

104TH CONGRESS
1ST SESSION

H. R. 982

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 1995

Mr. DEAL of Georgia (for himself, Mr. CLEMENT, Mr. TANNER, Mr. STENHOLM, Mrs. LINCOLN, Ms. THURMAN, Mr. BREWSTER, Mr. HAYES, Mr. HOLDEN, Mr. LAUGHLIN, Mr. LIPINSKI, Mr. MCHALE, Mr. MINGE, Mr. MONTGOMERY, and Mr. PETERSON of Minnesota) introduced the following bill; which was referred to the Committee on Ways and Means and, in addition, to the Committees on Economic and Educational Opportunities, Commerce, Agriculture, Banking and Financial Services, the Judiciary, and the Budget, 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 welfare families to the world of work, make work pay, strengthen families, require personal responsibility, and support State flexibility.

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

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. TABLE OF CONTENTS.**

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

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

TITLE I—TIME-LIMITED TRANSITIONAL ASSISTANCE

- Sec. 101. Limitation on duration of AFDC benefits.
- Sec. 102. Job search requirement.
- Sec. 103. Establishment of Federal data base.

TITLE II—MAKE WORK PAY

Subtitle A—Health Care

- Sec. 201. Transitional medicaid benefits.

Subtitle B—Earned Income Tax Credit

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

Subtitle C—Child Care

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

TITLE III—THE WORK FIRST PROGRAM

- Sec. 301. Work first program.
- Sec. 302. Regulations.
- Sec. 303. Applicability to States.
- Sec. 304. Sense of the Congress relating to availability of work first program in rural areas.

TITLE IV—FAMILY RESPONSIBILITY AND IMPROVED CHILD SUPPORT ENFORCEMENT

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

- Sec. 401. Expansion of functions of Federal Parent Locator Service.
- Sec. 402. Expansion of data bases accessed by parent locator systems.
- Sec. 403. National parent locator network.
- Sec. 404. Private access to locate and enforcement services.

Subtitle B—Paternity Establishment

- Sec. 411. Sense of the Congress.
- Sec. 412. Availability of parenting social services for new fathers.
- Sec. 413. Cooperation requirement and good cause exception.
- Sec. 414. Elimination of \$50 child support pass-through to AFDC recipients.
- Sec. 415. Federal matching payments.
- Sec. 416. Performance-based incentives and penalties.
- Sec. 417. State laws concerning paternity establishment.

Subtitle C—Improvement of Child Support Order Establishment Process

- Sec. 421. National Child Support Guidelines Commission.
- Sec. 422. State laws providing expedited procedures.

Subtitle D—Child Support Enforcement

- Sec. 431. National reporting of new hires and child support information.
- Sec. 432. Certain benefits subject to garnishment.
- Sec. 433. Seizure of lottery winnings, settlements, payouts, awards, and bequests, and sale of forfeited property, to pay child support arrearages.
- Sec. 434. Reporting of child support arrearages to credit bureaus.
- Sec. 435. Liability of grandparents for financial support of children of their minor children.
- Sec. 436. Sense of the Congress regarding programs for noncustodial parents unable to meet child support obligations.
- Sec. 437. Distribution of payments.
- Sec. 438. Due process rights.
- Sec. 439. Use of social security numbers.
- Sec. 440. Adoption of uniform State laws.
- Sec. 441. State law authorizing suspension of licenses.
- Sec. 442. Treatment of support obligations under bankruptcy code.
- Sec. 443. Federal income tax refund offset.

TITLE V—TEEN PREGNANCY AND FAMILY STABILITY

Subtitle A—Federal Role

- Sec. 501. State option to deny AFDC for additional children.
- Sec. 502. Minors receiving AFDC required to live under responsible adult supervision.
- Sec. 503. Task force to reduce teenage pregnancy.
- Sec. 504. Incentive for teen parents to attend school.
- Sec. 505. State option to disregard 100-hour rule under AFDC-UP program.
- Sec. 506. State option to disregard 6-month limitation on AFDC-UP benefits.
- Sec. 507. Elimination of quarters of coverage requirement under AFDC-UP program for families in which both parents are teens.

- Sec. 508. Denial of Federal housing benefits to minors who bear children out-of-wedlock.
- Sec. 509. State option to deny AFDC to minor parents.

Subtitle B—State Role

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

TITLE VI—PROGRAM SIMPLIFICATION

Subtitle A—Increased State Flexibility

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

Subtitle B—Coordination of AFDC and Food Stamp Programs

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

Subtitle C—Fraud Reduction

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

Subtitle D—Additional Provisions

- Sec. 641. State options regarding unemployed parent program.
- Sec. 642. Definition of essential person.
- Sec. 643. “Fill-the-gap” budgeting.
- Sec. 644. Repeal of requirement to make certain supplemental payments in States paying less than their needs standards.
- Sec. 645. Collection of AFDC overpayments from Federal tax refunds.
- Sec. 646. Territories.
- Sec. 647. Disregard of student income.
- Sec. 648. Lump-sum income.

TITLE VII—FINANCING

Subtitle A—Ineligibility of Certain Aliens for Certain Social Services

- Sec. 701. Certain aliens ineligible for aid to families with dependent children.
- Sec. 702. Certain aliens ineligible for supplemental security income benefits.
- Sec. 703. Disqualification of certain aliens to receive food stamp benefits.
- Sec. 704. Certain aliens ineligible for medical assistance under medicaid.

Subtitle B—Other Provisions Relating to Aliens

- Sec. 711. Sponsor responsibility for costs of income-based cash public assistance provided to an alien.
- Sec. 712. Enforcement of affidavits of support or financial responsibility by State and local governments providing assistance.

Sec. 713. Authority to States and localities to limit assistance to aliens and to distinguish among classes of aliens in providing income-based cash public assistance.

Sec. 714. Grants to States to compensate for resident lawful aliens.

Subtitle C—Limitation on Emergency Assistance Expenditures

Sec. 721. Limitation on expenditures for emergency assistance.

Subtitle D—Family Day Care Homes Program Improvements

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

Subtitle E—Deficit Reduction

Sec. 741. Dedication of savings to deficit reduction.

Subtitle F—Tax Provisions

Sec. 751. Certain Federal assistance includible in gross income.

Sec. 752. Earned income tax credit denied to individuals not authorized to be employed in the United States.

Sec. 753. Phaseout of earned income credit for individuals having more than \$2,500 of taxable interest and dividends.

Sec. 754. Treatment of children receiving AFDC benefits under earned income credit.

TITLE VIII—SSI REFORM

Sec. 801. Limitation on payment of supplemental security income benefits for children by reason of disability.

TITLE IX—EFFECTIVE DATE

Sec. 901. 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.

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

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

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

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

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

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

11 “(46) in the case of a State that has exercised
12 the option provided for in paragraph (52), provide
13 that—

14 “(A) a family shall not be eligible for aid
15 under the State plan if a member of the family
16 is—

17 “(i) prohibited from participating in
18 the State program established under sub-
19 part 1 of part F by reason of section
20 487(b); or

21 “(ii) prohibited from participating in
22 the State program established under sub-
23 part 2 of part F by reason of section
24 489(a)(4); and

1 “(B) each member of the family shall be
2 considered to be receiving such aid for purposes
3 of eligibility for medical assistance under the
4 State plan approved under title XIX for so long
5 as the family would be eligible for such aid but
6 for subparagraph (A).”.

7 **SEC. 102. JOB SEARCH REQUIREMENT.**

8 Section 402(a) (42 U.S.C. 602(a)), as amended by
9 section 101 of this Act, is amended—

10 (1) by striking “and” at the end of paragraph
11 (45);

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

14 (3) by inserting after paragraph (46) the fol-
15 lowing:

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

21 **SEC. 103. ESTABLISHMENT OF FEDERAL DATA BASE.**

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

24 “(d) The Secretary shall establish and maintain a
25 data base of participants in State programs established

1 under parts F and G which shall be made available to the
2 States for use in administering subsection (a)(46).”.

3 **TITLE II—MAKE WORK PAY**

4 **Subtitle A—Health Care**

5 **SEC. 201. TRANSITIONAL MEDICAID BENEFITS.**

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

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

17 (2) CONFORMING AMENDMENTS.—Section
18 1925(b) (42 U.S.C. 1396r-6(b)) is amended—

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

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

24 (C) in paragraph (2)(B)(ii)—

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

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

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

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

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

18 (b) EFFECTIVE DATE.—The amendments made by
19 subsection (a) shall apply to calendar quarters beginning
20 on or after October 1, 1997, without regard to whether
21 or not final regulations to carry out such amendments
22 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 **Subtitle C—Child Care**

22 **SEC. 221. DEPENDENT CARE CREDIT TO BE REFUNDABLE;**

23 **HIGH-INCOME TAXPAYERS INELIGIBLE FOR**

24 **CREDIT.**

25 (a) CREDIT TO BE REFUNDABLE.—

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

8 (2) TECHNICAL AMENDMENTS.—

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

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

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

17 (D) Subparagraph (C) of section 129(a)(2)
18 of such Code is amended by striking “section
19 21(e)” and inserting “section 35(e)”.

20 (E) Paragraph (2) of section 129(b) of
21 such Code is amended by striking “section
22 21(d)(2)” and inserting “section 35(d)(2)”.

23 (F) Paragraph (1) of section 129(e) of
24 such Code is amended by striking “section
25 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 \$70,000 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) ELIMINATION OF FINANCIAL ASSISTANCE
5 FOR DIRECT CHILD CARE SERVICES UNDER THE
6 CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT
7 OF 1990.—The Child Care and Development Block
8 Grant Act of 1990 (42 U.S.C. 9858 et seq.) is
9 amended—

10 (A) in section 658B by striking
11 “\$750,000,000” and all that follows through
12 “1995”, and inserting “\$235,000,000 for fiscal
13 year 1996, \$240,000,000 for fiscal year 1997,
14 and \$250,000,000 for fiscal year 1998”,

15 (B) by striking sections 658D, 658I,
16 658K, 658L, 658M, and 658N,

17 (C) in section 658E—

18 (i) in subsection (a)—

19 (I) by striking “including—” and
20 all that follows through “(1)” and in-
21 serting “including”, and

22 (II) by striking “; and” and all
23 that follows through “subsection (c)”,

24 (ii) by striking subsections (b) and
25 (c), and

1 (iii) by redesignating subsection (d) as
2 subsection (b),

3 (D) in section 658F(b)(2) by striking “re-
4 ferred to in section 658E(c)(2)(F)” and insert-
5 ing “applicable under State and local law”,

6 (E) in sections 658G and 658H(a) by
7 striking “of the amounts reserved by such State
8 under section 658E(c)(3)(C)” and inserting
9 “such assistance”,

10 (F) in section 658J—

11 (i) in subsection (a) by striking “sec-
12 tion 658(d)” and inserting “section 658”,

13 (ii) in subsection (b)—

14 (I) by striking “PAYMENT.—”
15 and all that follows through “para-
16 graph (2),” and inserting “PAY-
17 MENT.—The”, and

18 (II) by striking paragraph (2),

19 (G) in section 658P—

20 (i) by striking paragraphs (1), (2),
21 (4), (5), (6), (8), (9), and (12), and

22 (ii) by redesignating paragraphs (3),
23 (7), (10), (11), (13), and (14) as para-
24 graphs (1), (2), (3), (4), (5), and (6), re-
25 spectively, and

1 (H) by redesignating sections 658E, 658F,
2 658G, 658H, 658J, 658O, 658P, 658Q, 658R,
3 and 658S as sections 658D, 658E, 658F,
4 658G, 658H, 658I, 658J, 658K, 658L, and
5 658M, respectively.

6 (b) FUNDING OF CHILD CARE SERVICES THROUGH
7 SOCIAL SERVICES BLOCK GRANT PROGRAM.—Title XX
8 (42 U.S.C. 1397–1397f) is amended by adding at the end
9 the following:

10 **“SEC. 2008. CHILD CARE.**

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

16 “(b) STATE PLANS.—

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

19 “(A) identifies an appropriate State agency
20 to be the lead agency responsible for admin-
21 istering at the State level, and coordinating
22 with local governments, the activities of the
23 State pursuant to this section;

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

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

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

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

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

21 “(G) provides assurances that the lead
22 agency will coordinate the use of funds provided
23 under this section with the use of other Federal
24 resources for child care provided under this Act,
25 and with other Federal, State, or local child

1 care and preschool programs operated in the
2 State;

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

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

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

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

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

22 “(i) expressly or effectively excluding
23 any category of care or type of provider
24 within a category of care;

1 “(ii) limiting parental access to or
2 choices from among various categories of
3 care or types of providers; or

4 “(iii) excluding a significant number
5 of providers in any category of care.

6 “(2) FORM.—A State may submit a plan that
7 meets the requirements of paragraph (1) in the form
8 of amendments to the State plan submitted pursu-
9 ant to section 658E of the Child Care and Develop-
10 ment Block Grant Act of 1990, as in effect before
11 the effective date of section 222 of the Individual
12 Responsibility Act of 1995.

13 “(3) APPROVAL.—Not later than 90 days after
14 the date the State submits a plan to the Secretary
15 under this subsection, the Secretary shall either ap-
16 prove or disapprove the plan. If the Secretary dis-
17 approves the plan, the Secretary shall provide the
18 State with an explanation and recommendations for
19 changes in the plan to gain approval.

20 “(c) SPECIAL ALLOTMENTS.—

21 “(1) IN GENERAL.—The special allotment of a
22 State for a fiscal year equals the amount that bears
23 the same ratio to the amount specified in paragraph
24 (2) for the fiscal year, as the number of children
25 who have not attained 13 years of age and are resid-

1 ing with families in the State bears to the total
2 number of such children in all States with plans ap-
3 proved under this section for the fiscal year, deter-
4 mined on the basis of the most recent data available
5 from the Department of Commerce at the time the
6 special allotment is determined.

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

9 “(A) \$1,150,000,000 for fiscal year 1997;
10 and

11 “(B) \$1,200,000,000 for each of fiscal
12 years 1998, 1999, and 2000.

13 “(d) PAYMENTS TO STATES.—

14 “(1) PAYMENTS.—The Secretary shall provide
15 funds to each State with a plan approved under this
16 section for a fiscal year from the special allotment
17 of the State for the fiscal year, in accordance with
18 section 6503 of title 31, United States Code.

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

24 “(3) REDISTRIBUTION OF UNEXPENDED SPE-
25 CIAL ALLOTMENTS.—

1 “(A) REMITTANCE TO THE SECRETARY.—
2 Each State to which funds are paid under this
3 section for a fiscal year shall remit to the Sec-
4 retary that part of such funds which the State
5 intends not to, or does not, expend in the fiscal
6 year or in the immediately succeeding fiscal
7 year.

8 “(B) REDISTRIBUTION.—The Secretary
9 shall increase the special allotment of each
10 State with a plan approved under this part for
11 a fiscal year that does not remit any amount to
12 the Secretary for the fiscal year by an amount
13 equal to—

14 “(i) the aggregate of the amounts re-
15 mitted pursuant to subparagraph (A) for
16 the fiscal year; multiplied by

17 “(ii) the adjusted State share for the
18 fiscal year.

19 “(C) ADJUSTED STATE SHARE.—As used
20 in subparagraph (B)(ii), the term ‘adjusted
21 State share’ means, with respect to a fiscal
22 year—

23 “(i) the special allotment of the State
24 for the fiscal year (before any increase
25 under subparagraph (B)); divided by

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

4 “(II) the aggregate of the amounts re-
5 mitted to the Secretary pursuant to sub-
6 paragraph (A) for the fiscal year.

7 “(e) USE OF FUNDS.—

8 “(1) IN GENERAL.—Funds provided under this
9 section shall be used to expand parent choices in se-
10 lecting child care, to address deficiencies in the sup-
11 ply of child care, and to expand and improve child
12 care services, with an emphasis on providing such
13 services to low-income families and geographical
14 areas. Subject to the approval of the Secretary,
15 States to which funds are paid under this section
16 shall use such funds to carry out child care pro-
17 grams and activities through cash grants, certifi-
18 cates, or contracts with families, or public or private
19 entities as the State determines appropriate.

20 “(2) SPECIFIC USES.—Each State to which
21 funds are paid under this section may expend such
22 funds for—

23 “(A) child care services for infants, sick
24 children, children with special needs, and chil-
25 dren of adolescent parents;

1 “(B) after-school and before-school pro-
2 grams and programs during nontraditional
3 hours for the children of working parents;

4 “(C) programs for the recruitment and
5 training of day care workers, including older
6 Americans;

7 “(D) grant and loan programs to enable
8 child care workers and providers to meet State
9 and local standards and requirements;

10 “(E) child care information and referral
11 services;

12 “(F) child care programs developed by
13 public and private sector partnerships;

14 “(G) liability insurance pools to serve child
15 care providers;

16 “(H) programs to promote and ensure the
17 health and safety of children and caregivers, to
18 improve the quality of all types of child care,
19 and to train child care providers in health and
20 safety practices;

21 “(I) State efforts to provide technical as-
22 sistance designed to help providers improve the
23 services offered to parents and children; and

1 “(J) other child care-related programs con-
2 sistent with the purpose of this section and ap-
3 proved by the Secretary.

4 “(3) METHODS OF FUNDING.—Funds for child
5 care services under this title shall be for the benefit
6 of parents and shall be provided through contracts
7 or grants with public or private providers or through
8 child care certificates given directly to parents.

9 “(4) PARENTAL RIGHTS OF CHOICE.—Any par-
10 ent who receives a child care certificate under this
11 title may use such certificate with any child care
12 provider, including those providers which have reli-
13 gious activities, if such provider is freely chosen by
14 the parent from among the available alternatives.

15 “(5) CHILD CARE CERTIFICATES.—

16 “(A) IN GENERAL.—For purposes of this
17 title, a child care certificate is a certificate is-
18 sued by a State directly to a parent or legal
19 guardian for use only as payment for child care
20 services in any child care facility eligible to re-
21 ceive funds under this Act.

22 “(B) REDEMPTION.—If the demand for
23 child care services of families qualified to re-
24 ceive such services from a State under this Act
25 exceeds the available supply of such services,

1 the State shall ration assistance to obtain such
2 services using procedures that do not disadvan-
3 tage parents using child care certificates, rel-
4 ative to other methods of financing, in either
5 the waiting period or the pecuniary value of
6 such services.

7 “(C) COMMENCEMENT OF CERTIFICATE
8 PROGRAM.—Beginning not later than 1 year
9 after the date of the enactment of this section,
10 each State that receives funds under this title
11 shall offer a child care certificate program in
12 accordance with this section.

13 “(D) AUTHORITY TO USE CHILD CARE
14 FUNDS FOR CERTIFICATE PROGRAM.—Each
15 State to which funds are paid under this title
16 may use the funds provided to the State under
17 this title which are required to be used for child
18 care activities to plan and establish the State’s
19 child care certificate program.

20 “(6) OPTION OF RECEIVING A CHILD CARE
21 CERTIFICATE.—Each parent or legal guardian who
22 receives assistance pursuant to this title shall be
23 provided with the option of enrolling their child with
24 an eligible child care provider that receives funds
25 through grants, contracts, or child care certificates

1 provided under this title. Such parent shall have the
2 right to use such certificates to purchase child care
3 services from an eligible provider of their choice.

4 “(7) RIGHTS OF RELIGIOUS CHILD CARE PRO-
5 VIDERS.—Notwithstanding any other provision of
6 law, a religious child care provider who receives
7 funds under this Act may require adherence by em-
8 ployees to the religious tenets or teachings of the
9 provider.

10 “(8) ELIGIBLE CHILD CARE PROVIDERS.—Any
11 child care provider who meets applicable standards
12 of State and local law shall be eligible to receive
13 funds under this section. As used in this paragraph,
14 the term ‘child care provider’ includes—

15 “(A) units of State and local governments,
16 and elementary, secondary, and post-secondary
17 educational institutions;

18 “(B) nonprofit organizations under sub-
19 sections (c) and (d) of section 501 of the Inter-
20 nal Revenue Code of 1986;

21 “(C) professional or employee associations;

22 “(D) consortia of small businesses; and

23 “(E) proprietary for-profit entities, rel-
24 atives, informal day care homes, religious child
25 care providers, day care centers, and any other

1 entities that the State determines appropriate
2 subject to approval of the Secretary.

3 “(9) PROHIBITED USES.—Any State to which
4 funds are paid under this section may not use such
5 funds—

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

8 “(B) for the purchase or improvement of
9 land, or the purchase, construction, or perma-
10 nent improvement (other than minor remodel-
11 ing) of any building or other facility; or

12 “(C) to provide any service which the State
13 makes generally available to the residents of the
14 State without cost to such residents and with-
15 out regard to the income of such residents.

16 “(f) REPORTING REQUIREMENTS.—

17 “(1) NOTICE TO SECRETARY OF UNEXPENDED
18 FUNDS.—Each State which has not completely ex-
19 pended the funds paid to the State under this sec-
20 tion for a fiscal year in the fiscal year or the imme-
21 diately succeeding fiscal year shall notify the Sec-
22 retary of any amount not so expended.

23 “(2) STATE REPORTS ON USE OF FUNDS.—Not
24 later than 18 months after the date of the enact-
25 ment of this section, and each year thereafter, the

1 State shall prepare and submit to the Secretary, in
2 such form as the Secretary shall prescribe, a report
3 describing the State's use of funds paid to the State
4 under this section, including—

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

7 “(B) the average cost of child care, by type
8 of provider;

9 “(C) the number of children serviced under
10 this section;

11 “(D) the average income and distribution
12 of incomes of the families being served;

13 “(E) efforts undertaken by the State pur-
14 suant to this section to promote and ensure
15 health and safety and improve quality; and

16 “(F) such other information as the Sec-
17 retary considers appropriate.

18 “(3) GUIDELINES FOR STATE REPORTS; CO-
19 ORDINATION WITH REPORTS UNDER SECTION
20 2006.—Within 6 months after the date of the enact-
21 ment of this section, the Secretary shall establish
22 guidelines for State reports under paragraph (2). To
23 the extent feasible, the Secretary shall coordinate
24 such reporting requirement with the reports required
25 under section 2006 and, as the Secretary deems ap-

1 appropriate, with other reporting requirements placed
2 on States as a condition of receipt of other Federal
3 funds which support child care.

4 “(4) REPORTS BY THE SECRETARY.—

5 “(A) REPORTS TO THE CONGRESS OF SUM-
6 MARY OF STATE REPORTS.—The Secretary shall
7 annually summarize the information reported to
8 the Secretary pursuant to paragraph (2) and
9 provide such summary to the Congress.

10 “(B) REPORTS TO THE STATES ON EFFEC-
11 TIVE PRACTICES.—The Secretary shall annually
12 provide the States with a report on particularly
13 effective practices and programs supported by
14 funds paid to the State under this section,
15 which ensure the health and safety of children
16 in care, promote quality child care, and provide
17 training to all types of providers.

