SEC. 804. APPLICABILITY.**

12 (a) NEW ELIGIBILITY STANDARDS AND DISABILITY
13 REVIEWS FOR CHILDREN.—

14 (1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendments made by sections 801
16 and 802 shall apply to benefits for months beginning
17 more than 9 months after the date of the enactment
18 of this Act, without regard to whether regulations
19 have been issued to implement such amendments.

20 (2) TRANSITIONAL RULE.—

21 (A) IN GENERAL.—For months beginning
22 after the date of the enactment of this Act and
23 before the first month to which the amend-
24 ments made by section 801 apply under para-
25 graph (1) and subject to subparagraph (B), no

1 individual who has not attained 18 years of age
2 shall be considered to be disabled for purposes
3 of the supplemental security income program
4 under title XVI of the Social Security Act solely
5 on the basis of maladaptive behavior or
6 psychoactive substance dependence disorder.

7 (B) EXCEPTION FOR CURRENT BENE-
8 FICIARIES.—Subparagraph (A) shall not apply
9 in the case of an individual who is a recipient
10 of supplemental security income benefits under
11 such title for the month in which this Act be-
12 comes law.

13 (b) DISABILITY REVIEWS FOR 18-YEAR OLD RECIPI-
14 ENTS.—The amendments made by section 803 shall apply
15 to benefits for months beginning after the date of the en-
16 actment of this Act.

17 **Subtitle B—Denial of SSI Benefits**
18 **by Reason of Disability to Drug**
19 **Addicts and Alcoholics**

20 **SEC. 811. DENIAL OF SSI BENEFITS BY REASON OF DISABIL-**
21 **ITY TO DRUG ADDICTS AND ALCOHOLICS.**

22 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.
23 1382c(a)(3)) is amended by adding at the end the follow-
24 ing:

1 “(I) Notwithstanding subparagraph (A), an individ-
2 ual shall not be considered to be disabled for purposes of
3 this title if alcoholism or drug addiction would (but for
4 this subparagraph) be a contributing factor material to
5 the Commissioner’s determination that the individual is
6 disabled.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 1611(e) (42 U.S.C. 1382(e)) is
9 amended by striking paragraph (3).

10 (2) Section 1631(a)(2)(A)(ii) (42 U.S.C.
11 1383(a)(2)(A)(ii)) is amended—

12 (A) by striking “(I)”; and

13 (B) by striking subclause (II).

14 (3) Section 1631(a)(2)(B) (42 U.S.C.
15 1383(a)(2)(B)) is amended—

16 (A) by striking clause (vii);

17 (B) in clause (viii), by striking “(ix)” and
18 inserting “(viii)”;

19 (C) in clause (ix)—

20 (i) by striking “(viii)” and inserting
21 “(vii)”;

22 (ii) in subclause (II), by striking all
23 that follows “15 years” and inserting a pe-
24 riod;

25 (D) in clause (xiii)—

1 (i) by striking “(xii)” and inserting
2 “(xi)”; and

3 (ii) by striking “(xi)” and inserting
4 “(x)”; and

5 (E) by redesignating clauses (viii) through
6 (xiii) as clauses (vii) through (xii), respectively.

7 (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.
8 1383(a)(2)(D)(i)(II)) is amended by striking all that
9 follows “\$25.00 per month” and inserting a period.

10 (5) Section 1634 (42 U.S.C. 1383c) is amended
11 by striking subsection (e).

12 (6) Section 201(c)(1) of the Social Security
13 Independence and Program Improvements Act of
14 1994 (42 U.S.C. 425 note) is amended—

15 (A) by striking “—” and all that follows
16 through “(A)” the 1st place such term appears;

17 (B) by striking “and” the 3rd place such
18 term appears;

19 (C) by striking subparagraph (B);

20 (D) by striking “either subparagraph (A)
21 or subparagraph (B)” and inserting “the pre-
22 ceding sentence”; and

23 (E) by striking “subparagraph (A) or (B)”
24 and inserting “the preceding sentence”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on October 1, 1995, and shall
3 apply with respect to months beginning on or after such
4 date.

5 (d) FUNDING OF CERTAIN PROGRAMS FOR DRUG
6 ADDICTS AND ALCOHOLICS.—Out of any money in the
7 Treasury of the United States not otherwise appropriated,
8 the Secretary of the Treasury shall pay to the Director
9 of the National Institute on Drug Abuse—

10 (1) \$95,000,000, for each of fiscal years 1997,
11 1998, 1999, and 2000, for expenditure through the
12 Federal Capacity Expansion Program to expand the
13 availability of drug treatment; and

14 (2) \$5,000,000 for each of fiscal years 1997,
15 1998, 1999, and 2000 to be expended solely on the
16 medication development project to improve drug
17 abuse and drug treatment research.

18 **TITLE IX—FINANCING**

19 **Subtitle A—Treatment of Aliens**

20 **SEC. 901. EXTENSION OF DEEMING OF INCOME AND RE-**
21 **SOURCES UNDER AFDC, SSI, AND FOOD**
22 **STAMP PROGRAMS.**

23 (a) IN GENERAL.—Except as provided in subsections
24 (b) and (c), in applying sections 415 and 1621 of the So-
25 cial Security Act and section 5(i) of the Food Stamp Act

1 of 1977, the period in which each respective section other-
2 wise applies with respect to an alien shall be extended
3 through the date (if any) on which the alien becomes a
4 citizen of the United States (under chapter 2 of title III
5 of the Immigration and Nationality Act).

6 (b) EXCEPTION.—Subsection (a) shall not apply to
7 an alien if—

8 (1) the alien has been lawfully admitted to the
9 United States for permanent residence, has attained
10 75 years of age, and has resided in the United
11 States for at least 5 years;

12 (2) the alien—

13 (A) is a veteran (as defined in section 101
14 of title 38, United States Code) with a dis-
15 charge characterized as an honorable discharge,

16 (B) is on active duty (other than active
17 duty for training) in the Armed Forces of the
18 United States, or

19 (C) is the spouse or unmarried dependent
20 child of an individual described in subparagraph
21 (A) or (B);

22 (3) the alien is the subject of domestic violence
23 by the alien's spouse and a divorce between the alien
24 and the alien's spouse has been initiated through the

1 filing of an appropriate action in an appropriate
2 court; or

3 (4) there has been paid with respect to the self-
4 employment income or employment of the alien, or
5 of a parent or spouse of the alien, taxes under chap-
6 ter 2 or chapter 21 of the Internal Revenue Code of
7 1986 in each of 20 different calendar quarters.

8 (c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—
9 Subsection (a) shall not apply with respect to determina-
10 tions of eligibility for benefits under part A of title IV of
11 the Social Security Act or under the supplemental income
12 security program under title XVI of such Act but only in-
13 sofar as such determinations provide for eligibility for
14 medical assistance under title XIX of such Act.

15 (d) EFFECTIVE DATE.—This section shall take effect
16 on October 1, 1995.

17 **SEC. 902. REQUIREMENTS FOR SPONSOR'S AFFIDAVITS OF**
18 **SUPPORT.**

19 (a) IN GENERAL.—Title II of the Immigration and
20 Nationality Act is amended by inserting after section 213
21 the following new section:

22 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT
23 “SEC. 213A. (a) ENFORCEABILITY.—

24 “(1) IN GENERAL.—No affidavit of support
25 may be accepted by the Attorney General or by any
26 consular officer to establish that an alien is not ex-

1 cludable under section 212(a)(4) unless such affida-
2 vit is executed as a contract—

3 “(A) which is legally enforceable against
4 the sponsor by the Federal Government, by a
5 State, or by any political subdivision of a State,
6 providing cash benefits under a public cash as-
7 sistance program (as defined in subsection
8 (f)(2)), but not later than 5 years after the date
9 the alien last receives any such cash benefit;
10 and

11 “(B) in which the sponsor agrees to submit
12 to the jurisdiction of any Federal or State court
13 for the purpose of actions brought under sub-
14 section (e)(2).

15 “(2) EXPIRATION OF LIABILITY.—Such con-
16 tract shall only apply with respect to cash benefits
17 described in paragraph (1)(A) provided to an alien
18 before the earliest of the following:

19 “(A) CITIZENSHIP.—The date the alien be-
20 comes a citizen of the United States under
21 chapter 2 of title III.

22 “(B) VETERAN.—The first date the alien
23 is described in section 901(b)(2)(A).

24 “(C) PAYMENT OF SOCIAL SECURITY
25 TAXES.—The first date as of which the condi-

1 tion described in section 901(b)(4) is met with
2 respect to the alien.

3 “(3) NONAPPLICATION DURING CERTAIN PERI-
4 ODS.—Such contract also shall not apply with re-
5 spect to cash benefits described in paragraph (1)(A)
6 provided during any period in which the alien is de-
7 scribed in section 901(b)(2)(B) or 901(b)(2)(C).

8 “(b) FORMS.—Not later than 90 days after the date
9 of enactment of this section, the Attorney General, in con-
10 sultation with the Secretary of State and the Secretary
11 of Health and Human Services, shall formulate an affida-
12 vit of support consistent with the provisions of this sec-
13 tion.

14 “(c) NOTIFICATION OF CHANGE OF ADDRESS.—

15 “(1) REQUIREMENT.—The sponsor shall notify
16 the Federal Government and the State in which the
17 sponsored alien is currently resident within 30 days
18 of any change of address of the sponsor during the
19 period specified in subsection (a)(1)(A).

20 “(2) ENFORCEMENT.—Any person subject to
21 the requirement of paragraph (1) who fails to satisfy
22 such requirement shall be subject to a civil penalty
23 of—

24 “(A) not less than \$250 or more than
25 \$2,000, or

1 “(B) if such failure occurs with knowledge
2 that the sponsored alien has received any bene-
3 fit under any means-tested public benefits pro-
4 gram, not less than \$2,000 or more than
5 \$5,000.

6 “(d) REIMBURSEMENT OF GOVERNMENT EX-
7 PENSES.—

8 “(1) REQUEST FOR REIMBURSEMENT.—

9 “(A) IN GENERAL.—Upon notification that
10 a sponsored alien has received any cash benefits
11 described in subsection (a)(1)(A), the appro-
12 priate Federal, State, or local official shall re-
13 quest reimbursement by the sponsor in the
14 amount of such cash benefits.

15 “(B) REGULATIONS.—The Attorney Gen-
16 eral, in consultation with the Secretary of
17 Health and Human Services, shall prescribe
18 such regulations as may be necessary to carry
19 out subparagraph (A).

