

In the Senate of the United States,

July 23, 1996.

Resolved, That the bill from the House of Representatives (H.R. 3734) entitled “An Act to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Personal Responsibility,*
3 *Work Opportunity, and Medicaid Restructuring Act of*
4 *1996”.*

1 **TITLE I—AGRICULTURE AND**
 2 **RELATED PROVISIONS**

3 **SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This title may be cited as the “Ag-*
 5 *ricultural Reconciliation Act of 1996”.*

6 (b) *TABLE OF CONTENTS.*—*The table of contents of this*
 7 *title is as follows:*

TITLE I—AGRICULTURE AND RELATED PROVISIONS

Sec. 1001. Short title; table of contents.

Subtitle A—Food Stamps and Commodity Distribution

CHAPTER 1—FOOD STAMP PROGRAM

Sec. 1111. Definition of certification period.

Sec. 1112. Definition of coupon.

Sec. 1113. Treatment of children living at home.

Sec. 1114. Adjustment of thrifty food plan.

Sec. 1115. Definition of homeless individual.

Sec. 1116. State option for eligibility standards.

Sec. 1117. Earnings of students.

Sec. 1118. Energy assistance.

Sec. 1119. Deductions from income.

Sec. 1120. Vehicle allowance.

Sec. 1121. Vendor payments for transitional housing counted as income.

Sec. 1122. Simplified calculation of income for the self-employed.

Sec. 1123. Doubled penalties for violating food stamp program requirements.

Sec. 1124. Disqualification of convicted individuals.

Sec. 1125. Disqualification.

Sec. 1126. Employment and training.

Sec. 1127. Food stamp eligibility.

Sec. 1128. Comparable treatment for disqualification.

Sec. 1129. Disqualification for receipt of multiple food stamp benefits.

Sec. 1130. Disqualification of fleeing felons.

Sec. 1131. Cooperation with child support agencies.

Sec. 1132. Disqualification relating to child support arrears.

Sec. 1133. Work requirement.

Sec. 1134. Encouragement of electronic benefit transfer systems.

Sec. 1135. Value of minimum allotment.

Sec. 1136. Benefits on recertification.

Sec. 1137. Optional combined allotment for expedited households.

Sec. 1138. Failure to comply with other means-tested public assistance programs.

Sec. 1139. Allotments for households residing in centers.

*Sec. 1140. Condition precedent for approval of retail food stores and wholesale
 food concerns.*

Sec. 1141. Authority to establish authorization periods.

- Sec. 1142. Information for verifying eligibility for authorization.*
Sec. 1143. Waiting period for stores that fail to meet authorization criteria.
Sec. 1144. Operation of food stamp offices.
Sec. 1145. State employee and training standards.
Sec. 1146. Exchange of law enforcement information.
Sec. 1147. Withdrawing fair hearing requests.
Sec. 1148. Income, eligibility, and immigration status verification systems.
Sec. 1149. Disqualification of retailers who intentionally submit falsified applications.
Sec. 1150. Disqualification of retailers who are disqualified under the WIC program.
Sec. 1151. Collection of overissuances.
Sec. 1152. Authority to suspend stores violating program requirements pending administrative and judicial review.
Sec. 1153. Expanded criminal forfeiture for violations.
Sec. 1154. Limitation on Federal match.
Sec. 1155. Standards for administration.
Sec. 1156. Work supplementation or support program.
Sec. 1157. Response to waivers.
Sec. 1158. Employment initiatives program.
Sec. 1159. Reauthorization.
Sec. 1160. Simplified food stamp program.

CHAPTER 2—COMMODITY DISTRIBUTION PROGRAMS

- Sec. 1171. Emergency food assistance program.*
Sec. 1172. Food bank demonstration project.
Sec. 1173. Hunger prevention programs.
Sec. 1174. Report on entitlement commodity processing.

Subtitle B—Child Nutrition Programs

CHAPTER 1—AMENDMENTS TO THE NATIONAL SCHOOL LUNCH ACT

- Sec. 1201. State disbursement to schools.*
Sec. 1202. Nutritional and other program requirements.
Sec. 1203. Free and reduced price policy statement.
Sec. 1204. Special assistance.
Sec. 1205. Miscellaneous provisions and definitions.
Sec. 1206. Commodity distribution.
Sec. 1207. Child and adult care food program.
Sec. 1208. Pilot projects.
Sec. 1209. Reduction of paperwork.
Sec. 1210. Information on income eligibility.
Sec. 1211. Nutrition guidance for child nutrition programs.

CHAPTER 2—AMENDMENTS TO THE CHILD NUTRITION ACT OF 1966

- Sec. 1251. Special milk program.*
Sec. 1252. Free and reduced price policy statement.
Sec. 1253. School breakfast program authorization.
Sec. 1254. State administrative expenses.
Sec. 1255. Regulations.
Sec. 1256. Prohibitions.
Sec. 1257. Miscellaneous provisions and definitions.
Sec. 1258. Accounts and records.

Sec. 1259. Special supplemental nutrition program for women, infants, and children.

Sec. 1260. Cash grants for nutrition education.

Sec. 1261. Nutrition education and training.

Sec. 1262. Rounding rules.

1 ***Subtitle A—Food Stamps and***
 2 ***Commodity Distribution***
 3 ***CHAPTER 1—FOOD STAMP PROGRAM***

4 ***SEC. 1111. DEFINITION OF CERTIFICATION PERIOD.***

5 *Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C.*
 6 *2012(c)) is amended by striking “Except as provided” and*
 7 *all that follows and inserting the following: “The certifi-*
 8 *cation period shall not exceed 12 months, except that the*
 9 *certification period may be up to 24 months if all adult*
 10 *household members are elderly or disabled. A State agency*
 11 *shall have at least 1 contact with each certified household*
 12 *every 12 months.”.*

13 ***SEC. 1112. DEFINITION OF COUPON.***

14 *Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C.*
 15 *2012(d)) is amended by striking “or type of certificate” and*
 16 *inserting “type of certificate, authorization card, cash or*
 17 *check issued in lieu of a coupon, or access device, including*
 18 *an electronic benefit transfer card or personal identification*
 19 *number,”.*

20 ***SEC. 1113. TREATMENT OF CHILDREN LIVING AT HOME.***

21 *The second sentence of section 3(i) of the Food Stamp*
 22 *Act of 1977 (7 U.S.C. 2012(i)) is amended by striking*

1 “(who are not themselves parents living with their children
2 or married and living with their spouses)”.

3 **SEC. 1114. ADJUSTMENT OF THRIFTY FOOD PLAN.**

4 *The second sentence of section 3(o) of the Food Stamp
5 Act of 1977 (7 U.S.C. 2012(o)) is amended—*

6 *(1) by striking “shall (1) make” and inserting
7 the following: “shall—*

8 *“(1) make”;*

9 *(2) by striking “scale, (2) make” and inserting
10 the following: “scale;*

11 *“(2) make”;*

12 *(3) by striking “Alaska, (3) make” and inserting
13 the following: “Alaska;*

14 *“(3) make”; and*

15 *(4) by striking “Columbia, (4) through” and all
16 that follows through the end of the subsection and in-
17 serting the following: “Columbia; and*

18 *“(4) on October 1, 1996, and each October 1
19 thereafter, adjust the cost of the diet to reflect the cost
20 of the diet in the preceding June, and round the re-
21 sult to the nearest lower dollar increment for each
22 household size, except that on October 1, 1996, the
23 Secretary may not reduce the cost of the diet in effect
24 on September 30, 1996.”.*

1 **SEC. 1115. DEFINITION OF HOMELESS INDIVIDUAL.**

2 *Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7*
3 *U.S.C. 2012(s)(2)(C)) is amended by inserting “for not*
4 *more than 90 days” after “temporary accommodation”.*

5 **SEC. 1116. STATE OPTION FOR ELIGIBILITY STANDARDS.**

6 *Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C.*
7 *2014(d)) is amended by striking “(b) The Secretary” and*
8 *inserting the following:*

9 *“(b) ELIGIBILITY STANDARDS.—Except as otherwise*
10 *provided in this Act, the Secretary”.*

11 **SEC. 1117. EARNINGS OF STUDENTS.**

12 *Section 5(d)(7) of the Food Stamp Act of 1977 (7*
13 *U.S.C. 2014(d)(7)) is amended by striking “21 years of age*
14 *or younger” and inserting “19 years of age or younger (17*
15 *years of age or younger in fiscal year 2002)”.*

16 **SEC. 1118. ENERGY ASSISTANCE.**

17 *(a) IN GENERAL.—Section 5(d) of the Food Stamp Act*
18 *of 1977 (7 U.S.C. 2014(d)) is amended by striking para-*
19 *graph (11) and inserting the following: “(11)(A) any pay-*
20 *ments or allowances made for the purpose of providing en-*
21 *ergy assistance under any Federal law, or (B) a 1-time*
22 *payment or allowance made under a Federal or State law*
23 *for the costs of weatherization or emergency repair or re-*
24 *placement of an unsafe or inoperative furnace or other heat-*
25 *ing or cooling device,”.*

1 (b) *CONFORMING AMENDMENTS.*—Section 5(k) of the
2 *Food Stamp Act of 1977 (7 U.S.C. 2014(k))* is amended—

3 (1) *in paragraph (1)*—

4 (A) *in subparagraph (A)*, by striking “*plan*
5 *for aid to families with dependent children ap-*
6 *proved*” and inserting “*program funded*”; and

7 (B) *in subparagraph (B)*, by striking “, *not*
8 *including energy or utility-cost assistance,*”;

9 (2) *in paragraph (2)*, by striking subparagraph
10 (C) and inserting the following:

11 “(C) *a payment or allowance described in sub-*
12 *section (d)(11);*” and

13 (3) *by adding at the end the following:*

14 “(4) *THIRD PARTY ENERGY ASSISTANCE PAY-*
15 *MENTS.*—

16 “(A) *ENERGY ASSISTANCE PAYMENTS.*—*For*
17 *purposes of subsection (d)(1)*, a payment made
18 *under a State law to provide energy assistance*
19 *to a household shall be considered money payable*
20 *directly to the household.*

21 “(B) *ENERGY ASSISTANCE EXPENSES.*—*For*
22 *purposes of subsection (e)(7)*, an expense paid on
23 *behalf of a household under a State law to pro-*
24 *vide energy assistance shall be considered an out-*

1 *of-pocket expense incurred and paid by the*
2 *household.”.*

3 **SEC. 1119. DEDUCTIONS FROM INCOME.**

4 *(a) IN GENERAL.—Section 5 of the Food Stamp Act*
5 *of 1977 (7 U.S.C. 2014) is amended by striking subsection*
6 *(e) and inserting the following:*

7 “(e) *DEDUCTIONS FROM INCOME.—*

8 “(1) *STANDARD DEDUCTION.—*

9 “(A) *IN GENERAL.—The Secretary shall*
10 *allow a standard deduction for each household in*
11 *the 48 contiguous States and the District of Co-*
12 *lumbia, Alaska, Hawaii, Guam, and the Virgin*
13 *Islands of the United States of—*

14 “(i) *for the period beginning October 1,*
15 *1995, and ending November 30, 1996, \$134,*
16 *\$229, \$189, \$269, and \$118, respectively;*

17 “(ii) *for the period beginning Decem-*
18 *ber 1, 1996, and ending September 30,*
19 *2001, \$120, \$206, \$170, \$242, and \$106, re-*
20 *spectively;*

21 “(iii) *for the period beginning October*
22 *1, 2001, and ending August 31, 2002, \$113,*
23 *\$193, \$159, \$227, and \$100, respectively;*
24 *and*

1 “(iv) for the period beginning Septem-
2 ber 1, 2002, and ending September 30,
3 2002, \$120, \$206, \$170, \$242, and \$106, re-
4 spectively.

5 “(B) *ADJUSTMENT FOR INFLATION.*—On
6 October 1, 2002, and each October 1 thereafter,
7 the Secretary shall adjust the standard deduction
8 to the nearest lower dollar increment to reflect
9 changes in the Consumer Price Index for all
10 urban consumers published by the Bureau of
11 Labor Statistics, for items other than food, for
12 the 12-month period ending the preceding June
13 30.

14 “(2) *EARNED INCOME DEDUCTION.*—

15 “(A) *DEFINITION OF EARNED INCOME.*—In
16 this paragraph, the term ‘earned income’ does
17 not include—

18 “(i) income excluded by subsection (d);

19 or

20 “(ii) any portion of income earned
21 under a work supplementation or support
22 program, as defined under section 16(b),
23 that is attributable to public assistance.

24 “(B) *DEDUCTION.*—Except as provided in
25 subparagraph (C), a household with earned in-

1 *come shall be allowed a deduction of 20 percent*
2 *of all earned income to compensate for taxes,*
3 *other mandatory deductions from salary, and*
4 *work expenses.*

5 “(C) *EXCEPTION.*—*The deduction described*
6 *in subparagraph (B) shall not be allowed with*
7 *respect to determining an overissuance due to the*
8 *failure of a household to report earned income in*
9 *a timely manner.*

10 “(3) *DEPENDENT CARE DEDUCTION.*—

11 “(A) *IN GENERAL.*—*A household shall be*
12 *entitled, with respect to expenses (other than ex-*
13 *cluded expenses described in subparagraph (B))*
14 *for dependent care, to a dependent care deduc-*
15 *tion, the maximum allowable level of which shall*
16 *be \$200 per month for each dependent child*
17 *under 2 years of age and \$175 per month for*
18 *each other dependent, for the actual cost of pay-*
19 *ments necessary for the care of a dependent if the*
20 *care enables a household member to accept or*
21 *continue employment, or training or education*
22 *that is preparatory for employment.*

23 “(B) *EXCLUDED EXPENSES.*—*The excluded*
24 *expenses referred to in subparagraph (A) are—*

1 “(i) expenses paid on behalf of the
2 household by a third party;

3 “(ii) amounts made available and ex-
4 cluded, for the expenses referred to in sub-
5 paragraph (A), under subsection (d)(3); and

6 “(iii) expenses that are paid under sec-
7 tion 6(d)(4).

8 “(4) DEDUCTION FOR CHILD SUPPORT PAY-
9 MENTS.—

10 “(A) IN GENERAL.—A household shall be en-
11 titled to a deduction for child support payments
12 made by a household member to or for an indi-
13 vidual who is not a member of the household if
14 the household member is legally obligated to
15 make the payments.

16 “(B) METHODS FOR DETERMINING
17 AMOUNT.—The Secretary may prescribe by regu-
18 lation the methods, including calculation on a
19 retrospective basis, that a State agency shall use
20 to determine the amount of the deduction for
21 child support payments.

22 “(5) HOMELESS SHELTER ALLOWANCE.—Under
23 rules prescribed by the Secretary, a State agency may
24 develop a standard homeless shelter allowance, which
25 shall not exceed \$143 per month, for such expenses as

1 *may reasonably be expected to be incurred by house-*
2 *holds in which all members are homeless individuals*
3 *but are not receiving free shelter throughout the*
4 *month. A State agency that develops the allowance*
5 *may use the allowance in determining eligibility and*
6 *allotments for the households. The State agency may*
7 *make a household with extremely low shelter costs in-*
8 *eligible for the allowance.*

9 *“(6) EXCESS MEDICAL EXPENSE DEDUCTION.—*

10 *“(A) IN GENERAL.—A household containing*
11 *an elderly or disabled member shall be entitled,*
12 *with respect to expenses other than expenses paid*
13 *on behalf of the household by a third party, to*
14 *an excess medical expense deduction for the por-*
15 *tion of the actual costs of allowable medical ex-*
16 *penses, incurred by the elderly or disabled mem-*
17 *ber, exclusive of special diets, that exceeds \$35*
18 *per month.*

19 *“(B) METHOD OF CLAIMING DEDUCTION.—*

20 *“(i) IN GENERAL.—A State agency*
21 *shall offer an eligible household under sub-*
22 *paragraph (A) a method of claiming a de-*
23 *duction for recurring medical expenses that*
24 *are initially verified under the excess medi-*
25 *cal expense deduction in lieu of submitting*

1 *information on, or verification of, actual ex-*
2 *penses on a monthly basis.*

3 “(ii) *METHOD.—The method described*
4 *in clause (i) shall—*

5 “(I) *be designed to minimize the*
6 *burden for the eligible elderly or dis-*
7 *abled household member choosing to de-*
8 *duct the recurrent medical expenses of*
9 *the member pursuant to the method;*

10 “(II) *rely on reasonable estimates*
11 *of the expected medical expenses of the*
12 *member for the certification period (in-*
13 *cluding changes that can be reasonably*
14 *anticipated based on available infor-*
15 *mation about the medical condition of*
16 *the member, public or private medical*
17 *insurance coverage, and the current*
18 *verified medical expenses incurred by*
19 *the member); and*

20 “(III) *not require further report-*
21 *ing or verification of a change in med-*
22 *ical expenses if such a change has been*
23 *anticipated for the certification period.*

24 “(7) *EXCESS SHELTER EXPENSE DEDUCTION.—*

1 “(A) *IN GENERAL.*—A household shall be
2 entitled, with respect to expenses other than ex-
3 penses paid on behalf of the household by a third
4 party, to an excess shelter expense deduction to
5 the extent that the monthly amount expended by
6 a household for shelter exceeds an amount equal
7 to 50 percent of monthly household income after
8 all other applicable deductions have been al-
9 lowed.

10 “(B) *MAXIMUM AMOUNT OF DEDUCTION.*—

11 “(i) *THROUGH DECEMBER 31, 1996.*—
12 In the case of a household that does not con-
13 tain an elderly or disabled individual, dur-
14 ing the 15-month period ending December
15 31, 1996, the excess shelter expense deduc-
16 tion shall not exceed—

17 “(I) *in the 48 contiguous States*
18 *and the District of Columbia, \$247 per*
19 *month; and*

20 “(II) *in Alaska, Hawaii, Guam,*
21 *and the Virgin Islands of the United*
22 *States, \$429, \$353, \$300, and \$182 per*
23 *month, respectively.*

24 “(i) *AFTER DECEMBER 31, 1996.*—*In*
25 *the case of a household that does not contain*

1 *an elderly or disabled individual, after De-*
2 *cember 31, 1996, the excess shelter expense*
3 *deduction shall not exceed—*

4 *“(I) in the 48 contiguous States*
5 *and the District of Columbia, \$342 per*
6 *month; and*

7 *“(II) in Alaska, Hawaii, Guam,*
8 *and the Virgin Islands of the United*
9 *States, \$594, \$489, \$415, and \$252 per*
10 *month, respectively.*

11 *“(C) STANDARD UTILITY ALLOWANCE.—*

12 *“(i) IN GENERAL.—In computing the*
13 *excess shelter expense deduction, a State*
14 *agency may use a standard utility allow-*
15 *ance in accordance with regulations pro-*
16 *mulgated by the Secretary, except that a*
17 *State agency may use an allowance that*
18 *does not fluctuate within a year to reflect*
19 *seasonal variations.*

20 *“(ii) RESTRICTIONS ON HEATING AND*
21 *COOLING EXPENSES.—An allowance for a*
22 *heating or cooling expense may not be used*
23 *in the case of a household that—*

24 *“(I) does not incur a heating or*
25 *cooling expense, as the case may be;*

1 “(II) does incur a heating or cool-
2 ing expense but is located in a public
3 housing unit that has central utility
4 meters and charges households, with re-
5 gard to the expense, only for excess
6 utility costs; or

7 “(III) shares the expense with,
8 and lives with, another individual not
9 participating in the food stamp pro-
10 gram, another household participating
11 in the food stamp program, or both,
12 unless the allowance is prorated be-
13 tween the household and the other indi-
14 vidual, household, or both.

15 “(iii) MANDATORY ALLOWANCE.—

16 “(I) IN GENERAL.—A State agen-
17 cy may make the use of a standard
18 utility allowance mandatory for all
19 households with qualifying utility costs
20 if—

21 “(aa) the State agency has
22 developed 1 or more standards
23 that include the cost of heating
24 and cooling and 1 or more stand-

1 ards that do not include the cost
2 of heating and cooling; and

3 “(bb) the Secretary finds that
4 the standards will not result in
5 an increased cost to the Secretary.

6 “(II) *HOUSEHOLD ELECTION.*—A
7 State agency that has not made the use
8 of a standard utility allowance man-
9 datory under subclause (I) shall allow
10 a household to switch, at the end of a
11 certification period, between the stand-
12 ard utility allowance and a deduction
13 based on the actual utility costs of the
14 household.

15 “(iv) *AVAILABILITY OF ALLOWANCE TO*
16 *RECIPIENTS OF ENERGY ASSISTANCE.*—

17 “(I) *IN GENERAL.*—Subject to
18 subclause (II), if a State agency elects
19 to use a standard utility allowance
20 that reflects heating or cooling costs,
21 the standard utility allowance shall be
22 made available to households receiving
23 a payment, or on behalf of which a
24 payment is made, under the Low-In-
25 come Home Energy Assistance Act of

1 1981 (42 U.S.C. 8621 et seq.) or other
2 similar energy assistance program, if
3 the household still incurs out-of-pocket
4 heating or cooling expenses in excess of
5 any assistance paid on behalf of the
6 household to an energy provider.

7 “(II) *SEPARATE ALLOWANCE*.—A
8 State agency may use a separate
9 standard utility allowance for house-
10 holds on behalf of which a payment de-
11 scribed in subclause (I) is made, but
12 may not be required to do so.

13 “(III) *STATES NOT ELECTING TO*
14 *USE SEPARATE ALLOWANCE*.—A State
15 agency that does not elect to use a sep-
16 arate allowance but makes a single
17 standard utility allowance available to
18 households incurring heating or cooling
19 expenses (other than a household de-
20 scribed in subclause (I) or (II) of
21 clause (ii)) may not be required to re-
22 duce the allowance due to the provision
23 (directly or indirectly) of assistance
24 under the Low-Income Home Energy

1 *Assistance Act of 1981 (42 U.S.C. 8621*
2 *et seq.).*

3 “(IV) *PRORATION OF ASSIST-*
4 *ANCE.—For the purpose of the food*
5 *stamp program, assistance provided*
6 *under the Low-Income Home Energy*
7 *Assistance Act of 1981 (42 U.S.C. 8621*
8 *et seq.) shall be considered to be pro-*
9 *rated over the entire heating or cooling*
10 *season for which the assistance was*
11 *provided.”.*

12 (b) *CONFORMING AMENDMENT.—Section 11(e)(3) of*
13 *the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is*
14 *amended by striking “. Under rules prescribed” and all that*
15 *follows through “verifies higher expenses”.*

16 **SEC. 1120. VEHICLE ALLOWANCE.**

17 *Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.*
18 *2014(g)) is amended by striking paragraph (2) and insert-*
19 *ing the following:*

20 “(2) *INCLUDED ASSETS.—*

21 “(A) *IN GENERAL.—Subject to the other*
22 *provisions of this paragraph, the Secretary shall,*
23 *in prescribing inclusions in, and exclusions*
24 *from, financial resources, follow the regulations*
25 *in force as of June 1, 1982 (other than those re-*

1 *lating to licensed vehicles and inaccessible re-*
2 *sources).*

3 “(B) *ADDITIONAL INCLUDED ASSETS.—The*
4 *Secretary shall include in financial resources—*

5 “(i) *any boat, snowmobile, or airplane*
6 *used for recreational purposes;*

7 “(ii) *any vacation home;*

8 “(iii) *any mobile home used primarily*
9 *for vacation purposes;*

10 “(iv) *subject to subparagraph (C), any*
11 *licensed vehicle that is used for household*
12 *transportation or to obtain or continue em-*
13 *ployment to the extent that the fair market*
14 *value of the vehicle exceeds \$4,600 through*
15 *September 30, 1996, and \$4,650 beginning*
16 *October 1, 1996; and*

17 “(v) *any savings or retirement account*
18 *(including an individual account), regard-*
19 *less of whether there is a penalty for early*
20 *withdrawal.*

21 “(C) *EXCLUDED VEHICLES.—A vehicle (and*
22 *any other property, real or personal, to the ex-*
23 *tent the property is directly related to the main-*
24 *tenance or use of the vehicle) shall not be in-*

1 cluded in financial resources under this para-
2 graph if the vehicle is—

3 “(i) used to produce earned income;

4 “(ii) necessary for the transportation
5 of a physically disabled household member;

6 or

7 “(iii) depended on by a household to
8 carry fuel for heating or water for home use
9 and provides the primary source of fuel or
10 water, respectively, for the household.”.