18 “(g) ADMINISTRATION AND ENFORCEMENT.—

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

20 “(A) coordinate all activities of the Depart-
21 ment of Health and Human Services relating to
22 child care, and, to the maximum extent prac-
23 ticable, coordinate such activities with similar
24 activities of other Federal entities;

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

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

7 “(2) ENFORCEMENT.—

8 “(A) REVIEW OF COMPLIANCE WITH
9 STATE PLAN.—The Secretary shall review and
10 monitor State compliance with this section and
11 the plans approved under this section for the
12 State, and shall have the power to terminate
13 payments to the State in accordance with sub-
14 paragraph (B).

15 “(B) NONCOMPLIANCE.—

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

19 “(I) there has been a failure by
20 the State to comply substantially with
21 any provision or requirement set forth
22 in the plan approved under this sec-
23 tion for the State; or

24 “(II) in the operation of any pro-
25 gram for which assistance is provided

1 under this section there is a failure by
2 the State to comply substantially with
3 any provision of this section;

4 the Secretary shall notify the State of the
5 findings and that no further payments may
6 be made to such State under this section
7 (or, in the case of noncompliance in the op-
8 eration of a program or activity, that no
9 further payments to the State will be made
10 with respect to such program or activity)
11 until the Secretary is satisfied that there is
12 no longer any such failure to comply or
13 that the noncompliance will be promptly
14 corrected.

15 “(ii) ADDITIONAL SANCTIONS.—In the
16 case of a finding of noncompliance made
17 pursuant to clause (i), the Secretary may,
18 in addition to imposing the sanctions de-
19 scribed in such subparagraph, impose the
20 other appropriate sanctions, including
21 recoupment of money improperly expended
22 for purposes prohibited or not authorized
23 by this section, and disqualification from
24 the receipt of financial assistance under
25 this section.

1 “(iii) NOTICE.—The notice required
2 under subparagraph (A) shall include a
3 specific identification of any additional
4 sanction being imposed under clause (ii).

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

7 “(i) receiving, processing, and deter-
8 mining the validity of complaints concern-
9 ing any failure of a State to comply with
10 the State plan or any requirement of this
11 section; and

12 “(ii) imposing sanctions under this
13 subsection.

14 **“SEC. 2009. CHILD CARE DURING PARTICIPATION IN EM-**
15 **PLOYMENT, EDUCATION, AND TRAINING; EX-**
16 **TENDED ELIGIBILITY.**

17 “(a) CHILD CARE GUARANTEE.—

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

21 “(A) for any individual who is participat-
22 ing in an education or training activity (includ-
23 ing participation in a program established
24 under part F of title IV) if the State agency ap-
25 proves the activity and determines that the indi-

1 vidual is participating satisfactorily in the activ-
2 ity; and

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

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

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

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

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

24 “(D) for any month beginning after the
25 caretaker relative (within the meaning of such

1 part) in the family has terminated his or her
2 employment without good cause; or

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

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

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

20 “(2) the greater of—

21 “(A) 70 percent; or

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

1 (c) EFFECTIVE DATE.—The amendments and re-
2 peals made by this section shall take effect on October
3 1, 1996.

4 **Subtitle D—AFDC Work Disregards**

5 **SEC. 231. OPTION TO INCREASE DISREGARD OF EARNED IN-** 6 **COME.**

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

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

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

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

21 **SEC. 232. STATE OPTION TO ESTABLISH VOLUNTARY DI-** 22 **VERSION PROGRAM.**

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

1 (1) by striking “and” at the end of paragraph
2 (47);

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

5 (3) by inserting after paragraph (48) the fol-
6 lowing:

7 “(49) at the option of the State, and in such
8 part or parts of the State as the State may select,
9 provide that—

10 “(A) upon the recommendation of the case-
11 worker who is handling the case of a family eli-
12 gible for aid under the State plan, the State
13 shall, in lieu of any other payment under the
14 State plan to a family during a 3-month period,
15 make a lump-sum payment to the family for the
16 3-month period in an amount not to exceed 3
17 times the amount of the monthly benefit to
18 which the family is entitled under the State
19 plan;

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

23 “(C) if, during a 3-month period for which
24 the State has made a lump-sum payment to a
25 family pursuant to subparagraph (A), the fam-

1 ily applies for and (but for the lump-sum pay-
2 ment) would be eligible for aid under the State
3 plan for a greater monthly benefit than the
4 monthly benefit to which the family was entitled
5 under the State plan at the time of the calcula-
6 tion of the lump sum payment, then, notwith-
7 standing subparagraph (A), the State shall, for
8 that part of the 3-month period that remains
9 after the family becomes eligible for the greater
10 monthly benefit, provide monthly benefits to the
11 family in an amount not to exceed—

12 “(i) 3 times the amount by which the
13 greater monthly benefit exceeds the former
14 monthly benefit; divided by

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

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

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

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

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

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

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

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

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

20 (a) DISREGARD FROM RESOURCES.—Section
21 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is amended—

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

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

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

3 (b) DISREGARD FROM INCOME.—

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

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

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

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

17 (2) NONRECURRING LUMP SUM EXEMPT FROM
18 LUMP SUM RULE.—Section 402(a)(17) (42 U.S.C.
19 602(a)(17)) is amended by adding at the end the
20 following: “; and that this paragraph shall not apply
21 to earned or unearned income received in a month
22 on a nonrecurring basis to the extent that such in-
23 come is placed in a qualified asset account (as de-
24 fined in section 406(i)) the total amount in which,
25 after such placement, does not exceed \$8,000;”.

1 (3) TREATMENT AS INCOME.—Section
2 402(a)(7) (42 U.S.C. 602(a)(7)) is amended—

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

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

7 (C) by adding at the end the following new
8 subparagraph:

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

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

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

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

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

1 “(B) The purchase of residential real property
2 for the family that the family intends to occupy, if
3 no member of the family has an ownership interest
4 in such a property.

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

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

10 **TITLE III—THE WORK FIRST** 11 **PROGRAM**

12 **SEC. 301. WORK FIRST PROGRAM.**

13 (a) STATE PLAN REQUIREMENT.—Section 402(a)
14 (42 U.S.C. 602(a)), as amended by sections 101, 102,
15 211(a), and 232 of this Act, is amended—

16 (1) by striking “and” at the end of paragraph
17 (48);

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

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

22 “(50) provide that the State—

23 “(A) has in effect and operation—

24 “(i) a work first program that meets
25 the requirements of subpart 1 of part F

1 (or, for any fiscal year for which the Sec-
2 retary has approved a State plan under
3 subpart 2 of part F, such subpart 2); and

4 “(ii) at the option of the State, a com-
5 munity service program that meets the re-
6 quirements of part G; and

7 “(B) must provide to participants in such
8 programs such case management services as are
9 necessary to ensure the integrated provision of
10 benefits and services under such programs.”.

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

14 **“Part F—Work First Program**

15 **“Subpart 1—Federal Model**

16 **“SEC. 481. ESTABLISHMENT AND OPERATION OF STATE**
17 **PROGRAMS.**

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

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

24 “(2) METHOD.—The method of the program is
25 to connect recipients of aid to families with depend-

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

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

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

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

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

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

14 “(7) CASE MANAGEMENT TEAMS.—

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

21 “(B) DEADLINE.—

22 “(i) IN GENERAL.—The case manage-
23 ment team shall comply with subparagraph
24 (A) with respect to a program participant
25 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 487(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 482, 483, 484, 485, or 486;

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 in activities
16 provided for in the agreement;

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

21 “(G) at the option of the State, require the
22 participant to undergo appropriate substance
23 abuse treatment.

24 “(9) OPTIONS FOR PARTICIPANTS.—The case
25 manager for a program participant shall present the

1 participant with each option offered under the State
2 program through which the participant will, over
3 time, be moved into full-time unsubsidized employ-
4 ment.

5 “(10) ONE-STOP EMPLOYMENT SHOPS.—

6 “(A) IN GENERAL.—In carrying out the
7 program, the State shall utilize and make avail-
8 able to each program participant, through the
9 establishment and operation or utilization of
10 appropriate Federal or State one-stop employ-
11 ment shops, services under programs carried
12 out under the following provisions of law:

13 “(i) Part A of title II of the Job
14 Training Partnership Act (29 U.S.C. 1601
15 et seq.) (relating to the adult training pro-
16 gram).

17 “(ii) Part B of title II of such Act (29
18 U.S.C. 1630 et seq.) (relating to the sum-
19 mer youth employment and training pro-
20 grams).

21 “(iii) Part C of title II of such Act
22 (29 U.S.C. 1641 et seq.) (relating to the
23 youth training program).

1 “(iv) Title III of such Act (29 U.S.C.
2 1651 et seq.) (relating to employment and
3 training assistance for dislocated workers).

4 “(v) Part B of title IV of such Act
5 (29 U.S.C. 1691 et seq.) (relating to the
6 Job Corps).

7 “(vi) The Carl D. Perkins Vocational
8 and Applied Technology Education Act (20
9 U.S.C. 2301 et seq.).

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

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

17 “(ix) Subtitle A of title VII of the
18 Stewart B. McKinney Homeless Assistance
19 Act (42 U.S.C. 11421) (relating to adult
20 education for the homeless).

21 “(x) Subtitle B of title VII of such
22 Act (42 U.S.C. 11431 et seq.) (relating to
23 education for homeless children and
24 youth).

1 “(xi) Subtitle C of title VII of such
2 Act (42 U.S.C. 11441) (relating to job
3 training for the homeless).

4 “(xii) The School-to-Work Opportuni-
5 ties Act of 1994.

6 “(xiii) The National and Community
7 Service Act of 1990 (42 U.S.C. 12501 et
8 seq.).

9 “(xiv) The National Skill Standards
10 Act of 1994.

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

19 “(11) PENALTIES FOR REFUSAL TO WORK.—
20 The amount of aid otherwise payable under the
21 State plan approved under part A to a family that
22 includes an individual who fails without good cause
23 to comply with an agreement of mutual responsibil-
24 ity signed by the individual shall be reduced for 1
25 month by 25 percent for each act of noncompliance.

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

2 “A State that establishes a program under this sub-
3 part may operate a program similar to the program known
4 as the ‘GAIN Program’ that has been operated by River-
5 side County, California, under Federal law in effect imme-
6 diately before the date this subpart first applies to the
7 State of California.

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

9 “(a) IN GENERAL.—A State that establishes a pro-
10 gram under this subpart may enter into contracts with
11 private companies (whether operated for profit or not for
12 profit) for the placement of participants in the program
13 in positions of full-time employment, preferably in the pri-
14 vate sector, for wages sufficient to eliminate the need of
15 such participants for cash assistance.

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

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

1 “(2) PAYMENTS.—

2 “(A) IN GENERAL.—The contract shall
3 provide for payments to be made to the com-
4 pany with respect to each program participant
5 who presents to the company a voucher issued
6 under subsection (d).

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

16 “(c) COMPETITIVE BIDDING REQUIRED.—Contracts
17 under this section shall be awarded only after competitive
18 bidding.

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

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

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

7 **“SEC. 485. MICROENTERPRISE.**

8 “(a) GRANTS AND LOANS TO NONPROFIT ORGANIZA-
9 TIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE,
10 TRAINING, AND CREDIT TO LOW INCOME ENTRE-
11 PRENEURS.—A State that establishes a program under
12 this subpart may make grants and loans to nonprofit orga-
13 nizations to provide technical assistance, training, and
14 credit to low income entrepreneurs for the purpose of es-
15 tablishing microenterprises.

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

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

21 “(a) IN GENERAL.—A State that establishes a pro-
22 gram under this subpart may institute a work
23 supplementation program under which the State, to the
24 extent it considers appropriate, may reserve the sums that
25 would otherwise be payable to participants in the program
26 as aid to families with dependent children and use the

1 sums instead for the purpose of providing and subsidizing
2 jobs for the participants (as described in subsection
3 (c)(3)(A) and (B)), as an alternative to the aid to families
4 with dependent children that would otherwise be so pay-
5 able to the participants.

6 “(b) STATE FLEXIBILITY.—

7 “(1) Nothing in this subpart, or in any State
8 plan approved under part A, shall be construed to
9 prevent a State from operating (on such terms and
10 conditions and in such cases as the State may find
11 to be necessary or appropriate) a work
12 supplementation program in accordance with this
13 section and section 484 (as in effect immediately be-
14 fore the date this subpart first applies to the State).

15 “(2) Notwithstanding section 402(a)(23) or any
16 other provision of law, a State may adjust the levels
17 of the standards of need under the State plan as the
18 State determines to be necessary and appropriate for
19 carrying out a work supplementation program under
20 this section.

21 “(3) Notwithstanding section 402(a)(1) or any
22 other provision of law, a State operating a work
23 supplementation program under this section may
24 provide that the need standards in effect in those
25 areas of the State in which the program is in oper-

1 ation may be different from the need standards in
2 effect in the areas in which the program is not in
3 operation, and the State may provide that the need
4 standards for categories of recipients may vary
5 among such categories to the extent the State deter-
6 mines to be appropriate on the basis of ability to
7 participate in the work supplementation program.

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

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

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

1 “(A) may reduce or eliminate the amount
2 of earned income to be disregarded under the
3 State plan as the State determines to be nec-
4 essary and appropriate to further the purposes
5 of the work supplementation program; and

6 “(B) during 1 or more of the first 9
7 months of an individual’s employment pursuant
8 to a program under this subpart, may apply to
9 the wages of the individual the provisions of
10 subparagraph (A)(iv) of section 402(a)(8) with-
11 out regard to the provisions of subparagraph
12 (B)(ii)(II) of such section.

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

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

1 “(2) For purposes of this section, an eligible in-
2 dividual is an individual who is in a category which
3 the State determines should be eligible to participate
4 in the work supplementation program, and who
5 would, at the time of placement in the job involved,
6 be eligible for aid to families with dependent chil-
7 dren under an approved State plan if the State did
8 not have a work supplementation program in effect.

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

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

14 “(B) a job provided to an eligible individ-
15 ual by any other employer for which all or part
16 of the wages are paid by the State or local
17 agency.

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

21 “(4) At the option of the State, individuals who
22 hold supplemented jobs under a State’s work
23 supplementation program shall be exempt from the
24 retrospective budgeting requirements imposed pursu-
25 ant to section 402(a)(13)(A)(ii) (and the amount of

1 the aid which is payable to the family of any such
2 individual for any month, or which would be so pay-
3 able but for the individual's participation in the
4 work supplementation program, shall be determined
5 on the basis of the income and other relevant cir-
6 cumstances in that month).

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

19 “(1) 9 months; or

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

22 “(e) RULES OF INTERPRETATION.—

23 “(1) This section shall not be construed as re-
24 quiring the State or local agency administering the
25 State plan to provide employee status to an eligible

1 individual to whom the State or local agency pro-
2 vides a job under the work supplementation program
3 (or with respect to whom the State or local agency
4 provides all or part of the wages paid to the individ-
5 ual by another entity under the program), or as re-
6 quiring any State or local agency to provide that an
7 eligible individual filling a job position provided by
8 another entity under the program be provided em-
9 ployee status by the entity during the first 13 weeks
10 the individual fills the position.

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

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

1 of eligibility for medical assistance under the State plan
2 approved under title XIX.

3 **“SEC. 487. PARTICIPATION RULES.**

4 “(a) IN GENERAL.—Except as provided in subsection
5 (b), a State that establishes a program under this subpart
6 may require any individual receiving aid under the State
7 plan approved under part A to participate in the program.

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

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2), an individual may not participate in a
11 State program established under this subpart if the
12 individual has participated in the State program es-
13 tablished under this subpart or subpart 2 for 24
14 months after the date the individual first signed an
15 agreement of mutual responsibility under either such
16 subpart, excluding any month during which the indi-
17 vidual worked for an average of at least 30 hours
18 per week in a private sector job.

19 “(2) AUTHORITY TO ALLOW REPEAT PARTICI-
20 PATION.—

21 “(A) IN GENERAL.—Subject to subpara-
22 graph (B) of this paragraph, a State may allow
23 an individual who, by reason of paragraph (1),
24 would be prohibited from participating in the
25 State program established under this subpart to

1 participate in the program for such additional
2 period or periods as the State determines ap-
3 propriate, if the individual has participated for
4 24 months in a State program established
5 under part G.

6 “(B) LIMITATION ON PERCENTAGE OF RE-
7 PEAT PARTICIPANTS.—

8 “(i) IN GENERAL.—Except as pro-
9 vided in clause (ii) of this subparagraph,
10 the number of individuals allowed under
11 subparagraph (A) to participate during a
12 program year in a State program estab-
13 lished under this subpart shall not exceed
14 10 percent of the total number of individ-
15 uals who participated in the program dur-
16 ing the immediately preceding program
17 year.

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

20 “(I) PETITION.—A State may re-
21 quest the Secretary to increase the
22 percentage limitation imposed by
23 clause (i) to not more than 15 per-
24 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 **“SEC. 488. CASELOAD PARTICIPATION RATES; PERFORM-**
 10 **ANCE MEASURES.**

11 “(a) PARTICIPATION RATES.—

12 “(1) REQUIREMENT.—A State that operates a
 13 program under this subpart shall achieve a partici-
 14 pation rate for the following fiscal years of not less
 15 than the following percentage:

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

16 “(2) PARTICIPATION RATE DEFINED.—As used
 17 in this subsection, the term ‘participation rate’
 18 means, with respect to a State and a fiscal year, an
 19 amount equal to—

20 “(A) the average monthly number of indi-
 21 viduals who, during the fiscal year, participate

1 in the State program established under this
2 subpart or the State program (if any) estab-
3 lished under part G; divided by

4 “(B) the average monthly number of indi-
5 viduals who, during the fiscal year, are adult re-
6 cipients of aid under the State plan approved
7 under part A or participate in the State pro-
8 gram (if any) established under part G.

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 subpart and (if the State has estab-
21 lished a program under part G) the State pro-
22 gram established under part G. 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 require the State to make
6 changes in the State program established under
7 this subpart and (if the State has established a
8 program under part G) the State program es-
9 tablished under part G.

10 “(b) PERFORMANCE STANDARDS.—The Secretary
11 shall develop standards to be used to measure the effec-
12 tiveness of the programs established under this subpart
13 and part G in moving recipients of aid under the State
14 plan approved under part A into full-time unsubsidized
15 employment.

16 “(c) PERFORMANCE-BASED MEASURES.—

17 “(1) ESTABLISHMENT.—The Secretary shall, by
18 regulation, establish measures of the effectiveness of
19 the State programs established under this subpart
20 and under part G in moving recipients of aid under
21 the State plan approved under part A into full-time
22 unsubsidized employment, based on the performance
23 of such programs.

24 “(2) ANNUAL COMPLIANCE REPORTS.—Each
25 State that operates a program under this part shall

1 submit to the Secretary annual reports that compare
2 the achievements of the program with the perform-
3 ance-based measures established under paragraph
4 (1).

5 **“Subpart 2—Optional State Plans**

6 **“SEC. 489. STATE ROLE.**

7 “(a) PROGRAM REQUIREMENTS.—Any State may es-
8 tablish and operate a work first program that meets the
9 following requirements:

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

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

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

1 each State office with responsibilities under the
2 program.

3 “(4) 2-YEAR LIMITATION ON PARTICIPATION.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (B), an individual may not par-
6 ticipate in a State program established under
7 this subpart if the individual has participated in
8 the State program established under subpart 1
9 or this subpart for 24 months after the date the
10 individual first signed an agreement of mutual
11 responsibility under either such subpart, exclud-
12 ing any month during which the individual
13 worked for an average of at least 30 hours per
14 week in a private sector job.

15 “(B) AUTHORITY TO ALLOW REPEAT PAR-
16 TICIPATION.—Subject to subparagraph (C), a
17 State may allow an individual who, by reason of
18 subparagraph (A), would be prohibited from
19 participating in the State program established
20 under this subpart to participate in the pro-
21 gram for such additional period or periods as
22 the State determines appropriate, if the individ-
23 ual has participated for 24 months in the State
24 community service program established under
25 part G.

1 “(C) LIMITATION ON PERCENTAGE OF RE-
2 PEAT PARTICIPANTS.—

3 “(i) IN GENERAL.—Except as pro-
4 vided in clause (ii) of this subparagraph,
5 the number of individuals allowed under
6 subparagraph (A) to participate during a
7 program year in a State program estab-
8 lished under this subpart shall not exceed
9 10 percent of the total number of individ-
10 uals who participated in the program dur-
11 ing the immediately preceding program
12 year.

13 “(ii) AUTHORITY TO INCREASE LIM-
14 TATION.—

15 “(I) PETITION.—A State may re-
16 quest the Secretary to increase the
17 percentage limitation imposed by
18 clause (i) to not more than 15 per-
19 cent.

20 “(II) AUTHORITY TO GRANT RE-
21 QUEST.—The Secretary may approve
22 a request made pursuant to subclause
23 (I) if the Secretary deems it appro-
24 priate. The Secretary shall develop
25 recommendations on the criteria that

1 should be applied in evaluating re-
2 quests under subclause (I).

3 “(5) AGREEMENTS OF MUTUAL RESPONSIBIL-
4 ITY.—The State agency shall develop an agreement
5 of mutual responsibility for each program partici-
6 pant.

7 “(6) PENALTIES FOR REFUSAL TO WORK.—The
8 State shall reduce, by such amount as the State con-
9 siders appropriate, the amount of aid payable under
10 the State plan approved under part A to a family
11 that includes an individual who fails without good
12 cause to comply with the requirements of the pro-
13 gram.

14 “(7) CASELOAD PARTICPATION RATES.—

15 “(A) REQUIREMENT.—A State that oper-
16 ates a program under this subpart shall achieve
17 a participation rate for the following fiscal
18 years of not less than the following percentage:

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

19 “(B) PARTICIPATION RATE DEFINED.—As
20 used in this section, the term ‘participation

1 rate' means, with respect to a State and a fiscal
2 year, an amount equal to—

3 “(i) the average monthly number of
4 individuals who, during the fiscal year,
5 participate in the State program estab-
6 lished under this subpart or the State pro-
7 gram (if any) established under part G; di-
8 vided by

9 “(ii) the average monthly number of
10 individuals who, during the fiscal year, are
11 adult recipients of aid under the State plan
12 approved under part A or participate in
13 the State program (if any) established
14 under part G.

15 “(b) ANNUAL REPORTS.—

16 “(1) COMPLIANCE WITH PERFORMANCE MEAS-
17 URES.—Each State that operates a program under
18 this subpart shall submit to the Secretary annual re-
19 ports that compare the achievements of the program
20 with the performance-based measures established
21 under section 490(b).