20 “(2) INITIATION OF ACTION.—If within 45 days
21 after requesting reimbursement, the appropriate
22 Federal, State, or local agency has not received a re-
23 sponse from the sponsor indicating a willingness to
24 commence payments, an action may be brought

1 against the sponsor pursuant to the affidavit of sup-
2 port.

3 “(3) FAILURE TO ABIDE BY REPAYMENT
4 TERMS.—If the sponsor fails to abide by the repay-
5 ment terms established by such agency, the agency
6 may, within 60 days of such failure, bring an action
7 against the sponsor pursuant to the affidavit of sup-
8 port.

9 “(4) LIMITATION ON ACTIONS.—No cause of
10 action may be brought under this subsection later
11 than 5 years after the date the alien last received
12 any cash benefit described in subsection (a)(1)(A).

13 “(f) DEFINITIONS.—For the purposes of this section:

14 “(1) SPONSOR.—The term ‘sponsor’ means an
15 individual who—

16 “(A) is a citizen or national of the United
17 States or an alien who is lawfully admitted to
18 the United States for permanent residence;

19 “(B) is 18 years of age or over; and

20 “(C) is domiciled in any State.

21 “(2) PUBLIC CASH ASSISTANCE PROGRAM.—
22 The term ‘public cash assistance program’ means a
23 program of the Federal Government or of a State or
24 political subdivision of a State that provides direct
25 cash assistance for the purpose of income mainte-

1 nance and in which the eligibility of an individual,
2 household, or family eligibility unit for cash benefits
3 under the program, or the amount of such cash ben-
4 efits, or both are determined on the basis of income,
5 resources, or financial need of the individual, house-
6 hold, or unit. Such term does not include any pro-
7 gram insofar as it provides medical, housing, edu-
8 cation, job training, food, or in-kind assistance or
9 social services.”.

10 (b) CLERICAL AMENDMENT.—The table of contents
11 of such Act is amended by inserting after the item relating
12 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

13 (c) EFFECTIVE DATE.—Subsection (a) of section
14 213A of the Immigration and Nationality Act, as inserted
15 by subsection (a) of this section, shall apply to affidavits
16 of support executed on or after a date specified by the
17 Attorney General, which date shall be not earlier than 60
18 days (and not later than 90 days) after the date the Attor-
19 ney General formulates the form for such affidavits under
20 subsection (b) of such section 213A.

1 **SEC. 903. EXTENDING REQUIREMENT FOR AFFIDAVITS OF**
2 **SUPPORT TO FAMILY-RELATED AND DIVER-**
3 **SITY IMMIGRANTS.**

4 (A) IN GENERAL.—Section 212(a)(4) of the Immi-
5 gration and Nationality Act (8 U.S.C. 1182(a)(4)) is
6 amended to read as follows:

7 “(4) PUBLIC CHARGE AND AFFIDAVITS OF SUP-
8 PORT.—

9 “(A) PUBLIC CHARGE.—Any alien who, in
10 the opinion of the consular officer at the time
11 of application for a visa, or in the opinion of
12 the Attorney General at the time of application
13 for admission or adjustment of status, is likely
14 at any time to become a public charge is exclud-
15 able.

16 “(B) AFFIDAVITS OF SUPPORT.—Any im-
17 migrant who seeks admission or adjustment of
18 status as any of the following is excludable un-
19 less there has been executed with respect to the
20 immigrant an affidavit of support pursuant to
21 section 213A:

22 “(i) As an immediate relative (under
23 section 201(b)(2)).

24 “(ii) As a family-sponsored immigrant
25 under section 203(a) (or as the spouse or

1 child under section 203(d) of such an im-
2 migrant).

3 “(iii) As the spouse or child (under
4 section 203(d)) of an employment-based
5 immigrant under section 203(b).

6 “(iv) As a diversity immigrant under
7 section 203(c) (or as the spouse or child
8 under section 203(d) of such an immi-
9 grant).”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to aliens with respect to whom
12 an immigrant visa is issued (or adjustment of status is
13 granted) after the date specified by the Attorney General
14 under section 902(c).

15 **Subtitle B—Limitation on Emer-**
16 **gency Assistance Expenditures**

17 **SEC. 911. LIMITATION ON EXPENDITURES FOR EMERGENCY**
18 **ASSISTANCE.**

19 (a) IN GENERAL.—Section 403(a)(5) (42 U.S.C.
20 602(a)(5)) is amended to read as follows:

21 “(5) in the case of any State, an amount equal
22 to the lesser of—

23 “(A) 50 percent of the total amount ex-
24 pended under the State plan during such quar-

1 ter as emergency assistance to needy families
2 with children; or

3 “(B) the greater of—

4 “(i) the total amount expended under
5 the State plan during the fiscal year that
6 immediately precedes the fiscal year in
7 which the quarter occurs; multiplied by

8 “(I) 4 percent, if the national un-
9 employment rate for the United
10 States (as determined by the Sec-
11 retary of Labor) for the 3rd or 4th
12 quarter of the immediately preceding
13 fiscal year is at least 7 percent; or

14 “(II) 3 percent, otherwise; or

15 “(ii) the total amount expended under
16 the State plan during fiscal year 1995 as
17 emergency assistance to needy families
18 with children.”.

19 (b) AUTHORITY OF STATES TO DEFINE EMERGENCY
20 ASSISTANCE.—Section 406(e)(1) (42 U.S.C. 606(e)(1)) is
21 amended to read as follows:

22 “(e)(1)(A) The term ‘emergency assistance to needy
23 families with children’ means emergency assistance fur-
24 nished by an eligible State with respect to an eligible needy

1 child to avoid destitution of the child or to provide living
2 arrangements in a home for the child.

3 “(B) As used in this paragraph:

4 “(i) The term ‘emergency assistance’ means
5 emergency assistance as provided for in the State
6 plan approved under section 402 of an eligible State,
7 but shall not include care for an eligible needy child
8 or other member of the household in which the child
9 is living to the extent that the child or other member
10 is entitled to such care as medical assistance under
11 the State plan under title XIX.

12 “(ii) The term ‘eligible needy child’ means a
13 needy child—

14 “(I) who has not attained 21 years of age;

15 “(II) who is or (within such period as the
16 Secretary may specify) has been living with any
17 relative specified in subsection (a)(1) in a place
18 of residence maintained by 1 or more of such
19 relatives as the home of the relative or relatives;

20 “(III) who is without available resources;
21 and

22 “(IV) whose requirement for emergency as-
23 sistance did not arise because the child or rel-
24 ative refused without good cause to accept em-
25 ployment or training for employment.

1 “(iii) The term “eligible State” means a State
2 whose State plan approved under section 402 in-
3 cludes provision for emergency assistance.”.

4 **Subtitle C—Tax Provisions**

5 **SEC. 921. CERTAIN FEDERAL ASSISTANCE INCLUDIBLE IN** 6 **GROSS INCOME.**

7 (a) IN GENERAL.—Part II of subchapter B of chap-
8 ter 1 of the Internal Revenue Code of 1986 (relating to
9 items specifically included in gross income) is amended by
10 adding at the end the following new section:

11 **“SEC. 91. CERTAIN FEDERAL ASSISTANCE.**

12 “(a) IN GENERAL.—Gross income shall include an
13 amount equal to the specified Federal assistance received
14 by the taxpayer during the taxable year.

15 “(b) SPECIFIED FEDERAL ASSISTANCE.—For pur-
16 poses of this section—

17 “(1) IN GENERAL.—The term ‘specified Federal
18 assistance’ means—

19 “(A) aid provided under a State plan ap-
20 proved under part A of title IV of the Social
21 Security Act (relating to aid to families with de-
22 pendent children), and

23 “(B) assistance provided under any food
24 stamp program.

1 “(2) SPECIAL RULE.—In the case of assistance
2 provided under a program described in subsection
3 (d)(2), such term shall include only the assistance
4 required to be provided under section 21 or 22 (as
5 the case may be) of the Food Stamp Act of 1977.

6 “(c) INDIVIDUALS SUBJECT TO TAX.—For purposes
7 of this section—

8 “(1) AFDC.—Aid described in subsection
9 (b)(1)(A) shall be treated as received by the relative
10 with whom the dependent child is living (within the
11 meaning of section 406(c) of the Social Security
12 Act).

13 “(2) FOOD STAMPS.—In the case of assistance
14 described in subsection (b)(1)(B)—

15 “(A) IN GENERAL.—Except as provided in
16 subparagraph (B), such assistance shall be
17 treated as received ratably by each of the indi-
18 viduals taken into account in determining the
19 amount of such assistance for the benefit of
20 such individuals.

21 “(B) ASSISTANCE TO CHILDREN TREATED
22 AS RECEIVED BY PARENTS, ETC.—The amount
23 of assistance which would (but for this subpara-
24 graph) be treated as received by a child shall be
25 treated as received as follows:

1 “(i) If there is an includible parent,
2 such amount shall be treated as received
3 by the includible parent (or if there is
4 more than 1 includible parent, as received
5 ratably by each includible parent).

6 “(ii) If there is no includible parent
7 and there is an includible grandparent,
8 such amount shall be treated as received
9 by the includible grandparent (or if there
10 is more than 1 includible grandparent, as
11 received ratably by each includible grand-
12 parent).

13 “(iii) If there is no includible parent
14 or grandparent, such amount shall be
15 treated as received ratably by each includ-
16 ible adult.

17 “(C) DEFINITIONS.—For purposes of sub-
18 paragraph (B)—

19 “(i) CHILD.—The term ‘child’ means
20 any individual who has not attained age 16
21 as of the close of the taxable year. Such
22 term shall not include any individual who
23 is an includible parent of a child (as de-
24 fined in the preceding sentence).

1 “(ii) ADULT.—The term ‘adult’ means
2 any individual who is not a child.

3 “(iii) INCLUDIBLE.—The term ‘in-
4 cludible’ means, with respect to any indi-
5 vidual, an individual who is included in de-
6 termining the amount of assistance paid to
7 the household which includes the child.

8 “(iv) PARENT.—The term ‘parent’ in-
9 cludes the stepfather and stepmother of
10 the child.

11 “(v) GRANDPARENT.—The term
12 ‘grandparent’ means any parent of a par-
13 ent of the child.

14 “(d) FOOD STAMP PROGRAM.—For purposes of sub-
15 section (b), the term ‘food stamp program’ means—

16 “(1) the food stamp program (as defined in sec-
17 tion 3(h) of the Food Stamp Act of 1977), and

18 “(2) the portion of the program under sections
19 21 and 22 of such Act which provides food assist-
20 ance.”