11 **SEC. 1121. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-**
12 **ING COUNTED AS INCOME.**

13 Section 5(k)(2) of the Food Stamp Act of 1977 (7
14 U.S.C. 2014(k)(2)) is amended—

15 (1) by striking subparagraph (F); and

16 (2) by redesignating subparagraphs (G) and (H)
17 as subparagraphs (F) and (G), respectively.

18 **SEC. 1122. SIMPLIFIED CALCULATION OF INCOME FOR THE**
19 **SELF-EMPLOYED.**

20 Section 5 of the Food Stamp Act of 1977 (7 U.S.C.
21 2014) is amended by adding at the end the following:

22 “(n) **SIMPLIFIED CALCULATION OF INCOME FOR THE**
23 **SELF-EMPLOYED.**—

24 “(1) **IN GENERAL.**—Not later than 1 year after
25 the date of enactment of this subsection, the Secretary

1 *shall establish a procedure, designed to not increase*
 2 *Federal costs, by which a State may use a reasonable*
 3 *estimate of income excluded under subsection (d)(9)*
 4 *in lieu of calculating the actual cost of producing self-*
 5 *employment income.*

6 “(2) *INCLUSIVE OF ALL TYPES OF INCOME.—The*
 7 *procedure established under paragraph (1) shall allow*
 8 *a State to estimate income for all types of self-em-*
 9 *ployment income.*”

10 “(3) *DIFFERENCES FOR DIFFERENT TYPES OF*
 11 *INCOME.—The procedure established under paragraph*
 12 *(1) may differ for different types of self-employment*
 13 *income.*”.

14 **SEC. 1123. DOUBLED PENALTIES FOR VIOLATING FOOD**
 15 **STAMP PROGRAM REQUIREMENTS.**

16 *Section 6(b)(1) of the Food Stamp Act of 1977 (7*
 17 *U.S.C. 2015(b)(1)) is amended—*

18 (1) *in clause (i), by striking “six months” and*
 19 *inserting “1 year”; and*

20 (2) *in clause (ii), by striking “1 year” and in-*
 21 *serting “2 years”.*

22 **SEC. 1124. DISQUALIFICATION OF CONVICTED INDIVID-**
 23 **UALS.**

24 *Section 6(b)(1)(iii) of the Food Stamp Act of 1977 (7*
 25 *U.S.C. 2015(b)(1)(iii)) is amended—*

1 (1) in subclause (II), by striking “or” at the end;

2 (2) in subclause (III), by striking the period at
3 the end and inserting “; or”; and

4 (3) by inserting after subclause (III) the follow-
5 ing:

6 “(IV) a conviction of an offense under sub-
7 section (b) or (c) of section 15 involving an item
8 covered by subsection (b) or (c) of section 15 hav-
9 ing a value of \$500 or more.”.

10 **SEC. 1125. DISQUALIFICATION.**

11 (a) *IN GENERAL.*—Section 6(d) of the Food Stamp Act
12 of 1977 (7 U.S.C. 2015(d)) is amended by striking “(d)(1)
13 Unless otherwise exempted by the provisions” and all that
14 follows through the end of paragraph (1) and inserting the
15 following:

16 “(d) *CONDITIONS OF PARTICIPATION.*—

17 “(1) *WORK REQUIREMENTS.*—

18 “(A) *IN GENERAL.*—No physically and
19 mentally fit individual over the age of 15 and
20 under the age of 60 shall be eligible to partici-
21 pate in the food stamp program if the individ-
22 ual—

23 “(i) refuses, at the time of application
24 and every 12 months thereafter, to register

1 *for employment in a manner prescribed by*
2 *the Secretary;*

3 “(ii) *refuses without good cause to par-*
4 *ticipate in an employment and training*
5 *program established under paragraph (4),*
6 *to the extent required by the State agency;*

7 “(iii) *refuses without good cause to ac-*
8 *cept an offer of employment, at a site or*
9 *plant not subject to a strike or lockout at*
10 *the time of the refusal, at a wage not less*
11 *than the higher of—*

12 “(I) *the applicable Federal or*
13 *State minimum wage; or*

14 “(II) *80 percent of the wage that*
15 *would have governed had the minimum*
16 *hourly rate under section 6(a)(1) of the*
17 *Fair Labor Standards Act of 1938 (29*
18 *U.S.C. 206(a)(1)) been applicable to*
19 *the offer of employment;*

20 “(iv) *refuses without good cause to pro-*
21 *vide a State agency with sufficient informa-*
22 *tion to allow the State agency to determine*
23 *the employment status or the job availabil-*
24 *ity of the individual;*

1 “(v) *voluntarily and without good*
2 *cause—*

3 “(I) *quits a job; or*

4 “(II) *reduces work effort and,*
5 *after the reduction, the individual is*
6 *working less than 30 hours per week;*
7 *or*

8 “(vi) *fails to comply with section 20.*

9 “(B) *HOUSEHOLD INELIGIBILITY.—If an*
10 *individual who is the head of a household be-*
11 *comes ineligible to participate in the food stamp*
12 *program under subparagraph (A), the household*
13 *shall, at the option of the State agency, become*
14 *ineligible to participate in the food stamp pro-*
15 *gram for a period, determined by the State agen-*
16 *cy, that does not exceed the lesser of—*

17 “(i) *the duration of the ineligibility of*
18 *the individual determined under subpara-*
19 *graph (C); or*

20 “(ii) *180 days.*

21 “(C) *DURATION OF INELIGIBILITY.—*

22 “(i) *FIRST VIOLATION.—The first time*
23 *that an individual becomes ineligible to*
24 *participate in the food stamp program*

1 under subparagraph (A), the individual
2 shall remain ineligible until the later of—

3 “(I) the date the individual be-
4 comes eligible under subparagraph (A);

5 “(II) the date that is 1 month
6 after the date the individual became
7 ineligible; or

8 “(III) a date determined by the
9 State agency that is not later than 3
10 months after the date the individual
11 became ineligible.

12 “(ii) *SECOND VIOLATION.*—The second
13 time that an individual becomes ineligible
14 to participate in the food stamp program
15 under subparagraph (A), the individual
16 shall remain ineligible until the later of—

17 “(I) the date the individual be-
18 comes eligible under subparagraph (A);

19 “(II) the date that is 3 months
20 after the date the individual became
21 ineligible; or

22 “(III) a date determined by the
23 State agency that is not later than 6
24 months after the date the individual
25 became ineligible.

1 “(iii) *THIRD OR SUBSEQUENT VIOLA-*
2 *TION.—The third or subsequent time that*
3 *an individual becomes ineligible to partici-*
4 *pate in the food stamp program under sub-*
5 *paragraph (A), the individual shall remain*
6 *ineligible until the later of—*

7 “(I) *the date the individual be-*
8 *comes eligible under subparagraph (A);*

9 “(II) *the date that is 6 months*
10 *after the date the individual became*
11 *ineligible;*

12 “(III) *a date determined by the*
13 *State agency; or*

14 “(IV) *at the option of the State*
15 *agency, permanently.*

16 “(D) *ADMINISTRATION.—*

17 “(i) *GOOD CAUSE.—The Secretary*
18 *shall determine the meaning of good cause*
19 *for the purpose of this paragraph.*

20 “(ii) *VOLUNTARY QUIT.—The Secretary*
21 *shall determine the meaning of voluntarily*
22 *quitting and reducing work effort for the*
23 *purpose of this paragraph.*

24 “(iii) *DETERMINATION BY STATE*
25 *AGENCY.—*

1 “(I) *IN GENERAL.*—Subject to
2 *subclause (II) and clauses (i) and (ii),*
3 *a State agency shall determine—*

4 “(aa) *the meaning of any*
5 *term used in subparagraph (A);*

6 “(bb) *the procedures for de-*
7 *termining whether an individual*
8 *is in compliance with a require-*
9 *ment under subparagraph (A);*
10 *and*

11 “(cc) *whether an individual*
12 *is in compliance with a require-*
13 *ment under subparagraph (A).*

14 “(II) *NOT LESS RESTRICTIVE.*—A
15 *State agency may not use a meaning,*
16 *procedure, or determination under sub-*
17 *clause (I) that is less restrictive on in-*
18 *dividuals receiving benefits under this*
19 *Act than a comparable meaning, proce-*
20 *dure, or determination under a State*
21 *program funded under part A of title*
22 *IV of the Social Security Act (42*
23 *U.S.C. 601 et seq.).*

24 “(iv) *STRIKE AGAINST THE GOVERN-*
25 *MENT.*—For the purpose of subparagraph

1 (A)(v), an employee of the Federal Govern-
2 ment, a State, or a political subdivision of
3 a State, who is dismissed for participating
4 in a strike against the Federal Government,
5 the State, or the political subdivision of the
6 State shall be considered to have voluntarily
7 quit without good cause.

8 “(v) *SELECTING A HEAD OF HOUSE-*
9 *HOLD.—*

10 “(I) *IN GENERAL.—*For purposes
11 of this paragraph, the State agency
12 shall allow the household to select any
13 adult parent of a child in the house-
14 hold as the head of the household if all
15 adult household members making ap-
16 plication under the food stamp pro-
17 gram agree to the selection.

18 “(II) *TIME FOR MAKING DESIGNA-*
19 *TION.—*A household may designate the
20 head of the household under subclause
21 (I) each time the household is certified
22 for participation in the food stamp
23 program, but may not change the des-
24 ignation during a certification period

1 *unless there is a change in the com-*
2 *position of the household.*

3 “(vi) *CHANGE IN HEAD OF HOUSE-*
4 *HOLD.—If the head of a household leaves the*
5 *household during a period in which the*
6 *household is ineligible to participate in the*
7 *food stamp program under subparagraph*
8 *(B)—*

9 *“(I) the household shall, if other-*
10 *wise eligible, become eligible to partici-*
11 *rate in the food stamp program; and*

12 *“(II) if the head of the household*
13 *becomes the head of another household,*
14 *the household that becomes headed by*
15 *the individual shall become ineligible*
16 *to participate in the food stamp pro-*
17 *gram for the remaining period of ineli-*
18 *gibility.”.*

19 (b) *CONFORMING AMENDMENT.—*

20 (1) *The second sentence of section 17(b)(2) of the*
21 *Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is*
22 *amended by striking “6(d)(1)(i)” and inserting*
23 *“6(d)(1)(A)(i)”.*

1 (2) *Section 20 of the Food Stamp Act of 1977*
2 *(7 U.S.C. 2029) is amended by striking subsection (f)*
3 *and inserting the following:*

4 “(f) *DISQUALIFICATION.—An individual or a house-*
5 *hold may become ineligible under section 6(d)(1) to partici-*
6 *pate in the food stamp program for failing to comply with*
7 *this section.”.*

8 **SEC. 1126. EMPLOYMENT AND TRAINING.**

9 (a) *IN GENERAL.—Section 6(d)(4) of the Food Stamp*
10 *Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—*

11 (1) *by striking “(4)(A) Not later than April 1,*
12 *1987, each” and inserting the following:*

13 “(4) *EMPLOYMENT AND TRAINING.—*

14 “(A) *IN GENERAL.—*

15 “(i) *IMPLEMENTATION.—Each*”;

16 (2) *in subparagraph (A)—*

17 (A) *by inserting “work,” after “skills, train-*
18 *ing,”; and*

19 (B) *by adding at the end the following:*

20 “(ii) *STATEWIDE WORKFORCE DEVEL-*
21 *OPMENT SYSTEM.—Each component of an*
22 *employment and training program carried*
23 *out under this paragraph shall be delivered*
24 *through a statewide workforce development*

1 *system, unless the component is not avail-*
2 *able locally through such a system.”;*

3 (3) *in subparagraph (B)—*

4 (A) *in the matter preceding clause (i), by*
5 *striking the colon at the end and inserting the*
6 *following: “, except that the State agency shall*
7 *retain the option to apply employment require-*
8 *ments prescribed under this subparagraph to a*
9 *program applicant at the time of application.”;*

10 (B) *in clause (i), by striking “with terms*
11 *and conditions” and all that follows through*
12 *“time of application”; and*

13 (C) *in clause (iv)—*

14 (i) *by striking subclauses (I) and (II);*

15 *and*

16 (ii) *by redesignating subclauses (III)*

17 *and (IV) as subclauses (I) and (II), respec-*

18 *tively;*

19 (4) *in subparagraph (D)—*

20 (A) *in clause (i), by striking “to which the*
21 *application” and all that follows through “30*
22 *days or less”;*

23 (B) *in clause (ii), by striking “but with re-*
24 *spect” and all that follows through “child care”;*

25 *and*

1 (C) in clause (iii), by striking “, on the
2 basis of” and all that follows through “clause
3 (ii)” and inserting “the exemption continues to
4 be valid”;

5 (5) in subparagraph (E), by striking the third
6 sentence;

7 (6) in subparagraph (G)—

8 (A) by striking “(G)(i) The State” and in-
9 serting “(G) The State”; and

10 (B) by striking clause (ii);

11 (7) in subparagraph (H), by striking “(H)(i)
12 The Secretary” and all that follows through “(ii) Fed-
13 eral funds” and inserting “(H) Federal funds”;

14 (8) in subparagraph (I)(i)(II), by striking “, or
15 was in operation,” and all that follows through “So-
16 cial Security Act” and inserting the following: “), ex-
17 cept that no such payment or reimbursement shall ex-
18 ceed the applicable local market rate”;

19 (9)(A) by striking subparagraphs (K) and (L)
20 and inserting the following:

21 “(K) *LIMITATION ON FUNDING.*—Notwith-
22 standing any other provision of this paragraph,
23 the amount of funds a State agency uses to carry
24 out this paragraph (including funds used to
25 carry out subparagraph (I)) for participants

1 *who are receiving benefits under a State pro-*
 2 *gram funded under part A of title IV of the So-*
 3 *cial Security Act (42 U.S.C. 601 et seq.) shall*
 4 *not exceed the amount of funds the State agency*
 5 *used in fiscal year 1995 to carry out this para-*
 6 *graph for participants who were receiving bene-*
 7 *fits in fiscal year 1995 under a State program*
 8 *funded under part A of title IV of the Act (42*
 9 *U.S.C. 601 et seq.).”;* and

10 *(B) by redesignating subparagraphs (M) and (N)*
 11 *as subparagraphs (L) and (M), respectively; and*

12 *(10) in subparagraph (L), as so redesignated—*

13 *(A) by striking “(L)(i) The Secretary” and*
 14 *inserting “(L) The Secretary”; and*

15 *(B) by striking clause (ii).*

16 *(b) FUNDING.—Section 16(h) of the Food Stamp Act*
 17 *of 1977 (7 U.S.C. 2025(h)) is amended by striking*
 18 *“(h)(1)(A) The Secretary” and all that follows through the*
 19 *end of paragraph (1) and inserting the following:*

20 *“(h) FUNDING OF EMPLOYMENT AND TRAINING PRO-*
 21 *GRAMS.—*

22 *“(1) IN GENERAL.—*

23 *“(A) AMOUNTS.—To carry out employment*
 24 *and training programs, the Secretary shall re-*
 25 *serve for allocation to State agencies from funds*

1 *made available for each fiscal year under section*
2 *18(a)(1) the amount of—*

3 *“(i) for fiscal year 1996, \$75,000,000;*
4 *and*

5 *“(ii) for each of fiscal years 1997*
6 *through 2002, \$85,000,000.*

7 *“(B) ALLOCATION.—The Secretary shall al-*
8 *locate the amounts reserved under subparagraph*
9 *(A) among the State agencies using a reasonable*
10 *formula (as determined by the Secretary) that*
11 *gives consideration to the population in each*
12 *State affected by section 6(o).*

13 *“(C) REALLOCATION.—*

14 *“(i) NOTIFICATION.—A State agency*
15 *shall promptly notify the Secretary if the*
16 *State agency determines that the State*
17 *agency will not expend all of the funds allo-*
18 *cated to the State agency under subpara-*
19 *graph (B).*

20 *“(ii) REALLOCATION.—On notification*
21 *under clause (i), the Secretary shall reallo-*
22 *cate the funds that the State agency will not*
23 *expend as the Secretary considers appro-*
24 *priate and equitable.*

1 “(D) *MINIMUM ALLOCATION.*—*Notwith-*
2 *standing subparagraphs (A) through (C), the*
3 *Secretary shall ensure that each State agency op-*
4 *erating an employment and training program*
5 *shall receive not less than \$50,000 for each fiscal*
6 *year.”.*

7 (c) *ADDITIONAL MATCHING FUNDS.*—*Section 16(h)(2)*
8 *of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(2)) is*
9 *amended by inserting before the period at the end the follow-*
10 *ing: “, including the costs for case management and case-*
11 *work to facilitate the transition from economic dependency*
12 *to self-sufficiency through work”.*

13 (d) *REPORTS.*—*Section 16(h) of the Food Stamp Act*
14 *of 1977 (7 U.S.C. 2025(h)) is amended—*

15 (1) *in paragraph (5)—*

16 (A) *by striking “(5)(A) The Secretary” and*
17 *inserting “(5) The Secretary”; and*

18 (B) *by striking subparagraph (B); and*

19 (2) *by striking paragraph (6).*

20 **SEC. 1127. FOOD STAMP ELIGIBILITY.**

21 *The third sentence of section 6(f) of the Food Stamp*
22 *Act of 1977 (7 U.S.C. 2015(f)) is amended by inserting “,*
23 *at State option,” after “less”.*

1 **SEC. 1128. COMPARABLE TREATMENT FOR DISQUALIFICA-**
2 **TION.**

3 (a) *IN GENERAL.*—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) *COMPARABLE TREATMENT FOR DISQUALIFICA-*
7 *TION.*—

8 “(1) *IN GENERAL.*—If a disqualification is im-
9 posed on a member of a household for a failure of the
10 member to perform an action required under a Fed-
11 eral, State, or local law relating to a means-tested
12 public assistance program, the State agency may im-
13 pose the same disqualification on the member of the
14 household under the food stamp program.

15 “(2) *RULES AND PROCEDURES.*—If a disquali-
16 fication is imposed under paragraph (1) for a failure
17 of an individual to perform an action required under
18 part A of title IV of the Social Security Act (42
19 U.S.C. 601 et seq.), the State agency may use the
20 rules and procedures that apply under part A of title
21 IV of the Act to impose the same disqualification
22 under the food stamp program.

23 “(3) *APPLICATION AFTER DISQUALIFICATION PE-*
24 *RIOD.*—A member of a household disqualified under
25 paragraph (1) may, after the disqualification period
26 has expired, apply for benefits under this Act and

1 *shall be treated as a new applicant, except that a*
2 *prior disqualification under subsection (d) shall be*
3 *considered in determining eligibility.”.*

4 **(b) STATE PLAN PROVISIONS.**—*Section 11(e) of the*
5 *Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—*

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

8 *(2) in paragraph (25), by striking the period at*
9 *the end and inserting a semicolon; and*

10 *(3) by adding at the end the following:*

11 *“(26) the guidelines the State agency uses in car-*
12 *rying out section 6(i); and”.*

13 **(c) CONFORMING AMENDMENT.**—*Section 6(d)(2)(A) of*
14 *the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A)) is*
15 *amended by striking “that is comparable to a requirement*
16 *of paragraph (1)”.*

17 **SEC. 1129. DISQUALIFICATION FOR RECEIPT OF MULTIPLE**
18 **FOOD STAMP BENEFITS.**

19 *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
20 *2015), as amended by section 1129, is amended by adding*
21 *at the end the following:*

22 **“(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE**
23 **FOOD STAMP BENEFITS.**—*An individual shall be ineligible*
24 *to participate in the food stamp program as a member of*
25 *any household for a 10-year period if the individual is*

1 *found by a State agency to have made, or is convicted in*
2 *a Federal or State court of having made, a fraudulent state-*
3 *ment or representation with respect to the identity or place*
4 *of residence of the individual in order to receive multiple*
5 *benefits simultaneously under the food stamp program.”.*

6 **SEC. 1130. DISQUALIFICATION OF FLEEING FELONS.**

7 *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
8 *2015), as amended by section 1130, is amended by adding*
9 *at the end the following:*

10 *“(k) DISQUALIFICATION OF FLEEING FELONS.—No*
11 *member of a household who is otherwise eligible to partici-*
12 *pate in the food stamp program shall be eligible to partici-*
13 *pate in the program as a member of that or any other*
14 *household during any period during which the individual*
15 *is—*

16 *“(1) fleeing to avoid prosecution, or custody or*
17 *confinement after conviction, under the law of the*
18 *place from which the individual is fleeing, for a*
19 *crime, or attempt to commit a crime, that is a felony*
20 *under the law of the place from which the individual*
21 *is fleeing or that, in the case of New Jersey, is a high*
22 *misdemeanor under the law of New Jersey; or*

23 *“(2) violating a condition of probation or parole*
24 *imposed under a Federal or State law.”.*

1 **SEC. 1131. COOPERATION WITH CHILD SUPPORT AGENCIES.**

2 *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
3 *2015), as amended by section 1131, is amended by adding*
4 *at the end the following:*

5 *“(l) CUSTODIAL PARENT’S COOPERATION WITH CHILD*
6 *SUPPORT AGENCIES.—*

7 *“(1) IN GENERAL.—At the option of a State*
8 *agency, subject to paragraphs (2) and (3), no natural*
9 *or adoptive parent or other individual (collectively re-*
10 *ferred to in this subsection as ‘the individual’) who is*
11 *living with and exercising parental control over a*
12 *child under the age of 18 who has an absent parent*
13 *shall be eligible to participate in the food stamp pro-*
14 *gram unless the individual cooperates with the State*
15 *agency administering the program established under*
16 *part D of title IV of the Social Security Act (42*
17 *U.S.C. 651 et seq.)—*

18 *“(A) in establishing the paternity of the*
19 *child (if the child is born out of wedlock); and*

20 *“(B) in obtaining support for—*

21 *“(i) the child; or*

22 *“(ii) the individual and the child.*

23 *“(2) GOOD CAUSE FOR NONCOOPERATION.—*

24 *Paragraph (1) shall not apply to the individual if*
25 *good cause is found for refusing to cooperate, as deter-*
26 *mined by the State agency in accordance with stand-*