22 “(2) COMPLIANCE WITH PARTICIPATION
23 RATES.—Each State that operates a program under
24 this subpart for a fiscal year shall submit to the Sec-

1 retary a report on the participation rate of the State
2 for the fiscal year.

3 **“SEC. 490. FEDERAL ROLE.**

4 “(a) APPROVAL OF STATE PLANS.—The Secretary
5 shall approve any State plan that provides for the estab-
6 lishment and operation of a work first program that meets
7 the requirements of section 489.

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

16 “(c) EFFECT OF FAILURE TO MEET PARTICIPATION
17 RATES.—

18 “(1) IN GENERAL.—If a State reports that the
19 State has failed to achieve the participation rate re-
20 quired by section 489(a)(7) for the fiscal year, the
21 Secretary may make recommendations for changes
22 in the State program established under this subpart
23 and (if the State has established a program under
24 part G) the State program established under part G.
25 The State may elect to follow such recommenda-

1 tions, and shall demonstrate to the Secretary how
2 the State will achieve the required participation
3 rates.

4 “(2) SECOND CONSECUTIVE FAILURE.—Not-
5 withstanding paragraph (1), if the State has failed
6 to achieve the participation rates required by section
7 489(a)(7) for 2 consecutive fiscal years, the Sec-
8 retary may require the State to make changes in the
9 State program established under this subpart and (if
10 the State has established a program under part G)
11 the State program established under part G.

12 **“Part G—Community Service Program**

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

14 “(a) IN GENERAL.—A State that establishes a work
15 first program under a subpart of part F may establish
16 and carry out a community service program that meets
17 the requirements of this part.

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

22 “(c) CASE MANAGEMENT TEAMS.—The State shall
23 assign to each program participant a case management
24 team that shall meet with the participant and assist the
25 participant to choose the most suitable community service

1 job under subsection (d) and to eventually obtain a full-
2 time unsubsidized paid job.

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

4 “(1) IN GENERAL.—Except as provided in para-
5 graphs (2) and (3), the State shall provide each par-
6 ticipant with a full-time community service job
7 under which the participant works a minimum of 30
8 hours per week and is paid at a rate which is not
9 greater than 75 percent of the maximum amount of
10 aid payable under the State plan approved under
11 part A to a family of the same size and composition
12 with no income.

13 “(2) EXCEPTION.—(A) If the participant has
14 obtained unsubsidized part-time employment in the
15 private sector, the State shall provide the participant
16 with a part-time community service job.

17 “(B) If the State provides a participant a part-
18 time community service job under subparagraph (A),
19 such State shall ensure that the total number of
20 hours that the participant works in a week is at
21 least 30 hours.

22 “(3) WAIVER.—(A) The State may submit to
23 the Secretary a request for a waiver of the 30-hour
24 per week work requirement described in paragraph

1 (1) if such requirement is too financially burdensome
2 for the State to meet.

3 “(B) Any waiver granted under subparagraph
4 (A) shall require the State—

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

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

9 “(4) WAGES NOT CONSIDERED EARNED IN-
10 COME.—Wages paid under a community service pro-
11 gram shall not be considered to be earned income for
12 purposes of any provision of law.

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

16 “(A) a job provided to a participant by the
17 State administering the State plan under part
18 A; or

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

22 A State may provide or subsidize under the program
23 any job which the State determines to be appro-
24 priate.

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

5 “(f) DURATION OF PARTICIPATION.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graph (2), an individual may not participate for
8 more than 2 years in a community service program
9 under this part.

10 “(2) AUTHORITY TO ALLOW REPEATED PAR-
11 TICIPATION.—

12 “(A) IN GENERAL.—Subject to subpara-
13 graph (B), a State may allow an individual
14 who, by reason of paragraph (1), would be pro-
15 hibited from participating in the State program
16 established under this subpart to participate in
17 the program for such additional period or peri-
18 ods as the State determines appropriate.

19 “(B) LIMITATION ON PERCENTAGE OF RE-
20 PEAT PARTICIPANTS.—

21 “(i) IN GENERAL.—Except as pro-
22 vided in clause (ii), the number of individ-
23 uals allowed under subparagraph (A) to
24 participate during a program year in a
25 State program established under this sub-

1 part shall not exceed 10 percent of the
2 total number of individuals who partici-
3 pated in the program during the imme-
4 diately preceding program year.

5 “(ii) AUTHORITY TO INCREASE LIM-
6 TATION.—

7 “(I) PETITION.—A State may re-
8 quest the Secretary to increase the
9 percentage limitation imposed by
10 clause (i) to not more than 15 per-
11 cent.

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

20 “(g) USE OF PLACEMENT COMPANIES.—A State that
21 establishes a community service program under this part
22 may enter into contracts with private companies (whether
23 operated for profit or not for profit) for the placement of
24 participants in the program in positions of full-time em-
25 ployment, preferably in the private sector, for wages suffi-

1 cient to eliminate the need of such participants for cash
2 assistance in accordance with section 483.

3 “(h) TEMPORARY SUBSIDIZED JOB CREATION.—A
4 State that establishes a community service program under
5 this part may establish a program similar to the program
6 operated by the State of Oregon, which is known as
7 ‘JOBS Plus’.

8 “(i) WORK SUPPLEMENTATION PROGRAM.—

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

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

23 “(j) FAILURE TO COMPLY WITH AGREEMENT OF
24 MUTUAL RESPONSIBILITY OR OTHER ACT OF NON-
25 COMPLIANCE.—

1 “(1) IN GENERAL.—Subject to paragraph (2),
2 if the program participant fails without good cause
3 to comply with an agreement of mutual responsibil-
4 ity signed by the participant, or the participant oth-
5 erwise engages in any other act of noncompliance,
6 the State shall reduce, by such amount as the State
7 considers appropriate, the amount of aid payable to
8 the participant under part G.

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

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

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

21 “(c)(1) Each State that is operating a program in
22 accordance with subpart 1 of part F (or in accordance
23 with a plan approved under subpart 2 of part F) and a
24 program in accordance with part G shall be entitled to
25 payments under subsection (d) for any fiscal year in an

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

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

17 “(3)(A) The amount specified in this paragraph is—
18 “(i) \$1,500,000,000 for fiscal year 1997;
19 “(iii) \$2,000,000,000 for fiscal year 1998;
20 “(iv) \$2,600,000,000 for fiscal year 1999;
21 “(v) \$3,100,000,000 for fiscal year 2000; and
22 “(vi) the amount determined under subpara-
23 graph (B) for fiscal year 2001 and each succeeding
24 fiscal year.

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

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

5 “(ii) 1.00 plus the percentage (if any) by
6 which—

7 “(I) the average of the Consumer Price
8 Index (as defined in section 1(f)(5) of the Inter-
9 nal Revenue Code of 1986) for the most recent
10 12-month period for which such information is
11 available; exceeds

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

16 “(iii) The amount that bears the same ratio to
17 the amount specified in this paragraph for the im-
18 mediately preceding fiscal year as the number of in-
19 dividuals whom the Secretary estimates will partici-
20 pate in programs operated under part F or G during
21 the fiscal year bears to the total number of individ-
22 uals who participated in such programs during such
23 preceding fiscal year.

24 “(4) For purposes of this subsection, the term ‘adult
25 recipient’ in the case of any State means an individual

1 other than a dependent child (unless such child is the cus-
2 todial parent of another dependent child) whose needs are
3 met (in whole or in part) with payments of aid to families
4 with dependent children.

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

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

1 “(A) with respect to so much of such expendi-
2 tures in a fiscal year as do not exceed the State’s
3 expenditures in the fiscal year 1987 with respect to
4 which payments were made to such State from its
5 allotment for such fiscal year pursuant to part C of
6 this title as then in effect, 90 percent; and

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

10 “(i) 50 percent, in the case of expenditures
11 for administrative costs made by a State in op-
12 erating such programs for such fiscal year
13 (other than the personnel costs for staff em-
14 ployed full-time in the operation of such pro-
15 gram) and the costs of transportation and other
16 work-related supportive services under section
17 402(g)(2); and

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

1 “(3) With respect to the amount for which payment
2 is made to a State under paragraph (2)(A), the State’s
3 expenditures for the costs of operating such programs may
4 be in cash or in kind, fairly evaluated.

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

10 (d) ENFORCEMENT OF PERFORMANCE STAND-
11 ARDS.—Section 403(d) (42 U.S.C. 603), as added by sub-
12 section (c) of this section, is amended by adding at the
13 end the following:

14 “(5) If the Secretary determines that the programs
15 established by a State under parts F and G, as a whole,
16 have failed for a fiscal year to meet the performance
17 standards developed by the State under section 481(12),
18 the Secretary shall, notwithstanding whichever of para-
19 graph (1) or (2) of this subsection applies to the State,
20 pay to the State an amount equal to the sum of 50 percent
21 of the total amount expended during the fiscal year for
22 the operation and administration of such programs in ac-
23 cordance with the State plans approved under parts F
24 and G.”.

25 (e) CONFORMING AMENDMENTS.—

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

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

5 (3) Section 407(b)(1)(B) (42 U.S.C.
6 607(b)(1)(B)) is amended—

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

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

11 (C) by striking clause (v).

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

15 (5) Section 407(b)(2)(C) (42 U.S.C.
16 607(b)(2)(C)) is amended by striking “section
17 402(a)(19) and”.

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

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

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

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

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

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

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

23 (g) SENSE OF THE CONGRESS.—It is the sense of
24 the Congress that States should target individuals who
25 have not attained 25 years of age for participation in the

1 program established by the State under part F of title IV
2 of the Social Security Act (as added by the amendment
3 made by section 301(b) of this section) in order to break
4 the cycle of welfare dependency.

5 **SEC. 302. REGULATIONS.**

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

9 **SEC. 303. APPLICABILITY TO STATES.**

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

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

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

9 **SEC. 304. SENSE OF THE CONGRESS RELATING TO AVAIL-**
10 **ABILITY OF WORK FIRST PROGRAM IN RURAL**
11 **AREAS.**

12 It is the sense of the Congress that the Secretary of
13 Health and Human Services and the States should con-
14 sider the needs of rural areas in designing State plans
15 under parts F and G of title IV of the Social Security
16 Act.

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

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

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

9 (a) IN GENERAL.—Section 453 (42 U.S.C. 653) is
10 amended—

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (b) AUTOMATED DATA PROCESSING REQUIRE-
12 MENTS.—

13 (1) REVISED REQUIREMENTS.—

14 (A) STATE PLAN REQUIREMENT.—Section
15 454(16) (42 U.S.C. 654(16)) is amended—

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

18 (ii) by inserting “and operation by the
19 State agency” after “for the establish-
20 ment”;

21 (iii) by inserting “meeting the require-
22 ments of section 454A” after “information
23 retrieval system”;

1 (iv) by striking “in the State and lo-
2 calities thereof, so as (A)” and inserting
3 “so as”;

4 (v) by striking “(i)”;

5 (v) by striking “(including” and all
6 that follows and inserting a semicolon.

7 (B) AUTOMATED DATA PROCESSING.—Part
8 D of title IV (42 U.S.C. 651–669) is amended
9 by inserting after section 454 the following:

10 “AUTOMATED DATA PROCESSING

11 “SEC. 454A. (a) IN GENERAL.—In order to meet the
12 requirements of this section, for purposes of the require-
13 ment of section 454(16), a State agency shall have in op-
14 eration a single statewide automated data processing and
15 information retrieval system which has the capability to
16 perform the tasks specified in this section, and performs
17 such tasks with the frequency and in the manner specified
18 in this part or in regulations or guidelines of the Sec-
19 retary.

20 “(b) PROGRAM MANAGEMENT.—The automated sys-
21 tem required under this section shall perform such func-
22 tions as the Secretary may specify relating to management
23 of the program under this part, including—

24 “(1) controlling and accounting for use of Fed-
25 eral, State, and local funds to carry out such pro-
26 gram; and

1 “(2) maintaining the data necessary to meet
2 Federal reporting requirements on a timely basis.

3 “(c) CALCULATION OF PERFORMANCE INDICA-
4 TORS.—In order to enable the Secretary to determine the
5 incentive and penalty adjustments required by sections
6 452(g) and 458, the State agency shall—

7 “(1) use the automated system—

8 “(A) to maintain the requisite data on
9 State performance with respect to paternity es-
10 tablishment and child support enforcement in
11 the State; and

12 “(B) to calculate the IV–D paternity es-
13 tablishment percentage and overall performance
14 in child support enforcement for the State for
15 each fiscal year; and

16 “(2) have in place systems controls to ensure
17 the completeness, and reliability of, and ready access
18 to, the data described in paragraph (1)(A), and the
19 accuracy of the calculations described in paragraph
20 (1)(B).

21 “(d) INFORMATION INTEGRITY AND SECURITY.—The
22 State agency shall have in effect safeguards on the integ-
23 rity, accuracy, and completeness of, access to, and use of
24 data in the automated system required under this section,

1 which shall include the following (in addition to such other
2 safeguards as the Secretary specifies in regulations):

3 “(1) POLICIES RESTRICTING ACCESS.—Written
4 policies concerning access to data by State agency
5 personnel, and sharing of data with other persons,
6 which—

7 “(A) permit access to and use of data only
8 to the extent necessary to carry out program re-
9 sponsibilities;

10 “(B) specify the data which may be used
11 for particular program purposes, and the per-
12 sonnel permitted access to such data; and

13 “(C) ensure that data obtained or disclosed
14 for a limited program purpose is not used or
15 redisclosed for another, impermissible purpose.

16 “(2) SYSTEMS CONTROLS.—Systems controls
17 (such as passwords or blocking of fields) to ensure
18 strict adherence to the policies specified under para-
19 graph (1).

20 “(3) MONITORING OF ACCESS.—Routine mon-
21 itoring of access to and use of the automated sys-
22 tem, through methods such as audit trails and feed-
23 back mechanisms, to guard against and promptly
24 identify unauthorized access or use.

1 “(4) TRAINING AND INFORMATION.—The State
2 agency shall have in effect procedures to ensure that
3 all personnel (including State and local agency staff
4 and contractors) who may have access to or be re-
5 quired to use sensitive or confidential program data
6 are fully informed of applicable requirements and
7 penalties, and are adequately trained in security pro-
8 cedures.

9 “(5) PENALTIES.—The State agency shall have
10 in effect administrative penalties (up to and includ-
11 ing dismissal from employment) for unauthorized ac-
12 cess to, or disclosure or use of, confidential data.

13 “(e) CENTRAL CASE REGISTRY.—

14 “(1) IN GENERAL.—The automated system re-
15 quired under this section shall perform the func-
16 tions, in accordance with the provisions of this sub-
17 section, of a single central registry containing
18 records with respect to each case in which services
19 are being provided by the State agency, using such
20 standardized data elements (such as names, social
21 security numbers or other uniform identification
22 numbers, dates of birth, and case identification
23 numbers), and containing such other information
24 (such as information on case status) as the Sec-
25 retary may require.

1 “(2) PAYMENT RECORDS.—Each case record in
2 the central registry with respect to which a child
3 support order has been established shall include a
4 record of—

5 “(A) the amount of monthly (or other peri-
6 odic) support owed under the support order,
7 and other amounts due or overdue (including
8 arrears, interest or late payment penalties, and
9 fees);

10 “(B) the date on which the support obliga-
11 tion will terminate under such order;

12 “(C) all child support and related amounts
13 collected (including such amounts as fees, late
14 payment penalties, and interest on arrearages);
15 and

16 “(D) the distribution of such amounts col-
17 lected.

18 “(3) UPDATING AND MONITORING.—The State
19 agency shall promptly establish and maintain, and
20 regularly monitor, case records in the registry re-
21 quired by this subsection, on the basis of—

22 “(A) information on administrative actions
23 and administrative and judicial proceedings and
24 orders relating to paternity and support;

1 “(B) information obtained from matches
2 with Federal, State, or local data sources;

3 “(C) information on support collections
4 and distributions; and

5 “(D) any other relevant information.

6 “(f) DATA MATCHES AND OTHER DISCLOSURES OF
7 INFORMATION.—The automated system required under
8 this section shall have the capacity, and be used by the
9 State agency, to extract data at such times, and in such
10 standardized format or formats, as may be required by
11 the Secretary, and to share and match data with, and re-
12 ceive data from, other data bases and data matching serv-
13 ices, in order to obtain (or provide) information necessary
14 to enable the State agency (or Secretary or other State
15 or Federal agencies) to carry out responsibilities under
16 this part. Data matching activities of the State agency
17 shall include at least the following:

18 “(1) NATIONAL CHILD SUPPORT REGISTRY.—
19 Furnish to the registry established under section
20 452(a)(11) (and update as necessary, with informa-
21 tion including notice of expiration of orders) minimal
22 information (to be specified by the Secretary) on
23 each child support case in the central case registry.

1 “(2) FEDERAL PARENT LOCATOR SERVICE.—
2 Exchange data with the Federal Parent Locator
3 Service for the purposes specified in section 453.

4 “(3) AFDC AND MEDICAID AGENCIES.—Ex-
5 change data with State agencies (of the State and
6 of other States) administering the programs under
7 part A and title XIX, as necessary for the perform-
8 ance of State agency responsibilities under this part
9 and under such programs.

10 “(4) INTRA- AND INTERSTATE DATA
11 MATCHES.—Exchange data with other agencies of
12 the State, agencies of other States, and interstate
13 information networks, as necessary and appropriate
14 to carry out (or assist other States to carry out) the
15 purposes of this part.”.

16 (C) IMPLEMENTATION TIMETABLE.—Sec-
17 tion 454(24) (42 U.S.C. 654(24)) is amended
18 to read as follows:

19 “(24) provide that the State will have in effect
20 an automated data processing and information re-
21 trieval system—

22 “(A) by October 1, 1995, meeting all re-
23 quirements of this part which were enacted on
24 or before the date of enactment of the Family
25 Support Act of 1988; and

1 “(B) by October 1, 1998, meeting all re-
2 quirements of this part enacted on or before the
3 date of enactment of the Individual Responsibil-
4 ity Act of 1995 (but this provision shall not be
5 construed to alter earlier deadlines specified for
6 elements of such system);”.

7 (2) SPECIAL FEDERAL MATCHING RATE FOR
8 DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—
9 Section 455(a) (42 U.S.C. 655(a)) is amended—

10 (A) in paragraph (1)(B)—

11 (i) by striking “90 percent” and in-
12 serting “the percent specified in paragraph
13 (3)”;

14 (ii) by striking “so much of”; and

15 (iii) by striking “which the Secretary”
16 and all that follows and inserting “, and”;
17 and

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

19 “(3)(A) The Secretary shall pay to each State, for
20 each quarter in fiscal year 1995, 90 percent of so much
21 of State expenditures described in subparagraph (1)(B) as
22 the Secretary finds are for a system meeting the require-
23 ments specified in section 454(16), or meeting such re-
24 quirements without regard to clause (D) thereof.

1 “(B)(i) The Secretary shall pay to each State, for
2 each quarter in fiscal years 1996 through 2000, the per-
3 centage specified in clause (ii) of so much of State expend-
4 itures described in subparagraph (1)(B) as the Secretary
5 finds are for a system meeting the requirements specified
6 in section 454(16) and 454A, subject to clause (iii).

7 “(ii) The percentage specified in this clause, for pur-
8 poses of clause (i), is the higher of—

9 “(I) 80 percent, or

10 “(II) the percentage otherwise applicable to
11 Federal payments to the State under subparagraph
12 (A) (as adjusted pursuant to section 458).

13 “(iii) Notwithstanding any other provision of this sec-
14 tion, the total amount payable by the Secretary with re-
15 spect to expenditures during fiscal years specified in clause
16 (i) shall not exceed \$260,000,000, to be distributed among
17 the States, and to be made available at such time or times
18 over the five-year period, as is provided in regulations is-
19 sued by the Secretary, taking into account the relative size
20 of State caseloads and the level of automation needed to
21 meet the requirements of this part, and payments under
22 clause (i) shall be made to a State at such times and in
23 such a manner as provided in the advance planning docu-
24 ment approved under section 452(d).”.

1 (3) CONFORMING AMENDMENT.—Section
2 123(c) of the Family Support Act of 1988 (102
3 Stat. 2352) is repealed.

4 (c) MAINTENANCE OF FEDERAL CHILD SUPPORT
5 ORDER REGISTRY.—Section 452(a) (42 U.S.C 652(a)) is
6 amended—

7 (1) by striking “and” at the end of paragraph
8 (9);

9 (2) by striking the period at the end of the 2nd
10 sentence of paragraph (10) and inserting “; and”;
11 and

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

13 “(11) maintain a registry of all child support
14 orders transmitted pursuant to section 454A(f)(1).”.

15 (d) SENSE OF THE CONGRESS.—It is the sense of
16 the Congress that the Secretary of Health and Human
17 Services should investigate, pursuant to section 453(e) of
18 the Social Security Act, accessing Federal data banks that
19 are not linked to the Parent Locator Service which are
20 more than marginally useful in locating absent parents.

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

22 (a) ESTABLISHMENT.—Section 453 (42 U.S.C. 653)
23 is amended by adding at the end the following:

24 “(g) The Secretary shall expand the Parent Locator
25 Service to establish a national network based on the com-

1 prehensive statewide child support enforcement systems
2 developed by the States, to—

3 “(1) allow each State to—

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

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

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

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

17 “(C) provide for automated data linkage
18 whenever available at reasonable cost; and

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

1 “(i) to provide the custodial parent ad-
2 vance notice of any release of information with
3 respect to a noncustodial parent; and

4 “(ii) to prevent release of information with
5 respect to a noncustodial parent if the release
6 may jeopardize the safety of the noncustodial
7 parent, the custodial parent, or any child of ei-
8 ther parent; and

9 “(B) The procedures described in subparagraph
10 (A) must require the State—

11 “(i) to develop and publish guidelines im-
12 plementing the safeguards described in sub-
13 paragraph (A); and

14 “(ii) if the State provides for reasonable
15 fees for the access referred to in subparagraph
16 (A), to establish such fees in accordance with
17 guidelines developed and published by the State
18 that set schedules for such fees.”.

19 **Subtitle B—Paternity**

20 **Establishment**

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

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

1 **SEC. 412. AVAILABILITY OF PARENTING SOCIAL SERVICES**
2 **FOR NEW FATHERS.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by
4 section 404 of this Act, is amended by inserting after
5 paragraph (12) the following:

6 “(13) Procedures for providing new fathers
7 with positive parenting counseling that stresses the
8 importance of paying child support in a timely man-
9 ner, in accordance with regulations prescribed by the
10 Secretary.”.