21 (b) REPORTING.—

22 (1) IN GENERAL.—Subpart B of part III of
23 subchapter A of chapter 61 of such Code is amended
24 by adding at the end the following new section:

1 **“SEC. 6050Q. PAYMENTS OF CERTAIN FEDERAL ASSIST-**
2 **ANCE.**

3 “(a) REQUIREMENT OF REPORTING.—The appro-
4 priate official shall make a return, according to the forms
5 and regulations prescribed by the Secretary, setting
6 forth—

7 “(1) the aggregate amount of specified Federal
8 assistance paid to any individual during any cal-
9 endar year, and

10 “(2) the name, address, and TIN of such indi-
11 vidual.

12 “(b) STATEMENTS TO BE FURNISHED TO PERSONS
13 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—
14 Every person required to make a return under subsection
15 (a) shall furnish to each individual whose name is re-
16 quired to be set forth in such return a written statement
17 showing—

18 “(1) the name of the agency making the pay-
19 ments, and

20 “(2) the aggregate amount of payments made
21 to the individual which are required to be shown on
22 such return.

23 The written statement required under the preceding sen-
24 tence shall be furnished to the individual on or before Jan-
25 uary 31 of the year following the calendar year for which
26 the return under subsection (a) was required to be made.

1 “(c) DEFINITIONS AND SPECIAL RULE.—For pur-
2 poses of this section—

3 “(1) APPROPRIATE OFFICIAL.—The term ‘ap-
4 propriate official’ means—

5 “(A) in the case of specified Federal as-
6 sistance described in section 91(b)(1)(A), the
7 head of the State agency administering the plan
8 under which such assistance is provided,

9 “(B) in the case of specified Federal as-
10 sistance described in section 91(b)(1)(B), the
11 head of the State agency administering the pro-
12 gram under which such assistance is provided,
13 and

14 “(C) in the case of specified Federal assist-
15 ance described in section 91(b)(1)(C), the head
16 of the State public housing agency administering
17 the program under which such assistance is
18 provided.

19 “(2) SPECIFIED FEDERAL ASSISTANCE.—The
20 term ‘specified Federal assistance’ has the meaning
21 given such term by section 91(b).

22 “(3) AMOUNTS TREATED AS PAID.—The rules
23 of section 91(c) shall apply for purposes of deter-
24 mining to whom specified Federal assistance is
25 paid.”

1 (2) PENALTIES.—

2 (A) Subparagraph (B) of section
3 6724(b)(1) of such Code is amended by redesignig-
4 nating clauses (ix) through (xiv) as clauses (x)
5 through (xv), respectively, and by inserting
6 after clause (viii) the following new clause:

7 “(ix) section 6050Q (relating to pay-
8 ments of certain Federal assistance),”.

9 (B) Paragraph (2) of section 6724(d) of
10 such Code is amended by redesignating sub-
11 paragraphs (Q) through (T) as subparagraphs
12 (R) through (U), respectively, and by inserting
13 after subparagraph (P) the following new sub-
14 paragraph:

15 “(Q) section 6050Q(b) (relating to pay-
16 ments of certain Federal assistance),”.

17 (c) CLERICAL AMENDMENTS.—

18 (1) The table of sections for part II of sub-
19 chapter B of chapter 1 of such Code is amended by
20 adding at the end the following new item:

“Sec. 91. Certain Federal assistance.”

21 (2) The table of sections for subpart B of part
22 III of subchapter A of chapter 61 of such Code is
23 amended by adding at the end the following new
24 item:

“Sec. 6050Q. Payments of certain Federal assistance.”

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to benefits received after December
3 31, 1995.

4 **SEC. 922. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.**

7 (a) IN GENERAL.—Section 32(c)(1) of the Internal
8 Revenue Code of 1986 (relating to individuals eligible to
9 claim the earned income tax credit) is amended by adding
10 at the end the following new subparagraph:

11 “(F) IDENTIFICATION NUMBER REQUIRE-
12 MENT.—The term ‘eligible individual’ does not
13 include any individual who does not include on
14 the return of tax for the taxable year—

15 “(i) such individual’s taxpayer identi-
16 fication number, and

17 “(ii) if the individual is married (with-
18 in the meaning of section 7703), the tax-
19 payer identification number of such indi-
20 vidual’s spouse.”

21 (b) SPECIAL IDENTIFICATION NUMBER.—Section 32
22 of such Code is amended by adding at the end the follow-
23 ing new subsection:

24 “(k) IDENTIFICATION NUMBERS.—Solely for pur-
25 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer

1 identification number means a social security number is-
2 sued to an individual by the Social Security Administra-
3 tion (other than a social security number issued pursuant
4 to clause (II) (or that portion of clause (III) that relates
5 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-
6 curity Act.”

7 (c) EXTENSION OF PROCEDURES APPLICABLE TO
8 MATHEMATICAL OR CLERICAL ERRORS.—Section
9 6213(g)(2) of such Code (relating to the definition of
10 mathematical or clerical errors) is amended by striking
11 “and” at the end of subparagraph (D), by striking the
12 period at the end of subparagraph (E) and inserting “,
13 and”, and by inserting after subparagraph (E) the follow-
14 ing new subparagraph:

15 “(F) an omission of a correct taxpayer
16 identification number required under section 32
17 (relating to the earned income tax credit) to be
18 included on a return.”

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 1995.

1 tained in subsection (i) shall be increased by an
2 amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins, deter-
7 mined by substituting ‘calendar year 1995’ for
8 ‘calendar year 1992’ in subparagraph (B)
9 thereof.

10 “(3) ROUNDING.—If any amount as adjusted
11 under paragraph (1) or (2) is not a multiple of \$10,
12 such dollar amount shall be rounded to the nearest
13 multiple of \$10.”

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 1995.

17 **SEC. 924. AFDC AND FOOD STAMP BENEFITS NOT TAKEN**
18 **INTO ACCOUNT FOR PURPOSES OF THE**
19 **EARNED INCOME TAX CREDIT.**

20 (a) IN GENERAL.—Section 32 of the Internal Reve-
21 nue Code of 1986 (relating to the earned income tax cred-
22 it), as amended by section 932(b) of this Act, is amended
23 by adding at the end the following new subsection:

24 “(l) ADJUSTED GROSS INCOME DETERMINED WITH-
25 OUT REGARD TO CERTAIN FEDERAL ASSISTANCE.—For

1 purposes of this section, adjusted gross income shall be
2 determined without regard to any amount which is includ-
3 ible in gross income solely by reason of section 91.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to taxable years beginning after
6 December 31, 1995.

7 **TITLE X—FOOD ASSISTANCE**
8 **REFORM**

9 **Subtitle A—Food Stamp Program**
10 **Integrity and Reform**

11 **SEC. 1001. AUTHORITY TO ESTABLISH AUTHORIZATION**
12 **PERIODS.**

13 Section 9(a)(1) of the Food Stamp Act of 1977 (7
14 U.S.C. 2018(a)(1)) is amended by adding at the end the
15 following: “The Secretary is authorized to issue regula-
16 tions establishing specific time periods during which au-
17 thorization to accept and redeem coupons under the food
18 stamp program shall be valid.”.

19 **SEC. 1002. SPECIFIC PERIOD FOR PROHIBITING PARTICIPA-**
20 **TION OF STORES BASED ON LACK OF BUSI-**
21 **NESS INTEGRITY.**

22 Section 9(a)(1) of the Food Stamp Act of 1977 (7
23 U.S.C. 2018(a)(1)), as amended by section 1001, is
24 amended by adding at the end the following: “The Sec-
25 retary is authorized to issue regulations establishing spe-

1 cific time periods during which a retail food store or
2 wholesale food concern that has an application for ap-
3 proval to accept and redeem coupons denied or that has
4 such an approval withdrawn on the basis of business integ-
5 rity and reputation cannot submit a new application for
6 approval. Such periods shall reflect the severity of business
7 integrity infractions that are the basis of such denials or
8 withdrawals.”.

9 **SEC. 1003. INFORMATION FOR VERIFYING ELIGIBILITY FOR**
10 **AUTHORIZATION.**

11 Section 9(c) of the Food Stamp Act of 1977 (7
12 U.S.C. 2018(c)) is amended—

13 (1) in the first sentence by inserting “, which
14 may include relevant income and sales tax filing doc-
15 uments,” after “submit information” ; and

16 (2) by inserting after the first sentence the fol-
17 lowing: “The regulations may require retail food
18 stores and wholesale food concerns to provide writ-
19 ten authorization for the Secretary to verify all rel-
20 evant tax filings with appropriate agencies and to
21 obtain corroborating documentation from other
22 sources in order that the accuracy of information
23 provided by such stores and concerns may be
24 verified.”.

1 **SEC. 1004. WAITING PERIOD FOR STORES THAT INITIALLY**
2 **FAIL TO MEET AUTHORIZATION CRITERIA.**

3 Section 9(d) of the Food Stamp Act of 1977 (7
4 U.S.C. 2018(d)) is amended by adding at the end the fol-
5 lowing: “Regulations issued pursuant to this Act shall pro-
6 hibit a retail food store or wholesale food concern that has
7 an application for approval to accept and redeem coupons
8 denied because it does not meet criteria for approval estab-
9 lished by the Secretary in regulations from submitting a
10 new application for six months from the date of such
11 denial.”.

12 **SEC. 1005. BASES FOR SUSPENSIONS AND DISQUALIFICA-**
13 **TIONS.**

14 Section 12(a) of the Food Stamp Act of 1977 (7
15 U.S.C. 2021(a)) is amended by adding at the end the fol-
16 lowing: “Regulations issued pursuant to this Act shall pro-
17 vide criteria for the finding of violations and the suspen-
18 sion or disqualification of a retail food store or wholesale
19 food concern on the basis of evidence which may include,
20 but is not limited to, facts established through on-site in-
21 vestigations, inconsistent redemption data, or evidence ob-
22 tained through transaction reports under electronic benefit
23 transfer systems.”.

1 **SEC. 1006. AUTHORITY TO SUSPEND STORES VIOLATING**
2 **PROGRAM REQUIREMENTS PENDING ADMIN-**
3 **ISTRATIVE AND JUDICIAL REVIEW.**

4 (a) Section 12(a) of the Food Stamp Act of 1977 (7
5 U.S.C. 2021(a)), as amended by section 1005, is amended
6 by adding at the end the following: “Such regulations may
7 establish criteria under which the authorization of a retail
8 food store or wholesale food concern to accept and redeem
9 coupons may be suspended at the time such store or con-
10 cern is initially found to have committed violations of pro-
11 gram requirements. Such suspension may coincide with
12 the period of a review as provided in section 14. The Sec-
13 retary shall not be liable for the value of any sales lost
14 during any suspension or disqualification period.”.