1 *ards prescribed by the Secretary in consultation with*
2 *the Secretary of Health and Human Services. The*
3 *standards shall take into consideration circumstances*
4 *under which cooperation may be against the best in-*
5 *terests of the child.*

6 *“(3) FEES.—Paragraph (1) shall not require the*
7 *payment of a fee or other cost for services provided*
8 *under part D of title IV of the Social Security Act*
9 *(42 U.S.C. 651 et seq.).*

10 *“(m) NONCUSTODIAL PARENT’S COOPERATION WITH*
11 *CHILD SUPPORT AGENCIES.—*

12 *“(1) IN GENERAL.—At the option of a State*
13 *agency, subject to paragraphs (2) and (3), a putative*
14 *or identified noncustodial parent of a child under the*
15 *age of 18 (referred to in this subsection as ‘the indi-*
16 *vidual’) shall not be eligible to participate in the food*
17 *stamp program if the individual refuses to cooperate*
18 *with the State agency administering the program es-*
19 *tablished under part D of title IV of the Social Secu-*
20 *rity Act (42 U.S.C. 651 et seq.)—*

21 *“(A) in establishing the paternity of the*
22 *child (if the child is born out of wedlock); and*

23 *“(B) in providing support for the child.*

24 *“(2) REFUSAL TO COOPERATE.—*

1 “(A) *GUIDELINES.*—*The Secretary, in con-*
2 *sultation with the Secretary of Health and*
3 *Human Services, shall develop guidelines on*
4 *what constitutes a refusal to cooperate under*
5 *paragraph (1).*

6 “(B) *PROCEDURES.*—*The State agency shall*
7 *develop procedures, using guidelines developed*
8 *under subparagraph (A), for determining wheth-*
9 *er an individual is refusing to cooperate under*
10 *paragraph (1).*

11 “(3) *FEEES.*—*Paragraph (1) shall not require the*
12 *payment of a fee or other cost for services provided*
13 *under part D of title IV of the Social Security Act*
14 *(42 U.S.C. 651 et seq.).*

15 “(4) *PRIVACY.*—*The State agency shall provide*
16 *safeguards to restrict the use of information collected*
17 *by a State agency administering the program estab-*
18 *lished under part D of title IV of the Social Security*
19 *Act (42 U.S.C. 651 et seq.) to purposes for which the*
20 *information is collected.”.*

21 **SEC. 1132. DISQUALIFICATION RELATING TO CHILD SUP-**
22 **PORT ARREARS.**

23 *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
24 *2015), as amended by section 1132, is amended by adding*
25 *at the end the following:*

1 “(n) *DISQUALIFICATION FOR CHILD SUPPORT AR-*
2 *REARS.*—

3 “(1) *IN GENERAL.*—*At the option of a State*
4 *agency, no individual shall be eligible to participate*
5 *in the food stamp program as a member of any house-*
6 *hold during any month that the individual is delin-*
7 *quent in any payment due under a court order for the*
8 *support of a child of the individual.*

9 “(2) *EXCEPTIONS.*—*Paragraph (1) shall not*
10 *apply if—*

11 “(A) *a court is allowing the individual to*
12 *delay payment; or*

13 “(B) *the individual is complying with a*
14 *payment plan approved by a court or the State*
15 *agency designated under part D of title IV of the*
16 *Social Security Act (42 U.S.C. 651 et seq.) to*
17 *provide support for the child of the individual.”.*

18 **SEC. 1133. WORK REQUIREMENT.**

19 “(a) *IN GENERAL.*—*Section 6 of the Food Stamp Act*
20 *of 1977 (7 U.S.C. 2015), as amended by section 1133, is*
21 *amended by adding at the end the following:*

22 “(o) *WORK REQUIREMENT.*—

23 “(1) *DEFINITION OF WORK PROGRAM.*—*In this*
24 *subsection, the term ‘work program’ means—*

1 “(A) a program under the Job Training
2 Partnership Act (29 U.S.C. 1501 et seq.);

3 “(B) a program under section 236 of the
4 Trade Act of 1974 (19 U.S.C. 2296); or

5 “(C) a program of employment or training
6 operated or supervised by a State or political
7 subdivision of a State that meets standards ap-
8 proved by the Governor of the State, including a
9 program under subsection (d)(4), other than a
10 job search program or a job search training pro-
11 gram.

12 “(2) WORK REQUIREMENT.—Subject to the other
13 provisions of this subsection, no individual shall be el-
14 igible to participate in the food stamp program as a
15 member of any household if, during the preceding 12-
16 month period, the individual received food stamp ben-
17 efits for not less than 4 months during which the in-
18 dividual did not—

19 “(A) work 20 hours or more per week, aver-
20 aged monthly;

21 “(B) participate in and comply with the re-
22 quirements of a work program for 20 hours or
23 more per week, as determined by the State agen-
24 cy;

1 “(C) participate in and comply with the re-
2 quirements of a program under section 20 or a
3 comparable program established by a State or
4 political subdivision of a State; or

5 “(D) receive an exemption under paragraph
6 (6).

7 “(3) *EXCEPTION.*—Paragraph (2) shall not
8 apply to an individual if the individual is—

9 “(A) under 18 or over 50 years of age;

10 “(B) medically certified as physically or
11 mentally unfit for employment;

12 “(C) a parent or other member of a house-
13 hold with responsibility for a dependent child;

14 “(D) otherwise exempt under subsection
15 (d)(2); or

16 “(E) a pregnant woman.

17 “(4) *WAIVER.*—

18 “(A) *IN GENERAL.*—On the request of a
19 State agency, the Secretary may waive the ap-
20 plicability of paragraph (2) to any group of in-
21 dividuals in the State if the Secretary makes a
22 determination that the area in which the indi-
23 viduals reside—

24 “(i) has an unemployment rate of over
25 10 percent; or

1 “(ii) does not have a sufficient number
2 of jobs to provide employment for the indi-
3 viduals.

4 “(B) RESPONSE.—The Secretary shall re-
5 spond to a request made pursuant to subpara-
6 graph (A) not later than 15 days after the State
7 agency makes the request.

8 “(C) REPORT.—The Secretary shall report
9 the basis for a waiver under subparagraph (A)
10 to the Committee on Agriculture of the House of
11 Representatives and the Committee on Agri-
12 culture, Nutrition, and Forestry of the Senate.

13 “(5) SUBSEQUENT ELIGIBILITY.—

14 “(A) IN GENERAL.—An individual shall be-
15 come eligible to participate in the food stamp
16 program if, during a 30-day period, the individ-
17 ual—

18 “(i) works 80 or more hours;

19 “(ii) participates in and complies with
20 the requirements of a work program for 80
21 or more hours, as determined by a State
22 agency; or

23 “(iii) participates in and complies
24 with the requirements of a program under
25 section 20 or a comparable program estab-

1 *lished by a State or political subdivision of*
2 *a State.*

3 “(B) *AFTER BECOMING ELIGIBLE.*—*An in-*
4 *dividual shall remain subject to paragraph (2)*
5 *during any 12-month period subsequent to be-*
6 *coming eligible to participate in the food stamp*
7 *program under subparagraph (A), except that*
8 *the term ‘preceding 12-month period’ in para-*
9 *graph (2) shall mean the preceding period begin-*
10 *ning on the date the individual most recently*
11 *satisfied the requirements of subparagraph (A).*

12 “(6) *STATE AGENCY EXEMPTIONS.*—

13 “(A) *IN GENERAL.*—*A State agency may ex-*
14 *empt an individual for purposes of paragraph*
15 *(2)(D)—*

16 “(i) *by reason of hardship; or*

17 “(ii) *if the individual participates in*
18 *and complies with the requirements of a*
19 *program of job search or job search training*
20 *under clauses (i) or (ii) of subsection*
21 *(d)(4)(B) that requires an average of not*
22 *less than 20 hours per week of participa-*
23 *tion.*

24 “(B) *LIMITATION ON HARDSHIP EXEMP-*
25 *TION.*—*The average monthly number of individ-*

1 uals receiving benefits due to a hardship exemp-
 2 tion granted by a State agency under subpara-
 3 graph (A)(i) for a fiscal year may not exceed 20
 4 percent of the average monthly number of indi-
 5 viduals receiving allotments during the fiscal
 6 year in the State who are not exempt from the
 7 requirements of this subsection under paragraph
 8 (3) or (4).

9 “(C) *LIMITATION ON JOB SEARCH EXEMP-*
 10 *TION.—A State agency may not exempt an indi-*
 11 *vidual under subparagraph (A)(i) for more than*
 12 *2 months during any 12-month period.”.*

13 (b) *TRANSITION PROVISION.—During the 1-year pe-*
 14 *riod beginning on the date of enactment of this Act, the*
 15 *term “preceding 12-month period” in section 6(o) of the*
 16 *Food Stamp Act of 1977, as added by subsection (a), means*
 17 *the preceding period that begins on the date of enactment*
 18 *of this Act.*

19 **SEC. 1134. ENCOURAGEMENT OF ELECTRONIC BENEFIT**
 20 **TRANSFER SYSTEMS.**

21 (a) *IN GENERAL.—Section 7(i) of the Food Stamp Act*
 22 *of 1977 (7 U.S.C. 2016(i)) is amended—*

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

25 “(1) *ELECTRONIC BENEFIT TRANSFERS.—*

1 “(A) *IMPLEMENTATION.*—Not later than Oc-
2 tober 1, 2002, each State agency shall implement
3 an electronic benefit transfer system under which
4 household benefits determined under section 8(a)
5 or 26 are issued from and stored in a central
6 databank, unless the Secretary provides a waiver
7 for a State agency that faces unusual barriers to
8 implementing an electronic benefit transfer sys-
9 tem.

10 “(B) *TIMELY IMPLEMENTATION.*—Each
11 State agency is encouraged to implement an elec-
12 tronic benefit transfer system under subpara-
13 graph (A) as soon as practicable.

14 “(C) *STATE FLEXIBILITY.*—Subject to para-
15 graph (2), a State agency may procure and im-
16 plement an electronic benefit transfer system
17 under the terms, conditions, and design that the
18 State agency considers appropriate.

19 “(D) *OPERATION.*—An electronic benefit
20 transfer system should take into account gen-
21 erally accepted standard operating rules based
22 on—

23 “(i) *commercial electronic funds trans-*
24 *fer technology;*

1 “(ii) the need to permit interstate op-
2 eration and law enforcement monitoring;
3 and

4 “(iii) the need to permit monitoring
5 and investigations by authorized law en-
6 forcement agencies.”;

7 (2) in paragraph (2)—

8 (A) by striking “effective no later than
9 April 1, 1992,”;

10 (B) in subparagraph (A)—

11 (i) by striking “, in any 1 year,”; and

12 (ii) by striking “on-line”;

13 (C) by striking subparagraph (D) and in-
14 serting the following:

15 “(D)(i) measures to maximize the security
16 of a system using the most recent technology
17 available that the State agency considers appro-
18 priate and cost effective and which may include
19 personal identification numbers, photographic
20 identification on electronic benefit transfer cards,
21 and other measures to protect against fraud and
22 abuse; and

23 “(ii) effective not later than 2 years after
24 the date of enactment of this clause, to the extent
25 practicable, measures that permit a system to

1 *differentiate items of food that may be acquired*
2 *with an allotment from items of food that may*
3 *not be acquired with an allotment;”;*

4 *(D) in subparagraph (G), by striking “and”*
5 *at the end;*

6 *(E) in subparagraph (H), by striking the*
7 *period at the end and inserting “; and”; and*

8 *(F) by adding at the end the following:*

9 *“(I) procurement standards.”; and*

10 *(3) by adding at the end the following:*

11 *“(7) REPLACEMENT OF BENEFITS.—Regulations*
12 *issued by the Secretary regarding the replacement of*
13 *benefits and liability for replacement of benefits under*
14 *an electronic benefit transfer system shall be similar*
15 *to the regulations in effect for a paper-based food*
16 *stamp issuance system.*

17 *“(8) REPLACEMENT CARD FEE.—A State agency*
18 *may collect a charge for replacement of an electronic*
19 *benefit transfer card by reducing the monthly allot-*
20 *ment of the household receiving the replacement card.*

21 *“(9) OPTIONAL PHOTOGRAPHIC IDENTIFICA-*
22 *TION.—*

23 *“(A) IN GENERAL.—A State agency may re-*
24 *quire that an electronic benefit card contain a*
25 *photograph of 1 or more members of a household.*

1 “(B) *OTHER AUTHORIZED USERS.*—If a
2 State agency requires a photograph on an elec-
3 tronic benefit card under subparagraph (A), the
4 State agency shall establish procedures to ensure
5 that any other appropriate member of the house-
6 hold or any authorized representative of the
7 household may utilize the card.

8 “(10) *APPLICABLE LAW.*—Disclosures, protec-
9 tions, responsibilities, and remedies established by the
10 Federal Reserve Board under section 904 of the Elec-
11 tronic Fund Transfer Act (15 U.S.C. 1693b) shall not
12 apply to benefits under this Act delivered through any
13 electronic benefit transfer system.”.

14 (b) *SENSE OF CONGRESS.*—It is the sense of Congress
15 that a State that operates an electronic benefit transfer sys-
16 tem under the Food Stamp Act of 1977 (7 U.S.C. 2011 et
17 seq.) should operate the system in a manner that is compat-
18 ible with electronic benefit transfer systems operated by
19 other States.

20 **SEC. 1135. VALUE OF MINIMUM ALLOTMENT.**

21 The proviso in section 8(a) of the Food Stamp Act of
22 1977 (7 U.S.C. 2017(a)) is amended by striking “, and shall
23 be adjusted” and all that follows through “\$5”.

1 **SEC. 1136. BENEFITS ON RECERTIFICATION.**

2 *Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7*
3 *U.S.C. 2017(c)(2)(B)) is amended by striking “of more than*
4 *one month”.*

5 **SEC. 1137. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**
6 **DITED HOUSEHOLDS.**

7 *Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C.*
8 *2017(c)) is amended by striking paragraph (3) and insert-*
9 *ing the following:*

10 *“(3) OPTIONAL COMBINED ALLOTMENT FOR EX-*
11 *PEDITED HOUSEHOLDS.—A State agency may pro-*
12 *vide to an eligible household applying after the 15th*
13 *day of a month, in lieu of the initial allotment of the*
14 *household and the regular allotment of the household*
15 *for the following month, an allotment that is equal to*
16 *the total amount of the initial allotment and the first*
17 *regular allotment. The allotment shall be provided in*
18 *accordance with section 11(e)(3) in the case of a*
19 *household that is not entitled to expedited service and*
20 *in accordance with paragraphs (3) and (9) of section*
21 *11(e) in the case of a household that is entitled to ex-*
22 *pedited service.”.*

1 **SEC. 1138. FAILURE TO COMPLY WITH OTHER MEANS-TEST-**
2 **ED PUBLIC ASSISTANCE PROGRAMS.**

3 *Section 8 of the Food Stamp Act of 1977 (7 U.S.C.*
4 *2017) is amended by striking subsection (d) and inserting*
5 *the following:*

6 “(d) *REDUCTION OF PUBLIC ASSISTANCE BENE-*
7 *FITS.—*

8 “(1) *IN GENERAL.—If the benefits of a household*
9 *are reduced under a Federal, State, or local law relat-*
10 *ing to a means-tested public assistance program for*
11 *the failure of a member of the household to perform*
12 *an action required under the law or program, for the*
13 *duration of the reduction—*

14 “(A) *the household may not receive an in-*
15 *creased allotment as the result of a decrease in*
16 *the income of the household to the extent that the*
17 *decrease is the result of the reduction; and*

18 “(B) *the State agency may reduce the allot-*
19 *ment of the household by not more than 25 per-*
20 *cent.*

21 “(2) *RULES AND PROCEDURES.—If the allotment*
22 *of a household is reduced under this subsection for a*
23 *failure to perform an action required under part A*
24 *of title IV of the Social Security Act (42 U.S.C. 601*
25 *et seq.), the State agency may use the rules and proce-*
26 *dures that apply under part A of title IV of the Act*

1 to reduce the allotment under the food stamp pro-
2 gram.”.

3 **SEC. 1139. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**
4 **CENTERS.**

5 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
6 2017) is amended by adding at the end the following:

7 “(f) *ALLOTMENTS FOR HOUSEHOLDS RESIDING IN*
8 *CENTERS.*—

9 “(1) *IN GENERAL.*—*In the case of an individual*
10 *who resides in a center for the purpose of a drug or*
11 *alcoholic treatment program described in the last sen-*
12 *tence of section 3(i), a State agency may provide an*
13 *allotment for the individual to—*

14 “(A) *the center as an authorized representa-*
15 *tive of the individual for a period that is less*
16 *than 1 month; and*

17 “(B) *the individual, if the individual leaves*
18 *the center.*

19 “(2) *DIRECT PAYMENT.*—*A State agency may re-*
20 *quire an individual referred to in paragraph (1) to*
21 *designate the center in which the individual resides as*
22 *the authorized representative of the individual for the*
23 *purpose of receiving an allotment.”.*

1 **SEC. 1140. CONDITION PRECEDENT FOR APPROVAL OF RE-**
2 **TAIL FOOD STORES AND WHOLESALE FOOD**
3 **CONCERNS.**

4 *Section 9(a)(1) of the Food Stamp Act of 1977 (7*
5 *U.S.C. 2018(a)(1)) is amended by adding at the end the*
6 *following: “No retail food store or wholesale food concern*
7 *of a type determined by the Secretary, based on factors that*
8 *include size, location, and type of items sold, shall be ap-*
9 *proved to be authorized or reauthorized for participation*
10 *in the food stamp program unless an authorized employee*
11 *of the Department of Agriculture, a designee of the Sec-*
12 *retary, or, if practicable, an official of the State or local*
13 *government designated by the Secretary has visited the store*
14 *or concern for the purpose of determining whether the store*
15 *or concern should be approved or reauthorized, as appro-*
16 *priate.”.*

17 **SEC. 1141. AUTHORITY TO ESTABLISH AUTHORIZATION PE-**
18 **RIODS.**

19 *Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C.*
20 *2018(a)) is amended by adding at the end the following:*
21 *“(3) AUTHORIZATION PERIODS.—The Secretary*
22 *shall establish specific time periods during which au-*
23 *thorization to accept and redeem coupons, or to re-*
24 *deem benefits through an electronic benefit transfer*
25 *system, shall be valid under the food stamp pro-*
26 *gram.”.*

1 **SEC. 1142. INFORMATION FOR VERIFYING ELIGIBILITY FOR**
2 **AUTHORIZATION.**

3 *Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C.*
4 *2018(c)) is amended—*

5 *(1) in the first sentence, by inserting “, which*
6 *may include relevant income and sales tax filing doc-*
7 *uments,” after “submit information”; and*

8 *(2) by inserting after the first sentence the fol-*
9 *lowing: “The regulations may require retail food*
10 *stores and wholesale food concerns to provide written*
11 *authorization for the Secretary to verify all relevant*
12 *tax filings with appropriate agencies and to obtain*
13 *corroborating documentation from other sources so*
14 *that the accuracy of information provided by the*
15 *stores and concerns may be verified.”.*

16 **SEC. 1143. WAITING PERIOD FOR STORES THAT FAIL TO**
17 **MEET AUTHORIZATION CRITERIA.**

18 *Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C.*
19 *2018(d)) is amended by adding at the end the following:*
20 *“A retail food store or wholesale food concern that is denied*
21 *approval to accept and redeem coupons because the store*
22 *or concern does not meet criteria for approval established*
23 *by the Secretary may not, for at least 6 months, submit*
24 *a new application to participate in the program. The Sec-*
25 *retary may establish a longer time period under the preced-*

1 *ing sentence, including permanent disqualification, that re-*
2 *flects the severity of the basis of the denial.”.*

3 **SEC. 1144. OPERATION OF FOOD STAMP OFFICES.**

4 *Section 11 of the Food Stamp Act of 1977 (7 U.S.C.*
5 *2020), as amended by sections 1119(b) and 1129(b), is*
6 *amended—*

7 *(1) in subsection (e)—*

8 *(A) by striking paragraph (2) and inserting*
9 *the following:*

10 *“(2)(A) that the State agency shall establish pro-*
11 *cedures governing the operation of food stamp offices*
12 *that the State agency determines best serve households*
13 *in the State, including households with special needs,*
14 *such as households with elderly or disabled members,*
15 *households in rural areas with low-income members,*
16 *homeless individuals, households residing on reserva-*
17 *tions, and households in areas in which a substantial*
18 *number of members of low-income households speak a*
19 *language other than English.*

20 *“(B) In carrying out subparagraph (A), a State*
21 *agency—*

22 *“(i) shall provide timely, accurate, and fair*
23 *service to applicants for, and participants in,*
24 *the food stamp program;*

1 “(ii) shall develop an application contain-
2 ing the information necessary to comply with
3 this Act;

4 “(iii) shall permit an applicant household
5 to apply to participate in the program on the
6 same day that the household first contacts a food
7 stamp office in person during office hours;

8 “(iv) shall consider an application that con-
9 tains the name, address, and signature of the ap-
10 plicant to be filed on the date the applicant sub-
11 mits the application;

12 “(v) shall require that an adult representa-
13 tive of each applicant household certify in writ-
14 ing, under penalty of perjury, that—

15 “(I) the information contained in the
16 application is true; and

17 “(II) all members of the household are
18 citizens or are aliens eligible to receive food
19 stamps under section 6(f);

20 “(vi) shall provide a method of certifying
21 and issuing coupons to eligible homeless individ-
22 uals, to ensure that participation in the food
23 stamp program is limited to eligible households;
24 and

1 “(vii) may establish operating procedures
2 that vary for local food stamp offices to reflect
3 regional and local differences within the State.

4 “(C) Nothing in this Act shall prohibit the use
5 of signatures provided and maintained electronically,
6 storage of records using automated retrieval systems
7 only, or any other feature of a State agency’s applica-
8 tion system that does not rely exclusively on the col-
9 lection and retention of paper applications or other
10 records.

11 “(D) The signature of any adult under this
12 paragraph shall be considered sufficient to comply
13 with any provision of Federal law requiring a house-
14 hold member to sign an application or statement.”;

15 (B) in paragraph (3)—

16 (i) by striking “shall—” and all that
17 follows through “provide each” and insert-
18 ing “shall provide each”; and

19 (ii) by striking “(B) assist” and all
20 that follows through “representative of the
21 State agency.”;

22 (C) by striking paragraphs (14) and (25);

23 (D)(i) by redesignating paragraphs (15)
24 through (24) as paragraphs (14) through (23),
25 respectively; and

1 (ii) by redesignating paragraph (26), as
2 paragraph (24); and
3 (2) in subsection (i)—

4 (A) by striking “(i) Notwithstanding” and
5 all that follows through “(2)” and inserting the
6 following:

7 “(i) *APPLICATION AND DENIAL PROCEDURES.*—

8 “(1) *APPLICATION PROCEDURES.*—*Notwithstand-*
9 *ing any other provision of law,*”; and

10 (B) by striking “; (3) households” and all
11 that follows through “title IV of the Social Secu-
12 rity Act. No” and inserting a period and the fol-
13 lowing:

14 “(2) *DENIAL AND TERMINATION.*—*Except in a*
15 *case of disqualification as a penalty for failure to*
16 *comply with a public assistance program rule or reg-*
17 *ulation, no*”.