11 **SEC. 413. COOPERATION REQUIREMENT AND GOOD CAUSE**
12 **EXCEPTION.**

13 (a) CHILD SUPPORT ENFORCEMENT REQUIRE-
14 MENTS.—Section 454 (42 U.S.C. 654) is amended—

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

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

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

21 “(25) provide that the State agency administer-
22 ing the plan under this part—

23 “(A) will make the determination specified
24 under paragraph (4), as to whether an individ-
25 ual is cooperating with efforts to establish pa-
26 ternity and secure support (or has good cause

1 not to cooperate with such efforts) for purposes
2 of the requirements of sections 402(a)(26) and
3 1912;

4 “(B) will advise individuals, both orally
5 and in writing, of the grounds for good cause
6 exceptions to the requirement to cooperate with
7 such efforts;

8 “(C) will take the best interests of the
9 child into consideration in making the deter-
10 mination whether such individual has good
11 cause not to cooperate with such efforts;

12 “(D)(i) will make the initial determination
13 as to whether an individual is cooperating (or
14 has good cause not to cooperate) with efforts to
15 establish paternity within 10 days after such in-
16 dividual is referred to such State agency by the
17 State agency administering the program under
18 part A of title XIX;

19 “(ii) will make redeterminations as to co-
20 operation or good cause at appropriate inter-
21 vals; and

22 “(iii) will promptly notify the individual,
23 and the State agencies administering such pro-
24 grams, of each such determination and redeter-
25 mination;

1 “(E) with respect to any child born on or
2 after the date 10 months after enactment of
3 this provision, will not determine (or redeter-
4 mine) the mother (or other custodial relative) of
5 such child to be cooperating with efforts to es-
6 tablish paternity unless such individual fur-
7 nishes—

8 “(i) the name of the putative father
9 (or fathers); and

10 “(ii) sufficient additional information
11 to enable the State agency, if reasonable
12 efforts were made, to verify the identity of
13 the person named as the putative father
14 (including such information as the putative
15 father’s present address, telephone num-
16 ber, date of birth, past or present place of
17 employment, school previously or currently
18 attended, and names and addresses of par-
19 ents, friends, or relatives able to provide
20 location information, or other information
21 that could enable service of process on
22 such person), and

23 “(F)(i) (where a custodial parent who was
24 initially determined not to be cooperating (or to
25 have good cause not to cooperate) is later deter-

1 mined to be cooperating or to have good cause
2 not to cooperate) will immediately notify the
3 State agencies administering the programs
4 under part A of title XIX that this eligibility
5 condition has been met; and

6 “(ii) (where a custodial parent was initially
7 determined to be cooperating (or to have good
8 cause not to cooperate)) will not later determine
9 such individual not to be cooperating (or not to
10 have good cause not to cooperate) until such in-
11 dividual has been afforded an opportunity for a
12 hearing.”.

13 (b) AFDC AMENDMENTS.—

14 (1) Section 402(a)(11) (42 U.S.C. 602(a)(11))
15 is amended by striking “furnishing of” and inserting
16 “application for”.

17 (2) Section 402(a)(26) (42 U.S.C. 602(a)(26))
18 is amended—

19 (A) in each of subparagraphs (A) and (B),
20 by redesignating clauses (i) and (ii) as
21 subclauses (I) and (II);

22 (B) by indenting and redesignating sub-
23 paragraphs (A), (B), and (C) as clauses (i), (ii),
24 and (iv), respectively;

25 (C) in clause (ii), as redesignated—

1 (i) by striking “is claimed, or in ob-
2 taining any other payments or property
3 due such applicant or such child,” and in-
4 serting “is claimed;”; and

5 (ii) by striking “unless” and all that
6 follows through “aid is claimed; and”;

7 (D) by adding after clause (ii) the follow-
8 ing new clause:

9 “(iii) to cooperate with the State in
10 obtaining any other payments or property
11 due such applicant or such child; and”;

12 (E) in the matter preceding clause (i) (as
13 so redesignated) to read as follows:

14 “(26) provide—

15 “(A) that, as a condition of eligibility for
16 aid, each applicant or recipient will be required
17 (subject to subparagraph (C))—”;

18 (F) in subparagraph (A)(iv), as redesign-
19 ated, by striking “, unless such individual”
20 and all that follows through “individuals in-
21 volved”;

22 (G) by adding at the end the following new
23 subparagraphs:

24 “(B) that the State agency will imme-
25 diately refer each applicant requiring paternity

1 establishment services to the State agency ad-
2 ministering the program under part D;

3 “(C) that an individual will not be required
4 to cooperate with the State, as provided under
5 subparagraph (A), if the individual is found to
6 have good cause for refusing to cooperate, as
7 determined in accordance with standards pre-
8 scribed by the Secretary, which standards shall
9 take into consideration the best interests of the
10 child on whose behalf aid is claimed—

11 “(i) to the satisfaction of the State
12 agency administering the program under
13 part D, as determined in accordance with
14 section 454(25), with respect to the re-
15 quirements under clauses (i) and (ii) of
16 subparagraph (A); and

17 “(ii) to the satisfaction of the State
18 agency administering the program under
19 this part, with respect to the requirements
20 under clauses (iii) and (iv) of subpara-
21 graph (A);

22 “(D) that (except as provided in subpara-
23 graph (E)) an applicant requiring paternity es-
24 tablishment services (other than an individual
25 eligible for emergency assistance as defined in

1 section 406(e)) shall not be eligible for any aid
2 under a State plan approved under this part
3 until such applicant—

4 “(i) has furnished to the agency ad-
5 ministering the State plan under part D
6 the information specified in section
7 454(25)(E); or

8 “(ii) has been determined by such
9 agency to have good cause not to cooper-
10 ate;

11 “(E) that the provisions of subparagraph
12 (D) shall not apply—

13 “(i) if the State agency specified in
14 such subparagraph has not, within 10 days
15 after such individual was referred to such
16 agency, provided the notification required
17 by section 454(25)(D)(iii), until such noti-
18 fication is received; and

19 “(ii) if such individual appeals a de-
20 termination that the individual lacks good
21 cause for noncooperation, until after such
22 determination is affirmed after notice and
23 opportunity for a hearing; and”;

24 (H)(i) by relocating and redesignating as
25 subparagraph (F) the text at the end of sub-

1 paragraph (A)(ii) beginning with “that, if the
2 relative” and all that follows through the semi-
3 colon;

4 (ii) in subparagraph (F), as so redesign-
5 nated and relocated, by striking “subpara-
6 graphs (A) and (B) of this paragraph” and in-
7 serting “subparagraph (A)”; and

8 (iii) by striking “and” at the end of sub-
9 paragraph (a)(ii).

10 (c) MEDICAID AMENDMENTS.—Section 1912(a) (42
11 U.S.C. 1396k(a)) is amended—

12 (1) in paragraph (1)(B), by inserting “(except
13 as provided in paragraph (2))” after “to cooperate
14 with the State”;

15 (2) in subparagraphs (B) and (C) of paragraph
16 (1) by striking “, unless” and all that follows and
17 inserting a semicolon; and

18 (3) by redesignating paragraph (2) as para-
19 graph (5), and inserting after paragraph (1) the fol-
20 lowing new paragraphs:

21 “(2) provide that the State agency will imme-
22 diately refer each applicant or recipient requiring
23 paternity establishment services to the State agency
24 administering the program under part D of title IV;

1 “(3) provide that an individual will not be re-
2 quired to cooperate with the State, as provided
3 under paragraph (1), if the individual is found to
4 have good cause for refusing to cooperate, as deter-
5 mined in accordance with standards prescribed by
6 the Secretary, which standards shall take into con-
7 sideration the best interests of the individuals in-
8 volved—

9 “(A) to the satisfaction of the State agency
10 administering the program under part D, as de-
11 termined in accordance with section 454(25),
12 with respect to the requirements to cooperate
13 with efforts to establish paternity and to obtain
14 support (including medical support) from a par-
15 ent; and

16 “(B) to the satisfaction of the State agen-
17 cy administering the program under this title,
18 with respect to other requirements to cooperate
19 under paragraph (1);

20 “(4) provide that (except as provided in para-
21 graph (5)) an applicant requiring paternity estab-
22 lishment services (other than an individual eligible
23 for emergency assistance as defined in section
24 406(e), or presumptively eligible pursuant to section

1 1920) shall not be eligible for medical assistance
2 under this title until such applicant—

3 “(i) has furnished to the agency admin-
4 istering the State plan under part D of title IV
5 the information specified in section 454(25)(E);
6 or

7 “(ii) has been determined by such agency
8 to have good cause not to cooperate; and

9 “(5) provide that the provisions of paragraph
10 (4) shall not apply with respect to an applicant—

11 “(i) if such agency has not, within 10 days
12 after such individual was referred to such agen-
13 cy, provided the notification required by section
14 454(25)(D)(iii), until such notification is re-
15 ceived); and

16 “(ii) if such individual appeals a deter-
17 mination that the individual lacks good cause
18 for noncooperation, until after such determina-
19 tion is affirmed after notice and opportunity for
20 a hearing.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall be effective with respect to applications
23 filed in or after the first calendar quarter beginning 10
24 months or more after the date of the enactment of this
25 Act (or such earlier quarter as the State may select) for

1 aid under a State plan approved under part A of title IV
2 or for medical assistance under a State plan approved
3 under title XIX.

4 **SEC. 414. ELIMINATION OF \$50 CHILD SUPPORT PASS-**
5 **THROUGH TO AFDC RECIPIENTS.**

6 (a) IN GENERAL.—Section 457(b) (42 U.S.C.
7 657(b)) is amended—

8 (1) by striking paragraph (1) and redesignating
9 paragraphs (2), (3), and (4) as paragraphs (1), (2),
10 and (3), respectively;

11 (2) in paragraph (1) (as so redesignated), by
12 striking “which are in excess of any amount paid to
13 the family under paragraph (1)”;

14 (3) in paragraph (2) (as so redesignated), by
15 striking “(2)” and inserting “(1)”; and

16 (4) in paragraph (3) (as so redesignated), by
17 striking “, (2), and (3)” and inserting “and (2)”.

18 (b) ELIMINATION OF \$50 CHILD SUPPORT DIS-
19 REGARD UNDER AFDC.—Section 402(a)(8)(A) (42
20 U.S.C. 602(a)(8)(A)) is amended by striking clause (vi).

21 **SEC. 415. FEDERAL MATCHING PAYMENTS.**

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

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

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

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

5 “(C) for fiscal year 1998 and succeeding
6 fiscal years, 75 percent.”.

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

9 (1) in subsection (a)(1), in the matter preced-
10 ing subparagraph (A), by striking “From” and in-
11 sserting “Subject to subsection (c), from”; and

12 (2) by inserting after subsection (b) the follow-
13 ing:

14 “(c) MAINTENANCE OF EFFORT.—Notwithstanding
15 subsection (a), total expenditures for the State program
16 under this part for fiscal year 1996 and each succeeding
17 fiscal year, reduced by the percentage specified for such
18 fiscal year under subparagraph (A), (B), or (C)(i) of para-
19 graph (2), shall not be less than such total expenditures
20 for fiscal year 1995, reduced by 66 percent.”.

21 **SEC. 416. PERFORMANCE-BASED INCENTIVES AND PEN-**
22 **ALTIES.**

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

1 “INCENTIVE ADJUSTMENTS TO MATCHING RATE

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

3 “(1) IN GENERAL.—In order to encourage and
4 reward State child support enforcement programs
5 which perform in an effective manner, the Federal
6 matching rate for payments to a State under section
7 455(a)(1)(A), for each fiscal year beginning on or
8 after October 1, 1997, shall be increased by a factor
9 reflecting the sum of the applicable incentive adjust-
10 ments (if any) determined in accordance with regu-
11 lations under this section with respect to Statewide
12 paternity establishment and the overall performance
13 of the State in child support enforcement.

14 “(2) STANDARDS.—

15 “(A) IN GENERAL.—The Secretary shall
16 specify in regulations—

17 “(i) the levels of accomplishment, and
18 rates of improvement as alternatives to
19 such levels, which States must attain to
20 qualify for incentive adjustments under
21 this section; and

22 “(ii) the amounts of incentive adjust-
23 ment that shall be awarded to States
24 achieving specified accomplishment or im-

1 provement levels, which amounts shall be
2 graduated, ranging up to—

3 “(I) 5 percentage points, in con-
4 nection with Statewide paternity es-
5 tablishment; and

6 “(II) 10 percentage points, in
7 connection with overall performance in
8 child support enforcement.

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

21 “(3) DETERMINATION OF INCENTIVE ADJUST-
22 MENT.—

23 “(A) USE OF PERFORMANCE INDICATORS.—
24 The Secretary shall, for fiscal year 1998 and
25 each succeeding fiscal year, determine the

1 amount (if any) of incentive adjustment for
2 each State on the basis of the data submitted
3 by the State pursuant to section 454(15)(B)
4 with respect to performance indicators estab-
5 lished by the Secretary.

6 “(B) MINIMUM PERFORMANCE RE-
7 QUIRED.—

8 “(i) IN GENERAL.—The Secretary
9 shall not determine an incentive adjust-
10 ment for a State for a fiscal year if the
11 level of performance of the State for the
12 fiscal year with respect to such perform-
13 ance indicators is below than the perform-
14 ance threshold established by the Sec-
15 retary for the State for the fiscal year.

16 “(ii) ESTABLISHMENT OF STATE PER-
17 FORMANCE THRESHHOLD.—The perform-
18 ance threshold with respect to such per-
19 formance indicators for a State and a fis-
20 cal year shall be at or above the greater
21 of—

22 “(I) the national average level of
23 performace with respect to such indi-
24 cators, as of the date of the enact-
25 ment of this section; or

1 “(II) the level of performance of
2 the State with respect to such indica-
3 tors for the immediately preceding fis-
4 cal year.

5 “(C) DEADLINE FOR ISSUANCE OF REGU-
6 LATIONS.—Within 90 days after the date of the
7 enactment of this section, the Secretary shall
8 issue regulations setting forth the criteria for
9 awarding incentive adjustments.

10 “(4) FISCAL YEAR SUBJECT TO INCENTIVE AD-
11 JUSTMENT.—The total percentage point increase de-
12 termined pursuant to this section with respect to a
13 State program in a fiscal year shall apply as an ad-
14 justment to the percent applicable under section
15 455(a)(2) for payments to such State for the suc-
16 ceeding fiscal year.

17 “(b) DEFINITIONS.—As used in subsection (a):

18 “(1) STATEWIDE PATERNITY ESTABLISHMENT
19 PERCENTAGE.—The term ‘Statewide paternity estab-
20 lishment percentage’ means, with respect to a fiscal
21 year, the ratio (expressed as a percentage) of—

22 “(A) the total number of out-of-wedlock
23 children in the State under one year of age for
24 whom paternity is established or acknowledged
25 during the fiscal year, to

1 “(B) the total number of children born out
2 of wedlock in the State during such fiscal year.

3 “(2) OVERALL PERFORMANCE OF THE STATE
4 IN CHILD SUPPORT ENFORCEMENT.—The term
5 ‘overall performance of the State in child support
6 enforcement’ means a measure or measures of the
7 effectiveness of the State agency in a fiscal year
8 which takes into account factors including—

9 “(A) the percentage of cases requiring a
10 child support order in which such an order was
11 established;

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

14 “(C) the ratio of child support collected to
15 child support due; and

16 “(D) the cost-effectiveness of the State
17 program, as determined in accordance with
18 standards established by the Secretary in regu-
19 lations.”.

20 (b) TITLE IV–D PAYMENT ADJUSTMENT.—Section
21 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section
22 415(a) of this Act, is amended—

23 (1) by striking the period at the end of sub-
24 paragraph (C) and inserting a semicolon; and

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

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

6 (c) CONFORMING AMENDMENTS.—Section 454(22)
7 (42 U.S.C. 654(22)) is amended—

8 (1) by striking “incentive payments” the 1st
9 place such term appears and inserting “incentive ad-
10 justments”; and

11 (2) by striking “any such incentive payments
12 made to the State for such period” and inserting
13 “any increases in Federal payments to the State re-
14 sulting from such incentive adjustments”.

15 (d) CALCULATION OF IV-D PATERNITY ESTABLISH-
16 MENT PERCENTAGE.—

17 (1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
18 amended in the matter preceding subparagraph (A)
19 by inserting “its overall performance in child sup-
20 port enforcement is satisfactory (as defined in sec-
21 tion 458(b) and regulations of the Secretary), and”
22 after “1994,”.

23 (2) Section 452(g)(2)(A) (42 U.S.C.
24 652(g)(2)(A)) is amended in the matter preceding
25 clause (i)—

1 (A) by striking “paternity establishment
2 percentage” and inserting “IV-D paternity es-
3 tablishment percentage”; and

4 (B) by striking “(or all States, as the case
5 may be)”.

6 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
7 amended—

8 (A) by striking subparagraph (A) and re-
9 designating subparagraphs (B) and (C) as sub-
10 subparagraphs (A) and (B), respectively;

11 (B) in subparagraph (A) (as so redesign-
12 dated), by striking “the percentage of children
13 born out-of-wedlock in a State” and inserting
14 “the percentage of children in a State who are
15 born out of wedlock or for whom support has
16 not been established”; and

17 (C) in subparagraph (B) (as so redesign-
18 dated)—

19 (i) by inserting “and overall perform-
20 ance in child support enforcement” after
21 “paternity establishment percentages”; and

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

24 (e) TITLE IV-A PAYMENT REDUCTION.—Section
25 403 (42 U.S.C. 603) is amended—

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

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

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

8 “(A)(i) on the basis of data submitted by a
9 State pursuant to section 454(15)(B), that the State
10 program in such fiscal year failed to achieve the IV-
11 D paternity establishment percentage (as defined in
12 section 452(g)(2)(A)) or the appropriate level of
13 overall performance in child support enforcement (as
14 defined in section 458(b)(2)), or to meet other per-
15 formance measures that may be established by the
16 Secretary, or

17 “(ii) on the basis of an audit or audits of such
18 State data conducted pursuant to section
19 452(a)(4)(C), that the State data submitted pursu-
20 ant to section 454(15)(B) is incomplete or unreli-
21 able; and

22 “(B) that, with respect to the succeeding fiscal
23 year—

24 “(i) the State failed to take sufficient cor-
25 rective action to achieve the appropriate per-

1 formance levels as described in subparagraph
2 (A)(i), or

3 “(ii) the data submitted by the State pur-
4 suant to section 454(15)(B) is incomplete or
5 unreliable,

6 the amounts otherwise payable to the State under this
7 part for quarters following the end of such succeeding fis-
8 cal year, prior to quarters following the end of the first
9 quarter throughout which the State program is in compli-
10 ance with such performance requirement, shall be reduced
11 by the percentage specified in paragraph (2).

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

14 “(A) not less than 1 nor more than 2 percent,
15 or

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

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

22 (3) in subsection (h)(3), by striking “not in full
23 compliance” and all that follows and inserting “de-
24 termined as a result of an audit to have submitted
25 incomplete or unreliable data pursuant to section

1 454(15)(B), shall be determined to have submitted
2 adequate data if the Secretary determines that the
3 extent of the incompleteness or unreliability of the
4 data is of a technical nature which does not ad-
5 versely affect the determination of the level of the
6 State's performance.”.

7 (f) EFFECTIVE DATES.—

8 (1) INCENTIVE ADJUSTMENTS.—(A) The
9 amendments made by subsections (a), (b), and (c)
10 shall become effective October 1, 1996, except to the
11 extent provided in subparagraph (B).

12 (B) Section 458 of the Social Security Act, as
13 in effect immediately before the date of the enact-
14 ment of this section, shall be effective for purposes
15 of incentive payments to States for fiscal years be-
16 fore fiscal year 1998.

17 (2) PENALTY REDUCTIONS.—(A) The amend-
18 ments made by subsection (d) shall become effective
19 with respect to calendar quarters beginning on and
20 after the date of enactment of this Act.

21 (B) The amendments made by subsection (e)
22 shall become effective with respect to calendar quar-
23 ters beginning on and after the date that is 1 year
24 after the date of enactment of this Act.

1 **SEC. 417. STATE LAWS CONCERNING PATERNITY ESTAB-**
2 **LISHMENT.**

3 Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amend-
4 ed—

5 (1) by striking “(5)” and inserting “(5) PRO-
6 CEDURES CONCERNING PATERNITY ESTABLISH-
7 MENT.—”;

8 (2) in subparagraph (A)—

9 (A) by striking “(A)” and inserting “(A)
10 ESTABLISHMENT PROCESS AVAILABLE FROM
11 BEFORE BIRTH UNTIL AGE EIGHTEEN.—”;

12 (B) by indenting clause (ii) 2 ems from the
13 left margin; and

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

15 “(iii) Procedures which permit the ini-
16 tiation of proceedings to establish paternity
17 before the birth of the child concerned.”;

18 (3) in subparagraph (B)—

19 (A) by striking “(B)” and inserting “(B)
20 PROCEDURES CONCERNING GENETIC TEST-
21 ING.—(i)”;

22 (B) in clause (i) (as so redesignated), by
23 inserting before the period “, where such re-
24 quest is supported by a sworn statement by
25 such party setting forth facts establishing a

1 reasonable possibility of the requisite sexual
2 contact”;

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

4 “(ii) Procedures which require the
5 State agency, in any case in which such
6 agency orders genetic testing—

7 “(I) to pay costs of such tests,
8 subject to recoupment (where the
9 State so elects) from the putative fa-
10 ther if paternity is established; and

11 “(II) to obtain additional testing
12 in any case where an original test re-
13 sult is disputed, upon request and ad-
14 vance payment by the disputing
15 party.”;

16 (4) by striking subparagraph (C) and inserting
17 the following:

18 “(C) VOLUNTARY ACKNOWLEDGMENT PRO-
19 CEDURE.—Procedures for a simple civil process
20 for voluntarily acknowledging paternity under
21 which—

22 “(i) the benefits, rights and respon-
23 sibilities of acknowledging paternity are ex-
24 plained to unwed parents;

1 “(ii) due process safeguards are af-
2 forded; and

3 “(iii) hospitals and other health care
4 facilities providing inpatient or outpatient
5 maternity and pediatric services are re-
6 quired, as a condition of participation in
7 the State program under title XIX—

8 “(I) to explain to unwed parents
9 the matters specified in clause (i);

10 “(II) to make available the vol-
11 untary acknowledgment procedure re-
12 quired under this subparagraph; and

13 “(III) (in the case of hospitals
14 providing maternity services) to have
15 facilities for obtaining blood or other
16 genetic samples from the mother, pu-
17 tative father, and child for genetic
18 testing; to inform the mother and pu-
19 tative father of the availability of such
20 testing (at their expense); and to ob-
21 tain such samples upon request of
22 both such individuals;”;

23 (5) by striking subparagraphs (D) and (E) and
24 inserting the following:

1 “(D) LEGAL STATUS OF ACKNOWLEDG-
2 MENT.—Procedures under which—

3 “(i) a voluntary acknowledgment of
4 paternity creates, at State option, either—

5 “(I) a conclusive presumption of
6 paternity, or

7 “(II) a rebuttable presumption
8 which becomes a conclusive presump-
9 tion within one year, unless rebutted
10 or invalidated by an intervening deter-
11 mination which reaches a contrary
12 conclusion;

13 “(ii) (at State option), notwithstand-
14 ing clause (i), upon the request of a party,
15 a determination of paternity based on an
16 acknowledgment may be vacated on the
17 basis of new evidence, the existence of
18 fraud, or the best interests of the child;
19 and

20 “(iii) a voluntary acknowledgment of
21 paternity is admissible as evidence of pa-
22 ternity, and as a basis for seeking a sup-
23 port order, without requiring any further
24 proceedings to establish paternity.