15 (b) Section 14(a) of the Food Stamp Act of 1977 (7
16 U.S.C. 2023(a)) is amended—

17 (1) in the first sentence by inserting “sus-
18 pended,” before “disqualified or subjected”;

19 (2) in the fifth sentence by inserting before the
20 period at the end the following: “, except that in the
21 case of the suspension of a retail food store or
22 wholesale food concern pursuant to section 12(a),
23 such suspension shall remain in effect pending any
24 administrative or judicial review of the proposed dis-
25 qualification action, and the period of suspension

1 shall be deemed a part of any period of disqualifica-
2 tion which is imposed.”; and

3 (3) by striking the last sentence.

4 **SEC. 1007. DISQUALIFICATION OF RETAILERS WHO ARE**
5 **DISQUALIFIED FROM THE WIC PROGRAM.**

6 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.
7 2021) is amended by adding at the end the following:

8 “(g) The Secretary shall issue regulations providing
9 criteria for the disqualification of approved retail food
10 stores and wholesale food concerns that are otherwise dis-
11 qualified from accepting benefits under the Special Sup-
12 plemental Nutrition Program for Women, Infants and
13 Children (WIC) authorized under section 17 of the Child
14 Nutrition Act of 1966. Such disqualification—

15 “(1) shall be for the same period as the dis-
16 qualification from the WIC Program;

17 “(2) may begin at a later date; and

18 “(3) notwithstanding section 14 of this Act,
19 shall not be subject to administrative or judicial re-
20 view.”.

1 **SEC. 1008. PERMANENT DEBARMENT OF RETAILERS WHO**
2 **INTENTIONALLY SUBMIT FALSIFIED APPLI-**
3 **CATIONS.**

4 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.
5 2021), as amended by section 1007, is amended by adding
6 at the end the following:

7 “(h) The Secretary shall issue regulations providing
8 for the permanent disqualification of a retail food store
9 or wholesale food concern that is determined to have
10 knowingly submitted an application for approval to accept
11 and redeem coupons which contains false information
12 about one or more substantive matters which were the
13 basis for providing approval. Any disqualification imposed
14 under this subsection shall be subject to administrative
15 and judicial review pursuant to section 14, but such dis-
16 qualification shall remain in effect pending such review.”.

17 **SEC. 1009. EXPANDED CIVIL AND CRIMINAL FORFEITURE**
18 **FOR VIOLATIONS OF THE FOOD STAMP ACT.**

19 (a) FORFEITURE OF ITEMS EXCHANGED IN FOOD
20 STAMP TRAFFICKING.—Section 15(g) of the Food Stamp
21 Act of 1977 (7 U.S.C. 2024(g)) is amended by striking
22 “or intended to be furnished”.

23 (b) CIVIL AND CRIMINAL FORFEITURE.—Section 15
24 of the Food Stamp Act of 1977 (7 U.S.C. 2024)) is
25 amended by adding at the end the following:

1 “(h)(1) CIVIL FORFEITURE FOR FOOD STAMP BENE-
2 FIT VIOLATIONS.—

3 “(A) Any food stamp benefits and any property,
4 real or personal—

5 “(i) constituting, derived from, or traceable
6 to any proceeds obtained directly or indirectly
7 from, or

8 “(ii) used, or intended to be used, to com-
9 mit, or to facilitate,

10 the commission of a violation of subsection (b) or
11 subsection (c) involving food stamp benefits having
12 an aggregate value of not less than \$5,000, shall be
13 subject to forfeiture to the United States.

14 “(B) The provisions of chapter 46 of title 18,
15 relating to civil forfeitures shall extend to a seizure
16 or forfeiture under this subsection, insofar as appli-
17 cable and not inconsistent with the provisions of this
18 subsection.

19 “(2) CRIMINAL FORFEITURE FOR FOOD STAMP BEN-
20 EFIT VIOLATIONS.—

21 “(A)(i) Any person convicted of violating sub-
22 section (b) or subsection (c) involving food stamp
23 benefits having an aggregate value of not less than
24 \$5,000, shall forfeit to the United States, irrespec-
25 tive of any State law—

1 “(I) any food stamp benefits and any prop-
2 erty constituting, or derived from, or traceable
3 to any proceeds such person obtained directly or
4 indirectly as a result of such violation; and

5 “(II) any food stamp benefits and any of
6 such person’s property used, or intended to be
7 used, in any manner or part, to commit, or to
8 facilitate the commission of such violation.

9 “(ii) In imposing sentence on such person, the
10 court shall order that the person forfeit to the
11 United States all property described in this sub-
12 section.

13 “(B) All food stamp benefits and any property
14 subject to forfeiture under this subsection, any sei-
15 zure and disposition thereof, and any administrative
16 or judicial proceeding relating thereto, shall be gov-
17 erned by subsections (b), (c), (e), and (g) through
18 (p) of section 413 of the Comprehensive Drug Abuse
19 Prevention and Control Act of 1970 (21 U.S.C.
20 853), insofar as applicable and not inconsistent with
21 the provisions of this subsection.

22 “(3) This subsection shall not apply to property spec-
23 ified in subsection (g) of this section.

1 “(4) The Secretary may prescribe such rules and reg-
2 ulations as may be necessary to carry out this sub-
3 section.”.

4 **SEC. 1010. EXPANDED AUTHORITY FOR SHARING INFORMA-**
5 **TION PROVIDED BY RETAILERS.**

6 (a) Section 205(c)(2)(C)(iii) (42 U.S.C.
7 405(c)(2)(C)(iii)) (as amended by section 316(a) of the
8 Social Security Administrative Reform Act of 1994 (Pub-
9 lic Law 103–296; 108 Stat. 1464) is amended—

10 (1) by inserting in the first sentence of
11 subclause (II) after “instrumentality of the United
12 States” the following: “, or State government offi-
13 cers and employees with law enforcement or inves-
14 tigative responsibilities, or State agencies that have
15 the responsibility for administering the Special Sup-
16 plemental Nutrition Program for Women, Infants
17 and Children (WIC)”;

18 (2) by inserting in the last sentence of
19 subclause (II) immediately after “other Federal” the
20 words “or State”; and

21 (3) by inserting “or a State” in subclause (III)
22 immediately after “United States”.

23 (b) Section 6109(f)(2) of the Internal Revenue Code
24 of 1986 (26 U.S.C. 6109(f)(2)) (as added by section
25 316(b) of the Social Security Administrative Reform

1 Act of 1994 (Public Law 103–296; 108 Stat. 1464)) is
2 amended—

3 (1) by inserting in subparagraph (A) after “in-
4 strumentality of the United States” the following: “,
5 or State government officers and employees with law
6 enforcement or investigative responsibilities, or State
7 agencies that have the responsibility for administer-
8 ing the Special Supplemental Nutrition Program for
9 Women, Infants and Children (WIC)”;

10 (2) in the last sentence of subparagraph (A) by
11 inserting “or State” after “other Federal”; and

12 (3) in subparagraph (B) by inserting “or a
13 State” after “United States”.

14 **SEC. 1011. EXPANDED DEFINITION OF “COUPON”.**

15 Section 3(d) of the Food Stamp Act of 1977 (7
16 U.S.C. 2012(d)) is amended by striking “or type of certifi-
17 cate” and inserting “type of certificate, authorization
18 cards, cash or checks issued of coupons or access devices,
19 including, but not limited to, electronic benefit transfer
20 cards and personal identification numbers”.

21 **SEC. 1012. DOUBLED PENALTIES FOR VIOLATING FOOD**
22 **STAMP PROGRAM REQUIREMENTS.**

23 Section 6(b)(1) of the Food Stamp Act of 1977 (7
24 U.S.C. 2015(b)(1)) is amended—

25 (1) in clause (i)—

1 (A) by striking “six months” and inserting
2 “1 year”; and

3 (B) by adding “and” at the end; and

4 (2) striking clauses (ii) and (iii) and inserting
5 the following:

6 “(ii) permanently upon—

7 “(I) the second occasion of any such deter-
8 mination; or

9 “(II) the first occasion of a finding by a
10 Federal, State, or local court of the trading of
11 a controlled substance (as defined in section
12 102 of the Controlled Substances Act (21
13 U.S.C. 802)), firearms, ammunition, or explo-
14 sives for coupons.”.

15 **SEC. 1013. MANDATORY CLAIMS COLLECTION METHODS.**

16 (a) Section 11(e)(8) of the Food Stamp Act of 1977
17 (7 U.S.C. 2020(e)(8)) is amended by inserting “or refunds
18 of Federal taxes as authorized pursuant to 31 U.S.C.
19 3720A” before the semicolon at the end.

20 (b) Section 13(d) of the Food Stamp Act of 1977
21 (7 U.S.C. 2022(d)) is amended—

22 (1) by striking “may” and inserting “shall”;

23 and

1 (2) by inserting “or refunds of Federal taxes as
2 authorized pursuant to 31 U.S.C. 3720A” before the
3 period at the end.

4 (c) Section 6103(1) of the Internal Revenue Code (26
5 U.S.C. 6103(1)) is amended—

6 (1) by striking “officers and employees” in
7 paragraph (10)(A) and inserting “officers, employ-
8 ees or agents, including State agencies”; and

9 (2) by striking “officers and employees” in
10 paragraph (10)(B) and inserting “officers, employ-
11 ees or agents, including State agencies”.

12 **SEC. 1014. REDUCTION OF BASIC BENEFIT LEVEL.**

13 Section 3(o) of the Food Stamp Act of 1977 (7
14 U.S.C. 2012(o)) is amended—

15 (1) by striking “and (11)” and inserting
16 “(11)”;

17 (2) in clause (11) by inserting “through Octo-
18 ber 1, 1994” after “each October 1 thereafter”; and

19 (3) by inserting before the period at the end the
20 following:

21 “, and (12) on October 1, 1995, and on each October 1
22 thereafter, adjust the cost of such diet to reflect 102 per-
23 cent of the cost, in the preceding June (without regard
24 to any previous adjustment made under this clause or
25 clauses (4) through (11) of this subsection) and round the

1 result to the nearest lower dollar increment for each
2 household size”.