18 **SEC. 1145. STATE EMPLOYEE AND TRAINING STANDARDS.**

19 Section 11(e)(6) of the Food Stamp Act of 1977 (7
20 *U.S.C. 2020(e)(6)*) is amended—

21 (1) by striking “that (A) the” and inserting
22 “that—

23 “(A) the”;

24 (2) by striking “Act; (B) the” and inserting
25 “Act; and

1 “(B) the”;

2 (3) in subparagraph (B), by striking “United
3 States Civil Service Commission” and inserting “Of-
4 fice of Personnel Management”; and

5 (4) by striking subparagraphs (C) through (E).

6 **SEC. 1146. EXCHANGE OF LAW ENFORCEMENT INFORMA-**
7 **TION.**

8 Section 11(e)(8) of the Food Stamp Act of 1977 (7
9 U.S.C. 2020(e)(8)) is amended—

10 (1) by striking “that (A) such” and inserting the
11 following: “that—

12 “(A) the”;

13 (2) by striking “law, (B) notwithstanding” and
14 inserting the following: “law;

15 “(B) notwithstanding”;

16 (3) by striking “Act, and (C) such” and insert-
17 ing the following: “Act;

18 “(C) the”; and

19 (4) by adding at the end the following:

20 “(D) notwithstanding any other provision
21 of law, the address, social security number, and,
22 if available, photograph of any member of a
23 household shall be made available, on request, to
24 any Federal, State, or local law enforcement offi-
25 cer if the officer furnishes the State agency with

1 *the name of the member and notifies the agency*
 2 *that—*

3 “(i) *the member—*

4 “(I) *is fleeing to avoid prosecu-*
 5 *tion, or custody or confinement after*
 6 *conviction, for a crime (or attempt to*
 7 *commit a crime) that, under the law of*
 8 *the place the member is fleeing, is a*
 9 *felony (or, in the case of New Jersey,*
 10 *a high misdemeanor), or is violating a*
 11 *condition of probation or parole im-*
 12 *posed under Federal or State law; or*

13 “(II) *has information that is nec-*
 14 *essary for the officer to conduct an offi-*
 15 *cial duty related to subclause (I);*

16 “(ii) *locating or apprehending the*
 17 *member is an official duty; and*

18 “(iii) *the request is being made in the*
 19 *proper exercise of an official duty; and*

20 “(E) *the safeguards shall not prevent com-*
 21 *pliance with paragraph (16);”.*

22 **SEC. 1147. WITHDRAWING FAIR HEARING REQUESTS.**

23 *Section 11(e)(10) of the Food Stamp Act of 1977 (7*
 24 *U.S.C. 2020(e)(10)) is amended by inserting before the*
 25 *semicolon at the end a period and the following: “At the*

1 *option of a State, at any time prior to a fair hearing deter-*
 2 *mination under this paragraph, a household may with-*
 3 *draw, orally or in writing, a request by the household for*
 4 *the fair hearing. If the withdrawal request is an oral re-*
 5 *quest, the State agency shall provide a written notice to*
 6 *the household confirming the withdrawal request and pro-*
 7 *viding the household with an opportunity to request a hear-*
 8 *ing”.*

9 **SEC. 1148. INCOME, ELIGIBILITY, AND IMMIGRATION STA-**
 10 **TUS VERIFICATION SYSTEMS.**

11 *Section 11 of the Food Stamp Act of 1977 (7 U.S.C.*
 12 *2020) is amended—*

13 *(1) in subsection (e)(18), as redesignated by sec-*
 14 *tion 1145(1)(D)—*

15 *(A) by striking “that information is” and*
 16 *inserting “at the option of the State agency, that*
 17 *information may be”; and*

18 *(B) by striking “shall be requested” and in-*
 19 *serting “may be requested”; and*

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

21 *“(p) STATE VERIFICATION OPTION.—Notwithstanding*
 22 *any other provision of law, in carrying out the food stamp*
 23 *program, a State agency shall not be required to use an*
 24 *income and eligibility or an immigration status verifica-*

1 *tion system established under section 1137 of the Social Se-*
2 *curity Act (42 U.S.C. 1320b-7).”.*

3 **SEC. 1149. DISQUALIFICATION OF RETAILERS WHO INTEN-**
4 **TIONALLY SUBMIT FALSIFIED APPLICATIONS.**

5 *Section 12(b) of the Food Stamp Act of 1977 (7 U.S.C.*
6 *2021(b)) is amended—*

7 *(1) in paragraph (2), by striking “and” at the*
8 *end;*

9 *(2) in paragraph (3), by striking the period at*
10 *the end and inserting “; and”; and*

11 *(3) by adding at the end the following:*

12 *“(4) for a reasonable period of time to be deter-*
13 *mined by the Secretary, including permanent dis-*
14 *qualification, on the knowing submission of an appli-*
15 *cation for the approval or reauthorization to accept*
16 *and redeem coupons that contains false information*
17 *about a substantive matter that was a part of the ap-*
18 *plication.”.*

19 **SEC. 1150. DISQUALIFICATION OF RETAILERS WHO ARE DIS-**
20 **QUALIFIED UNDER THE WIC PROGRAM.**

21 *Section 12 of the Food Stamp Act of 1977 (7 U.S.C.*
22 *2021) is amended by adding at the end the following:*

23 *“(g) DISQUALIFICATION OF RETAILERS WHO ARE*
24 *DISQUALIFIED UNDER THE WIC PROGRAM.—*

1 “(1) *IN GENERAL.*—*The Secretary shall issue*
2 *regulations providing criteria for the disqualification*
3 *under this Act of an approved retail food store and*
4 *a wholesale food concern that is disqualified from ac-*
5 *cepting benefits under the special supplemental nutri-*
6 *tion program for women, infants, and children estab-*
7 *lished under section 17 of the Child Nutrition Act of*
8 *1966 (7 U.S.C. 1786).*

9 “(2) *TERMS.*—*A disqualification under para-*
10 *graph (1)—*

11 “(A) *shall be for the same length of time as*
12 *the disqualification from the program referred to*
13 *in paragraph (1);*

14 “(B) *may begin at a later date than the dis-*
15 *qualification from the program referred to in*
16 *paragraph (1); and*

17 “(C) *notwithstanding section 14, shall not*
18 *be subject to judicial or administrative review.”.*

19 **SEC. 1151. COLLECTION OF OVERISSUANCES.**

20 (a) *COLLECTION OF OVERISSUANCES.*—*Section 13 of*
21 *the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—*

22 (1) *by striking subsection (b) and inserting the*
23 *following:*

24 “(b) *COLLECTION OF OVERISSUANCES.*—

1 “(1) *IN GENERAL.*—*Except as otherwise provided*
2 *in this subsection, a State agency shall collect any*
3 *overissuance of coupons issued to a household by—*

4 “(A) *reducing the allotment of the house-*
5 *hold;*

6 “(B) *withholding amounts from unemploy-*
7 *ment compensation from a member of the house-*
8 *hold under subsection (c);*

9 “(C) *recovering from Federal pay or a Fed-*
10 *eral income tax refund under subsection (d); or*

11 “(D) *any other means.*

12 “(2) *COST EFFECTIVENESS.*—*Paragraph (1)*
13 *shall not apply if the State agency demonstrates to*
14 *the satisfaction of the Secretary that all of the means*
15 *referred to in paragraph (1) are not cost effective.*

16 “(3) *MAXIMUM REDUCTION ABSENT FRAUD.*—*If*
17 *a household received an overissuance of coupons with-*
18 *out any member of the household being found ineli-*
19 *gible to participate in the program under section*
20 *6(b)(1) and a State agency elects to reduce the allot-*
21 *ment of the household under paragraph (1)(A), the*
22 *State agency shall not reduce the monthly allotment*
23 *of the household under paragraph (1)(A) by an*
24 *amount in excess of the greater of—*

1 “(A) 10 percent of the monthly allotment of
2 the household; or

3 “(B) \$10.

4 “(4) PROCEDURES.—A State agency shall collect
5 an overissuance of coupons issued to a household
6 under paragraph (1) in accordance with the require-
7 ments established by the State agency for providing
8 notice, electing a means of payment, and establishing
9 a time schedule for payment.”; and

10 (2) in subsection (d)—

11 (A) by striking “as determined under sub-
12 section (b) and except for claims arising from an
13 error of the State agency,” and inserting “, as
14 determined under subsection (b)(1),”; and

15 (B) by inserting before the period at the end
16 the following: “or a Federal income tax refund as
17 authorized by section 3720A of title 31, United
18 States Code”.

19 (b) CONFORMING AMENDMENTS.—Section 11(e)(8)(C)
20 of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(C))
21 is amended—

22 (1) by striking “and excluding claims” and all
23 that follows through “such section”; and

24 (2) by inserting before the semicolon at the end
25 the following: “or a Federal income tax refund as au-

1 *thorized by section 3720A of title 31, United States*
2 *Code”.*

3 *(c) RETENTION RATE.—The proviso of the first sen-*
4 *tence of section 16(a) of the Food Stamp Act of 1977 (7*
5 *U.S.C. 2025(a)) is amended by striking “25 percent during*
6 *the period beginning October 1, 1990” and all that follows*
7 *through “section 13(b)(2) of this Act” and inserting “35*
8 *percent of the value of all funds or allotments recovered or*
9 *collected pursuant to subsections (b)(1) and (c) of section*
10 *13 and 20 percent of the value of all funds or allotments*
11 *recovered or collected pursuant to section 13(b)(2) of this*
12 *Act”.*

13 **SEC. 1152. AUTHORITY TO SUSPEND STORES VIOLATING**
14 **PROGRAM REQUIREMENTS PENDING ADMIN-**
15 **ISTRATIVE AND JUDICIAL REVIEW.**

16 *Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C.*
17 *2023(a)) is amended—*

18 *(1) by redesignating the first through seventeenth*
19 *sentences as paragraphs (1) through (17), respectively;*
20 *and*

21 *(2) by adding at the end the following:*

22 *“(18) SUSPENSION OF STORES PENDING RE-*
23 *VIEW.—Notwithstanding any other provision of this*
24 *subsection, any permanent disqualification of a retail*
25 *food store or wholesale food concern under paragraph*

1 *commission of, a violation (other than a mis-*
2 *demeanor) of subsection (b) or (c), or proceeds trace-*
3 *able to a violation of subsection (b) or (c), shall be*
4 *subject to forfeiture to the United States under para-*
5 *graph (1).*

6 “(3) *INTEREST OF OWNER.*—*No interest in prop-*
7 *erty shall be forfeited under this subsection as the re-*
8 *sult of any act or omission established by the owner*
9 *of the interest to have been committed or omitted*
10 *without the knowledge or consent of the owner.*

11 “(4) *PROCEEDS.*—*The proceeds from any sale of*
12 *forfeited property and any monies forfeited under this*
13 *subsection shall be used—*

14 “(A) *first, to reimburse the Department of*
15 *Justice for the costs incurred by the Department*
16 *to initiate and complete the forfeiture proceed-*
17 *ing;*

18 “(B) *second, to reimburse the Department of*
19 *Agriculture Office of Inspector General for any*
20 *costs the Office incurred in the law enforcement*
21 *effort resulting in the forfeiture;*

22 “(C) *third, to reimburse any Federal or*
23 *State law enforcement agency for any costs in-*
24 *curring in the law enforcement effort resulting in*
25 *the forfeiture; and*

1 “(D) fourth, by the Secretary to carry out
2 the approval, reauthorization, and compliance
3 investigations of retail stores and wholesale food
4 concerns under section 9.”.

5 **SEC. 1154. LIMITATION ON FEDERAL MATCH.**

6 Section 16(a)(4) of the Food Stamp Act of 1977 (7
7 U.S.C. 2025(a)(4)) is amended by inserting after the
8 comma at the end the following: “but not including recruit-
9 ment activities,”.

10 **SEC. 1155. STANDARDS FOR ADMINISTRATION.**

11 (a) *IN GENERAL.*—Section 16 of the Food Stamp Act
12 of 1977 (7 U.S.C. 2025) is amended by striking subsection
13 (b).

14 (b) *CONFORMING AMENDMENTS.*—

15 (1) The first sentence of section 11(g) of the Food
16 Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by
17 striking “the Secretary’s standards for the efficient
18 and effective administration of the program estab-
19 lished under section 16(b)(1) or”.

20 (2) Section 16(c)(1)(B) of the Food Stamp Act
21 of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by strik-
22 ing “pursuant to subsection (b)”.

1 **SEC. 1156. WORK SUPPLEMENTATION OR SUPPORT PRO-**
2 **GRAM.**

3 *Section 16 of the Food Stamp Act of 1977 (7 U.S.C.*
4 *2025), as amended by section 1157(a), is amended by in-*
5 *serting after subsection (a) the following:*

6 “(b) *WORK SUPPLEMENTATION OR SUPPORT PRO-*
7 *GRAM.—*

8 “(1) *DEFINITION OF WORK SUPPLEMENTATION*
9 *OR SUPPORT PROGRAM.—In this subsection, the term*
10 *‘work supplementation or support program’ means a*
11 *program under which, as determined by the Sec-*
12 *retary, public assistance (including any benefits pro-*
13 *vided under a program established by the State and*
14 *the food stamp program) is provided to an employer*
15 *to be used for hiring and employing a public assist-*
16 *ance recipient who was not employed by the employer*
17 *at the time the public assistance recipient entered the*
18 *program.*

19 “(2) *PROGRAM.—A State agency may elect to*
20 *use an amount equal to the allotment that would oth-*
21 *erwise be issued to a household under the food stamp*
22 *program, but for the operation of this subsection, for*
23 *the purpose of subsidizing or supporting a job under*
24 *a work supplementation or support program estab-*
25 *lished by the State.*

1 “(3) *PROCEDURE.*—If a State agency makes an
2 election under paragraph (2) and identifies each
3 household that participates in the food stamp pro-
4 gram that contains an individual who is participat-
5 ing in the work supplementation or support pro-
6 gram—

7 “(A) the Secretary shall pay to the State
8 agency an amount equal to the value of the allot-
9 ment that the household would be eligible to re-
10 ceive but for the operation of this subsection;

11 “(B) the State agency shall expend the
12 amount received under subparagraph (A) in ac-
13 cordance with the work supplementation or sup-
14 port program in lieu of providing the allotment
15 that the household would receive but for the oper-
16 ation of this subsection;

17 “(C) for purposes of—

18 “(i) sections 5 and 8(a), the amount
19 received under this subsection shall be ex-
20 cluded from household income and resources;
21 and

22 “(ii) section 8(b), the amount received
23 under this subsection shall be considered to
24 be the value of an allotment provided to the
25 household; and

1 “(D) the household shall not receive an al-
2 lotment from the State agency for the period
3 during which the member continues to partici-
4 pate in the work supplementation or support
5 program.

6 “(4) *OTHER WORK REQUIREMENTS.*—No indi-
7 vidual shall be excused, by reason of the fact that a
8 State has a work supplementation or support pro-
9 gram, from any work requirement under section 6(d),
10 except during the periods in which the individual is
11 employed under the work supplementation or support
12 program.

13 “(5) *LENGTH OF PARTICIPATION.*—A State agen-
14 cy shall provide a description of how the public as-
15 sistance recipients in the program shall, within a spe-
16 cific period of time, be moved from supplemented or
17 supported employment to employment that is not sup-
18 plemented or supported.

19 “(6) *DISPLACEMENT.*—A work supplementation
20 or support program shall not displace the employ-
21 ment of individuals who are not supplemented or sup-
22 ported.”.

1 **SEC. 1157. RESPONSE TO WAIVERS.**

2 *Section 17(b)(1) of the Food Stamp Act of 1977 (7*
3 *U.S.C. 2026(b)(1)), as amended by section 1159, is amend-*
4 *ed by adding at the end the following:*

5 *“(D) RESPONSE TO WAIVERS.—*

6 *“(i) RESPONSE.—Not later than 60*
7 *days after the date of receiving a request for*
8 *a waiver under subparagraph (A), the Sec-*
9 *retary shall provide a response that—*

10 *“(I) approves the waiver request;*

11 *“(II) denies the waiver request*
12 *and describes any modification needed*
13 *for approval of the waiver request;*

14 *“(III) denies the waiver request*
15 *and describes the grounds for the de-*
16 *denial; or*

17 *“(IV) requests clarification of the*
18 *waiver request.*

19 *“(ii) FAILURE TO RESPOND.—If the*
20 *Secretary does not provide a response in ac-*
21 *cordance with clause (i), the waiver shall be*
22 *considered approved, unless the approval is*
23 *specifically prohibited by this Act.*

24 *“(iii) NOTICE OF DENIAL.—On denial*
25 *of a waiver request under clause (i)(III), the*
26 *Secretary shall provide a copy of the waiver*

1 *request and a description of the reasons for*
2 *the denial to the Committee on Agriculture*
3 *of the House of Representatives and the*
4 *Committee on Agriculture, Nutrition, and*
5 *Forestry of the Senate.”.*

6 **SEC. 1158. EMPLOYMENT INITIATIVES PROGRAM.**

7 *Section 17 of the Food Stamp Act of 1977 (7 U.S.C.*
8 *2026) is amended by striking subsection (d) and inserting*
9 *the following:*

10 “(d) *EMPLOYMENT INITIATIVES PROGRAM.—*

11 “(1) *ELECTION TO PARTICIPATE.—*

12 “(A) *IN GENERAL.—Subject to the other*
13 *provisions of this subsection, a State may elect*
14 *to carry out an employment initiatives program*
15 *under this subsection.*

16 “(B) *REQUIREMENT.—A State shall be eli-*
17 *gible to carry out an employment initiatives pro-*
18 *gram under this subsection only if not less than*
19 *50 percent of the households in the State that re-*
20 *ceived food stamp benefits during the summer of*
21 *1993 also received benefits under a State pro-*
22 *gram funded under part A of title IV of the So-*
23 *cial Security Act (42 U.S.C. 601 et seq.) during*
24 *the summer of 1993.*

25 “(2) *PROCEDURE.—*

1 “(A) *IN GENERAL.*—A State that has elected
2 to carry out an employment initiatives program
3 under paragraph (1) may use amounts equal to
4 the food stamp allotments that would otherwise
5 be issued to a household under the food stamp
6 program, but for the operation of this subsection,
7 to provide cash benefits in lieu of the food stamp
8 allotments to the household if the household is el-
9 igible under paragraph (3).

10 “(B) *PAYMENT.*—The Secretary shall pay to
11 each State that has elected to carry out an em-
12 ployment initiatives program under paragraph
13 (1) an amount equal to the value of the allot-
14 ment that each household participating in the
15 program in the State would be eligible to receive
16 under this Act but for the operation of this sub-
17 section.

18 “(C) *OTHER PROVISIONS.*—For purposes of
19 the food stamp program (other than this sub-
20 section)—

21 “(i) cash assistance under this sub-
22 section shall be considered to be an allot-
23 ment; and

24 “(ii) each household receiving cash ben-
25 efits under this subsection shall not receive

1 *any other food stamp benefit during the pe-*
2 *riod for which the cash assistance is pro-*
3 *vided.*

4 “(D) *ADDITIONAL PAYMENTS.—Each State*
5 *that has elected to carry out an employment ini-*
6 *tiatives program under paragraph (1) shall—*

7 “(i) *increase the cash benefits provided*
8 *to each household participating in the pro-*
9 *gram in the State under this subsection to*
10 *compensate for any State or local sales tax*
11 *that may be collected on purchases of food*
12 *by the household, unless the Secretary deter-*
13 *mines on the basis of information provided*
14 *by the State that the increase is unnecessary*
15 *on the basis of the limited nature of the*
16 *items subject to the State or local sales tax;*
17 *and*

18 “(ii) *pay the cost of any increase in*
19 *cash benefits required by clause (i).*

20 “(3) *ELIGIBILITY.—A household shall be eligible*
21 *to receive cash benefits under paragraph (2) if an*
22 *adult member of the household—*

23 “(A) *has worked in unsubsidized employ-*
24 *ment for not less than the preceding 90 days;*

1 “(B) has earned not less than \$350 per
2 month from the employment referred to in sub-
3 paragraph (A) for not less than the preceding 90
4 days;

5 “(C)(i) is receiving benefits under a State
6 program funded under part A of title IV of the
7 Social Security Act (42 U.S.C. 601 et seq.); or

8 “(i) was receiving benefits under a State
9 program funded under part A of title IV of the
10 Social Security Act (42 U.S.C. 601 et seq.) at the
11 time the member first received cash benefits
12 under this subsection and is no longer eligible for
13 the State program because of earned income;

14 “(D) is continuing to earn not less than
15 \$350 per month from the employment referred to
16 in subparagraph (A); and

17 “(E) elects to receive cash benefits in lieu of
18 food stamp benefits under this subsection.

19 “(4) EVALUATION.—A State that operates a pro-
20 gram under this subsection for 2 years shall provide
21 to the Secretary a written evaluation of the impact of
22 cash assistance under this subsection. The State agen-
23 cy, with the concurrence of the Secretary, shall deter-
24 mine the content of the evaluation.”.

1 **SEC. 1159. REAUTHORIZATION.**

2 *The first sentence of section 18(a)(1) of the Food*
3 *Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by*
4 *striking “1991 through 1997” and inserting “1996 through*
5 *2002”.*

6 **SEC. 1160. SIMPLIFIED FOOD STAMP PROGRAM.**

7 *(a) IN GENERAL.—The Food Stamp Act of 1977 (7*
8 *U.S.C. 2011 et seq.) is amended by adding at the end the*
9 *following:*

10 **“SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.**

11 *“(a) DEFINITION OF FEDERAL COSTS.—In this sec-*
12 *tion, the term ‘Federal costs’ does not include any Federal*
13 *costs incurred under section 17.*

14 *“(b) ELECTION.—Subject to subsection (d), a State*
15 *may elect to carry out a Simplified Food Stamp Program*
16 *(referred to in this section as a ‘Program’), statewide or*
17 *in a political subdivision of the State, in accordance with*
18 *this section.*

19 *“(c) OPERATION OF PROGRAM.—If a State elects to*
20 *carry out a Program, within the State or a political sub-*
21 *division of the State—*

22 *“(1) only households in which all members re-*
23 *ceive assistance under a State program funded under*
24 *part A of title IV of the Social Security Act (42*
25 *U.S.C. 601 et seq.) shall receive benefits under the*
26 *Program;*

1 “(2) a household in which all members receive
2 assistance under a State program funded under part
3 A of title IV of the Social Security Act (42 U.S.C.
4 601 et seq.) shall automatically be eligible to partici-
5 pate in the Program; and

6 “(3) subject to subsection (f), benefits under the
7 Program shall be determined under rules and proce-
8 dures established by the State under—

9 “(A) a State program funded under part A
10 of title IV of the Social Security Act (42 U.S.C.
11 601 et seq.);

12 “(B) the food stamp program (other than
13 section 27); or

14 “(C) a combination of a State program
15 funded under part A of title IV of the Social Se-
16 curity Act (42 U.S.C. 601 et seq.) and the food
17 stamp program (other than section 27).