1 “(E) BAR ON ACKNOWLEDGMENT RATIFI-
2 CATION PROCEEDINGS.—Procedures under
3 which no judicial or administrative proceedings
4 are required or permitted to ratify an unchal-
5 lenged acknowledgment of paternity.”;

6 (6) by striking subparagraph (F) and inserting
7 the following:

8 “(F) ADMISSIBILITY OF GENETIC TESTING
9 RESULTS.—Procedures—

10 “(i) requiring that the State admit
11 into evidence, for purposes of establishing
12 paternity, results of any genetic test that
13 is—

14 “(I) of a type generally acknowl-
15 edged, by accreditation bodies des-
16 ignated by the Secretary, as reliable
17 evidence of paternity; and

18 “(II) performed by a laboratory
19 approved by such an accreditation
20 body;

21 “(ii) that any objection to genetic
22 testing results must be made in writing not
23 later than a specified number of days be-
24 fore any hearing at which such results may
25 be introduced into evidence (or, at State

1 option, not later than a specified number
2 of days after receipt of such results); and

3 “(iii) that, if no objection is made, the
4 test results are admissible as evidence of
5 paternity without the need for foundation
6 testimony or other proof of authenticity or
7 accuracy.”; and

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

9 “(I) NO RIGHT TO JURY
10 TRIAL.—Procedures providing that
11 the parties to an action to establish
12 paternity are not entitled to jury trial.

13 “(J) TEMPORARY SUPPORT ORDER BASED
14 ON PROBABLE PATERNITY IN CONTESTED
15 CASES.—Procedures which require that a tem-
16 porary order be issued, upon motion by a party,
17 requiring the provision of child support pending
18 an administrative or judicial determination of
19 parentage, where there is clear and convincing
20 evidence of paternity (on the basis of genetic
21 tests or other evidence).

22 “(K) PROOF OF CERTAIN SUPPORT AND
23 PATERNITY ESTABLISHMENT COSTS.—Proce-
24 dures under which bills for pregnancy, child-
25 birth, and genetic testing are admissible as evi-

1 dence without requiring third-party foundation
2 testimony, and shall constitute prima facie evi-
3 dence of amounts incurred for such services and
4 testing on behalf of the child.

5 “(L) WAIVER OF STATE DEBTS FOR CO-
6 OPERATION.—Procedures under which the tri-
7 bunal establishing paternity and support has
8 discretion to waive rights to all or part of
9 amounts owed to the State (but not to the
10 mother) for costs related to pregnancy, child-
11 birth, and genetic testing and for public assist-
12 ance paid to the family where the father cooper-
13 ates or acknowledges paternity before or after
14 genetic testing.

15 “(M) STANDING OF PUTATIVE FATHERS.—
16 Procedures ensuring that the putative father
17 has a reasonable opportunity to initiate a pater-
18 nity action.”.

19 **Subtitle C—Improvement of Child**
20 **Support Order Establishment**
21 **Process**

22 **SEC. 421. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-**
23 **SION.**

24 (a) ESTABLISHMENT.—There is hereby established a
25 commission to be known as the “National Child Support

1 Guidelines Commission” (in this section referred to as the
2 “Commission”).

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

16 (c) MEMBERSHIP.—

17 (1) NUMBER; APPOINTMENT.—

18 (A) IN GENERAL.—The Commission shall
19 be composed of 9 individuals appointed jointly
20 by the Secretary of Health and Human Services
21 and the Congress, not later than 6 months after
22 the date of the enactment of this Act.

23 (B) QUALIFICATIONS OF MEMBERS.—
24 Members of the Commission shall be appointed
25 from among those who are able to provide ex-

1 pertise and experience in the evaluation and de-
2 velopment of child support guidelines.

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

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

17 (e) REPORT.—Not later than 2 years after the ap-
18 pointment of members, the Commission shall submit to
19 the President, the Committee on Ways and Means of the
20 House of Representatives, and the Committee on Finance
21 of the Senate, a report on the results of the study de-
22 scribed in subsection (b) and the final assessment by the
23 Commission of issues relating to a national child support
24 guideline.

1 (f) TERMINATION.—The Commission shall terminate
2 upon the submission of the report described in subsection
3 (e).

4 **SEC. 422. STATE LAWS PROVIDING EXPEDITED PROCE-**
5 **DURES.**

6 (a) STATE LAW REQUIREMENTS.—Section 466 (42
7 U.S.C. 666) is amended—

8 (1) in subsection (a)(2), by striking the 1st sen-
9 tence and inserting the following: “Expedited admin-
10 istrative and judicial procedures (including the pro-
11 cedures specified in subsection (c)) for establishing
12 paternity and for establishing, modifying, and en-
13 forcing support obligations.”; and

14 (2) by inserting after subsection (b) the follow-
15 ing:

16 “(c) EXPEDITED PROCEDURES.—

17 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
18 CY.—Procedures which give the State agency the au-
19 thority (and recognize and enforce the authority of
20 State agencies of other States), without the necessity
21 of obtaining an order from any other judicial or ad-
22 ministrative tribunal (but subject to due process
23 safeguards, including (as appropriate) requirements
24 for notice, opportunity to contest the action, and op-
25 portunity for an appeal on the record to an inde-

1 pendent administrative or judicial tribunal), to take
2 the following actions relating to establishment or en-
3 forcement of orders:

4 “(A) ESTABLISH OR MODIFY SUPPORT
5 AMOUNT.—To establish the amount of support
6 awards in all cases in which services are being
7 provided under this part, and to modify the
8 amount of such awards under all orders in-
9 cluded in the central case registry established
10 under section 454A(e) (including orders entered
11 by a court), in accordance with the guidelines
12 established under section 467.

13 “(B) GENETIC TESTING.—To order genetic
14 testing for the purpose of paternity establish-
15 ment as provided in section 466(a)(5).

16 “(C) DEFAULT ORDERS.—To enter a de-
17 fault order, upon a showing of service of proc-
18 ess and any additional showing required by
19 State law—

20 “(i) establishing paternity, in the case
21 of any putative father who refuses to sub-
22 mit to genetic testing; and

23 “(ii) establishing or modifying a sup-
24 port obligation, in the case of a parent (or
25 other obligor or obligee) who fails to re-

1 spond to notice to appear at a proceeding
2 for such purpose.

3 “(D) SUBPOENAS.—To subpoena any fi-
4 nancial or other information needed to estab-
5 lish, modify, or enforce an order, and to sanc-
6 tion failure to respond to any such subpoena.

7 “(E) ACCESS TO PERSONAL AND FINAN-
8 CIAL INFORMATION.—To obtain access, subject
9 to safeguards on privacy and information secu-
10 rity, to the following records (including auto-
11 mated access, in the case of records maintained
12 in automated data bases):

13 “(i) records of other State and local
14 government agencies, including—

15 “(I) vital statistics (including
16 records of marriage, birth, and di-
17 vorce);

18 “(II) State and local tax and rev-
19 enue records (including information
20 on residence address, employer, in-
21 come and assets);

22 “(III) records concerning real
23 and titled personal property;

24 “(IV) records of occupational and
25 professional licenses, and records con-

1 cerning the ownership and control of
2 corporations, partnerships, and other
3 business entities;

4 “(V) employment security
5 records;

6 “(VI) records of agencies admin-
7 istering public assistance programs;

8 “(VII) records of the motor vehi-
9 cle department; and

10 “(VIII) corrections records; and

11 “(ii) certain records held by private
12 entities, including—

13 “(I) customer records of public
14 utilities and cable television compa-
15 nies; and

16 “(II) information (including in-
17 formation on assets and liabilities) on
18 individuals who owe or are owed sup-
19 port (or against or with respect to
20 whom a support obligation is sought)
21 held by financial institutions (subject
22 to limitations on liability of such enti-
23 ties arising from affording such ac-
24 cess).

1 “(F) INCOME WITHHOLDING.—To order
2 income withholding in accordance with sub-
3 sections (a)(1) and (b) of section 466.

4 “(G) SECURE ASSETS TO SATISFY ARREAR-
5 AGES.—For the purpose of securing overdue
6 support—

7 “(i) to intercept and seize any peri-
8 odic or lump-sum payment to the obligor
9 by or through a State or local government
10 agency, including—

11 “(I) unemployment compensa-
12 tion, workers’ compensation, and
13 other benefits;

14 “(II) judgments and settlements
15 in cases under the jurisdiction of the
16 State or local government; and

17 “(III) lottery winnings;

18 “(ii) to attach and seize assets of the
19 obligor held by financial institutions;

20 “(iii) to attach public and private re-
21 tirement funds in appropriate cases, as de-
22 termined by the Secretary; and

23 “(iv) to impose liens in accordance
24 with paragraph (a)(4) and, in appropriate

1 cases, to force sale of property and dis-
2 tribution of proceeds.

3 “(H) INCREASE MONTHLY PAYMENTS.—
4 For the purpose of securing overdue support, to
5 increase the amount of monthly support pay-
6 ments to include amounts for arrearages (sub-
7 ject to such conditions or restrictions as the
8 State may provide).

9 “(I) SUSPENSION OF DRIVERS’ LI-
10 CENSES.—To suspend drivers’ licenses of indi-
11 viduals owing past-due support, in accordance
12 with subsection (a)(16).

13 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—
14 The expedited procedures required under subsection
15 (a)(2) shall include the following rules and author-
16 ity, applicable with respect to all proceedings to es-
17 tablish paternity or to establish, modify, or enforce
18 support orders:

19 “(A) LOCATOR INFORMATION; PRESUMP-
20 TIONS CONCERNING NOTICE.—Procedures
21 under which—

22 “(i) the parties to any paternity or
23 child support proceedings are required
24 (subject to privacy safeguards) to file with
25 the tribunal before entry of an order, and

1 to update as appropriate, information on
2 location and identity (including social secu-
3 rity number, residential and mailing ad-
4 dresses, telephone number, driver's license
5 number, and name, address, telephone
6 number, and employer identification num-
7 ber of employer); and

8 “(ii) in any subsequent child support
9 enforcement action between the same par-
10 ties, the tribunal shall be authorized, upon
11 sufficient showing that diligent effort has
12 been made to ascertain such a party's cur-
13 rent location, to deem due process require-
14 ments for notice and service of process to
15 be met, with respect to such party, by de-
16 livery to the most recent residential or em-
17 ployer address so filed pursuant to clause
18 (i).

19 “(B) STATEWIDE JURISDICTION.—Proce-
20 dures under which—

21 “(i) the State agency and any admin-
22 istrative or judicial tribunal with authority
23 to hear child support and paternity cases
24 exerts statewide jurisdiction over the par-

1 ties, and orders issued in such cases have
2 statewide effect; and

3 “(ii) in the case of a State in which
4 orders in such cases are issued by local ju-
5 risdictions, a case may be transferred be-
6 tween jurisdictions in the State without
7 need for any additional filing by the peti-
8 tioner, or service of process upon the re-
9 spondent, to retain jurisdiction over the
10 parties.”.

11 (b) EXCEPTIONS FROM STATE LAW REQUIRE-
12 MENTS.—Section 466(d) is amended—

13 (1) by striking “(d) If” and inserting the fol-
14 lowing:

15 “(d) EXEMPTIONS FROM REQUIREMENTS.—

16 “(1) IN GENERAL.—Subject to paragraph (2),
17 if”; and

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

19 “(2) NON-EXEMPT REQUIREMENTS.—The Sec-
20 retary shall not grant an exemption from the re-
21 quirements of—

22 “(A) subsection (a)(5) (concerning proce-
23 dures for paternity establishment);

24 “(B) subsection (a)(10) (concerning modi-
25 fication of orders);

1 “(C) subsection (a)(12) (concerning re-
2 cording of orders in the central State case reg-
3 istry);

4 “(D) subsection (a)(13) (concerning re-
5 cording of social security numbers);

6 “(E) subsection (a)(14) (concerning inter-
7 state enforcement); or

8 “(F) subsection (c) (concerning expedited
9 procedures), other than paragraph (1)(A) there-
10 of (concerning establishment or modification of
11 support amount).”.

12 (c) AUTOMATION OF STATE AGENCY FUNCTIONS.—
13 Section 454A, as added by section 402(b)(1)(B) of this
14 Act, is amended by adding at the end the following:

15 “(g) EXPEDITED ADMINISTRATIVE PROCEDURES.—
16 The automated system required under this section shall
17 be used, to the maximum extent feasible, to implement the
18 expedited administrative procedures required under sec-
19 tion 466(c).”.

20 **Subtitle D—Child Support**
21 **Enforcement**

22 **SEC. 431. NATIONAL REPORTING OF NEW HIRES AND CHILD**
23 **SUPPORT INFORMATION.**

24 (a) FEDERAL IMPLEMENTATION OF SYSTEM.—

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

8 (2) EXPANDED USE OF FORM.—The Secretary
9 of the Treasury shall modify the W-4 form to be
10 completed by a new employee to enable the employee
11 to indicate on the form—

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

14 (i) to whom the support is payable
15 and the amount of the support payable;
16 and

17 (ii) whether the support is to be paid
18 through wage withholding; and

19 (B) whether health care insurance is avail-
20 able to the new employee, and, if so, whether
21 the new employee has obtained such insurance
22 for the dependent children of the new employee.

23 (3) EMPLOYER WITHHOLDING OBLIGATION.—

24 (A) IN GENERAL.—Subtitle C of the Inter-
25 nal Revenue Code of 1986 (relating to employ-

1 ment taxes) is amended by inserting after chap-
2 ter 24 the following new chapter:

3 **“CHAPTER 24A—COLLECTION OF CHILD**
4 **SUPPORT OBLIGATIONS AT SOURCE**
5 **ON WAGES**

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

6 **“SEC. 3411. CHILD SUPPORT OBLIGATIONS COLLECTED AT**
7 **SOURCE.**

8 “(a) REQUIREMENT OF WITHHOLDING.—Every em-
9 ployer making payment of wages shall deduct and with-
10 hold upon such wages a specified child support obligation
11 amount.

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

16 “(1) information provided by the employee, or
17 (if an agency of the State in which the employer is
18 located notifies the employer that such information
19 is inaccurate) information provided by the agency;
20 and

21 “(2) information contained in any wage with-
22 holding order received by the employer from any
23 State.

1 “(c) LIABILITY FOR PAYMENT.—The employer shall
2 be liable for the payment of the specified child support
3 obligation amount to the individual entitled to such pay-
4 ment.

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

10 (B) CLERICAL AMENDMENT.—The table of
11 chapters of subtitle C of the Internal Revenue
12 Code of 1986 is amended by inserting after the
13 item relating to chapter 24 the following new
14 item:

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

15 (4) WITHHELD CHILD SUPPORT OBLIGATIONS
16 REPORTED ON W-2 FORMS.—Subsection (a) of sec-
17 tion 6051 of the Internal Revenue Code of 1986 (re-
18 lating to receipts for employees) is amended by
19 striking “and” at the end of paragraph (8), by strik-
20 ing the period at the end of paragraph (9) and in-
21 sserting “, and”, and by inserting after paragraph
22 (9) the following new paragraph:

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

1 (b) STATE IMPLEMENTATION OF SYSTEM.—Section
2 466(a) (42 U.S.C. 666(a)), as amended by sections 404
3 and 412 of this Act, is amended by inserting after para-
4 graph (13) the following:

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

6 “(A) use the Parent Locator Service estab-
7 lished under section 453 to access information
8 in the national registry of child support orders
9 maintained pursuant to section 452(a)(11) with
10 respect to new employee, compare such infor-
11 mation with the information reported on W-4
12 forms of new employees, and identify child sup-
13 port obligations not reported on such forms;

14 “(B) if child support information from the
15 W-4 form of a new employee agrees with infor-
16 mation with respect to the new employee in the
17 national registry of child support orders main-
18 tained pursuant to section 452(a)(11), notify
19 the individual owed the support (or the individ-
20 ual’s designee) of such information;

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

1 “(D) impose monetary penalties on—

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

6 “(ii) any employer who fails to for-
7 ward a W-4 form for a new employee to
8 the State employment security agency
9 within 10 calendar days of the date of the
10 first payroll from which the new employee
11 is paid; and

12 “(iii) any employer who fails to with-
13 hold from the pay of any new employee
14 who reports a child support obligation on
15 a W-4 form an amount equal to the sup-
16 port owed, or fails to pay to the individual
17 owed the obligation the amount so with-
18 held, within 10 calendar days of the date
19 of the payroll, using electronic funds trans-
20 fer, if possible, unless otherwise notified by
21 a State agency;

22 “(E) provide the services described in this
23 paragraph to any individual owed child support
24 who applies for assistance under the State plan;
25 and

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

6 (c) UNIFORM WITHHOLDING ORDER.—Section
7 452(a) (42 U.S.C. 652(a)), as amended by section 402(c)
8 of this Act, is amended—

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

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

13 (3) by inserting after paragraph (11) the fol-
14 lowing:

15 “(12) develop a uniform order to be used in all
16 cases in which income is to be withheld for the pay-
17 ment of child support, which shall contain the name
18 of the individual whose income is to be withheld, the
19 number of children covered by the order, and the in-
20 dividual or State to whom the withheld income is to
21 be paid, and be generic to allow for the service of
22 the order on all sources of income.”.

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

24 (a) FEDERAL DEATH BENEFITS, BLACK LUNG BEN-
25 EFITS, AND VETERANS BENEFITS.—Section 462(f)(2) (42

1 U.S.C. 662(f)(2)) is amended by striking “(not including”
2 and all that follows through “compensation)”.

3 (b) WORKERS’ COMPENSATION.—Section 462(f) (42
4 U.S.C. 662(f)) is amended—

5 (1) by striking “or” at the end of paragraph
6 (1);

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

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

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

11 **SEC. 433. SEIZURE OF LOTTERY WINNINGS, SETTLEMENTS,**
12 **PAYOUTS, AWARDS, AND BEQUESTS, AND**
13 **SALE OF FORFEITED PROPERTY, TO PAY**
14 **CHILD SUPPORT ARREARAGES.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by
16 sections 404, 412, and 431(b) of this Act, is amended by
17 inserting after paragraph (14) the following:

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

21 “(A) The distributor of the winnings from
22 a State lottery or State-sanctioned or tribal-
23 sanctioned gambling house or casino shall—

24 “(i) suspend payment of the winnings
25 from the person otherwise entitled to the

1 payment until an inquiry is made to and a
2 response is received from the State child
3 support enforcement agency as to whether
4 the person owes a child support arrearage;
5 and

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

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

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

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

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

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

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

15 “(D) If the State seizes property forfeited
16 to the State by an individual by reason of a
17 criminal conviction, the State shall—

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

22 “(ii) if there is such an arrearage, sell
23 the property and, after satisfying the
24 claims of all other private or public claim-
25 ants to the property and deducting from

1 the proceeds of the sale the attendant costs
2 (such as for towing, storage, and the sale),
3 pay the lesser of the remaining proceeds or
4 the amount of the arrearage directly to the
5 agency for distribution.

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

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

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

18 **SEC. 434. REPORTING OF CHILD SUPPORT ARREARAGES TO**

19 **CREDIT BUREAUS.**

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

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

23 (2) by redesignating subparagraphs (A), (B),
24 and (C) as clauses (i), (ii), and (iii), respectively;

25 and

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

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

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

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

12 **SEC. 435. LIABILITY OF GRANDPARENTS FOR FINANCIAL**
13 **SUPPORT OF CHILDREN OF THEIR MINOR**
14 **CHILDREN.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by
16 sections 404, 412, 431(b), and 433 of this Act, is amended
17 by inserting after paragraph (15) the following:

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

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

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

10 **SEC. 437. DISTRIBUTION OF PAYMENTS.**

11 (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-
12 PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE
13 RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is
14 amended—

15 (1) in subparagraph (A)—

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

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

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

23 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-
24 CEIVING AFDC.—Section 457 (42 U.S.C. 657), as
25 amended by section 414(a) of this Act, is amended—

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

3 (2) in subsection (a) (as so redesignated)—

4 (A) by striking all that precedes paragraph
5 (1) and inserting the following:

6 “(a) IN THE CASE OF A FAMILY RECEIVING
7 AFDC.—Amounts collected under this part during any
8 month as support of a child who is receiving aid under
9 a State plan approved under part A (or of a parent or
10 caretaker relative of such a child) shall be distributed as
11 follows:”;

12 (B) in paragraph (2)—

13 (i) by striking “assistance payments
14 to the family” and inserting “payments of
15 aid to the family under the State plan ap-
16 proved under part A”; and

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

18 (C) by striking paragraph (3) and insert-
19 ing the following:

20 “(3) from any remainder, amounts which have
21 been assigned pursuant to section 402(a)(26) and
22 are not in excess of unreimbursed payments of aid
23 to the family under the State plan approved under
24 part A shall be (A) retained by the State or (B) if
25 no such payments by the State are unreimbursed,

1 paid to any other State that may have made such
2 unreimbursed payments (with appropriate reim-
3 bursement of the Federal Government to the extent
4 of its participation in the financing); and

5 “(4) any remainder shall be paid to the fam-
6 ily.”.

7 (c) DISTRIBUTION TO A FAMILY NOT RECEIVING
8 AFDC.—Section 457(c) (42 U.S.C. 6576(c)) is amended
9 to read as follows:

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

17 “(1) First, amounts equal to the total of such
18 support owed for such month shall be paid to the
19 family.

20 “(2) Second, from any remainder, amounts
21 equal to arrearages of such support obligations
22 which have not been assigned pursuant to section
23 402(a)(26) (and amounts equal to such arrearages
24 which have been so assigned, but which represent
25 support for months during which such child did not

1 receive aid under the State plan approved under
2 part A) shall be paid to the family.

3 “(3) Third, from any remainder, amounts equal
4 to arrearages of such support obligations assigned to
5 the State shall be retained by the State to reimburse
6 the State for payments of aid to the family under
7 the State plan approved under part A (with appro-
8 priate reimbursement of the Federal Government to
9 the extent of its participation in the financing).

10 “(4) Fourth, from any remainder, amounts
11 equal to arrearages of such support obligations as-
12 signed to another State pursuant to part A shall be
13 paid to such other State to reimburse such other
14 State for payments of aid to the family under the
15 plan approved under part A of such other State, in
16 the order in which such payments occurred (with ap-
17 propriate reimbursement of the Federal Government
18 to the extent of its participation in the financing).