3 **SEC. 1015. PRO-RATING BENEFITS AFTER INTERRUPTIONS**

4 **IN PARTICIPATION.**

5 Section 8(c)(2)(B) of the Food Stamp Act of 1977
6 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
7 than one month”.

8 **SEC. 1016. WORK REQUIREMENT FOR ABLE-BODIED RECIPI-**
9 **ENTS.**

10 (a) **WORK REQUIREMENT.**—Section 6(d) of the Food
11 Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by
12 adding at the end the following:

13 “(5)(A) Except as provided in subparagraphs (B),
14 (C), and (D), an individual who has received an allotment
15 for six consecutive months during which such individual
16 has not been employed a minimum of an average of 20
17 hours per week shall be disqualified if such individual is
18 not employed at least an average of 20 hours per week,
19 participating in a workfare program under section 20 (or
20 a comparable State or local workfare program), or partici-
21 pating in and complying with the requirements of an ap-
22 proved employment and training program under para-
23 graph (4).

24 “(B) The provisions of subparagraph (A) shall not
25 apply in the case of an individual who—

1 “(i) is under eighteen or over fifty years of age;

2 “(ii) is certified by a physician as physically or
3 mentally unfit for employment;

4 “(iii) is a parent or other member of a house-
5 hold that includes a minor child;

6 “(iv) is participating a minimum of an average
7 of 20 hours per week and is in compliance with the
8 requirements of—

9 “(I) a program under the Job Training
10 Partnership Act (29 U.S.C. 1501 et seq.);

11 “(II) a program under section 236 of the
12 Trade Act of 1974 (19 U.S.C. 2296); or

13 “(III) another program for the purpose of
14 employment and training operated by a State or
15 local government, as determined appropriate by
16 the Secretary; or

17 “(v) or would otherwise be exempt under sub-
18 section (d)(2).

19 “(C) The Secretary may waive the requirements of
20 subparagraph (A) in the case of some or all individuals
21 within all or part of State if the Secretary finds that such
22 area—

23 “(i) has an unemployment rate of over 7 per-
24 cent; or

1 “(ii) does not have a sufficient number of jobs
2 to provide employment for individuals subject to this
3 paragraph. The Secretary shall report to the Com-
4 mittee on Agriculture of the House of Representa-
5 tives and the Committee on Agriculture, Nutrition,
6 and Forestry of the Senate on the basis in which the
7 Secretary made this decision.

8 “(D) An individual who has been disqualified from
9 the food stamp program by reason of subparagraph (A)
10 may reestablish eligibility for assistance—

11 “(i) by meeting the requirements of subpara-
12 graph (A);

13 “(ii) by becoming exempt under subparagraph
14 (B); or

15 “(iii) if the Secretary grants a waiver under
16 subparagraph (C).

17 “(E) A household (as defined in section 3(i) of the
18 Food Stamp Act of 1977 (7 U.S.C. 2015(i)) that includes
19 an individual who refuses to work, refuses to look for
20 work, turns down a job, or refuses to participate in the
21 State program if the State places the individual in such
22 program shall be ineligible to receive food stamp benefits.
23 The State agency shall reduce, by such amount the State
24 considers appropriate, the amount otherwise payable to a
25 household that includes an individual who fails without

1 good cause to comply with other requirements of the indi-
2 vidual responsibility plan signed by the individual.

3 “(F) The State agency shall make an initial assess-
4 ment of the skills, prior work experience, and employ-
5 ability of each participant not exempted under subpara-
6 graph (B) within six months of initial certification. The
7 State agency shall use such assessment, in consultation
8 with the program participant, to develop an Individual Re-
9 sponsibility Plan for the participant. Such plan—

10 “(i) shall provide that participation in food
11 stamp employment and training activities shall be a
12 condition of eligibility for food stamp benefits, ex-
13 cept during any period of unsubsidized full-time em-
14 ployment in the private sector;

15 “(ii) shall establish an employment goal and a
16 plan for moving the individual into private sector
17 employment immediately;

18 “(iii) shall establish the obligations of the par-
19 ticipant, which shall include actions that will help
20 the individual obtain and keep private sector employ-
21 ment; and

22 “(iv) may require that the individual enter the
23 State program approved under part G or part H of
24 title IV of the Social Security Act if the caseworker
25 determines that the individual will need education,

1 training, job placement assistance, wage enhance-
2 ment, or other services to obtain private sector em-
3 ployment.”.

4 (b) ENHANCED EMPLOYMENT AND TRAINING PRO-
5 GRAM.—Section 16(h)(1) of the Food Stamp Act of 1977
6 (7 U.S.C. 2025 (h)(1)) is amended—

7 (1) in subparagraph (A)—

8 (A) by striking “\$75,000,000” and insert-
9 ing “\$150,000,000”; and

10 (B) by striking “1991 through 1995” and
11 inserting “1996 through 2000”;

12 (2) by striking subparagraphs (B), (C), (E) and
13 (F) and redesignating subparagraph (D) as subpara-
14 graph (B); and

15 (3) in subparagraph (B) (as so redesignated),
16 by striking “for each” and all that follows through
17 “of \$60,000,000” and inserting “the Secretary shall
18 allocate funding”.

19 (c) REQUIRED PARTICIPATION IN WORK AND TRAIN-
20 ING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act
21 of 1977 (7 U.S.C. 2015(d)(4)), is amended by adding at
22 the end the following:

23 “(O) The State agency shall provide an opportunity
24 to participate in the employment and training program
25 under this paragraph to any individual who would other-

1 wise become subject to disqualification under paragraph
2 (5)(A).”.

3 (d) COORDINATING WORK REQUIREMENTS IN AFDC
4 AND FOOD STAMP PROGRAMS.—Section 6(d)(4) of the
5 Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)), as
6 amended by subsection (c), is amended by adding at the
7 end the following:

8 “(P)(i) Notwithstanding any other provision of this
9 paragraph, a State agency that meets the participation re-
10 quirements of paragraph (ii) may operate its employment
11 and training program for persons receiving allotments
12 under this Act as part of its Work First Program under
13 part F of title IV of the Social Security Act (42 U.S.C.
14 681 et seq.), except that sections 487(b) and 489(a)(4)
15 shall not apply to any months during which a person par-
16 ticipates in such program while not receiving income under
17 part A of subtitle IV of the Social Security Act (42 U.S.C.
18 601 et seq.). If a State agency exercises the option pro-
19 vided under this subparagraph, the operation of this pro-
20 gram shall be subject to the requirements of such part
21 F, except that any reference to ‘aid to families with de-
22 pendent children’ in such part shall be deemed a reference
23 to food stamp benefits for purposes of any person not re-
24 ceiving income under such part A.

1 “(ii) A State may exercise the option provided under
2 clause (i) if it provides any persons subject to the require-
3 ments of paragraph (5) who is not employed at least an
4 average of 20 hours per week or participating in a
5 workfare program under section 20 (or a comparable
6 State or local program) with the opportunity to participate
7 in an approved employment and training program. A State
8 agency shall be considered to have complied with the re-
9 quirements of this subparagraph in any area for which a
10 waiver under subsection (5)(4)(C) is in effect.”.

11 **SEC. 1017. EXTENDING CURRENT CLAIMS RETENTION**
12 **RATES.**

13 Section 16(a) of the Food Stamp Act of 1977 (7
14 U.S.C. 2025(a)) is amended by striking “September 30,
15 1995” each place it appears and inserting “September 30,
16 2000”.

17 **SEC. 1018. COORDINATION OF EMPLOYMENT AND TRAIN-**
18 **ING PROGRAMS.**

19 (a) Section 8(d) of the Food Stamp Act of 1977 (7
20 U.S.C. 2019(d)) is amended—

21 (1) by inserting “or any work requirement
22 under such program” after “assistance program”;
23 and

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

1 “If a household fails to comply with a work requirement
2 in the program under part A of title IV of the Social Secu-
3 rity Act (42 U.S.C. 601 et seq.), the household shall not
4 receive an increased allotment under this Act as a result
5 of a decrease in the household’s income caused by a pen-
6 alty imposed under such Act, and the State agency is au-
7 thorized to reduce the household’s allotment by no more
8 than 25 percent.”.

9 **SEC. 1019. PROMOTING EXPANSION OF ELECTRONIC BENE-**
10 **FITS TRANSFER.**

11 Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C.
12 2016(i)(1)) is amended—

13 (1) by amending paragraph (1) to read:

14 “(1)(A) State agencies are encouraged to implement
15 an on-line electronic benefit transfer system in which
16 household benefits determined under section 8(a) are is-
17 sued from and stored in a central data bank and electroni-
18 cally accessed by household members at the point-of-sale.

19 “(B) Subject to paragraph (2), a State agency is au-
20 thorized to procure and implement an electronic benefit
21 transfer system under the terms, conditions, and design
22 that the State agency deems appropriate.

23 “(C) The Secretary shall, upon request of a State
24 agency, waive any provision of this subsection prohibiting
25 the effective implementation of an electronic benefit trans-

1 fer system consistent with the purposes of this Act. The
2 Secretary shall act upon any request for such a waiver
3 within 90 days of receipt of a complete application.”;

4 (2) in paragraph (2), by striking “for the ap-
5 proval”; and

6 (3) in paragraph (3), by striking “the Secretary
7 shall not approve such a system unless” and insert-
8 ing “the State agency shall ensure that”.

9 **SEC. 1020. ONE-YEAR FREEZE OF STANDARD DEDUCTION.**

10 Section 5(e) of the Food Stamp Act of 1977 (7
11 U.S.C. 2014(e)) is amended in the second sentence by in-
12 serting “except October 1, 1995” after “thereafter”.

13 **SEC. 1021. NUTRITION ASSISTANCE FOR PUERTO RICO.**

14 Section 19(a)(1)(A) of the Food Stamp Act of 1977
15 (7 U.S.C. 2028(a)(1)(A)) is amended—

16 (1) by striking “1994, and” and inserting
17 “1994,”; and

18 (2) by inserting “and \$1,143,000,000 for fiscal
19 year 1996,” before “to finance”.

20 **SEC. 1022. OTHER AMENDMENTS TO THE FOOD STAMP ACT**
21 **OF 1977.**

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

1 “(c) ‘Certification period’ means the period specified
2 by the State agency for which households shall be eligible
3 to receive authorization cards, except that such period
4 shall be—

5 “(1) 24 months for households in which all
6 adult members are elderly or disabled; and

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

9 (2) Section 6(c)(1)(C) of the Food Stamp Act of
10 1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

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

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

14 (C) by striking clause (iv).