18 “(d) APPROVAL OF PROGRAM.—

19 “(1) STATE PLAN.—A State agency may not op-
20 erate a Program unless the Secretary approves a
21 State plan for the operation of the Program under
22 paragraph (2).

23 “(2) APPROVAL OF PLAN.—The Secretary shall
24 approve any State plan to carry out a Program if the
25 Secretary determines that the plan—

1 “(A) complies with this section; and

2 “(B) contains sufficient documentation that
3 the plan will not increase Federal costs for any
4 fiscal year.

5 “(e) *INCREASED FEDERAL COSTS.*—

6 “(1) *DETERMINATION.*—

7 “(A) *IN GENERAL.*—The Secretary shall de-
8 termine whether a Program being carried out by
9 a State agency is increasing Federal costs under
10 this Act.

11 “(B) *NO EXCLUDED HOUSEHOLDS.*—In
12 making a determination under subparagraph
13 (A), the Secretary shall not require the State
14 agency to collect or report any information on
15 households not included in the Program.

16 “(C) *ALTERNATIVE ACCOUNTING PERI-*
17 *ODS.*—The Secretary may approve the request of
18 a State agency to apply alternative accounting
19 periods to determine if Federal costs do not ex-
20 ceed the Federal costs had the State agency not
21 elected to carry out the Program.

22 “(2) *NOTIFICATION.*—If the Secretary determines
23 that the Program has increased Federal costs under
24 this Act for any fiscal year or any portion of any fis-
25 cal year, the Secretary shall notify the State not later

1 *than 30 days after the Secretary makes the deter-*
2 *mination under paragraph (1).*

3 *“(3) ENFORCEMENT.—*

4 *“(A) CORRECTIVE ACTION.—Not later than*
5 *90 days after the date of a notification under*
6 *paragraph (2), the State shall submit a plan for*
7 *approval by the Secretary for prompt corrective*
8 *action that is designed to prevent the Program*
9 *from increasing Federal costs under this Act.*

10 *“(B) TERMINATION.—If the State does not*
11 *submit a plan under subparagraph (A) or carry*
12 *out a plan approved by the Secretary, the Sec-*
13 *retary shall terminate the approval of the State*
14 *agency operating the Program and the State*
15 *agency shall be ineligible to operate a future Pro-*
16 *gram.*

17 *“(f) RULES AND PROCEDURES.—*

18 *“(1) IN GENERAL.—In operating a Program, a*
19 *State or political subdivision of a State may follow*
20 *the rules and procedures established by the State or*
21 *political subdivision under a State program funded*
22 *under part A of title IV of the Social Security Act (42*
23 *U.S.C. 601 et seq.) or under the food stamp program.*

24 *“(2) STANDARDIZED DEDUCTIONS.—In operat-*
25 *ing a Program, a State or political subdivision of a*

1 *State may standardize the deductions provided under*
2 *section 5(e). In developing the standardized deduc-*
3 *tion, the State shall consider the work expenses, de-*
4 *pendent care costs, and shelter costs of participating*
5 *households.*

6 “(3) *REQUIREMENTS.—In operating a Program,*
7 *a State or political subdivision shall comply with the*
8 *requirements of—*

9 “(A) *subsections (a) through (g) of section 7;*

10 “(B) *section 8(a) (except that the income of*
11 *a household may be determined under a State*
12 *program funded under part A of title IV of the*
13 *Social Security Act (42 U.S.C. 601 et seq.);*

14 “(C) *subsection (b) and (d) of section 8;*

15 “(D) *subsections (a), (c), (d), and (n) of sec-*
16 *tion 11;*

17 “(E) *paragraph (3) of section 11(e), to the*
18 *extent that the paragraph requires that an eligi-*
19 *ble household be certified and receive an allot-*
20 *ment for the period of application not later than*
21 *30 days after filing an application;*

22 “(F) *paragraphs (8), (12), (16), (18), (20),*
23 *(24), and (25) of section 11(e);*

24 “(G) *section 11(e)(10) (or a comparable re-*
25 *quirement established by the State under a State*

1 program funded under part A of title IV of the
2 Social Security Act (42 U.S.C. 601 et seq.); and
3 “(H) section 16.

4 “(4) *LIMITATION ON ELIGIBILITY.*—Notwith-
5 standing any other provision of this section, a house-
6 hold may not receive benefits under this section as a
7 result of the eligibility of the household under a State
8 program funded under part A of title IV of the Social
9 Security Act (42 U.S.C. 601 et seq.), unless the Sec-
10 retary determines that any household with income
11 above 130 percent of the poverty guidelines is not eli-
12 gible for the program.”.

13 (b) *STATE PLAN PROVISIONS.*—Section 11(e) of the
14 *Food Stamp Act of 1977* (7 U.S.C. 2020(e)), as amended
15 by sections 1129(b) and 1145, is amended by adding at the
16 end the following:

17 “(25) if a State elects to carry out a Simplified
18 Food Stamp Program under section 26, the plans of
19 the State agency for operating the program, includ-
20 ing—

21 “(A) the rules and procedures to be followed
22 by the State agency to determine food stamp ben-
23 efits;

24 “(B) how the State agency will address the
25 needs of households that experience high shelter

1 *costs in relation to the incomes of the households;*
 2 *and*

3 “(C) *a description of the method by which*
 4 *the State agency will carry out a quality control*
 5 *system under section 16(c).”.*

6 (c) *CONFORMING AMENDMENTS.*—

7 (1) *Section 8 of the Food Stamp Act of 1977 (7*
 8 *U.S.C. 2017), as amended by section 1140, is amend-*
 9 *ed—*

10 (A) *by striking subsection (e); and*

11 (B) *by redesignating subsection (f) as sub-*
 12 *section (e).*

13 (2) *Section 17 of the Food Stamp Act of 1977*
 14 *(7 U.S.C. 2026) is amended—*

15 (A) *by striking subsection (i); and*

16 (B) *by redesignating subsections (j) through*
 17 *(l) as subsections (i) through (k), respectively.*

18 **CHAPTER 2—COMMODITY DISTRIBUTION**

19 **PROGRAMS**

20 **SEC. 1171. EMERGENCY FOOD ASSISTANCE PROGRAM.**

21 (a) *DEFINITIONS.*—*Section 201A of the Emergency*
 22 *Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.*
 23 *612c note) is amended to read as follows:*

24 **“SEC. 201A. DEFINITIONS.**

25 *“In this Act:*

1 “(1) *ADDITIONAL COMMODITIES.*—The term ‘ad-
2 ditional commodities’ means commodities made avail-
3 able under section 214 in addition to the commodities
4 made available under sections 202 and 203D.

5 “(2) *AVERAGE MONTHLY NUMBER OF UNEM-*
6 *PLOYED PERSONS.*—The term ‘average monthly num-
7 ber of unemployed persons’ means the average month-
8 ly number of unemployed persons in each State dur-
9 ing the most recent fiscal year for which information
10 concerning the number of unemployed persons is
11 available, as determined by the Bureau of Labor Sta-
12 tistics of the Department of Labor.

13 “(3) *ELIGIBLE RECIPIENT AGENCY.*—The term
14 ‘eligible recipient agency’ means a public or nonprofit
15 organization that—

16 “(A) administers—

17 “(i) an emergency feeding organiza-
18 tion;

19 “(ii) a charitable institution (includ-
20 ing a hospital and a retirement home, but
21 excluding a penal institution) to the extent
22 that the institution serves needy persons;

23 “(iii) a summer camp for children, or
24 a child nutrition program providing food
25 service;

1 “(iv) a nutrition project operating
2 under the Older Americans Act of 1965 (42
3 U.S.C. 3001 et seq.), including a project
4 that operates a congregate nutrition site
5 and a project that provides home-delivered
6 meals; or

7 “(v) a disaster relief program;

8 “(B) has been designated by the appropriate
9 State agency, or by the Secretary; and

10 “(C) has been approved by the Secretary for
11 participation in the program established under
12 this Act.

13 “(4) *EMERGENCY FEEDING ORGANIZATION.*—The
14 term ‘emergency feeding organization’ means a public
15 or nonprofit organization that administers activities
16 and projects (including the activities and projects of
17 a charitable institution, a food bank, a food pantry,
18 a hunger relief center, a soup kitchen, or a similar
19 public or private nonprofit eligible recipient agency)
20 providing nutrition assistance to relieve situations of
21 emergency and distress through the provision of food
22 to needy persons, including low-income and unem-
23 ployed persons.

24 “(5) *FOOD BANK.*—The term ‘food bank’ means
25 a public or charitable institution that maintains an

1 *established operation involving the provision of food*
2 *or edible commodities, or the products of food or edi-*
3 *ble commodities, to food pantries, soup kitchens, hun-*
4 *ger relief centers, or other food or feeding centers that,*
5 *as an integral part of their normal activities, provide*
6 *meals or food to feed needy persons on a regular*
7 *basis.*

8 “(6) *FOOD PANTRY.*—*The term ‘food pantry’*
9 *means a public or private nonprofit organization that*
10 *distributes food to low-income and unemployed house-*
11 *holds, including food from sources other than the De-*
12 *partment of Agriculture, to relieve situations of emer-*
13 *gency and distress.*

14 “(7) *POVERTY LINE.*—*The term ‘poverty line’*
15 *has the meaning provided in section 673(2) of the*
16 *Community Services Block Grant Act (42 U.S.C.*
17 *9902(2)).*

18 “(8) *SOUP KITCHEN.*—*The term ‘soup kitchen’*
19 *means a public or charitable institution that, as an*
20 *integral part of the normal activities of the institu-*
21 *tion, maintains an established feeding operation to*
22 *provide food to needy homeless persons on a regular*
23 *basis.*

24 “(9) *TOTAL VALUE OF ADDITIONAL COMMOD-*
25 *ITIES.*—*The term ‘total value of additional commod-*

1 *ities’ means the actual cost of all additional commod-*
2 *ities that are paid by the Secretary (including the*
3 *distribution and processing costs incurred by the Sec-*
4 *retary).*

5 “(10) *VALUE OF ADDITIONAL COMMODITIES AL-*
6 *LOCATED TO EACH STATE.—The term ‘value of addi-*
7 *tional commodities allocated to each State’ means the*
8 *actual cost of additional commodities allocated to*
9 *each State that are paid by the Secretary (including*
10 *the distribution and processing costs incurred by the*
11 *Secretary).”.*

12 *(b) STATE PLAN.—Section 202A of the Emergency*
13 *Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.*
14 *612c note) is amended to read as follows:*

15 **“SEC. 202A. STATE PLAN.**

16 “(a) *IN GENERAL.—To receive commodities under this*
17 *Act, a State shall submit a plan of operation and adminis-*
18 *tration every 4 years to the Secretary for approval. The*
19 *plan may be amended at any time, with the approval of*
20 *the Secretary.*

21 “(b) *REQUIREMENTS.—Each plan shall—*

22 “(1) *designate the State agency responsible for*
23 *distributing the commodities received under this Act;*

1 “(2) set forth a plan of operation and adminis-
2 tration to expeditiously distribute commodities under
3 this Act;

4 “(3) set forth the standards of eligibility for re-
5 cipient agencies; and

6 “(4) set forth the standards of eligibility for in-
7 dividual or household recipients of commodities,
8 which shall require—

9 “(A) individuals or households to be com-
10 prised of needy persons; and

11 “(B) individual or household members to be
12 residing in the geographic location served by the
13 distributing agency at the time of applying for
14 assistance.

15 “(c) STATE ADVISORY BOARD.—The Secretary shall
16 encourage each State receiving commodities under this Act
17 to establish a State advisory board consisting of representa-
18 tives of all entities in the State, both public and private,
19 interested in the distribution of commodities received under
20 this Act.”.

21 (c) AUTHORIZATION OF APPROPRIATIONS FOR ADMIN-
22 ISTRATIVE FUNDS.—Section 204(a)(1) of the Emergency
23 Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.
24 612c note) is amended—

1 (1) *in the first sentence, by striking “for State*
2 *and local” and all that follows through “under this*
3 *title” and inserting “to pay for the direct and indi-*
4 *rect administrative costs of the States related to the*
5 *processing, transporting, and distributing to eligible*
6 *recipient agencies of commodities provided by the Sec-*
7 *retary under this Act and commodities secured from*
8 *other sources”;* and

9 (2) *by striking the fourth sentence.*

10 (d) *DELIVERY OF COMMODITIES.—Section 214 of the*
11 *Emergency Food Assistance Act of 1983 (Public Law 98–*
12 *8; 7 U.S.C. 612c note) is amended—*

13 (1) *by striking subsections (a) through (e) and*
14 *(j);*

15 (2) *by redesignating subsections (f) through (i)*
16 *as subsections (a) through (d), respectively;*

17 (3) *in subsection (b), as redesignated by para-*
18 *graph (2)—*

19 (A) *in the first sentence, by striking “sub-*
20 *section (f) or subsection (j) if applicable,” and*
21 *inserting “subsection (a),”;* and

22 (B) *in the second sentence, by striking “sub-*
23 *section (f)” and inserting “subsection (a)”;*

24 (4) *by striking subsection (c), as redesignated by*
25 *paragraph (2), and inserting the following:*

1 “(c) *ADMINISTRATION.*—

2 “(1) *IN GENERAL.*—Commodities made available
3 for each fiscal year under this section shall be deliv-
4 ered at reasonable intervals to States based on the
5 grants calculated under subsection (a), or reallocated
6 under subsection (b), before December 31 of the follow-
7 ing fiscal year.

8 “(2) *ENTITLEMENT.*—Each State shall be enti-
9 tled to receive the value of additional commodities de-
10 termined under subsection (a).”; and

11 (5) in subsection (d), as redesignated by para-
12 graph (2), by striking “or reduce” and all that follows
13 through “each fiscal year”.

14 (e) *TECHNICAL AMENDMENTS.*—The *Emergency Food*
15 *Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c*
16 *note)* is amended—

17 (1) in the first sentence of section 203B(a), by
18 striking “203 and 203A of this Act” and inserting
19 “203A”;

20 (2) in section 204(a), by striking “title” each
21 place it appears and inserting “Act”;

22 (3) in the first sentence of section 210(e), by
23 striking “(except as otherwise provided for in section
24 214(j))”; and

25 (4) by striking section 212.

1 “(1) agricultural market conditions;
2 “(2) preferences and needs of States and distrib-
3 uting agencies; and
4 “(3) preferences of recipients.”.

5 (h) *EFFECTIVE DATE.*—The amendments made by sub-
6 section (d) shall become effective on October 1, 1996.

7 **SEC. 1172. FOOD BANK DEMONSTRATION PROJECT.**

8 Section 3 of the Charitable Assistance and Food Bank
9 Act of 1987 (Public Law 100–232; 7 U.S.C. 612c note) is
10 repealed.

11 **SEC. 1173. HUNGER PREVENTION PROGRAMS.**

12 The Hunger Prevention Act of 1988 (Public Law 100–
13 435; 7 U.S.C. 612c note) is amended—

14 (1) by striking section 110;
15 (2) by striking subtitle C of title II; and
16 (3) by striking section 502.

17 **SEC. 1174. REPORT ON ENTITLEMENT COMMODITY PROC-**
18 **ESSING.**

19 Section 1773 of the Food, Agriculture, Conservation,
20 and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 612c
21 note) is amended by striking subsection (f).

1 **Subtitle B—Child Nutrition**
2 **Programs**

3 **CHAPTER 1—AMENDMENTS TO THE**
4 **NATIONAL SCHOOL LUNCH ACT**

5 **SEC. 1201. STATE DISBURSEMENT TO SCHOOLS.**

6 (a) *IN GENERAL.*—Section 8 of the National School
7 Lunch Act (42 U.S.C. 1757) is amended—

8 (1) *in the third sentence, by striking “Nothing”*
9 *and all that follows through “educational agency to”*
10 *and inserting “The State educational agency may”;*

11 (2) *by striking the fourth and fifth sentences;*

12 (3) *by redesignating the first through seventh*
13 *sentences, as amended by paragraph (2), as sub-*
14 *sections (a) through (g), respectively;*

15 (4) *in subsection (b), as redesignated by para-*
16 *graph (3), by striking “the preceding sentence” and*
17 *inserting “subsection (a)”;* and

18 (5) *in subsection (d), as redesignated by para-*
19 *graph (3), by striking “Such food costs” and inserting*
20 *“Use of funds paid to States”.*

21 (b) *DEFINITION OF CHILD.*—Section 12(d) of the Na-
22 tional School Lunch Act (42 U.S.C. 1760(d)) is amended
23 by adding at the end the following:

24 “(9) *CHILD.*—

1 “(A) *IN GENERAL.*—The term ‘child’ in-
2 cludes an individual, regardless of age, who—

3 “(i) is determined by a State edu-
4 cational agency, in accordance with regula-
5 tions prescribed by the Secretary, to have 1
6 or more mental or physical disabilities; and

7 “(ii) is attending any institution, as
8 defined in section 17(a), or any nonresiden-
9 tial public or nonprofit private school of
10 high school grade or under, for the purpose
11 of participating in a school program estab-
12 lished for individuals with mental or phys-
13 ical disabilities.

14 “(B) *RELATIONSHIP TO CHILD AND ADULT*
15 *CARE FOOD PROGRAM.*—No institution that is
16 not otherwise eligible to participate in the pro-
17 gram under section 17 shall be considered eligi-
18 ble because of this paragraph.”.

19 **SEC. 1202. NUTRITIONAL AND OTHER PROGRAM REQUIRE-**
20 **MENTS.**

21 (a) *NUTRITIONAL STANDARDS.*—Section 9(a) of the
22 *National School Lunch Act (42 U.S.C. 1758(a))* is amend-
23 *ed—*

24 (1) in paragraph (2)—

1 (A) by striking “(2)(A) Lunches” and in-
2 serting “(2) Lunches”;

3 (B) by striking subparagraph (B); and

4 (C) by redesignating clauses (i) and (ii) as
5 subparagraphs (A) and (B), respectively;

6 (2) by striking paragraph (3); and

7 (3) by redesignating paragraph (4) as para-
8 graph (3).

9 (b) *UTILIZATION OF AGRICULTURAL COMMODITIES.*—

10 Section 9(c) of the National School Lunch Act (42 U.S.C.
11 1758(c)) is amended—

12 (1) in the fifth sentence, by striking “of the pro-
13 visions of law referred to in the preceding sentence”
14 and inserting “provision of law”; and

15 (2) by striking the second, fourth, and sixth sen-
16 tences.

17 (c) *CONFORMING AMENDMENT.*—The last sentence of
18 section 9(d)(1) of the National School Lunch Act (42 U.S.C.
19 1758(d)(1)) is amended by striking “subsection (b)(2)(C)”
20 and inserting “subsection (b)(2)(B)”.

21 (d) *NUTRITIONAL INFORMATION.*—Section 9(f) of the
22 National School Lunch Act (42 U.S.C. 1758(f)) is amend-
23 ed—

24 (1) by striking paragraph (1);

25 (2) by striking “(2)”;

1 (3) by redesignating subparagraphs (A) through
2 (D) as paragraphs (1) through (4), respectively;

3 (4) by striking paragraph (1), as redesignated by
4 paragraph (3), and inserting the following:

5 “(1) *NUTRITIONAL REQUIREMENTS.*—*Except as*
6 *provided in paragraph (2), not later than the first*
7 *day of the 1996–1997 school year, each school that is*
8 *participating in the school lunch or school breakfast*
9 *program shall serve lunches and breakfasts under the*
10 *program that—*

11 “(A) *are consistent with the goals of the*
12 *most recent Dietary Guidelines for Americans*
13 *published under section 301 of the National Nu-*
14 *trition Monitoring and Related Research Act of*
15 *1990 (7 U.S.C. 5341); and*

16 “(B) *provide, on the average over each week,*
17 *at least—*

18 “(i) *with respect to school lunches, $\frac{1}{3}$*
19 *of the daily recommended dietary allowance*
20 *established by the Food and Nutrition*
21 *Board of the National Research Council of*
22 *the National Academy of Sciences; and*

23 “(ii) *with respect to school breakfasts,*
24 *$\frac{1}{4}$ of the daily recommended dietary allow-*
25 *ance established by the Food and Nutrition*

1 *Board of the National Research Council of*
2 *the National Academy of Sciences.”;*

3 *(5) in paragraph (3), as redesignated by para-*
4 *graph (3)—*

5 *(A) by redesignating clauses (i) and (ii) as*
6 *subparagraphs (A) and (B), respectively; and*

7 *(B) in subparagraph (A), as so redesign-*
8 *ated, by redesignating subclauses (I) and (II)*
9 *as clauses (i) and (ii), respectively; and*

10 *(6) in paragraph (4), as redesignated by para-*
11 *graph (3)—*

12 *(A) by redesignating clauses (i) and (ii) as*
13 *subparagraphs (A) and (B), respectively; and*

14 *(B) in subparagraph (A), as so redesign-*
15 *ated—*

16 *(i) by redesignating subclauses (I) and*
17 *(II) as clauses (i) and (ii), respectively; and*

18 *(ii) in clause (ii), as so redesignated,*
19 *by striking “subparagraph (C)” and insert-*
20 *ing “paragraph (3)”.*

21 *(e) USE OF RESOURCES.—Section 9 of the National*
22 *School Lunch Act (42 U.S.C. 1758) is amended by striking*
23 *subsection (h).*

1 **SEC. 1203. FREE AND REDUCED PRICE POLICY STATEMENT.**

2 *Section 9(b)(2) of the National School Lunch Act (42*
3 *U.S.C. 1758(b)(2)), as amended by section 1202(b)(1), is*
4 *amended by adding at the end the following:*

5 *“(C) FREE AND REDUCED PRICE POLICY*
6 *STATEMENT.—After the initial submission, a*
7 *school food authority shall not be required to*
8 *submit a free and reduced price policy statement*
9 *to a State educational agency under this Act un-*
10 *less there is a substantive change in the free and*
11 *reduced price policy of the school food authority.*
12 *A routine change in the policy of a school food*
13 *authority, such as an annual adjustment of the*
14 *income eligibility guidelines for free and reduced*
15 *price meals, shall not be sufficient cause for re-*
16 *quiring the school food authority to submit a*
17 *policy statement.”.*

18 **SEC. 1204. SPECIAL ASSISTANCE.**

19 *(a) EXTENSION OF PAYMENT PERIOD.—Section*
20 *11(a)(1)(D)(i) of the National School Lunch Act (42 U.S.C.*
21 *1759a(a)(1)(D)(i)) is amended by striking “, on the date*
22 *of enactment of this subparagraph,”.*

23 *(b) APPLICABILITY OF OTHER PROVISIONS.—Section*
24 *11 of the National School Lunch Act (42 U.S.C. 1759a) is*
25 *amended—*

26 *(1) by striking subsection (d);*

1 (2) *in subsection (e)(2)—*

2 (A) *by striking “The” and inserting “On*
3 *request of the Secretary, the”; and*

4 (B) *by striking “each month”; and*

5 (3) *by redesignating subsections (e) and (f) as*
6 *subsections (d) and (e), respectively.*

7 **SEC. 1205. MISCELLANEOUS PROVISIONS AND DEFINI-**
8 **TIONS.**

9 (a) *ACCOUNTS AND RECORDS.—The second sentence of*
10 *section 12(a) of the National School Lunch Act (42 U.S.C.*
11 *1760(a)) is amended by striking “at all times be available”*
12 *and inserting “be available at any reasonable time”.*

13 (b) *RESTRICTION ON REQUIREMENTS.—Section 12(c)*
14 *of the National School Lunch Act (42 U.S.C. 1760(c)) is*
15 *amended by striking “neither the Secretary nor the State*
16 *shall” and inserting “the Secretary shall not”.*

17 (c) *DEFINITIONS.—Section 12(d) of the National*
18 *School Lunch Act (42 U.S.C. 1760(d)), as amended by sec-*
19 *tion 1201(b), is amended—*

20 (1) *in paragraph (1), by striking “the Trust Ter-*
21 *ritory of the Pacific Islands” and inserting “the Com-*
22 *monwealth of the Northern Mariana Islands”;*

23 (2) *by striking paragraphs (3) and (4); and*

24 (3) *by redesignating paragraphs (1), (2), and (5)*
25 *through (9) as paragraphs (6), (7), (3), (4), (2), (5),*

1 *and (1), respectively, and rearranging the paragraphs*
2 *so as to appear in numerical order.*

3 *(d) ADJUSTMENTS TO NATIONAL AVERAGE PAYMENT*
4 *RATES.—Section 12(f) of the National School Lunch Act*
5 *(42 U.S.C. 1760(f)) is amended by striking “the Trust Ter-*
6 *ritory of the Pacific Islands,”.*

7 *(e) EXPEDITED RULEMAKING.—Section 12(k) of the*
8 *National School Lunch Act (42 U.S.C. 1760(k)) is amend-*
9 *ed—*

10 *(1) by striking paragraphs (1), (2), and (5); and*
11 *(2) by redesignating paragraphs (3) and (4) as*
12 *paragraphs (1) and (2), respectively.*

13 *(f) WAIVER.—Section 12(l) of the National School*
14 *Lunch Act (42 U.S.C. 1760(l)) is amended—*

15 *(1) in paragraph (2)(A)—*

16 *(A) in clause (iii), by adding “and” at the*
17 *end;*

18 *(B) in clause (iv), by striking the semicolon*
19 *at the end and inserting a period; and*

20 *(C) by striking clauses (v) through (vii);*

21 *(2) in paragraph (3)—*

22 *(A) in subparagraph (A), by striking “(A)”;*

23 *and*

24 *(B) by striking subparagraphs (B) through*

25 *(D);*

1 (3) in paragraph (4)—

2 (A) in the matter preceding subparagraph
3 (A), by striking “of any requirement relating”
4 and inserting “that increases Federal costs or
5 that relates”;

6 (B) by striking subparagraph (D);

7 (C) by redesignating subparagraphs (E)
8 through (N) as subparagraphs (D) through (M),
9 respectively; and

10 (D) in subparagraph (L), as redesignated
11 by subparagraph (C), by striking “and” at the
12 end and inserting “or”; and

13 (4) in paragraph (6)—

14 (A) by striking “(A)(i)” and all that follows
15 through “(B)”; and

16 (B) by redesignating clauses (i) through (iv)
17 as subparagraphs (A) through (D), respectively.