19 “(5) Fifth, any remainder shall be paid to the
20 family.”.

21 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-
22 ANCE UNDER PART E OF TITLE IV.—Section 457(d) (42
23 U.S.C. 657(d)) is amended by striking “(d) Notwithstand-
24 ing the preceding provisions of this section, amounts” and
25 inserting the following:

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

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

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

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

13 “(A) the parent owing such support mar-
14 ries (or remarries) the parent with whom such
15 child is living and to whom such support is
16 owed and applies to the State for relief under
17 this subsection;

18 “(B) the State determines (in accordance
19 with procedures and criteria established by the
20 Secretary) that the marriage is not a sham
21 marriage entered into solely to satisfy this sub-
22 section; and

23 “(C) the combined income of such parents
24 is less than twice the Federal poverty line,

1 the State shall afford relief to the parent owing such
2 support in accordance with paragraph (2).

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

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

8 “(B) suspend collection of such debts for
9 the duration of such marriage, and cancel such
10 debts if such duration extends beyond the end
11 of the period with respect to which support is
12 owed.

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

17 (f) REGULATIONS.—The Secretary of Health and
18 Human Services shall promulgate regulations under part
19 D of title IV of the Social Security Act, establishing a
20 uniform nationwide standard for allocation of child sup-
21 port collections from an obligor owing support to more
22 than 1 family.

23 (g) ASSIGNMENT OF SUPPORT RIGHTS.—Section
24 402(a)(26)(A)(i), as so redesignated by section 413(b)(2)
25 of this Act, is amended—

1 (1) by striking “(I)”; and

2 (2) by striking “, and (II)” and all that follows
3 before the semicolon and inserting “for periods dur-
4 ing which the applicant is receiving aid under this
5 part”.

6 (h) CLERICAL AMENDMENT.—Section 454 (42
7 U.S.C. 654) is amended—

8 (1) in paragraph (11), by striking “(11)” and
9 inserting “(11)(A)”; and

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

12 (i) EFFECTIVE DATE.—The amendments made by
13 this section shall be effective with respect to calendar
14 quarters beginning on or after October 1, 1988.

15 **SEC. 438. DUE PROCESS RIGHTS.**

16 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
17 amended by section 437(h)(2) of this Act, is amended by
18 inserting after paragraph (11) the following:

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

20 “(A) individuals who are parties to cases
21 in which services are being provided under this
22 part—

23 “(i) receive notice of all proceedings in
24 which support obligations might be estab-
25 lished or modified; and

1 “(ii) receive a copy of any order estab-
2 lishing or modifying a child support obliga-
3 tion within 14 days after issuance of such
4 order; and

5 “(B) individuals receiving services under
6 this part have access to a fair hearing or other
7 formal complaint procedure, meeting standards
8 established by the Secretary, that ensures
9 prompt consideration and resolution of com-
10 plaints (but the resort to such procedure shall
11 not stay the enforcement of any support
12 order);”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall become effective on October 1, 1996.

15 **SEC. 439. USE OF SOCIAL SECURITY NUMBERS.**

16 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
17 U.S.C. 666(a)), as amended by sections 404, 412, 431(b),
18 433, and 435 of this Act, is amended by inserting after
19 paragraph (16) the following:

20 “(17) SOCIAL SECURITY NUMBERS RE-
21 QUIRED.—Procedures requiring the recording of so-
22 cial security numbers—

23 “(A) of both parties on marriage licenses
24 and divorce decrees; and

1 “(B) of both parents, on birth records and
2 child support and paternity orders.”.

3 (b) CLARIFICATION OF FEDERAL POLICY.—Section
4 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended
5 by striking the 3rd sentence and inserting “This clause
6 shall not be considered to authorize disclosure of such
7 numbers except as provided in the preceding sentence.”.

8 **SEC. 440. ADOPTION OF UNIFORM STATE LAWS.**

9 (a) IN GENERAL.—Section 466(a) (42 U.S.C.
10 666(a)), as amended by sections 404, 412, 431(b), 433,
11 435, and 439(a) of this Act, is amended by inserting after
12 paragraph (17) the following:

13 “(18) INTERSTATE ENFORCEMENT.—

14 “(A) ADOPTION OF UIFSA.—Procedures
15 under which the State adopts in its entirety
16 (with the modifications and additions specified
17 in this paragraph) not later than January 1,
18 1996, and uses on and after such date, the Uni-
19 form Interstate Family Support Act, as ap-
20 proved by the National Conference of Commis-
21 sioners on Uniform State Laws in August,
22 1992.

23 “(B) EXPANDED APPLICATION OF UIFSA.—The
24 State law adopted pursuant to subparagraph (A)
25 shall be applied to any case—

1 “(i) involving an order established or modi-
2 fied in one State and for which a subsequent
3 modification is sought in another State; or

4 “(ii) in which interstate activity is required
5 to enforce an order.

6 “(C) LONG-ARM JURISDICTION, BASED ON RES-
7 IDENCE OF CHILD.—The State law adopted pursu-
8 ant to subparagraph (A) shall presume that, in the
9 case where a child meets the criteria for residence in
10 the State, a tribunal of the State having jurisdiction
11 over such child has jurisdiction over both parents of
12 such child, if parentage has been legally established
13 or acknowledged, or may be presumed under the
14 laws of the State.

15 “(D) JURISDICTION TO MODIFY ORDERS.—For
16 purposes of the State law adopted pursuant to sub-
17 paragraph (A), section 611(a)(1) of such Uniform
18 Act shall be amended to read as follows:

19 “(1) the following requirements are met:

20 “(i) the child, the individual obligee, and the
21 obligor—

22 “(I) do not reside in the issuing State;
23 and

1 “(II) either reside in this State or are
2 subject to the jurisdiction of this State pursu-
3 ant to section 201; and

4 “(ii) (in any case where another State is exer-
5 cising or seeks to exercise jurisdiction to modify the
6 order) the conditions of section 204 are met to the
7 same extent as required for proceedings to establish
8 orders; or’.

9 “(E) PARTIES’ OPTION CONCERNING JURISDIC-
10 TION.—The State law adopted pursuant to subpara-
11 graph (A) shall allow parties, by agreement, to per-
12 mit a State that issued an order to retain jurisdic-
13 tion which the State would otherwise lose under the
14 provisions of such law.

15 “(F) SERVICE OF PROCESS.—The State law
16 adopted pursuant to subparagraph (A) shall recog-
17 nize as valid, for purposes of any proceeding subject
18 to such State law, service of process upon persons
19 in the State (and proof of such service) by any
20 means acceptable in another State which is the initi-
21 ating or responding State in such proceeding.

22 “(G) COOPERATION BY EMPLOYERS.—The
23 State law adopted pursuant to subparagraph (A)
24 shall provide for the use of procedures (including
25 sanctions for noncompliance) under which all entities

1 in the State (including for-profit, nonprofit, and gov-
2 ernmental employers) are required to provide
3 promptly, in response to a request by the State
4 agency of that or any other State administering a
5 program under this part, information on the employ-
6 ment, compensation, and benefits of any individual
7 employed by such entity as an employee or contrac-
8 tor.”.

9 (b) EXPEDITED APPEAL OF CONSTITUTIONAL CHAL-
10 LENGE.—(1) An appeal may be taken directly to the Su-
11 preme Court of the United States from any interlocutory
12 or final judgment, decree, or order issued by a United
13 States district court ruling upon the constitutionality of
14 section 466(a)(18)(C) of the Social Security Act, as added
15 by subsection (a) of this section.

16 (2) The Supreme Court shall, if it has not previously
17 ruled on the question, accept jurisdiction over, and ad-
18 vance on the docket, and expedite to the greatest extent
19 possible, such appeal. All cases raising such question shall
20 be consolidated to the maximum extent permissible under
21 applicable rules of civil procedure.

22 **SEC. 441. STATE LAW AUTHORIZING SUSPENSION OF LI-**
23 **CENSES.**

24 Section 466(a) (42 U.S.C. 666(a)), as amended by
25 sections 404, 412, 431(b), 433, 435, 439(a), and 440(a)

1 schedule for payment of such support (including
2 any arrearages); or

3 “(B) of the collection of alimony, mainte-
4 nance, or support from property that is not
5 property of the estate;”.

6 (b) STREAMLINED FILING PROCEDURE FOR SUP-
7 PORT CREDITOR.—Section 501 of title 11, United States
8 Code, is amended by adding at the end the following new
9 subsection:

10 “(e)(1) The creditor of a claim that is excepted from
11 discharge under section 523(a)(5) may file such claim by
12 delivering to the clerk of the bankruptcy court in which
13 a petition under this title is pending, in person or by reg-
14 istered mail, the claim form promulgated under paragraph
15 (2). Such a creditor, filing a claim in such a manner, shall
16 not be required to make a personal appearance before the
17 court, to be represented by counsel admitted to practice
18 in the jurisdiction in which such court is located, to comply
19 with any local rules not specified pursuant to paragraph
20 (2), or to pay any filing fees or other charges in connection
21 with the filing of such claim.

22 “(2) The Judicial Conference of the United States
23 shall promulgate, not later than June 30, 1995—

24 “(A) a standardized, simplified form for filing
25 claims described in paragraph (1); and

1 “(B) procedural guidelines for the use of such
2 form, which rules shall be designed to minimize the
3 burden on support creditors of filing such claims.”.

4 (c) TREATMENT AS PREFERRED UNSECURED CREDI-
5 TOR.—Section 507(a) of title 11, United States Code, is
6 amended—

7 (1) by striking “(8) Eighth,” and inserting “(9)
8 Ninth,”; and

9 (2) by inserting after paragraph (7) the follow-
10 ing new paragraph:

11 “(8) Eighth, unsecured claims for alimony,
12 maintenance, or support of a spouse, former spouse,
13 or child of the debtor allowed under section 502 of
14 this title, to the full extent of such claims, and in
15 accordance with any payment schedule established
16 as described in section 362(b)(2).”.

17 (d) PAYMENT SCHEDULE IN CHAPTER 13 PLANS.—
18 Section 1322(a)(2) of title 11, United States Code, is
19 amended by inserting before the semicolon “(except that
20 the plan shall provide, in the case of a debt not subject
21 to discharge under section 523(a)(5), for payment in ac-
22 cordance with any payment schedule included in the order
23 providing for alimony, maintenance, or support)”.

24 (e) EFFECTIVE DATE.—The amendments made by
25 this section shall become effective October 1, 1995.

1 **SEC. 443. FEDERAL INCOME TAX REFUND OFFSET.**

2 (a) CHANGED ORDER OF REFUND DISTRIBUTION
3 UNDER INTERNAL REVENUE CODE.—(1) Section 6402(c)
4 of the Internal Revenue Code of 1986 is amended—

5 (A) by striking “The amount” and inserting the
6 following:

7 “(1) IN GENERAL.—The amount”;

8 (B) by striking “paid to the State. A reduction”
9 and inserting “paid to the State.

10 “(2) Priorities for offset. A reduction”;

11 (C) by striking “shall be applied first” and in-
12 sserting “shall be applied (after any reduction under
13 subsection (d) on account of a debt owed to the De-
14 partment of Education or Department of Health and
15 Human Services with respect to a student loan)
16 first”;

17 (D) by striking “has been assigned” and insert-
18 ing “has not been assigned”; and

19 (E) by striking “and shall be applied” and all
20 that follows and inserting “and shall thereafter be
21 applied to satisfy any past-due support that has
22 been so assigned.”.

23 (2) Section 6402(d)(2) of such Code is amended by
24 striking “after such overpayment” and all that follows
25 through “Social Security Act and” and inserting “(A) be-
26 fore such overpayment is reduced pursuant to subsection

1 (c), in the case of a debt owed to the Department of Edu-
2 cation or Department of Health and Human Services with
3 respect to a student loan, (B) after such overpayment is
4 reduced pursuant to subsection (c), in the case of any
5 other debt, and (C) in either case.”.

6 (b) ELIMINATION OF DISPARITIES IN TREATMENT
7 OF ASSIGNED AND NON-ASSIGNED ARREARAGES.—(1)
8 Section 464(a) (42 U.S.C. 664(a)) is amended—

9 (A) by striking “(a)” and inserting the follow-
10 ing:

11 “(a) OFFSET AUTHORIZED.—”;

12 (B) in paragraph (1)—

13 (i) in the 1st sentence, by striking “which
14 has been assigned to such State pursuant to
15 section 402(a)(26) or section 471(a)(17)”;

16 (ii) in the 2nd sentence, by striking “in ac-
17 cordance with section 457(b)(4) or (d)(3)” and
18 inserting “as provided in paragraph (2)”;

19 (C) by striking paragraph (2) and inserting the
20 following:

21 “(2) The State agency shall distribute amounts
22 paid by the Secretary of the Treasury pursuant to
23 paragraph (1)—

24 “(A) in accordance with section 457(a)(4)
25 or (d)(3), in the case of past-due support as-

1 signed to a State pursuant to section
2 402(a)(26) or section 471(a)(17); and

3 “(B) to or on behalf of the child to whom
4 the support was owed, in the case of past-due
5 support not so assigned.”; and

6 (D) in paragraph (3)—

7 (i) by striking “or (2)” each place
8 such term appears; and

9 (ii) in subparagraph (B), by striking
10 “under paragraph (2)” and inserting “on
11 account of past-due support described in
12 paragraph (2)(B)”.

13 (2) Section 464(b) (42 U.S.C. 664(b)) is
14 amended—

15 (A) by striking “(b)(1)” and inserting the
16 following:

17 “(b) REGULATIONS.—”; and

18 (B) by striking paragraph (2).

19 (3) Section 464(c) (42 U.S.C. 664(c)) is
20 amended—

21 (A) by striking “(c)(1) Except as provided
22 in paragraph (2), as” and inserting the follow-
23 ing:

24 “(c) DEFINITION.—As”; and

25 (B) by striking paragraphs (2) and (3).

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall become effective October 1, 1996.

3 **TITLE V—TEEN PREGNANCY**
4 **AND FAMILY STABILITY**
5 **Subtitle A—Federal Role**

6 **SEC. 501. STATE OPTION TO DENY AFDC FOR ADDITIONAL**
7 **CHILDREN.**

8 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
9 602(a)), as amended by sections 101, 102, 211(a), 232,
10 and 301(a) of this Act, is amended—

11 (1) by striking “and” at the end of paragraph
12 (49);

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

15 (3) by inserting after paragraph (50) the fol-
16 lowing:

17 “(51) at the option of the State, provide that—

18 “(A) notwithstanding paragraph (7)(A),
19 the needs of a child will not be taken into ac-
20 count in making the determination under para-
21 graph (7) with respect to the family of the child
22 if the child was born (other than as a result of
23 rape or incest) to a member of the family—

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

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

2 The Secretary of Education, in conjunction with the
3 Secretary of Health and Human Services, shall establish
4 a task force to—

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

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

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

14 (4) encourage States to work with schools for
15 the early identification and referral of children at
16 risk for parenthood at an early age.

17 **SEC. 504. INCENTIVE FOR TEEN PARENTS TO ATTEND**
18 **SCHOOL.**

19 Section 402(a) (42 U.S.C. 602(a)), as amended by
20 sections 101, 102, 211(a), 232, 301(a), and 501(a) of this
21 Act, is amended—

22 (1) by striking “and” at the end of paragraph
23 (50);

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

1 (3) by inserting after paragraph (51) the fol-
2 lowing:

3 “(52) provide that the amount of aid otherwise
4 payable under the plan for a month to a family that
5 includes a parent who has not attained 20 years of
6 age and has not completed secondary school (or re-
7 ceived a certificate of high school equivalency) shall
8 be—

9 “(A) reduced by 25 percent if, during the
10 immediately preceding month, the parent has
11 failed without good cause (as defined by the
12 State in consultation with the Secretary) to
13 maintain minimum attendance (as defined by
14 the State in consultation with the Secretary) at
15 an educational institution; or

16 “(B) increased by 25 percent if, during the
17 immediately preceding month, the parent has
18 maintained minimum attendance (as defined by
19 the State in consultation with the Secretary) at
20 an educational institution.”.

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

23 Section 407(a) (42 U.S.C. 607(a)) is amended—

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

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

1 serring “(iii) neither of the child’s parents have attained
2 20 years of age, and (I)”.

3 **SEC. 508. DENIAL OF FEDERAL HOUSING BENEFITS TO MI-**
4 **NORS WHO BEAR CHILDREN OUT-OF-WED-**
5 **LOCK.**

6 (a) PROHIBITION OF ASSISTANCE.—Notwithstanding
7 any other provision of law, a household whose head of
8 household is an individual who has borne a child out-of-
9 wedlock before attaining 18 years of age may not be pro-
10 vided Federal housing assistance for a dwelling unit, un-
11 less—

12 (1) after the birth of the child—

13 (A) the individual marries an individual
14 who has been determined by the relevant State
15 to be the biological father of the child; or

16 (B) the biological parent of the child has
17 legal custody of the child and marries an indi-
18 vidual who legally adopts the child;

19 (2) the individual is a biological and custodial
20 parent of another child who was not born out-of-
21 wedlock; or

22 (3) eligibility for such Federal housing assist-
23 ance is based in whole or in part on any disability
24 or handicap of a member of the household.

1 (b) DEFINITIONS.—For purposes of this section, the
2 following definitions shall apply:

3 (1) COVERED PROGRAM.—The term “covered
4 program” means—

5 (A) the program of rental assistance on be-
6 half of low-income families provided under sec-
7 tion 8 of the United States Housing Act of
8 1937 (42 U.S.C. 1437f);

9 (B) the public housing program under title
10 I of the United States Housing Act of 1937 (42
11 U.S.C. 1437 et seq.);

12 (C) the program of rent supplement pay-
13 ments on behalf of qualified tenants pursuant
14 to contracts entered into under section 101 of
15 the Housing and Urban Development Act of
16 1965 (12 U.S.C. 1701s);

17 (D) the program of interest reduction pay-
18 ments pursuant to contracts entered into by the
19 Secretary of Housing and Urban Development
20 under section 236 of the National Housing Act
21 (12 U.S.C. 1715z-1);

22 (E) the program for mortgage insurance
23 provided pursuant to sections 221(d) (3) or (4)
24 of the National Housing Act (12 U.S.C.

1 1715l(d)) for multifamily housing for low- and
2 moderate-income families;

3 (F) the rural housing loan program under
4 section 502 of the Housing Act of 1949 (42
5 U.S.C. 1472);

6 (G) the rural housing loan guarantee pro-
7 gram under section 502(h) of the Housing Act
8 of 1949 (42 U.S.C. 1472(h));

9 (H) the loan and grant programs under
10 section 504 of the Housing Act of 1949 (42
11 U.S.C. 1474) for repairs and improvements to
12 rural dwellings;

13 (I) the program of loans for rental and co-
14 operative rural housing under section 515 of
15 the Housing Act of 1949 (42 U.S.C. 1485);

16 (J) the program of rental assistance pay-
17 ments pursuant to contracts entered into under
18 section 521(a)(2)(A) of the Housing Act of
19 1949 (42 U.S.C. 1490a(a)(2)(A));

20 (K) the loan and assistance programs
21 under sections 514 and 516 of the Housing Act
22 of 1949 (42 U.S.C. 1484, 1486) for housing for
23 farm labor;

24 (L) the program of grants and loans for
25 mutual and self-help housing and technical as-

1 sistance under section 523 of the Housing Act
2 of 1949 (42 U.S.C. 1490c);

3 (M) the program of grants for preservation
4 and rehabilitation of housing under section 533
5 of the Housing Act of 1949 (42 U.S.C.
6 1490m); and

7 (N) the program of site loans under sec-
8 tion 524 of the Housing Act of 1949 (42
9 U.S.C. 1490d).

10 (2) COVERED PROJECT.—The term “covered
11 project” means any housing for which Federal hous-
12 ing assistance is provided that is attached to the
13 project or specific dwelling units in the project.

14 (3) FEDERAL HOUSING ASSISTANCE.—The term
15 “Federal housing assistance” means—

16 (A) assistance provided under a covered
17 program in the form of any contract, grant,
18 loan, subsidy, cooperative agreement, loan or
19 mortgage guarantee or insurance, or other fi-
20 nancial assistance; or

21 (B) occupancy in a dwelling unit that is—

22 (i) provided assistance under a cov-
23 ered program; or

1 (ii) located in a covered project and
2 subject to occupancy limitations under a
3 covered program that are based on income.

4 (4) STATE.—The term “State” means the
5 States of the United States, the District of Colum-
6 bia, the Commonwealth of Puerto Rico, the Com-
7 monwealth of the Northern Mariana Islands, Guam,
8 the Virgin Islands, American Samoa, and any other
9 territory or possession of the United States.

10 (c) LIMITATIONS ON APPLICABILITY.—Subsection
11 (a) shall not apply to Federal housing assistance provided
12 for a household pursuant to an application or request for
13 such assistance made by such household before the effec-
14 tive date of this Act if the household was receiving such
15 assistance on the effective date of this Act.

16 **SEC. 509. STATE OPTION TO DENY AFDC TO MINOR PAR-**
17 **ENTS.**

18 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
19 602(a)), as amended by sections 101, 102, 211(a), 232,
20 301(a), 501(a), and 504 of this Act, is amended—

21 (1) by striking “and” at the end of paragraph
22 (51);

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

1 (3) by inserting after paragraph (52) the fol-
2 lowing:

3 “(53) at the option of the State, provide that—

4 “(A) in making the determination under
5 paragraph (7) with respect to a family, the
6 State may disregard the needs of any family
7 member who is a parent and has not attained
8 18 years of age or such lesser age as the State
9 may prescribe; and

10 “(B) if the amount of aid payable to a
11 family under the State plan is reduced by rea-
12 son of subparagraph (A), each member of the
13 family shall be considered to be receiving such
14 aid for purposes of eligibility for medical assist-
15 ance under the State plan approved under title
16 XIX for so long as such aid would otherwise
17 not be so reduced.”.

18 (b) APPLICABILITY.—The amendments made by sub-
19 section (a) shall apply to payments under a State plan
20 approved under part A of title IV of the Social Security
21 Act for months beginning on or after January 1, 1998,
22 and to payments to States under such part for quarters
23 beginning after such date.