15 (b) INCLUSION OF ENERGY ASSISTANCE IN IN-
16 COME.—

17 (1) AMENDMENTS TO THE FOOD STAMP ACT OF
18 1977.—Section 5 of the Food Stamp Act of 1977 (7
19 U.S.C. 2014) is amended—

20 (A) in subsection (d)—

21 (i) by striking paragraph (11); and

22 (ii) by redesignating paragraphs (12)
23 through (16) as paragraphs (11) through
24 (15), respectively; and

25 (B) in subsection (k)—

1 (i) in paragraph (1)(B) by striking “,
2 not including energy or utility-cost assist-
3 ance,”; and

4 (ii) in paragraph (2)—

5 (I) by striking subparagraph (C);

6 and

7 (II) by redesignating subpara-
8 graphs (D) through (H) as subpara-
9 graphs (C) through (J), respectively.

10 (2) AMENDMENTS TO THE LOW-INCOME HOME
11 ENERGY ASSISTANCE ACT OF 1981.—Section 2605(f)
12 of the Low-Income Home Energy Assistance Act of
13 1981 (42 U.S.C. 8624(f)) is amended—

14 (A) in paragraph (1) by striking “food
15 stamps,”; and

16 (B) by amending paragraph (2) to read as
17 follows:

18 “(2) Paragraph (1) shall not apply for any purpose
19 under the Food Stamp Act of 1977.”.

20 (c) EXCLUSION OF CERTAIN JTPA INCOME.—Sec-
21 tion 5(d) of the Food Stamp Act of 1977 (7 U.S.C.
22 2014(d)), as amended by subsection (b), is amended—

23 (1) by striking “and (15)” and inserting
24 “(15)”;

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

1 “, and (16) income received under the Job Training Part-
2 nership Act by a household member who is less than 19
3 years of age”.

4 (d) EXCLUSION OF EDUCATIONAL ASSISTANCE
5 FROM INCOME.—Section 5(d) of the Food Stamp Act of
6 1977 (7 U.S.C. 2014(d)) is amended—

7 (1) by amending paragraph (3) to read as fol-
8 lows: “(3) all educational loans on which payment is
9 deferred (including any loan origination fees or in-
10 surance premiums associated with such loans),
11 grants, scholarships, fellowships, veterans’ edu-
12 cational benefits, and the like awarded to a house-
13 hold member enrolled at a recognized institution of
14 post-secondary education, at a school for the handi-
15 capped, in a vocational education program, or in a
16 program that provides for completion of a secondary
17 school diploma or obtaining the equivalent thereof,”;
18 and

19 (2) in paragraph (5) by striking “and no por-
20 tion” and all that follows through “reimbursement”.

21 (e) LIMITATION ON ADDITIONAL EARNED INCOME
22 DEDUCTION.—The 3rd sentence of section 5(e) of the
23 Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended
24 by striking “earned income that” and all that follows
25 through “report”, and inserting “determining an

1 overissuance due to the failure of a household to report
2 earned income”.

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

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

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

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

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

23 “(n) Whenever a Federal statute enacted after the
24 date of the enactment of this Act excludes funds from in-
25 come for purposes of determining eligibility, benefit levels,

1 or both under State plans approved under part A of title
2 IV of the Social Security Act, then such funds shall be
3 excluded from income for purposes of determining eligi-
4 bility, benefit levels, or both, respectively, under the food
5 stamp program of households all of whose members re-
6 ceive benefits under a State plan approved under part A
7 of title IV of the Social Security Act.”.

8 (i) APPLICATION OF AMENDMENTS.—The amend-
9 ments made by this section shall not apply with respect
10 to certification periods beginning before the effective date
11 of this section.

12 **Subtitle B—Commodity** 13 **Distribution**

14 **SEC. 1051. SHORT TITLE.**

15 This subtitle may be cited as the “Commodity Dis-
16 tribution Act of 1995”.

17 **SEC. 1052. AVAILABILITY OF COMMODITIES.**

18 (a) Notwithstanding any other provision of law, the
19 Secretary of Agriculture (hereinafter in this subtitle re-
20 ferred to as the “Secretary”) is authorized during fiscal
21 years 1996 through 2000 to purchase a variety of nutri-
22 tious and useful commodities and distribute such commod-
23 ities to the States for distribution in accordance with this
24 subtitle.

1 (b) In addition to the commodities described in sub-
2 section (a), the Secretary may expend funds made avail-
3 able to carry out the section 32 of the Act of August 24,
4 1935 (7 U.S.C. 612c), which are not expended or needed
5 to carry out such sections, to purchase, process, and dis-
6 tribute commodities of the types customarily purchased
7 under such section to the States for distribution in accord-
8 ance to this subtitle.

9 (c) In addition to the commodities described in sub-
10 sections (a) and (b), agricultural commodities and the
11 products thereof made available under clause (2) of the
12 second sentence of section 32 of the Act of August 24,
13 1935 (7 U.S.C. 612c), may be made available by the Sec-
14 retary to the States for distribution in accordance with
15 this subtitle.

16 (d) In addition to the commodities described in sub-
17 sections (a), (b), and (c), commodities acquired by the
18 Commodity Credit Corporation that the Secretary deter-
19 mines, in the discretion of the Secretary, are in excess of
20 quantities needed to—

- 21 (1) carry out other domestic donation pro-
22 grams;
- 23 (2) meet other domestic obligations;
- 24 (3) meet international market development and
25 food aid commitments, and

1 (4) carry out the farm price and income sta-
2 bilization purposes of the Agricultural Adjustment
3 Act of 1938, the Agricultural Act of 1949, and the
4 Commodity Credit Corporation Charter Act; shall be
5 made available by the Secretary, without charge or
6 credit for such commodities, to the States for dis-
7 tribution in accordance with this subtitle.

8 (e) During each fiscal year, the types, varieties, and
9 amounts of commodities to be purchased under this sub-
10 title shall be determined by the Secretary. In purchasing
11 such commodities, except those commodities purchased
12 pursuant to section 1060, the Secretary shall, to the ex-
13 tent practicable and appropriate, make purchases based
14 on—

15 (1) agricultural market conditions;

16 (2) the preferences and needs of States and dis-
17 tributing agencies; and

18 (3) the preferences of the recipients.

19 **SEC. 1053. STATE, LOCAL AND PRIVATE SUPPLEMENTATION**
20 **OF COMMODITIES.**

21 (a) The Secretary shall establish procedures under
22 which State and local agencies, recipient agencies, or any
23 other entity or person may supplement the commodities
24 distributed under this subtitle for use by recipient agencies
25 with nutritious and wholesome commodities that such en-

1 titles or persons donate for distribution, in all or part of
2 the State, in addition to the commodities otherwise made
3 available under this subtitle.

4 (b) States and eligible recipient agencies may use—

5 (1) the funds appropriated for administrative
6 cost under section 1059(b);

7 (2) equipment, structures, vehicles, and all
8 other facilities involved in the storage, handling, or
9 distribution of commodities made available under
10 this subtitle; and

11 (3) the personnel, both paid or volunteer, in-
12 volved in such storage, handling, or distribution; to
13 store, handle or distribute commodities donated for
14 use under subsection (a).

15 (c) States and recipient agencies shall continue, to
16 the maximum extent practical, to use volunteer workers,
17 and commodities and other foodstuffs donated by chari-
18 table and other organizations, in the distribution of com-
19 modities under this subtitle.

20 **SEC. 1054. STATE PLAN.**

21 (a) A State seeking to receive commodities under this
22 subtitle shall submit a plan of operation and administra-
23 tion every four years to the Secretary for approval. The
24 plan may be amended at any time, with the approval of
25 the Secretary.

1 (b) The State plan, at a minimum, shall—

2 (1) designate the State agency responsible for
3 distributing the commodities received under this sub-
4 title;

5 (2) set forth a plan of operation and adminis-
6 tration to expeditiously distribute commodities under
7 this subtitle in quantities requested to eligible recipi-
8 ent agencies in accordance with sections 1056 and
9 1060;

10 (3) set forth the standards of eligibility for re-
11 cipient agencies; and

12 (4) set forth the standards of eligibility for indi-
13 vidual or household recipients of commodities, which
14 at minimum shall require—

15 (A) individuals or households to be com-
16 prised of needy persons; and

17 (B) individual or household members to be
18 residing in the geographic location served by
19 the distributing agency at the time of applica-
20 tion for assistance.

21 (c) The Secretary shall encourage each State receiv-
22 ing commodities under this subtitle to establish a State
23 advisory board consisting of representatives of all inter-
24 ested entities, both public and private, in the distribution
25 of commodities received under this subtitle in the State.

1 (d) A State agency receiving commodities under this
2 subtitle may—

3 (1)(A) enter into cooperative agreements with
4 State agencies of other States to jointly provide
5 commodities received under this subtitle to eligible
6 recipient agencies that serve needy persons in a sin-
7 gle geographical area which includes such States; or

8 (B) transfer commodities received under this
9 subtitle to any such eligible recipient agency in the
10 other State under such agreement; and

11 (2) advise the Secretary of an agreement en-
12 tered into under this subsection and the transfer of
13 commodities made pursuant to such agreement.

14 **SEC. 1055. ALLOCATION OF COMMODITIES TO STATES.**

15 (a) In each fiscal year, except for those commodities
16 purchased under section 1060, the Secretary shall allocate
17 the commodities distributed under this subtitle as follows:

18 (1) 60 percent of such total value of commod-
19 ities shall be allocated in a manner such that the
20 value of commodities allocated to each State bears
21 the same ratio to 60 percent of such total value as
22 the number of persons in households within the
23 State having incomes below the poverty line bears to
24 the total number of persons in households within all
25 States having incomes below such poverty line. Each

1 State shall receive the value of commodities allocated
2 under this paragraph.

3 (2) 40 percent of such total value of commod-
4 ities shall be allocated in a manner such that the
5 value of commodities allocated to each State bears
6 the same ratio to 40 percent of such total value as
7 the average monthly number of unemployed persons
8 within the State bears to the average monthly num-
9 ber of unemployed persons within all States during
10 the same fiscal year. Each State shall receive the
11 value of commodities allocated to the State under
12 this paragraph.