18 (g) *SIMPLIFIED ADMINISTRATION OF SCHOOL MEAL*
19 *AND OTHER NUTRITION PROGRAMS.*—Section 12 of the Na-
20 *tional School Lunch Act (42 U.S.C. 1760), as amended by*
21 *subsection (g), is amended by adding at the end the follow-*
22 *ing:*

23 “(m) *SIMPLIFIED ADMINISTRATION OF SCHOOL MEAL*
24 *AND OTHER NUTRITION PROGRAMS.*—Notwithstanding any
25 *other provision of law, no assistance or benefits provided*

1 *under the programs established under the following provi-*
2 *sions of law shall be contingent on the citizenship or immi-*
3 *gration status of any applicant or recipient:*

4 “(1) *This Act.*

5 “(2) *The Child Nutrition Act of 1966 (42 U.S.C.*
6 *1771 et seq.);*

7 “(3) *Section 4 of the Agriculture and Consumer*
8 *Protection Act of 1973 (Public Law 93–86; 7 U.S.C.*
9 *612c note).*

10 “(4) *The Emergency Food Assistance Act of 1983*
11 *(Public Law 98–8; 7 U.S.C. 612c note).*

12 “(5) *The food distribution program on Indian*
13 *reservations established under section 4(b) of Public*
14 *Law 88–525 (7 U.S.C. 2013(b)).”.*

15 **SEC. 1206. COMMODITY DISTRIBUTION.**

16 (a) *CEREAL AND SHORTENING IN COMMODITY DONA-*
17 *TIONS.—Section 14(b) of the National School Lunch Act (42*
18 *U.S.C. 1762a(b)) is amended—*

19 (1) *by striking paragraph (1); and*

20 (2) *by redesignating paragraphs (2) and (3) as*
21 *paragraphs (1) and (2), respectively.*

22 (b) *ADVISORY COUNCIL.—Section 14(e) of the National*
23 *School Lunch Act (42 U.S.C. 1762a(e)) is amended by strik-*
24 *ing “educational”.*

1 (c) *CASH COMPENSATION FOR PILOT PROJECT*
2 *SCHOOLS.*—Section 14(g) of the National School Lunch Act
3 (42 U.S.C. 1762a(g)) is amended by striking paragraph (3).

4 **SEC. 1207. CHILD AND ADULT CARE FOOD PROGRAM.**

5 (a) *ESTABLISHMENT OF PROGRAM.*—Section 17 of the
6 *National School Lunch Act* (42 U.S.C. 1766) is amended
7 in the first sentence of subsection (a), by striking “initiate,
8 maintain, and expand” and inserting “initiate and main-
9 tain”.

10 (b) *PAYMENTS TO SPONSOR EMPLOYEES.*—Paragraph
11 (2) of the last sentence of section 17(a) of the *National*
12 *School Lunch Act* (42 U.S.C. 1766(a)) is amended—

13 (1) in subparagraph (B), by striking “and” at
14 the end;

15 (2) in subparagraph (C), by striking the period
16 at the end and inserting “; and”; and

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

18 “(D) in the case of a family or group day
19 care home sponsoring organization that employs
20 more than 1 employee, the organization does not
21 base payments to an employee of the organiza-
22 tion on the number of family or group day care
23 homes recruited.”.

24 (c) *TECHNICAL ASSISTANCE.*—The last sentence of sec-
25 tion 17(d)(1) of the *National School Lunch Act* (42 U.S.C.

1 1766(d)(1)) is amended by striking “, and shall provide
2 technical assistance” and all that follows through “its ap-
3 plication”.

4 (d) REIMBURSEMENT OF CHILD CARE INSTITU-
5 TIONS.—Section 17(f)(2)(B) of the National School Lunch
6 Act (42 U.S.C. 1766(f)(2)(B)) is amended by striking “two
7 meals and two supplements or three meals and one supple-
8 ment” and inserting “2 meals and 1 supplement”.

9 (e) IMPROVED TARGETING OF DAY CARE HOME REIM-
10 BURSEMENTS.—

11 (1) RESTRUCTURED DAY CARE HOME REIM-
12 BURSEMENTS.—Section 17(f)(3) of the National
13 School Lunch Act (42 U.S.C. 1766(f)(3)) is amended
14 by striking “(3)(A) Institutions” and all that follows
15 through the end of subparagraph (A) and inserting
16 the following:

17 “(3) REIMBURSEMENT OF FAMILY OR GROUP DAY
18 CARE HOME SPONSORING ORGANIZATIONS.—

19 “(A) REIMBURSEMENT FACTOR.—

20 “(i) IN GENERAL.—An institution that
21 participates in the program under this sec-
22 tion as a family or group day care home
23 sponsoring organization shall be provided,
24 for payment to a home sponsored by the or-
25 ganization, reimbursement factors in ac-

1 *cordance with this subparagraph for the*
2 *cost of obtaining and preparing food and*
3 *prescribed labor costs involved in providing*
4 *meals under this section.*

5 “(ii) *TIER I FAMILY OR GROUP DAY*
6 *CARE HOMES.—*

7 “(I) *DEFINITION OF TIER I FAM-*
8 *ILY OR GROUP DAY CARE HOME.—In*
9 *this paragraph, the term ‘tier I family*
10 *or group day care home’ means—*

11 “(aa) *a family or group day*
12 *care home that is located in a geo-*
13 *graphic area, as defined by the*
14 *Secretary based on census data, in*
15 *which at least 50 percent of the*
16 *children residing in the area are*
17 *members of households whose in-*
18 *comes meet the income eligibility*
19 *guidelines for free or reduced price*
20 *meals under section 9;*

21 “(bb) *a family or group day*
22 *care home that is located in an*
23 *area served by a school enrolling*
24 *elementary students in which at*
25 *least 50 percent of the total num-*

1 *ber of children enrolled are cer-*
2 *tified eligible to receive free or re-*
3 *duced price school meals under*
4 *this Act or the Child Nutrition*
5 *Act of 1966 (42 U.S.C. 1771 et*
6 *seq.); or*

7 *“(cc) a family or group day*
8 *care home that is operated by a*
9 *provider whose household meets*
10 *the income eligibility guidelines*
11 *for free or reduced price meals*
12 *under section 9 and whose income*
13 *is verified by the sponsoring or*
14 *organization of the home under*
15 *regulations established by the Sec-*
16 *retary.*

17 *“(II) REIMBURSEMENT.—Except*
18 *as provided in subclause (III), a tier I*
19 *family or group day care home shall be*
20 *provided reimbursement factors under*
21 *this clause without a requirement for*
22 *documentation of the costs described in*
23 *clause (i), except that reimbursement*
24 *shall not be provided under this sub-*
25 *clause for meals or supplements served*

1 to the children of a person acting as a
2 family or group day care home pro-
3 vider unless the children meet the in-
4 come eligibility guidelines for free or
5 reduced price meals under section 9.

6 “(III) *FACTORS*.—Except as pro-
7 vided in subclause (IV), the reimburse-
8 ment factors applied to a home referred
9 to in subclause (II) shall be the factors
10 in effect on July 1, 1996.

11 “(IV) *ADJUSTMENTS*.—The reim-
12 bursement factors under this subpara-
13 graph shall be adjusted on July 1,
14 1997, and each July 1 thereafter, to re-
15 flect changes in the Consumer Price
16 Index for food at home for the most re-
17 cent 12-month period for which the
18 data are available. The reimbursement
19 factors under this subparagraph shall
20 be rounded to the nearest lower cent
21 increment and based on the unrounded
22 adjustment in effect on June 30 of the
23 preceding school year.

24 “(iii) *TIER II FAMILY OR GROUP DAY*
25 *CARE HOMES*.—

1 “(I) *IN GENERAL.*—

2 “(aa) *FACTORS.*—*Except as*
3 *provided in subclause (II), with*
4 *respect to meals or supplements*
5 *served under this clause by a fam-*
6 *ily or group day care home that*
7 *does not meet the criteria set forth*
8 *in clause (ii)(I), the reimburse-*
9 *ment factors shall be \$1 for*
10 *lunches and suppers, 30 cents for*
11 *breakfasts, and 15 cents for sup-*
12 *plements.*

13 “(bb) *ADJUSTMENTS.*—*The*
14 *factors shall be adjusted on July*
15 *1, 1997, and each July 1 there-*
16 *after, to reflect changes in the*
17 *Consumer Price Index for food at*
18 *home for the most recent 12-month*
19 *period for which the data are*
20 *available. The reimbursement fac-*
21 *tors under this item shall be*
22 *rounded down to the nearest lower*
23 *cent increment and based on the*
24 *unrounded adjustment for the pre-*
25 *ceding 12-month period.*

1 “(cc) *REIMBURSEMENT.*—A
2 *family or group day care home*
3 *shall be provided reimbursement*
4 *factors under this subclause with-*
5 *out a requirement for documenta-*
6 *tion of the costs described in*
7 *clause (i), except that reimburse-*
8 *ment shall not be provided under*
9 *this subclause for meals or supple-*
10 *ments served to the children of a*
11 *person acting as a family or*
12 *group day care home provider un-*
13 *less the children meet the income*
14 *eligibility guidelines for free or re-*
15 *duced price meals under section 9.*

16 “(II) *OTHER FACTORS.*—A *family*
17 *or group day care home that does not*
18 *meet the criteria set forth in clause*
19 *(ii)(I) may elect to be provided reim-*
20 *bursement factors determined in ac-*
21 *cordance with the following require-*
22 *ments:*

23 “(aa) *CHILDREN ELIGIBLE*
24 *FOR FREE OR REDUCED PRICE*
25 *MEALS.*—*In the case of meals or*

1 supplements served under this
2 subsection to children who are
3 members of households whose in-
4 comes meet the income eligibility
5 guidelines for free or reduced price
6 meals under section 9, the family
7 or group day care home shall be
8 provided reimbursement factors
9 set by the Secretary in accordance
10 with clause (ii)(III).

11 “(bb) *INELIGIBLE CHIL-*
12 *DREN.—In the case of meals or*
13 *supplements served under this*
14 *subsection to children who are*
15 *members of households whose in-*
16 *comes do not meet the income eli-*
17 *gibility guidelines, the family or*
18 *group day care home shall be pro-*
19 *vided reimbursement factors in*
20 *accordance with subclause (I).*

21 “(III) *INFORMATION AND DETER-*
22 *MINATIONS.—*

23 “(aa) *IN GENERAL.—If a*
24 *family or group day care home*
25 *elects to claim the factors de-*

1 scribed in subclause (II), the fam-
2 ily or group day care home spon-
3 soring organization serving the
4 home shall collect the necessary
5 income information, as deter-
6 mined by the Secretary, from any
7 parent or other caretaker to make
8 the determinations specified in
9 subclause (II) and shall make the
10 determinations in accordance
11 with rules prescribed by the Sec-
12 retary.

13 “(bb) CATEGORICAL ELIGI-
14 BILITY.—In making a determina-
15 tion under item (aa), a family or
16 group day care home sponsoring
17 organization may consider a child
18 participating in or subsidized
19 under, or a child with a parent
20 participating in or subsidized
21 under, a federally or State sup-
22 ported child care or other benefit
23 program with an income eligi-
24 bility limit that does not exceed
25 the eligibility standard for free or

1 *reduced price meals under section*
2 *9 to be a child who is a member*
3 *of a household whose income meets*
4 *the income eligibility guidelines*
5 *under section 9.*

6 “(cc) *FACTORS FOR CHIL-*
7 *DREN ONLY.—A family or group*
8 *day care home may elect to re-*
9 *ceive the reimbursement factors*
10 *prescribed under clause (ii)(III)*
11 *solely for the children participat-*
12 *ing in a program referred to in*
13 *item (bb) if the home elects not to*
14 *have income statements collected*
15 *from parents or other caretakers.*

16 “(IV) *SIMPLIFIED MEAL COUNT-*
17 *ING AND REPORTING PROCEDURES.—*
18 *The Secretary shall prescribe sim-*
19 *plified meal counting and reporting*
20 *procedures for use by a family or*
21 *group day care home that elects to*
22 *claim the factors under subclause (II)*
23 *and by a family or group day care*
24 *home sponsoring organization that*
25 *sponsors the home. The procedures the*

1 *Secretary prescribes may include 1 or*
2 *more of the following:*

3 *“(aa) Setting an annual per-*
4 *centage for each home of the num-*
5 *ber of meals served that are to be*
6 *reimbursed in accordance with the*
7 *reimbursement factors prescribed*
8 *under clause (ii)(III) and an an-*
9 *annual percentage of the number of*
10 *meals served that are to be reim-*
11 *bursed in accordance with the re-*
12 *imbursement factors prescribed*
13 *under subclause (I), based on the*
14 *family income of children enrolled*
15 *in the home in a specified month*
16 *or other period.*

17 *“(bb) Placing a home into 1*
18 *of 2 or more reimbursement cat-*
19 *egories annually based on the per-*
20 *centage of children in the home*
21 *whose households have incomes*
22 *that meet the income eligibility*
23 *guidelines under section 9, with*
24 *each such reimbursement category*
25 *carrying a set of reimbursement*

1 *factors such as the factors pre-*
 2 *scribed under clause (ii)(III) or*
 3 *subclause (I) or factors established*
 4 *within the range of factors pre-*
 5 *scribed under clause (ii)(III) and*
 6 *subclause (I).*

7 *“(cc) Such other simplified*
 8 *procedures as the Secretary may*
 9 *prescribe.*

10 *“(V) MINIMUM VERIFICATION RE-*
 11 *QUIREMENTS.—The Secretary may es-*
 12 *tablish any minimum verification re-*
 13 *quirements that are necessary to carry*
 14 *out this clause.”.*

15 *(2) GRANTS TO STATES TO PROVIDE ASSISTANCE*
 16 *TO FAMILY OR GROUP DAY CARE HOMES.—Section*
 17 *17(f)(3) of the National School Lunch Act (42 U.S.C.*
 18 *1766(f)(3)) is amended by adding at the end the fol-*
 19 *lowing:*

20 *“(D) GRANTS TO STATES TO PROVIDE AS-*
 21 *SISTANCE TO FAMILY OR GROUP DAY CARE*
 22 *HOMES.—*

23 *“(i) IN GENERAL.—*

24 *“(I) RESERVATION.—From*
 25 *amounts made available to carry out*

1 *this section, the Secretary shall reserve*
2 *\$5,000,000 of the amount made avail-*
3 *able for fiscal year 1997.*

4 “(II) *PURPOSE.—The Secretary*
5 *shall use the funds made available*
6 *under subclause (I) to provide grants*
7 *to States for the purpose of provid-*
8 *ing—*

9 “(aa) *assistance, including*
10 *grants, to family and day care*
11 *home sponsoring organizations*
12 *and other appropriate organiza-*
13 *tions, in securing and providing*
14 *training, materials, automated*
15 *data processing assistance, and*
16 *other assistance for the staff of the*
17 *sponsoring organizations; and*

18 “(bb) *training and other as-*
19 *istance to family and group day*
20 *care homes in the implementation*
21 *of the amendment to subpara-*
22 *graph (A) made by section*
23 *1208(e)(1) of the Agricultural*
24 *Reconciliation Act of 1996.*

1 “(ii) *ALLOCATION.*—*The Secretary*
2 *shall allocate from the funds reserved under*
3 *clause (i)(I)—*

4 “(I) *\$30,000 in base funding to*
5 *each State; and*

6 “(II) *any remaining amount*
7 *among the States, based on the number*
8 *of family day care homes participating*
9 *in the program in a State during fis-*
10 *cal year 1995 as a percentage of the*
11 *number of all family day care homes*
12 *participating in the program during*
13 *fiscal year 1995.*

14 “(iii) *RETENTION OF FUNDS.*—*Of the*
15 *amount of funds made available to a State*
16 *for fiscal year 1997 under clause (i), the*
17 *State may retain not to exceed 30 percent*
18 *of the amount to carry out this subpara-*
19 *graph.*

20 “(iv) *ADDITIONAL PAYMENTS.*—*Any*
21 *payments received under this subparagraph*
22 *shall be in addition to payments that a*
23 *State receives under subparagraph (A).”.*

24 (3) *PROVISION OF DATA.*—*Section 17(f)(3) of the*
25 *National School Lunch Act (42 U.S.C. 1766(f)(3)), as*

1 amended by paragraph (2), is amended by adding at
2 the end the following:

3 “(E) *PROVISION OF DATA TO FAMILY OR*
4 *GROUP DAY CARE HOME SPONSORING ORGANIZA-*
5 *TIONS.—*

6 “(i) *CENSUS DATA.—The Secretary*
7 *shall provide to each State agency admin-*
8 *istering a child and adult care food pro-*
9 *gram under this section data from the most*
10 *recent decennial census survey or other ap-*
11 *propriate census survey for which the data*
12 *are available showing which areas in the*
13 *State meet the requirements of subpara-*
14 *graph (A)(ii)(I)(aa). The State agency shall*
15 *provide the data to family or group day*
16 *care home sponsoring organizations located*
17 *in the State.*

18 “(ii) *SCHOOL DATA.—*

19 “(I) *IN GENERAL.—A State agen-*
20 *cy administering the school lunch pro-*
21 *gram under this Act or the school*
22 *breakfast program under the Child Nu-*
23 *trition Act of 1966 (42 U.S.C. 1771 et*
24 *seq.) shall provide to approved family*
25 *or group day care home sponsoring or-*

1 *ganizations a list of schools serving ele-*
2 *mentary school children in the State in*
3 *which not less than 1/2 of the children*
4 *enrolled are certified to receive free or*
5 *reduced price meals. The State agency*
6 *shall collect the data necessary to cre-*
7 *ate the list annually and provide the*
8 *list on a timely basis to any approved*
9 *family or group day care home spon-*
10 *soring organization that requests the*
11 *list.*

12 “(II) *USE OF DATA FROM PRE-*
13 *CEDING SCHOOL YEAR.—In determin-*
14 *ing for a fiscal year or other annual*
15 *period whether a home qualifies as a*
16 *tier I family or group day care home*
17 *under subparagraph (A)(ii)(I), the*
18 *State agency administering the pro-*
19 *gram under this section, and a family*
20 *or group day care home sponsoring or-*
21 *ganization, shall use the most current*
22 *available data at the time of the deter-*
23 *mination.*

24 “(iii) *DURATION OF DETERMINA-*
25 *TION.—For purposes of this section, a deter-*

1 *mination that a family or group day care*
2 *home is located in an area that qualifies the*
3 *home as a tier I family or group day care*
4 *home (as the term is defined in subpara-*
5 *graph (A)(ii)(I)), shall be in effect for 3*
6 *years (unless the determination is made on*
7 *the basis of census data, in which case the*
8 *determination shall remain in effect until*
9 *more recent census data are available) un-*
10 *less the State agency determines that the*
11 *area in which the home is located no longer*
12 *qualifies the home as a tier I family or*
13 *group day care home.”.*

14 (4) *CONFORMING AMENDMENTS.—Section 17(c)*
15 *of the National School Lunch Act (42 U.S.C. 1766(c))*
16 *is amended by inserting “except as provided in sub-*
17 *section (f)(3),” after “For purposes of this section,”*
18 *each place it appears in paragraphs (1), (2), and (3).*

19 (f) *REIMBURSEMENT.—Section 17(f) of the National*
20 *School Lunch Act (42 U.S.C. 1766(f)) is amended—*

21 (1) *in paragraph (3)—*

22 (A) *in subparagraph (B), by striking the*
23 *third and fourth sentences; and*

24 (B) *in subparagraph (C)(ii), by striking*
25 *“conduct outreach” and all that follows through*

1 “may become” and inserting “assist unlicensed
2 family or group day care homes in becoming”;
3 and

4 (2) in the first sentence of paragraph (4), by
5 striking “shall” and inserting “may”.

6 (g) *NUTRITIONAL REQUIREMENTS.*—Section 17(g)(1)
7 of the National School Lunch Act (42 U.S.C. 1766(g)(1))
8 is amended—

9 (1) in subparagraph (A), by striking the second
10 sentence; and

11 (2) in subparagraph (B), by striking the second
12 sentence.