Subtitle B—State Role

2 SEC. 511. TEENAGE PREGNANCY PREVENTION AND FAMILY

3 STABILITY.

4 (a) FINDINGS.—The Congress finds that—

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

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

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

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

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

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

22 (2) reproductive family planning and education
23 should be made available to every potential parent so
24 as to give such parents the opportunity to avoid un-
25 intended births;

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

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

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

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

12 **TITLE VI—PROGRAM**

13 **SIMPLIFICATION**

14 **Subtitle A—Increased State**

15 **Flexibility**

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

18 Section 402(a) (42 U.S.C. 602(a)), as amended by
19 sections 101, 102, 211(a), 232, 301(a), 501(a), 504, and
20 509(a) of this Act, is amended—

21 (1) by striking “and” at the end of paragraph
22 (52);

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

1 (3) by inserting after paragraph (53) the fol-
2 lowing:

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

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

10 Section 1115 (42 U.S.C. 1315) is amended by adding
11 at the end the following:

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

17 **Subtitle B—Coordination of AFDC**
18 **and Food Stamp Programs**

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

21 (a) STATE OPTION TO USE INCOME AND ELIGI-
22 BILITY VERIFICATION SYSTEM.—Section 1137(b) (42
23 U.S.C. 1320b-7(b)) is amended—

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

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

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

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

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

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

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

22 (1) by striking “earned”; and

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

1 (d) EXCLUSION FROM INCOME OF CERTAIN ENERGY
2 ASSISTANCE PAYMENTS BASED ON NEED.—

3 (1) IN GENERAL.—Section 402(a)(8)(A) (42
4 U.S.C. 602(a)(8)(A)), as amended by sections 231
5 and 242(b)(1) of this Act, is amended—

6 (A) by striking “and” at the end of clause
7 (ix); and

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

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

12 “(I) a State or local general assist-
13 ance program; or

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

17 (2) INCLUSION OF ENERGY ASSISTANCE PRO-
18 VIDED UNDER THE LIHEAP PROGRAM.—Section
19 402(a)(8)(B) (42 U.S.C. 602(a)(8)(B)) is amend-
20 ed—

21 (A) by striking “and” at the end of clause
22 (i); and

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

24 “(iii) shall not disregard any assist-
25 ance provided directly to, or indirectly for

1 the benefit of, any person described in sub-
2 paragraph (A)(ii) under the Low-Income
3 Home Energy Assistance Act of 1981, not-
4 withstanding section 2605(f)(1) of such
5 Act; and”.

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

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

12 and

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

14 “(xii) shall disregard from the income of
15 any child, relative, or other individual described
16 in clause (ii) applying for aid under the State
17 plan, any child, relative, or other individual so
18 described receiving such aid, or both, any funds
19 that a Federal statute (enacted after the date
20 of the enactment of this clause) excludes from
21 income for purposes of determining eligibility
22 for benefits under the food stamp program
23 under the Food Stamp Act of 1977, the level of
24 benefits under the program, or both, respec-
25 tively.”.

1 (f) EXCLUSION OF EARNINGS FROM STATE TRAIN-
2 ING PROGRAMS UNDER THE JOB TRAINING PARTNER-
3 SHIP ACT.—Section 402(a)(8)(A)(v) (42 U.S.C.
4 602(a)(8)(A)(v)) is amended to read as follows:

5 “(v) with respect to earned income from an
6 on-the-job training program under section
7 204(b)(1)(C) or 264(c)(1)(A) of the Job Train-
8 ing Partnership Act—

9 “(I) shall disregard such earned in-
10 come received by any dependent child ap-
11 plying for or receiving aid to families with
12 dependent children; and

13 “(II) notwithstanding section 142(b)
14 of the Job Training Partnership Act, shall
15 not disregard such earned income received
16 by any other individual (living in the same
17 home as the dependent child) whose needs
18 are taken into account in making such de-
19 termination;”.

20 (g) USE OF FOOD STAMP PROGRAM LUMP-SUM PAY-
21 MENT RULE.—Section 402(a)(17) (42 U.S.C. 602(a)(17))
22 is amended by inserting “(excluding income tax refunds,
23 rebates, or credits, cash donations based on need that are
24 received from 1 or more private nonprofit charitable orga-
25 nizations, but not in excess of \$300 in the aggregate in

1 a quarter, retroactive lump-sum social security or railroad
2 retirement pension payments and retroactive lump-sum in-
3 surance settlements)” after “unearned income”.

4 (h) PERIODIC REVIEWS.—Section 402(a) (42 U.S.C.
5 602(a)), as amended by sections 101, 102, 211(a), 232,
6 301(a), 501(a), 504, 509(a), and 601 of this Act, is
7 amended—

8 (1) by striking “and” at the end of paragraph
9 (53);

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

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

14 “(55) provide that the State shall, not less fre-
15 quently than annually review each determination
16 made under the State plan with respect to the eligi-
17 bility of each recipient of aid under the State plan;”.

18 (i) EXCLUSION FROM RESOURCES OF ESSEN-
19 TIAL EMPLOYMENT-RELATED PROPERTY.—Section
20 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by
21 section 242(a) of this Act, is amended—

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

24 (2) by inserting “, or (vi) the value of real and
25 tangible personal property (other than currency,

1 commercial paper, and similar property) of a family
2 member that is essential to the employment or self-
3 employment of the member, until the expiration of
4 the 1-year period beginning on the date the member
5 ceases to be so employed or so self-employed” before
6 the semicolon.

7 (j) EXCLUSION FROM RESOURCES OF EQUITY IN
8 CERTAIN INCOME-PRODUCING REAL PROPERTY.—Sec-
9 tion 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended
10 by section 242(a) of this Act and by subsection (i) of this
11 section, is amended—

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

14 (2) by inserting “, or (vii) the equity of any
15 member of the family in real property to which 1 or
16 more members of the family have sole and clear title,
17 that the State agency determines is producing in-
18 come consistent with the fair market value of the
19 property” before the semicolon.

20 (k) EXCLUSION FROM RESOURCES OF LIFE INSUR-
21 ANCE POLICIES.—Section 402(a)(7)(B) (42 U.S.C.
22 602(a)(7)(B)), as amended by section 242(a) of this Act
23 and by subsections (i) and (j) of this section, is amended—

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

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

3 (l) EXCLUSION FROM RESOURCES OF REAL PROP-
4 ERTY THAT THE FAMILY IS MAKING A GOOD FAITH EF-
5 FORT TO SELL.—Section 402(a)(7)(B)(iii) (42 U.S.C.
6 602(a)(7)(B)(iii)) is amended—

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

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

12 (m) PROMPT RESTORATION OF BENEFITS WRONG-
13 FULLY DENIED.—Section 402(a) (42 U.S.C. 602(a)), as
14 amended by sections 101, 102, 211(a), 232, 301(a),
15 501(a), 504, 509(a), and 601 of this Act and by sub-
16 section (h) of this section, is amended—

17 (1) by striking “and” at the end of paragraph
18 (54);

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

21 (3) by inserting after paragraph (55) the fol-
22 lowing:

23 “(56) provide that, upon receipt of a request
24 from a family for the payment of any amount of aid
25 under the State plan the payment of which to the

1 family has been wrongfully denied or terminated, the
2 State shall promptly pay the amount to the family
3 if the wrongful denial or termination occurred not
4 more than 1 year before the date of the request or
5 the date the State agency is notified or otherwise
6 discovers the wrongful denial or termination.”.

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

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

11 “(c) ‘Certification period’ means the period specified
12 by the State agency for which households shall be eligible
13 to receive authorization cards, except that such period
14 shall be—

15 “(1) 24 months for households in which all
16 adult members are elderly or disabled; and

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

19 (2) Section 6(c)(1)(C) of the Food Stamp Act of
20 1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

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

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

24 (C) by striking clause (iv).

1 (b) INCLUSION OF ENERGY ASSISTANCE IN IN-
2 COME.—

3 (1) AMENDMENTS TO THE FOOD STAMP ACT
4 OF 1977.—Section 5 of the Food Stamp Act of
5 1977 (7 U.S.C. 2014) is amended—

6 (A) in subsection (d)—

7 (i) by striking paragraph (11); and

8 (ii) by redesignating paragraphs (12)
9 through (16) as paragraphs (11) through (15),
10 respectively; and

11 (B) in subsection (k)—

12 (i) in paragraph (1)(B) by striking “, not
13 including energy or utility-cost assistance,”; and

14 (ii) in paragraph (2)—

15 (I) by striking subparagraph (C); and

16 (II) by redesignating subparagraphs

17 (D) through (H) as subparagraphs (C)

18 through (J), respectively.

19 (2) AMENDMENTS TO THE LOW-INCOME HOME
20 ENERGY ASSISTANCE ACT OF 1981.—Section
21 2605(f) of the Low-Income Home Energy Assistance
22 Act of 1981 (42 U.S.C. 8624(f)) is amended—

23 (A) in paragraph (1) by striking “food
24 stamps,”; and

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

3 “(2) Paragraph (1) shall not apply for any purpose
4 under the Food Stamp Act of 1977.”.

5 (c) EXCLUSION OF CERTAIN JTPA INCOME.—Sec-
6 tion 5(d) of the Food Stamp Act of 1977 (7 U.S.C.
7 2014(d)), as amended by subsection (b), is amended—

8 (1) by striking “and (15)” and inserting
9 “(15)”; and

10 (2) by inserting before the period the following:
11 “, and (16) income received under the Job Training Part-
12 nership Act by a household member who is less than 19
13 years of age”.

14 (d) EXCLUSION OF EDUCATIONAL ASSISTANCE
15 FROM INCOME.—Section 5(d) of the Food Stamp Act of
16 1977 (7 U.S.C. 2014(d)) is amended—

17 (1) by amending paragraph (3) to read as follows:
18 “(3) all educational loans on which payment is deferred
19 (including any loan origination fees or insurance pre-
20 miums associated with such loans), grants, scholarships,
21 fellowships, veterans’ educational benefits, and the like
22 awarded to a household member enrolled at a recognized
23 institution of post-secondary education, at a school for the
24 handicapped, in a vocational education program, or in a

1 program that provides for completion of a secondary
2 school diploma or obtaining the equivalent thereof,”; and

3 (2) in paragraph (5) by striking “and no portion”
4 and all that follows through “reimbursement”.

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

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

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

23 (g) EXCLUSION OF LIFE INSURANCE POLICIES.—
24 Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.
25 2014(g)) is amended by adding at the end the following:

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

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

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

17 (i) APPLICATION OF AMENDMENTS.—The amend-
18 ments made by this section shall not apply with respect
19 to certification periods beginning before the effective date
20 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 F 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 striking paragraphs (1), (2), and (3)
18 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—FINANCING**

16 **Subtitle A—Ineligibility of Certain**
17 **Aliens for Certain Social Services**

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

20 (a) IN GENERAL.—Section 402(a)(33) (42 U.S.C.
21 602(a)) is amended—

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

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

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

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

3 “(B) provide that, notwithstanding subpara-
4 graph (A), an alien shall not be eligible for aid
5 under the State plan, unless—

6 “(i) the alien has been lawfully admitted to
7 the United States for permanent residence, has
8 attained 75 years of age, and has resided in the
9 United States for at least 5 years;

10 “(ii) the alien has been lawfully admitted
11 to the United States pursuant to section 207 of
12 the Immigration and Nationality Act, and the
13 6-year period that begins with the date the
14 alien was admitted to the United States has not
15 expired;

16 “(iii) the alien has been granted asylum
17 under section 208 of the Immigration and Na-
18 tionality Act, and the 6-year period that begins
19 with the date the alien was so granted asylum
20 has not expired; or

21 “(iv) the alien—

22 “(I) is a veteran (as defined in section
23 101 of title 38, United States Code) with
24 a discharge characterized as an honorable
25 discharge,

1 “(II) is on active duty (other than ac-
2 tive duty for training) in the Armed Forces
3 of the United States, or

4 “(III) is the spouse or unmarried de-
5 pendent child of an individual described in
6 subclause (I) or (II).”.

7 (b) EFFECTIVE DATES.—

8 (1) GENERAL EFFECTIVE DATE.—Except as
9 provided in paragraph (2), the amendments made by
10 subsection (a) shall take effect on October 1, 1995,
11 or on the first day of the first month beginning after
12 the date of the enactment of this Act, whichever oc-
13 curs later, and shall apply to payments under part
14 A of title IV of the Social Security Act for quarters
15 beginning on or after such date, without regard to
16 whether or not regulations to carry out such amend-
17 ments have been promulgated by such date.

18 (2) SPECIAL EFFECTIVE DATE.—If an alien has
19 applied for and is eligible for aid under a State plan
20 approved under part A of title IV of the Social Secu-
21 rity Act, immediately before the amendments made
22 by subsection (a) takes effect in accordance with
23 paragraph (1), then such amendments shall not be
24 effective with respect to such alien until October 1,
25 1996.

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

3 (a) IN GENERAL.—Section 1614(a) (42 U.S.C.
4 1382c(a)) is amended by adding at the end the following:

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

8 “(A) 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 “(B) the alien has been lawfully admitted to the
13 United States pursuant to section 207 of the Immi-
14 gration and Nationality Act, and the 6-year period
15 that begins with the date the alien was admitted to
16 the United States has not expired;

17 “(C) the alien has been granted asylum under
18 section 208 of the Immigration and Nationality Act,
19 and the 6-year period that begins with the date the
20 alien was so granted asylum has not expired; or

21 “(D) the alien—

22 “(i) is a veteran (as defined in section 101
23 of title 38, United States Code) with a dis-
24 charge characterized as an honorable discharge,

1 “(ii) is on active duty (other than active
2 duty for training) in the Armed Forces of the
3 United States, or

4 “(iii) is the spouse or unmarried dependent
5 child of an individual described in clause (i) or
6 (ii).”.

7 (b) EFFECTIVE DATES.—

8 (1) GENERAL EFFECTIVE DATE.—Except as
9 provided in paragraph (2), the amendment made by
10 subsection (a) shall take effect on October 1, 1995,
11 or on the first day of the first month beginning after
12 the date of the enactment of this Act, whichever oc-
13 curs later, and shall apply to payments for months
14 beginning on or after such date, without regard to
15 whether or not regulations to carry out such amend-
16 ment have been promulgated by such date.

17 (2) SPECIAL EFFECTIVE DATE.—If an alien has
18 applied for and is eligible for supplemental security
19 income benefits under title XVI of the Social Secu-
20 rity Act immediately before the amendments made
21 by subsection (a) take effect in accordance with
22 paragraph (1), then such amendment shall not be ef-
23 fective with respect to such alien until October 1,
24 1996.

1 **SEC. 703. DISQUALIFICATION OF CERTAIN ALIENS TO RE-**
2 **CEIVE FOOD STAMP BENEFITS.**

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

6 “(i) An alien who is otherwise eligible to participate
7 in the food stamp program shall not be eligible to partici-
8 pate in the food stamp program unless—

9 “(1) the alien has been lawfully admitted to the
10 United States for permanent residence, has attained
11 75 years of age, and has resided in the United
12 States for at least 5 years;

13 “(2) the alien has been lawfully admitted to the
14 United States pursuant to section 207 of the Immi-
15 gration and Nationality Act, and the 6-year period
16 that begins with the date the alien was admitted to
17 the United States has not expired;

18 “(3) the alien has been granted asylum under
19 section 208 of the Immigration and Nationality Act,
20 and the 6-year period that begins with the date the
21 alien was so granted asylum has not expired; or

22 “(4) the alien—

23 “(A) is a veteran (as defined in section
24 101 of title 38, United States Code) with a dis-
25 charge characterized as an honorable discharge,

1 “(B) is on active duty (other than active
2 duty for training) in the Armed Forces of the
3 United States, or

4 “(C) is the spouse or unmarried dependent
5 child of an individual described in subparagraph
6 (A) or (B).”.

7 (b) EFFECTIVE DATES AND APPLICATION OF
8 AMENDMENT.—

9 (1) GENERAL EFFECTIVE DATE.—Except as
10 provided in paragraphs (2) and (3), the amendment
11 made by subsection (a) shall take effect on October
12 1, 1995, or on the first day of the first month begin-
13 ning after the date of the enactment of this Act,
14 whichever occurs later.

15 (2) SPECIAL EFFECTIVE DATE.—Except as pro-
16 vided in paragraph (3), if an alien is participating
17 in the food stamp program immediately before the
18 amendment made by subsection (a) takes effect in
19 accordance with paragraph (1), then such amend-
20 ment shall not be effective with respect to such alien
21 until October 1, 1996.

22 (3) APPLICATION TO CERTIFICATION PERI-
23 ODS.—The amendment made by subsection (a) shall
24 not apply with respect to an alien for certification

1 periods beginning before the date such amendment
2 is effective with respect to such alien.

3 **SEC. 704. CERTAIN ALIENS INELIGIBLE FOR MEDICAL AS-**
4 **SISTANCE UNDER MEDICAID.**

5 (a) IN GENERAL.—Section 1903(v) (42 U.S.C.
6 1396b(v)(1)) is amended—

7 (1) in paragraph (1)—

8 (A) by striking “paragraph (2)” and in-
9 serting “paragraphs (2) and (4)”, and

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

12 (2) in paragraph (2), by striking “described in
13 paragraph (1)”; and

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

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

19 “(A) who has been lawfully admitted to the
20 United States for permanent residence, is 75 years
21 of age or older, and has resided in the United States
22 for at least 5 years;

23 “(B) who has been lawfully admitted to the
24 United States pursuant to section 207 of the Immi-
25 gration and Nationality Act, during the 6-year pe-

1 riod beginning on the date such alien was so admit-
2 ted to the United States;

3 “(C) who has been granted asylum under sec-
4 tion 208 of the Immigration and Nationality Act,
5 during the 6-year period beginning on the date the
6 alien was so granted asylum; or

7 “(D) the alien—

8 “(i) is a veteran (as defined in section 101
9 of title 38, United States Code) with a dis-
10 charge characterized as an honorable discharge,

11 “(ii) is on active duty (other than active
12 duty for training) in the Armed Forces of the
13 United States, or

14 “(iii) is the spouse or unmarried dependent
15 child of an individual described in clause (i) or
16 (ii).”.

17 (b) EFFECTIVE DATES.—

18 (1) GENERAL EFFECTIVE DATE.—Except as
19 provided in paragraph (2), the amendments made by
20 subsection (a) shall take effect on October 1, 1995,
21 or on the first day of the first month beginning after
22 the date of the enactment of this Act, whichever oc-
23 curs later, and shall apply to medical assistance fur-
24 nished to an alien during quarters beginning on or
25 after such date, without regard to whether or not

1 regulations to carry out such amendments have been
2 promulgated by such date.

3 (2) SPECIAL EFFECTIVE DATE.—If an alien is
4 eligible for medical assistance under a State plan
5 under title XIX of the Social Security Act imme-
6 diately before the amendments made by subsection
7 (a) take effect in accordance with paragraph (1),
8 then such amendments shall not be effective with re-
9 spect to such alien until October 1, 1996.

10 **Subtitle B—Other Provisions**
11 **Relating to Aliens**

12 **SEC. 711. SPONSOR RESPONSIBILITY FOR COSTS OF IN-**
13 **COME-BASED CASH PUBLIC ASSISTANCE PRO-**
14 **VIDED TO AN ALIEN.**

15 An affidavit of support or similar document of finan-
16 cial responsibility with respect to the admission into the
17 United States of an alien under the Immigration and Na-
18 tionality Act shall provide that the sponsor shall be liable
19 for any costs incurred by any State or a political subdivi-
20 sion of a State for income-based cash public assistance
21 provided to such alien until the date on which the alien
22 becomes a citizen of the United States.

1 **SEC. 712. ENFORCEMENT OF AFFIDAVITS OF SUPPORT OR**
2 **FINANCIAL RESPONSIBILITY BY STATE AND**
3 **LOCAL GOVERNMENTS PROVIDING ASSIST-**
4 **ANCE.**

5 An affidavit of support or document of financial re-
6 sponsibility referred to in section 711 may be enforced
7 with respect to an alien against the alien's sponsor in a
8 civil suit brought by the Attorney General or a State or
9 political subdivision of a State in the United States district
10 court for the district in which the sponsor resides for the
11 recovery of any costs incurred by any State or political
12 subdivision of a State for income-based cash public assist-
13 ance provided to such alien for which the sponsor agreed
14 to be liable under such an affidavit or document. A spon-
15 sor or the sponsor's estate shall not be liable under such
16 an affidavit or document if the sponsor dies or is adju-
17 dicated a bankrupt under title 11, United States Code.

18 **SEC. 713. AUTHORITY TO STATES AND LOCALITIES TO**
19 **LIMIT ASSISTANCE TO ALIENS AND TO DIS-**
20 **TINGUISH AMONG CLASSES OF ALIENS IN**
21 **PROVIDING INCOME-BASED CASH PUBLIC AS-**
22 **SISTANCE.**

23 (a) IN GENERAL.—Subject to subsection (b) and not-
24 withstanding any other provision of law, a State or local
25 government may prohibit or otherwise limit or restrict the
26 eligibility of aliens or classes of aliens for programs of in-

1 come-based cash public assistance furnished under the law
2 of the State or a political subdivision of a State.

3 (b) LIMITATION.—The authority under subsection (a)
4 may be exercised only to the extent that any prohibitions,
5 limitations, or restrictions are not inconsistent with the
6 eligibility requirements for comparable Federal programs
7 or are less restrictive. For the purposes of this section,
8 attribution to an alien of a sponsor's income and resources
9 for purposes of determining the eligibility for and amount
10 of benefits of an alien shall be considered less restrictive
11 than a prohibition of eligibility.

12 (c) VERIFICATION OF STATUS.—Notwithstanding
13 any other provision of law, pursuant to the authority of
14 subsection (a) a State or local government may verify the
15 citizenship or alien status of any individual for purposes
16 of eligibility for any program of income-based cash public
17 assistance.

18 **SEC. 714. GRANTS TO STATES TO COMPENSATE FOR RESI-**
19 **DENT LAWFUL ALIENS.**

20 (a) IN GENERAL.—

21 (1) ELIGIBLE STATES.—Except as otherwise
22 provided in this section, a State shall be entitled to
23 a grant under this section for a fiscal year if the
24 number of lawful aliens residing in the State for the
25 preceding fiscal year is not less than 4 percent of

1 the total number of lawful aliens residing in the
2 United States for the preceding fiscal year, as deter-
3 mined by the Attorney General.

4 (2) ALLOCATION OF FUNDS.—The amount ap-
5 propriated under subsection (b) shall be allocated
6 among the eligible States by allocating to each such
7 State an amount which bears the same ratio to such
8 amount as the number of lawful aliens residing in
9 the eligible State for the preceding fiscal year bears
10 to the number of such aliens residing in all eligible
11 States for such fiscal year.

12 (3) DETERMINATION OF NUMBER OF LAWFUL
13 RESIDENT ALIENS.—For purposes of this section,
14 the Attorney General shall determine the number of
15 lawful aliens residing in each State on the basis of
16 the most recent satisfactory data available from the
17 Immigration and Naturalization Service. The Com-
18 missioner of Immigration and Naturalization shall
19 collect and transmit, in a timely fashion, the infor-
20 mation required by this section to the Attorney Gen-
21 eral.