13 (b)(1) The Secretary shall notify each State of the
14 amount of commodities that such State is allotted to re-
15 ceive under subsection (a) or this subsection, if applicable.
16 Each State shall promptly notify the Secretary if such
17 State determines that it will not accept any or all of the
18 commodities made available under such allocation. On
19 such a notification by a State, the Secretary shall reallo-
20 cate and distribute such commodities in a manner the Sec-
21 retary deems appropriate and equitable. The Secretary
22 shall further establish procedures to permit States to de-
23 cline to receive portions of such allocation during each fis-
24 cal year in a manner the State determines is appropriate

1 and the Secretary shall reallocate and distribute such allo-
2 cation as the Secretary deems appropriate and equitable.

3 (2) In the event of any drought, flood, hurricane, or
4 other natural disaster affecting substantial numbers of
5 persons in a State, county, or parish, the Secretary may
6 request that States unaffected by such a disaster consider
7 assisting affected States by allowing the Secretary to re-
8 allocate commodities from such unaffected State to States
9 containing areas adversely affected by the disaster.

10 (c) Purchases of commodities under this subtitle shall
11 be made by the Secretary at such times and under such
12 conditions as the Secretary determines appropriate within
13 each fiscal year. All commodities so purchased for each
14 such fiscal year shall be delivered at reasonable intervals
15 to States based on the allocations and reallocations made
16 under subsections (a) and (b), and or carry out section
17 1060, not later than December 31 of the following fiscal
18 year.

19 **SEC. 1056. PRIORITY SYSTEM FOR STATE DISTRIBUTION OF**
20 **COMMODITIES.**

21 (a) In distributing the commodities allocated under
22 subsections (a) and (b) of section 1055, the State agency,
23 under procedures determined by the State agency, shall
24 offer, or otherwise make available, its full allocation of

1 commodities for distribution to emergency feeding organi-
2 zations.

3 (b) If the State agency determines that the State will
4 not exhaust the commodities allocated under subsections
5 (a) and (b) of section 1055 through distribution to organi-
6 zations referred to in subsection (a), its remaining alloca-
7 tion of commodities shall be distributed to charitable insti-
8 tutions described in section 1063(3) not receiving com-
9 modities under subsection (a).

10 (c) If the State agency determines that the State will
11 not exhaust the commodities allocated under subsections
12 (a) and (b) of section 1055 through distribution to organi-
13 zations referred to in subsections (a) and (b), its remain-
14 ing allocation of commodities shall be distributed to any
15 eligible recipient agency not receiving commodities under
16 subsections (a) and (b).

17 **SEC. 1057. INITIAL PROCESSING COSTS.**

18 The Secretary may use funds of the Commodity
19 Credit Corporation to pay the costs of initial processing
20 and packaging of commodities to be distributed under this
21 subtitle into forms and in quantities suitable, as deter-
22 mined by the Secretary, for use by the individual house-
23 holds or eligible recipient agencies, as applicable. The Sec-
24 retary may pay such costs in the form of Corporation-
25 owned commodities equal in value to such costs. The Sec-

1 retary shall ensure that any such payments in kind will
2 not displace commercial sales of such commodities.

3 **SEC. 1058. ASSURANCES; ANTICIPATED USE.**

4 (a) The Secretary shall take such precautions as the
5 Secretary deems necessary to ensure that commodities
6 made available under this subtitle will not displace com-
7 mercial sales of such commodities or the products thereof.
8 The Secretary shall submit to the Committee on Agri-
9 culture of the House of Representatives and the Commit-
10 tee on Agriculture, Nutrition, and Forestry of the Senate
11 by December 31, 1997, and not less than every two years
12 thereafter, a report as to whether and to what extent such
13 displacements or substitutions are occurring.

14 (b) The Secretary shall determine that commodities
15 provided under this subtitle shall be purchased and dis-
16 tributed only in quantities that can be consumed without
17 waste. No eligible recipient agency may receive commod-
18 ities under this subtitle in excess of anticipated use, based
19 on inventory records and controls, or in excess of its ability
20 to accept and store such commodities.

21 **SEC. 1059. AUTHORIZATION OF APPROPRIATIONS.**

22 (a) PURCHASE OF COMMODITIES.—To carry out this
23 subtitle, there are authorized to be appropriated
24 \$260,000,000 for each of the fiscal years 1996 through

1 2000 to purchase, process, and distribute commodities to
2 the States in accordance with this subtitle.

3 (b) ADMINISTRATIVE FUNDS.—

4 (1) There are authorized to be appropriated
5 \$40,000,000 for each of the fiscal years 1996
6 through 2000 for the Secretary to make available to
7 the States for State and local payments for costs as-
8 sociated with the distribution of commodities by eli-
9 gible recipient agencies under this subtitle, excluding
10 costs associated with the distribution of those com-
11 modities distributed under section 1060. Funds ap-
12 propriated under this paragraph for any fiscal year
13 shall be allocated to the States on an advance basis
14 dividing such funds among the States in the same
15 proportions as the commodities distributed under
16 this subtitle for such fiscal year are allocated among
17 the States. If a State agency is unable to use all of
18 the funds so allocated to it, the Secretary shall re-
19 allocate such unused funds among the other States
20 in a manner the Secretary deems appropriate and
21 equitable.

22 (2)(A) A State shall make available in each fis-
23 cal year to eligible recipient agencies in the State
24 not less than 40 percent of the funds received by the
25 State under paragraph (1) for such fiscal year, as

1 necessary to pay for, or provide advance payments
2 to cover, the allowable expenses of eligible recipient
3 agencies for distributing commodities to needy per-
4 sons, but only to the extent such expenses are actu-
5 ally so incurred by such recipient agencies.

6 (B) As used in this paragraph, the term “allow-
7 able expenses” includes—

8 (i) costs of transporting, storing, handling,
9 repackaging, processing, and distributing com-
10 modities incurred after such commodities are
11 received by eligible recipient agencies;

12 (ii) costs associated with determinations of
13 eligibility, verification, and documentation;

14 (iii) costs of providing information to per-
15 sons receiving commodities under this subtitle
16 concerning the appropriate storage and prepa-
17 ration of such commodities; and

18 (iv) costs of recordkeeping, auditing, and
19 other administrative procedures required for
20 participation in the program under this subtitle.

21 (C) If a State makes a payment, using State
22 funds, to cover allowable expenses of eligible recipi-
23 ent agencies, the amount of such payment shall be
24 counted toward the amount a State must make

1 available for allowable expenses of recipient agencies
2 under this paragraph.

3 (3) States to which funds are allocated for a
4 fiscal year under this subsection shall submit finan-
5 cial reports to the Secretary, on a regular basis, as
6 to the use of such funds. No such funds may be
7 used by States or eligible recipient agencies for costs
8 other than those involved in covering the expenses
9 related to the distribution of commodities by eligible
10 recipient agencies.

11 (4)(A) Except as provided in subparagraph (B),
12 to be eligible to receive funds under this subsection,
13 a State shall provide in cash or in kind (according
14 to procedures approved by the Secretary for certify-
15 ing these in-kind contributions) from non-Federal
16 sources a contribution equal to the difference be-
17 tween—

18 (i) the amount of such funds so received;

19 and

20 (ii) any part of the amount allocated to the
21 State and paid by the State—

22 (I) to eligible recipient agencies; or

23 (II) for the allowable expenses of such
24 recipient agencies; for use in carrying out
25 this subtitle.

1 (B) Funds allocated to a State under this sec-
2 tion may, upon State request, be allocated before
3 States satisfy the matching requirement specified in
4 subparagraph (A), based on the estimated contribu-
5 tion required. The Secretary shall periodically re-
6 concile estimated and actual contributions and adjust
7 allocations to the State to correct for overpayments
8 and underpayments.

9 (C) Any funds distributed for administrative
10 costs under section 1060(b) shall not be covered by
11 this paragraph.

12 (5) States may not charge for commodities
13 made available to eligible recipient agencies, and
14 may not pass on to such recipient agencies the cost
15 of any matching requirements, under this subtitle.

16 (c) VALUE OF COMMODITIES.—The value of the com-
17 modities made available under subsections (c) and (d) of
18 section 1052, and the funds of the Corporation used to
19 pay the costs of initial processing, packaging (including
20 forms suitable for home use), and delivering commodities
21 to the States shall not be charged against appropriations
22 authorized by this section.

23 **SEC. 1060. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

24 (a) From the funds appropriated under section
25 1059(a), \$94,500,000 shall be used for each fiscal year

1 to purchase and distribute commodities to supplemental
2 feeding programs serving woman, infants, and children or
3 elderly individuals (hereinafter in this section referred to
4 as the “commodity supplemental food program”), or serv-
5 ing both groups wherever located.

6 (b) Not more than 20 percent of the funds made
7 available under subsection (a) shall be made available to
8 the States for State and local payments of administrative
9 costs associated with the distribution of commodities by
10 eligible recipient agencies under this section. Administra-
11 tive costs for the purposes of the commodity supplemental
12 food program shall include, but not be limited to, expenses
13 for information and referral, operation, monitoring, nutri-
14 tion education, start-up costs, and general administration,
15 including staff, warehouse and transportation personnel,
16 insurance, and administration of the State or local office.

17 (c)(1) During each fiscal year the commodity supple-
18 mental food program is in operation, the types, varieties,
19 and amounts of commodities to be purchased under this
20 section shall be determined by the Secretary, but, if the
21 Secretary proposes to make any significant changes in the
22 types, varieties, or amounts from those that were available
23 or were planned at the beginning of the fiscal year the
24 Secretary shall report such changes before implementation
25 to the Committee on Agriculture of the House of Rep-

1 representatives and the Committee on Agriculture, Nutrition,
2 and Forestry of the Senate.

3 (2) Notwithstanding any other provision of law, the
4 Commodity Credit Corporation shall, to the extent that
5 the Commodity Credit Corporation inventory levels per-
6 mit, provide not less than 9,000,000 pounds of cheese and
7 not less than 4,000,000 pounds of nonfat dry milk in each
8 of the fiscal years 1996 through 2000 to the Secretary.
9 The Secretary shall use such amounts of cheese and non-
10 fat dry milk to carry out the commodity supplemental food
11 program before the end of each fiscal year.

12 (d) The Secretary shall, in each fiscal year, approve
13 applications of additional sites for the program, including
14 sites that serve only elderly persons, in areas in which the
15 program currently does not operate, to the full extent that
16 applications can be approved within the appropriations
17 available for the program for the fiscal year and without
18 reducing actual participation levels (including participa-
19 tion of elderly persons under subsection (e)) in areas in
20 which the program is in effect.