13 (h) *ELIMINATION OF STATE PAPERWORK AND OUT-*
14 *REACH BURDEN.*—Section 17 of the National School Lunch
15 Act (42 U.S.C. 1766) is amended by striking subsection (k)
16 and inserting the following:

17 “(k) *TRAINING AND TECHNICAL ASSISTANCE.*—A
18 State participating in the program established under this
19 section shall provide sufficient training, technical assist-
20 ance, and monitoring to facilitate effective operation of the
21 program. The Secretary shall assist the State in developing
22 plans to fulfill the requirements of this subsection.”.

23 (i) *RECORDS.*—The second sentence of section 17(m)
24 of the National School Lunch Act (42 U.S.C. 1766(m)) is

1 *amended by striking “at all times” and inserting “at any*
2 *reasonable time”.*

3 (j) *INFORMATION FOR PARENTS.*—Section 17 of the
4 *National School Lunch Act (42 U.S.C. 1766) is amended*
5 *by striking subsection (q) and inserting the following:*

6 “(q) *INFORMATION FOR PARENTS.*—The State agency
7 *shall ensure that, at least once a year, child care institu-*
8 *tions provide written information to parents that in-*
9 *cludes—*

10 “(1) *basic information on the benefits of the spe-*
11 *cial supplemental nutrition program for women, in-*
12 *fants, and children authorized under section 17 of the*
13 *Child Nutrition Act of 1966 (42 U.S.C. 1786);*

14 “(2) *information on the maximum income lim-*
15 *its, according to family size, applicable to the pro-*
16 *gram; and*

17 “(3) *information on where parents may apply to*
18 *participate in the program.”.*

19 (k) *EFFECTIVE DATE.*—

20 (1) *IN GENERAL.*—Except as provided in para-
21 *graph (2), the amendments made by this section shall*
22 *become effective on the date of enactment of this Act.*

23 (2) *IMPROVED TARGETING OF DAY CARE HOME*
24 *REIMBURSEMENTS.*—The amendments made by para-

1 *graphs (1) and (4) of subsection (e) shall become effec-*
2 *tive on July 1, 1997.*

3 (3) *REGULATIONS.—*

4 (A) *INTERIM REGULATIONS.—Not later than*
5 *January 1, 1997, the Secretary of Agriculture*
6 *shall issue interim regulations to implement—*

7 (i) *the amendments made by para-*
8 *graphs (1), (3), and (4) of subsection (e);*
9 *and*

10 (ii) *section 17(f)(3)(C) of the National*
11 *School Lunch Act (42 U.S.C.*
12 *1766(f)(3)(C)).*

13 (B) *FINAL REGULATIONS.—Not later than*
14 *July 1, 1997, the Secretary of Agriculture shall*
15 *issue final regulations to implement the provi-*
16 *sions of law referred to in subparagraph (A).*

17 (l) *STUDY OF IMPACT OF AMENDMENTS ON PROGRAM*
18 *PARTICIPATION AND FAMILY DAY CARE LICENSING.—*

19 (1) *IN GENERAL.—The Secretary of Agriculture,*
20 *in conjunction with the Secretary of Health and*
21 *Human Services, shall study the impact of the*
22 *amendments made by this section on—*

23 (A) *the number of family day care homes*
24 *participating in the child and adult care food*

1 *program established under section 17 of the Na-*
2 *tional School Lunch Act (42 U.S.C. 1766);*

3 *(B) the number of day care home sponsor-*
4 *ing organizations participating in the program;*

5 *(C) the number of day care homes that are*
6 *licensed, certified, registered, or approved by*
7 *each State in accordance with regulations issued*
8 *by the Secretary;*

9 *(D) the rate of growth of the numbers re-*
10 *ferred to in subparagraphs (A) through (C);*

11 *(E) the nutritional adequacy and quality of*
12 *meals served in family day care homes that—*

13 *(i) received reimbursement under the*
14 *program prior to the amendments made by*
15 *this section but do not receive reimburse-*
16 *ment after the amendments made by this*
17 *section; or*

18 *(ii) received full reimbursement under*
19 *the program prior to the amendments made*
20 *by this section but do not receive full reim-*
21 *bursement after the amendments made by*
22 *this section; and*

23 *(F) the proportion of low-income children*
24 *participating in the program prior to the*
25 *amendments made by this section and the pro-*

1 *portion of low-income children participating in*
2 *the program after the amendments made by this*
3 *section.*

4 (2) *REQUIRED DATA.*—*Each State agency par-*
5 *ticipating in the child and adult care food program*
6 *under section 17 of the National School Lunch Act*
7 *(42 U.S.C. 1766) shall submit to the Secretary of Ag-*
8 *riculture data on—*

9 (A) *the number of family day care homes*
10 *participating in the program on June 30, 1997,*
11 *and June 30, 1998;*

12 (B) *the number of family day care homes li-*
13 *censed, certified, registered, or approved for serv-*
14 *ice on June 30, 1997, and June 30, 1998; and*

15 (C) *such other data as the Secretary may*
16 *require to carry out this subsection.*

17 (3) *SUBMISSION OF REPORT.*—*Not later than 2*
18 *years after the date of enactment of this section, the*
19 *Secretary of Agriculture shall submit the study re-*
20 *quired under this subsection to the Committee on Eco-*
21 *nomie and Educational Opportunities of the House of*
22 *Representatives and the Committee on Agriculture,*
23 *Nutrition, and Forestry of the Senate.*

1 **SEC. 1208. PILOT PROJECTS.**

2 (a) *UNIVERSAL FREE PILOT.*—Section 18(d) of the
3 *National School Lunch Act (42 U.S.C. 1769(d))* is amend-
4 *ed—*

5 (1) *by striking paragraph (3); and*

6 (2) *by redesignating paragraphs (4) and (5) as*
7 *paragraphs (3) and (4), respectively.*

8 (b) *DEMONSTRATION PROJECT OUTSIDE SCHOOL*
9 *HOURS.*—Section 18(e) of the *National School Lunch Act*
10 *(42 U.S.C. 1769(e))* is amended—

11 (1) *in paragraph (1)—*

12 (A) *in subparagraph (A)—*

13 (i) *by striking “(A)”;* and

14 (ii) *by striking “shall” and inserting*
15 *“may”;* and

16 (B) *by striking subparagraph (B); and*

17 (2) *by striking paragraph (5) and inserting the*
18 *following:*

19 “(5) *AUTHORIZATION OF APPROPRIATIONS.*—
20 *There are authorized to be appropriated to carry out*
21 *this subsection such sums as are necessary for each of*
22 *fiscal years 1997 and 1998.”.*

23 (c) *CONFORMING AMENDMENT.*—Section 17B(d)(1)(A)
24 *of the National School Lunch Act (42 U.S.C.*
25 *1766b(d)(1)(A))* is amended by striking “18(c)” and insert-
26 *ing “18(b)”.*

1 **SEC. 1209. REDUCTION OF PAPERWORK.**

2 *Section 19 of the National School Lunch Act (42*
 3 *U.S.C. 1769a) is repealed.*

4 **SEC. 1210. INFORMATION ON INCOME ELIGIBILITY.**

5 *Section 23 of the National School Lunch Act (42*
 6 *U.S.C. 1769d) is repealed.*

7 **SEC. 1211. NUTRITION GUIDANCE FOR CHILD NUTRITION**
 8 **PROGRAMS.**

9 *Section 24 of the National School Lunch Act (42*
 10 *U.S.C. 1769e) is repealed.*

11 **CHAPTER 2—AMENDMENTS TO THE CHILD**
 12 **NUTRITION ACT OF 1966**

13 **SEC. 1251. SPECIAL MILK PROGRAM.**

14 *Section 3(a)(3) of the Child Nutrition Act of 1966 (42*
 15 *U.S.C. 1772(a)(3)) is amended by striking “the Trust Ter-*
 16 *ritory of the Pacific Islands” and inserting “the Common-*
 17 *wealth of the Northern Mariana Islands”.*

18 **SEC. 1252. FREE AND REDUCED PRICE POLICY STATEMENT.**

19 *Section 4(b)(1) of the Child Nutrition Act of 1966 (42*
 20 *U.S.C. 1773(b)(1)) is amended by adding at the end the*
 21 *following:*

22 *“(E) FREE AND REDUCED PRICE POLICY*
 23 *STATEMENT.—After the initial submission, a*
 24 *school food authority shall not be required to*
 25 *submit a free and reduced price policy statement*
 26 *to a State educational agency under this Act un-*

1 *less there is a substantive change in the free and*
2 *reduced price policy of the school food authority.*
3 *A routine change in the policy of a school food*
4 *authority, such as an annual adjustment of the*
5 *income eligibility guidelines for free and reduced*
6 *price meals, shall not be sufficient cause for re-*
7 *quiring the school food authority to submit a*
8 *policy statement.”.*

9 **SEC. 1253. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.**

10 (a) *TRAINING AND TECHNICAL ASSISTANCE IN FOOD*
11 *PREPARATION.*—Section 4(e)(1)(B) of the Child Nutrition
12 *Act of 1966 (42 U.S.C. 1773(e)(1)(B)) is amended by strik-*
13 *ing the second sentence.*

14 (b) *EXPANSION OF PROGRAM; STARTUP AND EXPAN-*
15 *SION COSTS.*—

16 (1) *IN GENERAL.*—Section 4 of the Child Nutri-
17 *tion Act of 1966 (42 U.S.C. 1773) is amended by*
18 *striking subsections (f) and (g).*

19 (2) *EFFECTIVE DATE.*—The amendments made
20 *by paragraph (1) shall become effective on October 1,*
21 *1996.*

22 **SEC. 1254. STATE ADMINISTRATIVE EXPENSES.**

23 (a) *USE OF FUNDS FOR COMMODITY DISTRIBUTION*
24 *ADMINISTRATION; STUDIES.*—Section 7 of the Child Nutri-
25 *tion Act of 1966 (42 U.S.C. 1776) is amended—*

1 (1) *by striking subsections (e) and (h); and*

2 (2) *by redesignating subsections (f), (g), and (i)*

3 *as subsections (e), (f), and (g), respectively.*

4 **(b) APPROVAL OF CHANGES.**—*Section 7(e) of the Child*
5 *Nutrition Act of 1966 (42 U.S.C. 1776(e)), as so redesi-*
6 *gated, is amended—*

7 (1) *by striking “each year an annual plan” and*
8 *inserting “the initial fiscal year a plan”; and*

9 (2) *by adding at the end the following: “After*
10 *submitting the initial plan, a State shall be required*
11 *to submit to the Secretary for approval only a sub-*
12 *stantive change in the plan.”.*

13 **SEC. 1255. REGULATIONS.**

14 *Section 10(b) of the Child Nutrition Act of 1966 (42*
15 *U.S.C. 1779(b)) is amended—*

16 (1) *in paragraph (1), by striking “(1)”; and*

17 (2) *by striking paragraphs (2) through (4).*

18 **SEC. 1256. PROHIBITIONS.**

19 *Section 11(a) of the Child Nutrition Act of 1966 (42*
20 *U.S.C. 1780(a)) is amended by striking “neither the Sec-*
21 *retary nor the State shall” and inserting “the Secretary*
22 *shall not”.*

1 **SEC. 1257. MISCELLANEOUS PROVISIONS AND DEFINI-**
 2 **TIONS.**

3 *Section 15 of the Child Nutrition Act of 1966 (42*
 4 *U.S.C. 1784) is amended—*

5 *(1) in paragraph (1), by striking “the Trust Ter-*
 6 *ritory of the Pacific Islands” and inserting “the Com-*
 7 *monwealth of the Northern Mariana Islands”; and*

8 *(2) in the first sentence of paragraph (3)—*

9 *(A) in subparagraph (A), by inserting*
 10 *“and” at the end; and*

11 *(B) by striking “, and (C)” and all that fol-*
 12 *lows through “Governor of Puerto Rico”.*

13 **SEC. 1258. ACCOUNTS AND RECORDS.**

14 *The second sentence of section 16(a) of the Child Nutri-*
 15 *tion Act of 1966 (42 U.S.C. 1785(a)) is amended by striking*
 16 *“at all times be available” and inserting “be available at*
 17 *any reasonable time”.*

18 **SEC. 1259. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM**
 19 **FOR WOMEN, INFANTS, AND CHILDREN.**

20 *(a) DEFINITIONS.—Section 17(b) of the Child Nutri-*
 21 *tion Act of 1966 (42 U.S.C. 1786(b)) is amended—*

22 *(1) in paragraph (15)(B)(iii), by inserting “of*
 23 *not more than 365 days” after “accommodation”; and*

24 *(2) in paragraph (16)—*

25 *(A) in subparagraph (A), by adding “and”*
 26 *at the end; and*

1 (B) in subparagraph (B), by striking “;
2 and” and inserting a period; and

3 (C) by striking subparagraph (C).

4 (b) *SECRETARY’S PROMOTION OF WIC.*—Section 17(c)
5 of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is
6 amended by striking paragraph (5).

7 (c) *ELIGIBLE PARTICIPANTS.*—Section 17(d) of the
8 Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amend-
9 ed by striking paragraph (4).

10 (d) *STATE PLAN.*—Section 17(f) of the Child Nutrition
11 Act of 1966 (42 U.S.C. 1786(f)) is amended—

12 (1) in paragraph (1)—

13 (A) in subparagraph (A)—

14 (i) by striking “annually to the Sec-
15 retary, by a date specified by the Secretary,
16 a” and inserting “to the Secretary, by a
17 date specified by the Secretary, an initial”;
18 and

19 (ii) by adding at the end the following:
20 “After submitting the initial plan, a State
21 shall be required to submit to the Secretary
22 for approval only a substantive change in
23 the plan.”;

24 (B) in subparagraph (C)—

1 (i) by striking clause (iii) and insert-
2 ing the following:

3 “(iii) a plan to coordinate operations under the
4 program with other services or programs that may
5 benefit participants in, and applicants for, the pro-
6 gram;”;

7 (ii) in clause (vi), by inserting after
8 “in the State” the following: “(including a
9 plan to improve access to the program for
10 participants and prospective applicants
11 who are employed, or who reside, in rural
12 areas)”;

13 (iii) in clause (vii), by striking “to
14 provide program benefits” and all that fol-
15 lows through “emphasis on” and inserting
16 “for”;

17 (iv) by striking clauses (ix), (x), and
18 (xii);

19 (v) in clause (xiii), by striking “may
20 require” and inserting “may reasonably re-
21 quire”;

22 (vi) by redesignating clauses (xi) and
23 (xiii), as so amended, as clauses (ix) and
24 (x), respectively; and

- 1 (vii) in clause (ix), as so redesignated,
2 by adding “and” at the end;
3 (C) by striking subparagraph (D); and
4 (D) by redesignating subparagraph (E) as
5 subparagraph (D);
6 (2) in the second sentence of paragraph (5), by
7 striking “at all times be available” and inserting “be
8 available at any reasonable time”;
9 (3) in paragraph (9)(B), by striking the second
10 sentence;
11 (4) in the first sentence of paragraph (11), by
12 striking “, including standar5s that will ensure suffi-
13 cient State agency staff”;
14 (5) in paragraph (12), by striking the third sen-
15 tence;
16 (6) in paragraph (17), by striking “and to ac-
17 commodate” and all that follows through “facilities”;
18 (7) in paragraph (19), by striking “shall” and
19 inserting “may”; and
20 (8) by redesignating paragraphs (3), (4), (5),
21 (7), (9) through (21), (23), and (24) as paragraphs
22 (2), (3), (4), (5), (6) through (18), (19), and (20), re-
23 spectively.
24 (e) *INFORMATION*.—Section 17(g) of the Child Nutri-
25 tion Act of 1966 (42 U.S.C. 1786(g)) is amended—

1 (1) in paragraph (5), by striking “the report re-
2 quired under subsection (d)(4)” and inserting “re-
3 ports on program participant characteristics”; and

4 (2) by striking paragraph (6).

5 (f) *PROCUREMENT OF INFANT FORMULA*.—

6 (1) *IN GENERAL*.—Section 17(h) of the Child Nu-
7 trition Act of 1966 (42 U.S.C. 1786(h)) is amended—

8 (A) in paragraph (4)(E), by striking “and,
9 on” and all that follows through “(d)(4)”;

10 (B) in paragraph (8)—

11 (i) by striking subparagraphs (A), (C),
12 and (M);

13 (ii) in subparagraph (G)—

14 (I) in clause (i), by striking “(i)”;

15 and

16 (II) by striking clauses (ii)

17 through (ix);

18 (iii) in subparagraph (I), by striking
19 “Secretary—” and all that follows through
20 “(v) may” and inserting “Secretary may”;

21 (iv) by redesignating subparagraphs
22 (B) and (D) through (L) as subparagraphs
23 (A) and (B) through (J), respectively;

24 (v) in subparagraph (A)(i), as so re-
25 designated, by striking “subparagraphs (C),

1 (D), and (E)(iii), in carrying out subpara-
2 graph (A),” and inserting “subparagraphs
3 (B) and (C)(iii),”;

4 (vi) in subparagraph (B)(i), as so re-
5 designated, by striking “subparagraph (B)”
6 each place it appears and inserting “sub-
7 paragraph (A)”;

8 (vii) in subparagraph (C)(iii), as so
9 redesignated, by striking “subparagraph
10 (B)” and inserting “subparagraph (A)”;
11 and

12 (2) *APPLICATION.*—The amendments made by
13 paragraph (1) shall not apply to a contract for the
14 procurement of infant formula under section 17(h)(8)
15 of the Child Nutrition Act of 1966 (42 U.S.C.
16 1786(h)(8)) that is in effect on the date of enactment
17 of this subsection.

18 (g) *NATIONAL ADVISORY COUNCIL ON MATERNAL, IN-*
19 *FANT, AND FETAL NUTRITION.*—Section 17(k)(3) of the
20 Child Nutrition Act of 1966 (42 U.S.C. 1786(k)(3)) is
21 amended by striking “Secretary shall designate” and insert-
22 ing “Council shall elect”.

23 (h) *COMPLETED STUDY; COMMUNITY COLLEGE DEM-*
24 *ONSTRATION; GRANTS FOR INFORMATION AND DATA SYS-*
25 *TEM.*—Section 17 of the Child Nutrition Act of 1966 (42

1 *U.S.C. 1786) is amended by striking subsections (n), (o),*
2 *and (p).*

3 *(i) DISQUALIFICATION OF VENDORS WHO ARE DIS-*
4 *QUALIFIED UNDER THE FOOD STAMP PROGRAM.—Section*
5 *17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786),*
6 *as amended by subsection (i), is amended by adding at the*
7 *end the following:*

8 *“(n) DISQUALIFICATION OF VENDORS WHO ARE DIS-*
9 *QUALIFIED UNDER THE FOOD STAMP PROGRAM.—*

10 *“(1) IN GENERAL.—The Secretary shall issue*
11 *regulations providing criteria for the disqualification*
12 *under this section of an approved vendor that is dis-*
13 *qualified from accepting benefits under the food*
14 *stamp program established under the Food Stamp Act*
15 *of 1977 (7 U.S.C. 2011 et seq.).*

16 *“(2) TERMS.—A disqualification under para-*
17 *graph (1)—*

18 *“(A) shall be for the same period as the dis-*
19 *qualification from the program referred to in*
20 *paragraph (1);*

21 *“(B) may begin at a later date than the dis-*
22 *qualification from the program referred to in*
23 *paragraph (1); and*

24 *“(C) shall not be subject to judicial or ad-*
25 *ministrative review.”.*

1 **SEC. 1260. CASH GRANTS FOR NUTRITION EDUCATION.**

2 *Section 18 of the Child Nutrition Act of 1966 (42*
 3 *U.S.C. 1787) is repealed.*

4 **SEC. 1261. NUTRITION EDUCATION AND TRAINING.**

5 *(a) FINDINGS.—Section 19 of the Child Nutrition Act*
 6 *of 1966 (42 U.S.C. 1788) is amended—*

7 *(1) in subsection (a), by striking “that—” and*
 8 *all that follows through the period at the end and in-*
 9 *serting “that effective dissemination of scientifically*
 10 *valid information to children participating or eligible*
 11 *to participate in the school lunch and related child*
 12 *nutrition programs should be encouraged.”; and*

13 *(2) in the first sentence of subsection (b), by*
 14 *striking “encourage” and all that follows through “es-*
 15 *tablishing” and inserting “establish”.*

16 *(b) USE OF FUNDS.—Section 19(f) of the Child Nutri-*
 17 *tion Act of 1966 (42 U.S.C. 1788(f)) is amended—*

18 *(1) in paragraph (1)—*

19 *(A) by striking subparagraph (B); and*

20 *(B) in subparagraph (A)—*

21 *(i) by striking “(A)”;*

22 *(ii) by striking clauses (ix) through*
 23 *(xix);*

24 *(iii) by redesignating clauses (i)*
 25 *through (viii) and (xx) as subparagraphs*
 26 *(A) through (H) and (I), respectively;*

1 (iv) in subparagraph (I), as so redesignig-
2 nated, by striking the period at the end and
3 inserting “; and”; and

4 (v) by adding at the end the following:
5 “(J) other appropriate related activities, as de-
6 termined by the State.”;

7 (2) by striking paragraphs (2) and (4); and

8 (3) by redesignating paragraph (3) as para-
9 graph (2).

10 (c) ACCOUNTS, RECORDS, AND REPORTS.—The second
11 sentence of section 19(g)(1) of the Child Nutrition Act of
12 1966 (42 U.S.C. 1788(g)(1)) is amended by striking “at all
13 times be available” and inserting “be available at any rea-
14 sonable time”.

15 (d) STATE COORDINATORS FOR NUTRITION; STATE
16 PLAN.—Section 19(h) of the Child Nutrition Act of 1966
17 (42 U.S.C. 1788(h)) is amended—

18 (1) in the second sentence of paragraph (1)—

19 (A) by striking “as provided in paragraph
20 (2) of this subsection”; and

21 (B) by striking “as provided in paragraph
22 (3) of this subsection”;

23 (2) in paragraph (2), by striking the second and
24 third sentences; and

25 (3) by striking paragraph (3).

1 (e) *AUTHORIZATION OF APPROPRIATIONS.*—Section
2 *19(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i))*
3 *is amended—*

4 (1) *in the first sentence of paragraph (2)(A), by*
5 *striking “and each succeeding fiscal year”;*

6 (2) *by redesignating paragraphs (3) and (4) as*
7 *paragraphs (4) and (5), respectively; and*

8 (3) *by inserting after paragraph (2) the follow-*
9 *ing:*

10 “(3) *FISCAL YEARS 1997 THROUGH 2002.*—

11 “(A) *IN GENERAL.*—*There are authorized to*
12 *be appropriated to carry out this section*
13 *\$10,000,000 for each of fiscal years 1997 through*
14 *2002.*

15 “(B) *GRANTS.*—

16 “(i) *IN GENERAL.*—*Grants to each*
17 *State from the amounts made available*
18 *under subparagraph (A) shall be based on a*
19 *rate of 50 cents for each child enrolled in*
20 *schools or institutions within the State, ex-*
21 *cept that no State shall receive an amount*
22 *less than \$75,000 per fiscal year.*

23 “(ii) *INSUFFICIENT FUNDS.*—*If the*
24 *amount made available for any fiscal year*
25 *is insufficient to pay the amount to which*

1 each State is entitled under clause (i), the
2 amount of each grant shall be ratably re-
3 duced.”.