22 (4) DEFINITION.—For purposes of this sec-
23 tion—

24 (A) the term “State” includes the District
25 of Columbia; and

1 (B) the term “lawful alien” means an alien
2 who is lawfully residing in the United States
3 under the immigration laws of the United
4 States at the time such alien is counted for pur-
5 poses of this section.

6 (b) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated \$1,500,000,000 for each
8 of the fiscal years 1997, 1998, 1999, and 2000 to carry
9 out this section.

10 (c) DURATION OF ASSISTANCE.—During the period
11 beginning October 1, 1996, and ending September 30,
12 2000, the Attorney General shall, in accordance with the
13 provisions of this section, make payments to States for
14 grants made on the basis of entitlements created under
15 this section.

16 **Subtitle C—Limitation on Emer-**
17 **gency Assistance Expenditures**

18 **SEC. 721. LIMITATION ON EXPENDITURES FOR EMERGENCY**

19 **ASSISTANCE.**

20 (a) IN GENERAL.—Section 403(a)(5) (42 U.S.C.
21 602(a)(5)) is amended to read as follows:

22 “(5) in the case of any State, an amount equal
23 to the lesser of—

24 “(A) 50 percent of the total amount ex-
25 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 D—Family Day Care**
5 **Homes Program Improvements**

6 **SEC. 731. IMPROVEMENT OF OPERATION OF FAMILY OR**
7 **GROUP DAY CARE HOMES LOCATED IN LOW-**
8 **AND MODERATE-INCOME AREAS UNDER THE**
9 **CHILD AND ADULT CARE FOOD PROGRAM**
10 **UNDER THE NATIONAL SCHOOL LUNCH ACT.**

11 (a) IN GENERAL.—Section 17(f)(3)(A) of the Na-
12 tional School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is
13 amended to read as follows:

14 “(A)(i) Institutions that participate in the program
15 under this section as family or group day care home spon-
16 soring organizations shall be provided, for payment to
17 such homes, a reimbursement factor in accordance with
18 this subparagraph for the cost of obtaining and preparing
19 food and prescribed labor costs, involved in providing
20 meals under this section.

21 “(ii)(I) A low- or moderate-income family or group
22 day care home shall be provided a reimbursement factor
23 without a requirement for documentation of the costs de-
24 scribed in clause (i), except that reimbursement shall not
25 be provided under this clause for meals or supplements

1 served to the children of a person acting as a family or
2 group day care home provider unless such children meet
3 the eligibility standards for free or reduced price meals
4 under section 9 of this Act. The reimbursement factors
5 applied to such a home shall be the factors in effect on
6 the date of enactment of the Individual Responsibility Act
7 of 1995. The reimbursement factors under this subpara-
8 graph shall be adjusted on July 1 of each year to reflect
9 changes in the Consumer Price Index for food away from
10 home for the most recent 12-month period for which such
11 data are available. The reimbursement factors under this
12 subparagraph shall be rounded to the nearest one-fourth
13 cent.

14 “(II) For purposes of this clause, the term ‘low- or
15 moderate-income family or group day care home’ means—

16 “(aa) a family or group day care home that is
17 located in a census tract area in which at least 50
18 percent of the children residing in such area are
19 members of households whose incomes meet the eli-
20 gibility standards for free or reduced price meals
21 under section 9 of this Act, as determined by the
22 family or group day care home sponsoring organiza-
23 tion using census tract data provided to such organi-
24 zation by the State agency in accordance with sub-
25 paragraph (B)(i);

1 “(bb) a family or group day care home that is
2 located in an area served by a school in which at
3 least 50 percent of the total number of children en-
4 rolled are certified to receive free or reduced price
5 meals under this Act or the Child Nutrition Act of
6 1966 (42 U.S.C. 1771 et seq.), as determined by the
7 family or group day care home sponsoring organiza-
8 tion using data provided to such organization by the
9 State agency in accordance with subparagraph
10 (B)(ii); or

11 “(cc) a family or group day care home that is
12 operated by a provider whose household meets the
13 eligibility standards for free or reduced price meals
14 under section 9 of this Act.

15 “(iii)(I) Except as provided for in subclause (II), with
16 respect to meals or supplements served under this clause
17 by a family or group day care home that does not meet
18 the criteria set forth in clause (ii)(II), the reimbursement
19 factors shall be—

20 “(aa) \$1.2525 for lunches and suppers;

21 “(bb) \$.525 for breakfasts; and

22 “(cc) \$.25 for supplements.

23 Such factors shall be adjusted on July 1, 1995, and each
24 July 1 thereafter to reflect changes in the Consumer Price
25 Index for food away from home for the most recent 12-

1 month period for which such data are available. The reim-
2 bursement factors under this clause shall be rounded to
3 the nearest one-fourth cent. A family or group day care
4 home shall be provided a reimbursement factor under this
5 subclause without a requirement for documentation of the
6 costs described in clause (i), except that reimbursement
7 shall not be provided under this clause for meals or supple-
8 ments served to the children of a person acting as a family
9 or group day care home provider unless such children meet
10 the eligibility standards for free or reduced price meals
11 under section 9 of this Act.

12 “(II) A family or group day care home that does not
13 meet the criteria set forth in clause (ii)(II), may elect to
14 be provided a reimbursement factor determined in accord-
15 ance with the following requirements:

16 “(aa) With respect to meals or supplements
17 served under this subsection to children who are
18 members of households whose incomes meet the eli-
19 gibility standards for free or reduced price meals
20 under section 9 of this Act, the family or group day
21 care home shall be provided reimbursement factors
22 set by the Secretary in accordance with subclause
23 (ii)(I).

24 “(bb) With respect to meals or supplements
25 served under this subsection to children who are

1 members of households whose incomes do not meet
2 such eligibility standards, the family or group day
3 care home shall be provided a reimbursement factor
4 in accordance with subclause (I).

5 “(III) A family or group day care home electing to
6 use the procedures under subclause (II) may consider a
7 child with a parent participating in the work first program
8 established under part F of title IV of the Social Security
9 Act, the community service program established under
10 part G of such title, the transitional child care program
11 under title IV of such Act, the at-risk child care program
12 under title IV of such Act, or a State child care program
13 with an income eligibility limit that does not exceed the
14 eligibility standard for free or reduced price meals under
15 section 9 of this Act, to be a child who is a member of
16 a household whose income meets the eligibility standards
17 under section 9 of this Act. A family or group day care
18 home may elect to receive the reimbursement factors pre-
19 scribed under clause (ii)(I) solely for such children if it
20 does not wish to have income statements collected from
21 parents.

22 “(IV) The Secretary shall prescribe simplified meal
23 counting and reporting procedures for use by family and
24 group day care homes that elect to use the procedures
25 under clause (iii)(II) and by family and group day care

1 home sponsoring organizations that serve such homes.

2 Such procedures may include the following:

3 “(aa) Setting an annual percentage for each
4 such home of the number of meals served that are
5 to be reimbursed in accordance with the reimburse-
6 ment factors prescribed under clause (ii)(I) and an
7 annual percentage of the number of meals served
8 that are to be reimbursed in accordance with the re-
9 imbursement factors prescribed under clause (ii)(II),
10 based on the incomes of children enrolled in the
11 home in a specified month or other period.

12 “(bb) Setting blended reimbursement factors
13 for a home annually based on the incomes of chil-
14 dren enrolled in the home in a specified month or
15 period.

16 “(cc) Placing a home into one of several reim-
17 bursement categories annually based on the percent-
18 age of children in the home whose households have
19 incomes that meet the eligibility standards under
20 section 9 of this Act.

21 “(dd) Such other simplified procedures as the
22 Secretary may prescribe.”.

23 (b) PROVISION OF DATA TO FAMILY OR GROUP DAY
24 CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C.
25 1766(f)(3)) is amended—

1 (1) by redesignating subparagraphs (B) and
2 (C) as subparagraphs (D) and (E), respectively; and

3 (2) by inserting after subparagraph (A) (as
4 amended by subsection (a)) the following new sub-
5 paragraph:

6 “(B)(i) The Secretary shall provide to each State
7 agency administering a child and adult care food program
8 under this section data from the most recent decennial
9 census for which such data are available showing which
10 census tracts in the State meet the requirements of sub-
11 paragraph (A)(ii)(II)(aa). The State agency shall provide
12 such data to family or group day care home sponsoring
13 organizations located in the State.

14 “(ii) Each State agency administering a child and
15 adult care food program under this section shall annually
16 provide to family or group day care home sponsoring orga-
17 nizations located in the State a list of all schools in the
18 State in which at least 50 percent of the children are en-
19 rolled are certified to receive free or reduced price meals
20 under this Act or the Child Nutrition Act of 1966 (42
21 U.S.C. 1771 et seq.). The Secretary shall direct State
22 agencies administering the school lunch program under
23 this Act and the school breakfast program under the Child
24 Nutrition Act of 1966 to collect this information annually

1 and to provide it on a timely basis to the State agency
2 administering the program under this section.”.

3 (c) GRANTS TO STATES TO PROVIDE ASSISTANCE TO
4 FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3)
5 of such Act (42 U.S.C. 1766(f)(3)) is amended by insert-
6 ing after subparagraph (B) (as added by subsection
7 (b)(2)) the following new subparagraph:

8 “(C)(i) From amounts appropriated to carry out this
9 section, the Secretary shall reserve \$2,000,000 in fiscal
10 year 1995 and \$5,000,000 in fiscal year 1996 to provide
11 grants to States for the purpose of providing grants to
12 family and day care home sponsoring organizations and
13 other appropriate organizations to secure and provide
14 training, materials, automated data processing assistance,
15 and other assistance for the staff of such sponsoring orga-
16 nizations and for family and group day care homes in
17 order to assist in the implementation of the requirements
18 contained in subparagraph (A).

19 “(ii) From amounts appropriated to carry out this
20 section, the Secretary shall reserve \$5,000,000 in fiscal
21 year 1997 and in each fiscal year thereafter to provide
22 grants to States for the purpose of making grants to fam-
23 ily or group day care home sponsoring organizations and
24 other appropriate organizations to assist low- or moderate-
25 income family or group day care homes (as such term is

1 defined in subparagraph (A)(ii)(II)) become licensed or
2 registered for the program under this section or overcome
3 other barriers to the program.”.

4 (d) EFFECTIVE DATES.—(1) The amendments made
5 by subsections (a) and (b) shall take effect on July 1,
6 1996.

7 (2) The amendments made by subsection (c) shall
8 take effect on the date of the enactment of this Act.

9 **Subtitle E—Deficit Reduction**

10 **SEC. 741. DEDICATION OF SAVINGS TO DEFICIT REDUC-** 11 **TION.**

12 Upon the enactment of this Act, the Director of the
13 Office of Management and Budget shall make downward
14 adjustments in the discretionary spending limits (new
15 budget authority and outlays), as adjusted, set forth in
16 601(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 \$750,000,000 and reduce outlays by
20 \$750,000,000.

21 (2) For fiscal year 1997, reduce new budget au-
22 thority by \$750,000,000 and reduce outlays by
23 \$750,000,000.

1 (3) For fiscal year 1998, reduce new budget au-
2 thority by \$800,000,000 and reduce outlays by
3 \$800,000,000.

4 **Subtitle F—Tax Provisions**

5 **SEC.751. 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),

23 “(B) assistance provided under any food
24 stamp program, and

1 “(C) assistance provided under section 8 of
2 the United States Housing Act of 1937.

3 “(2) SPECIAL RULE.—In the case of assistance
4 provided under a program described in subsection
5 (d)(2), such term shall include only the assistance
6 required to be provided under section 21 or 22 (as
7 the case may be) of the Food Stamp Act of 1977.

8 “(c) INDIVIDUALS SUBJECT TO TAX.—For purposes
9 of this section—

10 “(1) AFDC.—Aid described in subsection
11 (b)(1)(A) shall be treated as received by the relative
12 with whom the dependent child is living (within the
13 meaning of section 406(c) of the Social Security
14 Act).

15 “(2) FOOD STAMPS AND SECTION 8 HOUSING.—
16 In the case of assistance described in subparagraph
17 (B) or (C) of subsection (b)(1)—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), such assistance shall be
20 treated as received ratably by each of the indi-
21 viduals taken into account in determining the
22 amount of such assistance for the benefit of
23 such individuals.

24 “(B) ASSISTANCE TO CHILDREN TREATED
25 AS RECEIVED BY PARENTS, ETC.—The amount

1 of assistance which would (but for this subpara-
2 graph) be treated as received by a child shall be
3 treated as received as follows:

4 “(i) If there is an includible parent,
5 such amount shall be treated as received
6 by the includible parent (or if there is
7 more than 1 includible parent, as received
8 ratably by each includible parent).

9 “(ii) If there is no includible parent
10 and there is an includible grandparent,
11 such amount shall be treated as received
12 by the includible grandparent (or if there
13 is more than 1 includible grandparent, as
14 received ratably by each includible grand-
15 parent).

16 “(iii) If there is no includible parent
17 or grandparent, such amount shall be
18 treated as received ratably by each includ-
19 ible adult.

20 “(C) DEFINITIONS.—For purposes of sub-
21 paragraph (B)—

22 “(i) CHILD.—The term ‘child’ means
23 any individual who has not attained age 16
24 as of the close of the taxable year. Such
25 term shall not include any individual who

1 is an includible parent of a child (as de-
2 fined in the preceding sentence).

3 “(ii) ADULT.—The term ‘adult’ means
4 any individual who is not a child.

5 “(iii) INCLUDIBLE.—The term ‘in-
6 cludible’ means, with respect to any indi-
7 vidual, an individual who is included in de-
8 termining the amount of assistance paid to
9 the household which includes the child.

10 “(iv) PARENT.—The term ‘parent’ in-
11 cludes the stepfather and stepmother of
12 the child.

13 “(v) GRANDPARENT.—The term
14 ‘grandparent’ means any parent of a par-
15 ent of the child.

16 “(d) FOOD STAMP PROGRAM.—For purposes of sub-
17 section (b), the term ‘food stamp program’ means—

18 “(1) the food stamp program (as defined in sec-
19 tion 3(h) of the Food Stamp Act of 1977), and

20 “(2) the portion of the program under sections
21 21 and 22 of such Act which provides food assist-
22 ance.”

23 (b) REPORTING.—

1 The written statement required under the preceding sen-
2 tence shall be furnished to the individual on or before Jan-
3 uary 31 of the year following the calendar year for which
4 the return under subsection (a) was required to be made.

5 “(c) DEFINITIONS AND SPECIAL RULE.—For pur-
6 poses of this section—

7 “(1) APPROPRIATE OFFICIAL.—The term ‘ap-
8 propriate official’ means—

9 “(A) in the case of specified Federal as-
10 sistance described in section 91(b)(1)(A), the
11 head of the State agency administering the plan
12 under which such assistance is provided,

13 “(B) in the case of specified Federal as-
14 sistance described in section 91(b)(1)(B), the
15 head of the State agency administering the pro-
16 gram under which such assistance is provided,
17 and

18 “(C) in the case of specified Federal assist-
19 ance described in section 91(b)(1)(C), the head
20 of the State public housing agency administering
21 the program under which such assistance is
22 provided.

23 “(2) SPECIFIED FEDERAL ASSISTANCE.—The
24 term ‘specified Federal assistance’ has the meaning
25 given such term by section 91(b).

1 “(3) AMOUNTS TREATED AS PAID.—The rules
2 of section 91(c) shall apply for purposes of deter-
3 mining to whom specified Federal assistance is
4 paid.”

5 (2) PENALTIES.—

6 (A) Subparagraph (B) of section
7 6724(b)(1) of such Code is amended by redesignig-
8 nating clauses (ix) through (xiv) as clauses (x)
9 through (xv), respectively, and by inserting
10 after clause (viii) the following new clause:

11 “(ix) section 6050Q (relating to pay-
12 ments of certain Federal assistance),”.

13 (B) Paragraph (2) of section 6724(d) of
14 such Code is amended by redesignating sub-
15 paragraphs (Q) through (T) as subparagraphs
16 (R) through (U), respectively, and by inserting
17 after subparagraph (P) the following new sub-
18 paragraph:

19 “(Q) section 6050Q(b) (relating to pay-
20 ments of certain Federal assistance),”.

21 (c) CLERICAL AMENDMENTS.—

22 (1) The table of sections for part II of sub-
23 chapter B of chapter 1 of such Code is amended by
24 adding at the end the following new item:

 “Sec. 91. Certain Federal assistance.”

1 (b) SPECIAL IDENTIFICATION NUMBER.—Section 32
2 of such Code is amended by adding at the end the follow-
3 ing new subsection:

4 “(k) IDENTIFICATION NUMBERS.—Solely for pur-
5 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer
6 identification number means a social security number is-
7 sued to an individual by the Social Security Administra-
8 tion (other than a social security number issued pursuant
9 to clause (II) (or that portion of clause (III) that relates
10 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-
11 curity Act).”

12 (c) EXTENSION OF PROCEDURES APPLICABLE TO
13 MATHEMATICAL OR CLERICAL ERRORS.—Section
14 6213(g)(2) of such Code (relating to the definition of
15 mathematical or clerical errors) is amended by striking
16 “and” at the end of subparagraph (D), by striking the
17 period at the end of subparagraph (E) and inserting
18 “, and”, and by inserting after subparagraph (E) the fol-
19 lowing new subparagraph:

20 “(F) an omission of a correct taxpayer
21 identification number required under section 32
22 (relating to the earned income tax credit) to be
23 included on a return.”

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1995.

4 **SEC. 753. PHASEOUT OF EARNED INCOME CREDIT FOR IN-**
5 **INDIVIDUALS HAVING MORE THAN \$2,500 OF**
6 **TAXABLE INTEREST AND DIVIDENDS.**

7 (a) IN GENERAL.—Section 32 of the Internal Reve-
8 nue Code of 1986 is amended by redesignating subsections
9 (i) and (j) as subsections (j) and (k), respectively, and by
10 inserting after subsection (h) the following new subsection:

11 “(i) PHASEOUT OF CREDIT FOR INDIVIDUALS HAV-
12 ING MORE THAN \$2,500 OF TAXABLE INTEREST AND
13 DIVIDENDS.—If the aggregate amount of interest and
14 dividends includible in the gross income of the taxpayer
15 for the taxable year exceeds \$2,500, the amount of the
16 credit which would (but for this subsection) be allowed
17 under this section for such taxable year shall be reduced
18 (but not below zero) by an amount which bears the same
19 ratio to such amount of credit as such excess bears to
20 \$650.”

21 (b) INFLATION ADJUSTMENT.—Subsection (j) of sec-
22 tion 32 of such Code (relating to inflation adjustments),
23 as redesignated by subsection (a), is amended by striking
24 paragraph (2) and by inserting the following new para-
25 graphs:

1 “(2) INTEREST AND DIVIDEND INCOME LIMITA-
2 TION.—In the case of a taxable year beginning in a
3 calendar year after 1996, each dollar amount con-
4 tained in subsection (i) shall be increased by an
5 amount equal to—

6 “(A) such dollar amount, multiplied by

7 “(B) the cost-of-living adjustment deter-
8 mined under section 1(f)(3) for the calendar
9 year in which the taxable year begins, deter-
10 mined by substituting ‘calendar year 1995’ for
11 ‘calendar year 1992’ in subparagraph (B)
12 thereof.

13 “(3) ROUNDING.—If any amount as adjusted
14 under paragraph (1) or (2) is not a multiple of \$10,
15 such dollar amount shall be rounded to the nearest
16 multiple of \$10.”

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 1995.

20 **SEC. 754. TREATMENT OF CHILDREN RECEIVING AFDC**
21 **BENEFITS UNDER EARNED INCOME CREDIT.**

22 (a) IN GENERAL.—Subparagraph (A) of section
23 32(c)(3) of the Internal Revenue Code of 1986 (defining
24 qualifying child) is amended by striking “and” at the end
25 of clause (iii), by striking the period at the end of clause

1 (iv) and inserting “, and”, and by adding at the end the
2 following new clause:

3 “(v) who, if such individual is taken
4 into account in determining aid provided
5 under a State plan approved under part A
6 of title IV of the Social Security Act (relat-
7 ing to aid to families with dependent chil-
8 dren), is taken into account as a member
9 of the family of the taxpayer.”

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 1995.

13 **TITLE VIII—SSI REFORM**

14 **SEC. 801. LIMITATION ON PAYMENT OF SUPPLEMENTAL SE-**
15 **CURITY INCOME BENEFITS FOR CHILDREN**
16 **BY REASON OF DISABILITY.**

17 (a) IN GENERAL.—Title XVI of the Social Security
18 Act, as in effect pursuant to the amendment made by sec-
19 tion 301 of the Social Security Amendments of 1972, (42
20 U.S.C. 1381 et seq.) is amended by inserting after section
21 1611 the following:

22 **“SEC. 1611A. LIMITATION ON BENEFITS FOR CHILDREN BY**
23 **REASON OF DISABILITY.**

24 “(a) IN GENERAL.—The amount of benefits payable
25 under this title by reason of disability for any fiscal year,

1 to or for the use of individuals who have not attained 18
2 years of age, shall not exceed the amount appropriated
3 pursuant to section 1601(b) for the fiscal year.

4 “(b) MANNER OF REDUCING BENEFITS.—If the
5 Commissioner has reason to believe that the amount ap-
6 propriated pursuant to section 1601(b) for a fiscal year
7 will not be sufficient to enable the payment of benefits
8 otherwise payable under this title by reason of disability
9 for the fiscal year, to or for the use of individuals who
10 have not attained 18 years of age, then the Commissioner
11 shall reduce, by such equal percentage as is necessary to
12 comply with subsection (a), the amount of benefits other-
13 wise so payable under this title for each month that is
14 in the fiscal year and that begins after the first date the
15 Commissioner has such reason to believe.”.

16 (b) LIMITATIONS ON AUTHORIZATION OF APPRO-
17 PRIATIONS FOR PAYMENT OF BENEFITS FOR CHILDREN
18 BY REASON OF DISABILITY.—Section 1601 of such title
19 (42 U.S.C. 1381) is amended—

20 (1) by inserting “(a)” before “For”;

21 (2) by inserting “(but not for the purpose of
22 paying cash benefits by reason of disability to or for
23 the use of individuals who have not attained 18
24 years of age)” after “disabled”; and

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

1 “(b) For the purpose of paying cash benefits under
 2 this title by reason of disability to or for the use of individ-
 3 uals who have not attained 18 years of age, there are au-
 4 thorized to be appropriated not more than \$4,520,000,000
 5 for each fiscal year.”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to benefits payable for months
 8 after February 1996.

9 **TITLE IX—EFFECTIVE DATE**

10 **SEC. 901. EFFECTIVE DATE.**

11 Except as otherwise provided in this Act, this Act and
 12 the amendments made by this Act shall take effect on Oc-
 13 tober 1, 1996.

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