21 (e) If a local agency that administers the commodity
22 supplemental food program determines that the amount
23 of funds made available to the agency to carry out this
24 section exceeds the amount of funds necessary to provide
25 assistance under such program to women, infants, and

1 children, the agency, with the approval of the Secretary,
2 may permit low-income elderly persons (as defined by the
3 Secretary) to participate in and be served by such pro-
4 gram.

5 (f)(1) If it is necessary for the Secretary to pay a
6 significantly higher than expected price for one or more
7 types of commodities purchased under this section, the
8 Secretary shall promptly determine whether the price is
9 likely to cause the number of persons that can be served
10 in the program in a fiscal year to decline.

11 (2) If the Secretary determines that such a decline
12 would occur, the Secretary shall promptly notify the State
13 agencies charged with operating the program of the de-
14 cline and shall ensure that a State agency notify all local
15 agencies operating the program in the State of the decline.

16 (g) Commodities distributed to States pursuant to
17 this section shall not be considered in determining the
18 commodity allocation to each State under section 1055 or
19 priority of distribution under section 1056.

20 **SEC. 1061. COMMODITIES NOT INCOME.**

21 Notwithstanding any other provision of law, commod-
22 ities distributed under this subtitle shall not be considered
23 income or resources for purposes of determining recipient
24 eligibility under any Federal, State, or local means-tested
25 program.

1 **SEC. 1062. PROHIBITION AGAINST CERTAIN STATE**
2 **CHARGES.**

3 Whenever a commodity is made available without
4 charge or credit under this subtitle by the Secretary for
5 distribution within the States to eligible recipient agencies,
6 the State may not charge recipient agencies any amount
7 that is in excess of the State's direct costs of storing, and
8 transporting to recipient agencies the commodities minus
9 any amount the Secretary provides the State for the costs
10 of storing and transporting such commodities.

11 **SEC. 1063. DEFINITIONS.**

12 As used in this subtitle:

13 (1) The term "average monthly number of un-
14 employed persons" means the average monthly num-
15 ber of unemployed persons within a State in the
16 most recent fiscal year for which such information is
17 available as determined by the Bureau of Labor Sta-
18 tistics of the Department of Labor.

19 (2) The term "elderly persons" means individ-
20 uals 60 years of age or older.

21 (3) The term "eligible recipient agency" means
22 a public or nonprofit organization that admin-
23 isters—

24 (A) an institution providing commodities to
25 supplemental feeding programs serving women,

1 infants, and children or serving elderly persons,
2 or serving both groups;

3 (B) an emergency feeding organization;

4 (C) a charitable institution (including hos-
5 pitals and retirement homes and excluding
6 penal institutions) to the extent that such insti-
7 tution serves needy persons;

8 (D) a summer camp for children, or a
9 child nutrition program providing food service;

10 (E) a nutrition project operating under the
11 Older Americans Act of 1965, including such
12 projects that operate a congregate nutrition site
13 and a project that provides home-delivered
14 meals; or

15 (F) a disaster relief program; and that has
16 been designated by the appropriate State agen-
17 cy, or by the Secretary, and approved by the
18 Secretary for participation in the program es-
19 tablished under this subtitle.

20 (4) The term “emergency feeding organization”
21 means a public or nonprofit organization that ad-
22 ministers activities and projects (including the activi-
23 ties and projects of a charitable institution, a food
24 bank, a food pantry, a hunger relief center, a soup
25 kitchen, or a similar public or private nonprofit eligi-

1 ble recipient agency) providing nutrition assistance
2 to relieve situations of emergency and distress
3 through the provision of food to needy persons, in-
4 cluding low-income and unemployed persons.

5 (5) The term “food bank” means a public and
6 charitable institution that maintains an established
7 operation involving the provision of food or edible
8 commodities, or the products thereof, to food pan-
9 tries, soup kitchens, hunger relief centers, or other
10 food or feeding centers that, as an integral part of
11 their normal activities, provide meals or food to feed
12 needy persons on a regular basis.

13 (6) The term “food pantry” means a public or
14 private nonprofit organization that distributes food
15 to low-income and unemployed households, including
16 food from sources other than the Department of
17 Agriculture, to relieve situations of emergency and
18 distress.

19 (7) The term “needy persons” means—

20 (A) individuals who have low incomes or
21 who are unemployed, as determined by the
22 State (in no event shall the income of such indi-
23 vidual or household exceed 185 percent of the
24 poverty line);

1 (B) households certified as eligible to par-
2 ticipate in the food stamp program under the
3 Food Stamp Act of 1977 (7 U.S.C. 2011 et
4 seq.); or

5 (C) individuals or households participating
6 in any other Federal, or federally assisted,
7 means-tested program.

8 (8) The term “poverty line” has the same
9 meaning given such term in section 673(2) of the
10 Community Services Block Grant Act (42 U.S.C.
11 9902(2)).

12 (9) The term “soup kitchen” means a public
13 and charitable institution that, as integral part of its
14 normal activities, maintains an established feeding
15 operation to provide food to needy homeless persons
16 on a regular basis.

17 **SEC. 1064. REGULATIONS.**

18 (a) The Secretary shall issue regulations within 120
19 days to implement this subtitle.

20 (b) In administering this subtitle, the Secretary shall
21 minimize, to the maximum extent practicable, the regu-
22 latory, recordkeeping, and paperwork requirements im-
23 posed on eligible recipient agencies.

24 (c) The Secretary shall as early as feasible but not
25 later than the beginning of each fiscal year, publish in the

1 Federal Register a nonbinding estimate of the types and
2 quantities of commodities that the Secretary anticipates
3 are likely to be made available under the commodity dis-
4 tribution program under this subtitle during the fiscal
5 year.

6 (d) The regulations issued by the Secretary under
7 this section shall include provisions that set standards
8 with respect to liability for commodity losses for the com-
9 modities distributed under this subtitle in situations in
10 which there is no evidence of negligence or fraud, and con-
11 ditions for payment to cover such losses. Such provisions
12 shall take into consideration the special needs and cir-
13 cumstances of eligible recipient agencies.

14 **SEC. 1065. FINALITY OF DETERMINATIONS.**

15 Determinations made by the Secretary under this
16 subtitle and the facts constituting the basis for any dona-
17 tion of commodities under this subtitle, or the amount
18 thereof, when officially determined in conformity with the
19 applicable regulations prescribed by the Secretary, shall
20 be final and conclusive and shall not be reviewable by any
21 other officer or agency of the Government.

22 **SEC. 1066. RELATIONSHIP TO OTHER PROGRAMS.**

23 (a) Section 4(b) of the Food Stamp Act of 1977 (7
24 U.S.C. 2013(b)) shall not apply with respect to the dis-
25 tribution of commodities under this subtitle.

1 (b) Except as otherwise provided in section 1057,
2 none of the commodities distributed under this subtitle
3 shall be sold or otherwise disposed of in commercial chan-
4 nels in any form.

5 **SEC. 1067. SETTLEMENT AND ADJUSTMENT OF CLAIMS.**

6 (a) The Secretary may—

7 (1) determine the amount of, settle, and adjust
8 any claim arising under this subtitle; and

9 (2) waive such a claim if the Secretary deter-
10 mines that to do so will serve the purposes of this
11 subtitle.

12 (b) Nothing contained in this section shall be con-
13 strued to diminish the authority of the Attorney General
14 of the United States under section 516 of title 28, United
15 States Code, to conduct litigation on behalf of the United
16 States.

17 **SEC. 1068. REPEALERS; AMENDMENTS.**

18 (a) REPEALER.—The Emergency Food Assistance
19 Act of 1983 (7 U.S.C. 612c note) is repealed.

20 (b) AMENDMENTS.—

21 (1) The Hunger Prevention Act of 1988 (7
22 U.S.C. 612c note) is amended—

23 (A) by striking section 110; and

24 (B) by striking section 502.

1 (2) The Commodity Distribution Reform Act
2 and WIC Amendments of 1987 (7 U.S.C. 612c note)
3 is amended by striking section 4.

4 (3) The Charitable Assistance and Food Bank
5 Act of 1987 (7 U.S.C. 612c note) is amended by
6 striking section 3.

7 (4) The Food Security Act of 1985 (7 U.S.C.
8 612c note) is amended—

9 (A) by striking section 1562(a) and section
10 1571; and

11 (B) in section 1562(d), by striking “sec-
12 tion 4 of the Agricultural and Consumer Pro-
13 tection Act of 1973” and inserting “section
14 1060 of the Commodity Distribution Act of
15 1995”.

16 (5) The Agricultural and Consumer Protection
17 Act of 1973 (7 U.S.C. 612c note) is amended—

18 (A) in section 4(a), by striking “institu-
19 tions (including hospitals and facilities caring
20 for needy infants and children), supplemental
21 feeding programs serving women, infants and
22 children or elderly persons, or both, wherever
23 located, disaster areas, summer camps for chil-
24 dren,”;

1 (B) in subsection 4(c), by striking “the
2 Emergency Food Assistance Act of 1983” and
3 inserting “the Commodity Distribution Act of
4 1995”; and

5 (C) by striking section 5.

6 (6) The Food, Agriculture, Conservation, and
7 Trade Act of 1990 (7 U.S.C. 612c note) is amended
8 by striking section 1773(f).

9 **Title XI—DEFICIT REDUCTION**

10 **SEC. 1101. DEDICATION OF SAVINGS TO DEFICIT REDUC-** 11 **TION.**

12 (a) Upon the enactment of this Act, the Director of
13 the Office of Management and Budget shall make down-
14 ward adjustments in the discretionary spending limits
15 (new budget authority and outlays), as adjusted, set forth
16 in 601(a)(2) of the Congressional Budget Act of 1974 for
17 each of fiscal years 1996 through 1998 as follows:

18 (1) For fiscal year 1996, reduce new budget au-
19 thority by \$1,420,000,000 and reduce outlays by
20 \$1,420,000,000.

21 (2) For fiscal year 1997, reduce new budget au-
22 thority by \$1,420,000,000 and reduce outlays by
23 \$1,420,000,000.

1 (3) For fiscal year 1998, reduce new budget au-
2 thority by \$1,470,000,000 and reduce outlays by
3 \$1,470,000,000.

4 (b) Reductions in outlays resulting from the enact-
5 ment of this Act shall not be taken into account for pur-
6 poses of section 252 of the Balanced Budget and Emer-
7 gency Deficit Control Act of 1985.

8 **TITLE XII—EFFECTIVE DATE**

9 **SEC. 1201. EFFECTIVE DATE.**

10 Except as otherwise provided in this Act, this Act and
11 the amendments made by this Act shall take effect on Oc-
12 tober 1, 1996.

○