4 (f) *ASSESSMENT*.—Section 19 of the Child Nutrition
5 Act of 1966 (42 U.S.C. 1788) is amended by striking sub-
6 section (j).

7 (g) *EFFECTIVE DATE*.—The amendments made by sub-
8 section (e) shall become effective on October 1, 1996.

9 **SEC. 1262. ROUNDING RULES.**

10 (a) *SPECIAL MILK PRICE PROGRAM RATES*.—Section
11 3(a)(8) of the Child Nutrition Act of 1966 (42 U.S.C.
12 1772(a)(8)) is amended by striking “one-fourth cent” and
13 inserting “lower cent increment”.

14 (b) *REDUCED PRICE BREAKFAST RATES*.—Section
15 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b))
16 is amended—

17 (1) in the second sentence of paragraph (1)(B),
18 by striking “one-fourth cent” and inserting “lower
19 cent increment”; and

20 (2) in paragraph (2)(B)(ii), by striking “one-
21 fourth cent” and inserting “lower cent increment”.

22 (c) *COMMODITY RATE*.—The second sentence of section
23 6(e)(1)(B) of the National School Lunch Act (42 U.S.C.
24 1755(e)(1)(B)) is amended by striking “ $\frac{1}{4}$ cent” and insert-
25 ing “lower cent increment”.

1 (d) *LUNCH, BREAKFAST, AND SUPPLEMENT RATES.*—
 2 *The third sentence of section 11(a)(3)(B) of the National*
 3 *School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended*
 4 *by striking “one-fourth cent” and inserting “lower cent in-*
 5 *crement”.*

6 (e) *EFFECTIVE DATE.*—*The amendments made by this*
 7 *section shall become effective on July 1, 1996.*

8 **TITLE II—COMMITTEE ON**
 9 **FINANCE**

10 **Subtitle A—Welfare Reform**

11 **SEC. 2001. SHORT TITLE OF SUBTITLE.**

12 *This subtitle may be cited as the “Personal Respon-*
 13 *sibility and Work Opportunity Act of 1996”.*

14 **SEC. 2002. TABLE OF CONTENTS OF SUBTITLE.**

15 *The table of contents for this subtitle is as follows:*

TITLE II—COMMITTEE ON FINANCE

Subtitle A—Welfare Reform

Sec. 2001. Short title.

Sec. 2002. Table of contents.

*CHAPTER 1—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY
FAMILIES*

Sec. 2101. Findings.

Sec. 2102. Reference to Social Security Act.

Sec. 2103. Block grants to States.

Sec. 2104. Services provided by charitable, religious, or private organizations.

Sec. 2105. Census data on grandparents as primary caregivers for their grand-
children.

Sec. 2106. Report on data processing.

Sec. 2107. Study on alternative outcomes measures.

Sec. 2108. Welfare Formula Fairness Commission.

Sec. 2109. Conforming amendments to the Social Security Act.

Sec. 2110. Conforming amendments to the Food Stamp Act of 1977 and related
provisions.

Sec. 2111. Conforming amendments to other laws.

- Sec. 2112. Development of prototype of counterfeit-resistant social security card required.*
- Sec. 2113. Modifications to the job opportunities for certain low-income individuals program.*
- Sec. 2114. Secretarial submission of legislative proposal for technical and conforming amendments.*
- Sec. 2115. Effective date; transition rule.*
- Sec. 2116. Community Steering Committees demonstration projects.*
- Sec. 2117. Denial of benefits for certain drug related convictions.*

CHAPTER 2—SUPPLEMENTAL SECURITY INCOME

- Sec. 2200. Reference to Social Security Act.*

SUBCHAPTER A—ELIGIBILITY RESTRICTIONS

- Sec. 2201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.*
- Sec. 2202. Denial of SSI benefits for fugitive felons and probation and parole violators.*
- Sec. 2203. Treatment of prisoners.*
- Sec. 2204. Effective date of application for benefits.*

SUBCHAPTER B—BENEFITS FOR DISABLED CHILDREN

- Sec. 2211. Definition and eligibility rules.*
- Sec. 2212. Eligibility redeterminations and continuing disability reviews.*
- Sec. 2213. Additional accountability requirements.*
- Sec. 2214. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.*
- Sec. 2215. Regulations.*

SUBCHAPTER C—ADDITIONAL ENFORCEMENT PROVISION

- Sec. 2221. Installment payment of large past-due supplemental security income benefits.*
- Sec. 2222. Regulations.*

SUBCHAPTER D—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

- Sec. 2231. Annual report on the supplemental security income program.*
- Sec. 2232. Study by General Accounting Office.*

CHAPTER 3—CHILD SUPPORT

- Sec. 2300. Reference to Social Security Act.*

SUBCHAPTER A—ELIGIBILITY FOR SERVICES; DISTRIBUTION OF PAYMENTS

- Sec. 2301. State obligation to provide child support enforcement services.*
- Sec. 2302. Distribution of child support collections.*
- Sec. 2303. Privacy safeguards.*
- Sec. 2304. Rights to notification of hearings.*

SUBCHAPTER B—LOCATE AND CASE TRACKING

- Sec. 2311. State case registry.*
- Sec. 2312. Collection and disbursement of support payments.*

- Sec. 2313. State directory of new hires.*
Sec. 2314. Amendments concerning income withholding.
Sec. 2315. Locator information from interstate networks.
Sec. 2316. Expansion of the Federal Parent Locator Service.
Sec. 2317. Collection and use of social security numbers for use in child support enforcement.

SUBCHAPTER C—STREAMLINING AND UNIFORMITY OF PROCEDURES

- Sec. 2321. Adoption of uniform State laws.*
Sec. 2322. Improvements to full faith and credit for child support orders.
Sec. 2323. Administrative enforcement in interstate cases.
Sec. 2324. Use of forms in interstate enforcement.
Sec. 2325. State laws providing expedited procedures.

SUBCHAPTER D—PATERNITY ESTABLISHMENT

- Sec. 2331. State laws concerning paternity establishment.*
Sec. 2332. Outreach for voluntary paternity establishment.
Sec. 2333. Cooperation by applicants for and recipients of part A assistance.

SUBCHAPTER E—PROGRAM ADMINISTRATION AND FUNDING

- Sec. 2341. Performance-based incentives and penalties.*
Sec. 2342. Federal and State reviews and audits.
Sec. 2343. Required reporting procedures.
Sec. 2344. Automated data processing requirements.
Sec. 2345. Technical assistance.
Sec. 2346. Reports and data collection by the Secretary.

SUBCHAPTER F—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

- Sec. 2351. Simplified process for review and adjustment of child support orders.*
Sec. 2352. Furnishing consumer reports for certain purposes relating to child support.
Sec. 2353. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

SUBCHAPTER G—ENFORCEMENT OF SUPPORT ORDERS

- Sec. 2361. Internal Revenue Service collection of arrearages.*
Sec. 2362. Authority to collect support from Federal employees.
Sec. 2363. Enforcement of child support obligations of members of the Armed Forces.
Sec. 2364. Voiding of fraudulent transfers.
Sec. 2365. Work requirement for persons owing past-due child support.
Sec. 2366. Definition of support order.
Sec. 2367. Reporting arrearages to credit bureaus.
Sec. 2368. Liens.
Sec. 2369. State law authorizing suspension of licenses.
Sec. 2370. Denial of passports for nonpayment of child support.
Sec. 2371. International support enforcement.
Sec. 2372. Financial institution data matches.
Sec. 2373. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
Sec. 2374. Nondischargeability in bankruptcy of certain debts for the support of a child.
Sec. 2375. Child support enforcement for Indian tribes.

SUBCHAPTER H—MEDICAL SUPPORT

- Sec. 2376. Correction to ERISA definition of medical child support order.*
Sec. 2377. Enforcement of orders for health care coverage.

SUBCHAPTER I—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-RESIDENTIAL PARENTS

- Sec. 2381. Grants to States for access and visitation programs.*

SUBCHAPTER J—EFFECTIVE DATES AND CONFORMING AMENDMENTS

- Sec. 2391. Effective dates and conforming amendments.*

CHAPTER 4—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

- Sec. 2400. Statements of national policy concerning welfare and immigration.*

SUBCHAPTER A—ELIGIBILITY FOR FEDERAL BENEFITS

- Sec. 2401. Aliens who are not qualified aliens ineligible for Federal public benefits.*
Sec. 2402. Limited eligibility of qualified aliens for certain Federal programs.
Sec. 2403. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
Sec. 2404. Notification and information reporting.

SUBCHAPTER B—ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS

- Sec. 2411. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits.*
Sec. 2412. State authority to limit eligibility of qualified aliens for State public benefits.

SUBCHAPTER C—ATTRIBUTION OF INCOME AND AFFIDAVITS OF SUPPORT

- Sec. 2421. Federal attribution of sponsor's income and resources to alien.*
Sec. 2422. Authority for States to provide for attribution of sponsors income and resources to the alien with respect to State programs.
Sec. 2423. Requirements for sponsor's affidavit of support.

SUBCHAPTER D—GENERAL PROVISIONS

- Sec. 2431. Definitions.*
Sec. 2432. Verification of eligibility for Federal public benefits.
Sec. 2433. Statutory construction.
Sec. 2434. Communication between State and local government agencies and the Immigration and Naturalization Service.
Sec. 2435. Qualifying quarters.

SUBCHAPTER E—CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING

- Sec. 2441. Conforming amendments relating to assisted housing.*

SUBCHAPTER F—EARNED INCOME CREDIT DENIED TO UNAUTHORIZED EMPLOYEES

- Sec. 2451. Earned income credit denied to individuals not authorized to be employed in the United States.*

CHAPTER 5—REFORM OF PUBLIC HOUSING

- Sec. 2501. Failure to comply with other welfare and public assistance programs.*
Sec. 2502. Fraud under means-tested welfare and public assistance programs.

CHAPTER 6—TECHNICAL AMENDMENTS RELATING TO CHILD PROTECTION PROGRAMS

- Sec. 2601. Extension of enhanced funding for implementation of statewide automated child welfare information systems.*
Sec. 2602. Redesignation of section 1123.
Sec. 2603. Kinship care.

CHAPTER 7—CHILD CARE

- Sec. 2701. Short title and references.*
Sec. 2702. Goals.
Sec. 2703. Authorization of appropriations and entitlement authority.
Sec. 2704. Lead agency.
Sec. 2705. Application and plan.
Sec. 2706. Limitation on State allotments.
Sec. 2707. Activities to improve the quality of child care.
Sec. 2708. Repeal of early childhood development and before- and after-school care requirement.
Sec. 2709. Administration and enforcement.
Sec. 2710. Payments.
Sec. 2711. Annual report and audits.
Sec. 2712. Report by the Secretary.
Sec. 2713. Allotments.
Sec. 2714. Definitions.
Sec. 2715. Effective date.

CHAPTER 8—MISCELLANEOUS

- Sec. 2801. Appropriation by State legislatures.*
Sec. 2802. Sanctioning for testing positive for controlled substances.
Sec. 2803. Reduction in block grants to States for social services.
Sec. 2804. Elimination of housing assistance with respect to fugitive felons and probation and parole violators.
Sec. 2805. Sense of the Senate regarding enterprise zones.
Sec. 2806. Sense of the Senate regarding the inability of the non-custodial parent to pay child support.
Sec. 2807. Establishing national goals to prevent teenage pregnancies.
Sec. 2808. Sense of the Senate regarding enforcement of statutory rape laws.
Sec. 2809. Provisions to encourage electronic benefit transfer systems.
Sec. 2810. Rules relating to denial of earned income credit on basis of disqualified income.
Sec. 2811. Modification of adjusted gross income definition for earned income credit.
Sec. 2812. Suspension of inflation adjustments for individuals with no qualifying children.
Sec. 2813. Refundable credit for adoption expenses.
Sec. 2814. Exclusion of adoption assistance.
Sec. 2815. Withdrawal from IRA for adoption expenses.

1 **CHAPTER 1—BLOCK GRANTS FOR TEM-**
2 **PORARY ASSISTANCE FOR NEEDY FAM-**
3 **ILIES**

4 **SEC. 2101. FINDINGS.**

5 *The Congress makes the following findings:*

6 (1) *Marriage is the foundation of a successful so-*
7 *ciety.*

8 (2) *Marriage is an essential institution of a suc-*
9 *cessful society which promotes the interests of chil-*
10 *dren.*

11 (3) *Promotion of responsible fatherhood and*
12 *motherhood is integral to successful child rearing and*
13 *the well-being of children.*

14 (4) *In 1992, only 54 percent of single-parent*
15 *families with children had a child support order es-*
16 *tablished and, of that 54 percent, only about one-half*
17 *received the full amount due. Of the cases enforced*
18 *through the public child support enforcement system,*
19 *only 18 percent of the caseload has a collection.*

20 (5) *The number of individuals receiving aid to*
21 *families with dependent children (in this section re-*
22 *ferred to as “AFDC”) has more than tripled since*
23 *1965. More than two-thirds of these recipients are*
24 *children. Eighty-nine percent of children receiving*

1 *AFDC benefits now live in homes in which no father*
2 *is present.*

3 *(A)(i) The average monthly number of chil-*
4 *dren receiving AFDC benefits—*

5 *(I) was 3,300,000 in 1965;*

6 *(II) was 6,200,000 in 1970;*

7 *(III) was 7,400,000 in 1980; and*

8 *(IV) was 9,300,000 in 1992.*

9 *(ii) While the number of children receiving*
10 *AFDC benefits increased nearly threefold between*
11 *1965 and 1992, the total number of children in*
12 *the United States aged 0 to 18 has declined by*
13 *5.5 percent.*

14 *(B) The Department of Health and Human*
15 *Services has estimated that 12,000,000 children*
16 *will receive AFDC benefits within 10 years.*

17 *(C) The increase in the number of children*
18 *receiving public assistance is closely related to*
19 *the increase in births to unmarried women. Be-*
20 *tween 1970 and 1991, the percentage of live*
21 *births to unmarried women increased nearly*
22 *threefold, from 10.7 percent to 29.5 percent.*

23 *(6) The increase of out-of-wedlock pregnancies*
24 *and births is well documented as follows:*

1 (A) *It is estimated that the rate of non-*
2 *marital teen pregnancy rose 23 percent from 54*
3 *pregnancies per 1,000 unmarried teenagers in*
4 *1976 to 66.7 pregnancies in 1991. The overall*
5 *rate of nonmarital pregnancy rose 14 percent*
6 *from 90.8 pregnancies per 1,000 unmarried*
7 *women in 1980 to 103 in both 1991 and 1992.*
8 *In contrast, the overall pregnancy rate for mar-*
9 *ried couples decreased 7.3 percent between 1980*
10 *and 1991, from 126.9 pregnancies per 1,000*
11 *married women in 1980 to 117.6 pregnancies in*
12 *1991.*

13 (B) *The total of all out-of-wedlock births be-*
14 *tween 1970 and 1991 has risen from 10.7 per-*
15 *cent to 29.5 percent and if the current trend con-*
16 *tinues, 50 percent of all births by the year 2015*
17 *will be out-of-wedlock.*

18 (7) *An effective strategy to combat teenage preg-*
19 *nancy must address the issue of male responsibility,*
20 *including statutory rape culpability and prevention.*
21 *The increase of teenage pregnancies among the young-*
22 *est girls is particularly severe and is linked to preda-*
23 *tory sexual practices by men who are significantly*
24 *older.*

1 (A) *It is estimated that in the late 1980's,*
2 *the rate for girls age 14 and under giving birth*
3 *increased 26 percent.*

4 (B) *Data indicates that at least half of the*
5 *children born to teenage mothers are fathered by*
6 *adult men. Available data suggests that almost*
7 *70 percent of births to teenage girls are fathered*
8 *by men over age 20.*

9 (C) *Surveys of teen mothers have revealed*
10 *that a majority of such mothers have histories of*
11 *sexual and physical abuse, primarily with older*
12 *adult men.*

13 (8) *The negative consequences of an out-of-wed-*
14 *lock birth on the mother, the child, the family, and so-*
15 *ciety are well documented as follows:*

16 (A) *Young women 17 and under who give*
17 *birth outside of marriage are more likely to go*
18 *on public assistance and to spend more years on*
19 *welfare once enrolled. These combined effects of*
20 *“younger and longer” increase total AFDC costs*
21 *per household by 25 percent to 30 percent for 17-*
22 *year-olds.*

23 (B) *Children born out-of-wedlock have a*
24 *substantially higher risk of being born at a very*
25 *low or moderately low birth weight.*

1 (C) Children born out-of-wedlock are more
2 likely to experience low verbal cognitive attain-
3 ment, as well as more child abuse, and neglect.

4 (D) Children born out-of-wedlock were more
5 likely to have lower cognitive scores, lower edu-
6 cational aspirations, and a greater likelihood of
7 becoming teenage parents themselves.

8 (E) Being born out-of-wedlock significantly
9 reduces the chances of the child growing up to
10 have an intact marriage.

11 (F) Children born out-of-wedlock are 3
12 times more likely to be on welfare when they
13 grow up.

14 (9) Currently 35 percent of children in single-
15 parent homes were born out-of-wedlock, nearly the
16 same percentage as that of children in single-parent
17 homes whose parents are divorced (37 percent). While
18 many parents find themselves, through divorce or
19 tragic circumstances beyond their control, facing the
20 difficult task of raising children alone, nevertheless,
21 the negative consequences of raising children in sin-
22 gle-parent homes are well documented as follows:

23 (A) Only 9 percent of married-couple fami-
24 lies with children under 18 years of age have in-
25 come below the national poverty level. In con-

1 *trast, 46 percent of female-headed households*
2 *with children under 18 years of age are below*
3 *the national poverty level.*

4 *(B) Among single-parent families, nearly 1/2*
5 *of the mothers who never married received AFDC*
6 *while only 1/5 of divorced mothers received*
7 *AFDC.*

8 *(C) Children born into families receiving*
9 *welfare assistance are 3 times more likely to be*
10 *on welfare when they reach adulthood than chil-*
11 *dren not born into families receiving welfare.*

12 *(D) Mothers under 20 years of age are at*
13 *the greatest risk of bearing low-birth-weight ba-*
14 *bies.*

15 *(E) The younger the single parent mother,*
16 *the less likely she is to finish high school.*

17 *(F) Young women who have children before*
18 *finishing high school are more likely to receive*
19 *welfare assistance for a longer period of time.*

20 *(G) Between 1985 and 1990, the public cost*
21 *of births to teenage mothers under the aid to*
22 *families with dependent children program, the*
23 *food stamp program, and the medicaid program*
24 *has been estimated at \$120,000,000,000.*

1 (H) *The absence of a father in the life of a*
2 *child has a negative effect on school performance*
3 *and peer adjustment.*

4 (I) *Children of teenage single parents have*
5 *lower cognitive scores, lower educational aspira-*
6 *tions, and a greater likelihood of becoming teen-*
7 *age parents themselves.*

8 (J) *Children of single-parent homes are 3*
9 *times more likely to fail and repeat a year in*
10 *grade school than are children from intact 2-par-*
11 *ent families.*

12 (K) *Children from single-parent homes are*
13 *almost 4 times more likely to be expelled or sus-*
14 *pended from school.*

15 (L) *Neighborhoods with larger percentages*
16 *of youth aged 12 through 20 and areas with*
17 *higher percentages of single-parent households*
18 *have higher rates of violent crime.*

19 (M) *Of those youth held for criminal of-*
20 *fenses within the State juvenile justice system,*
21 *only 29.8 percent lived primarily in a home*
22 *with both parents. In contrast to these incarcer-*
23 *ated youth, 73.9 percent of the 62,800,000 chil-*
24 *dren in the Nation's resident population were*
25 *living with both parents.*

1 (10) *Therefore, in light of this demonstration of*
2 *the crisis in our Nation, it is the sense of the Congress*
3 *that prevention of out-of-wedlock pregnancy and re-*
4 *duction in out-of-wedlock birth and protection of teen-*
5 *age girls from pregnancy as well as predatory sexual*
6 *behavior are very important Government interests*
7 *and the policy contained in part A of title IV of the*
8 *Social Security Act (as amended by section 2103(a)*
9 *of this Act) is intended to address the crisis.*

10 **SEC. 2102. REFERENCE TO SOCIAL SECURITY ACT.**

11 *Except as otherwise specifically provided, wherever in*
12 *this chapter an amendment is expressed in terms of an*
13 *amendment to or repeal of a section or other provision, the*
14 *reference shall be considered to be made to that section or*
15 *other provision of the Social Security Act.*

16 **SEC. 2103. BLOCK GRANTS TO STATES.**

17 (a) *IN GENERAL.*—*Part A of title IV (42 U.S.C. 601*
18 *et seq.) is amended—*

19 (1) *by striking all that precedes section 418 (as*
20 *added by section 2803(b)(2) of this Act) and inserting*
21 *the following:*

1 **“PART A—BLOCK GRANTS TO STATES FOR**
2 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

3 **“SEC. 401. PURPOSE.**

4 “(a) *IN GENERAL.*—*The purpose of this part is to in-*
5 *crease the flexibility of States in operating a program de-*
6 *signed to—*

7 “(1) *provide assistance to needy families so that*
8 *children may be cared for in their own homes or in*
9 *the homes of relatives;*

10 “(2) *end the dependence of needy parents on gov-*
11 *ernment benefits by promoting job preparation, work,*
12 *and marriage;*

13 “(3) *prevent and reduce the incidence of out-of-*
14 *wedlock pregnancies and establish annual numerical*
15 *goals for preventing and reducing the incidence of*
16 *these pregnancies; and*

17 “(4) *encourage the formation and maintenance*
18 *of two-parent families.*

19 “(b) *NO INDIVIDUAL ENTITLEMENT.*—*This part shall*
20 *not be interpreted to entitle any individual or family to*
21 *assistance under any State program funded under this*
22 *part.*

23 **“SEC. 402. ELIGIBLE STATES; STATE PLAN.**

24 “(a) *IN GENERAL.*—*As used in this part, the term ‘eli-*
25 *gible State’ means, with respect to a fiscal year, a State*
26 *that, during the 2-year period immediately preceding the*

1 *fiscal year, has submitted to the Secretary a plan that the*
2 *Secretary has found includes the following:*

3 “(1) *OUTLINE OF FAMILY ASSISTANCE PRO-*
4 *GRAM.—*

5 “(A) *GENERAL PROVISIONS.—A written*
6 *document that outlines how the State intends to*
7 *do the following:*

8 “(i) *Conduct a program, designed to*
9 *serve all political subdivisions in the State*
10 *(not necessarily in a uniform manner), that*
11 *provides assistance to needy families with*
12 *(or expecting) children and provides parents*
13 *with job preparation, work, and support*
14 *services to enable them to leave the program*
15 *and become self-sufficient.*

16 “(ii) *Require a parent or caretaker re-*
17 *ceiving assistance under the program to en-*
18 *gage in work (as defined by the State) once*
19 *the State determines the parent or caretaker*
20 *is ready to engage in work, or once the par-*
21 *ent or caretaker has received assistance*
22 *under the program for 24 months (whether*
23 *or not consecutive), whichever is earlier.*

24 “(iii) *Ensure that parents and care-*
25 *takers receiving assistance under the pro-*

1 *gram engage in work activities in accord-*
2 *ance with section 407.*

3 *“(iv) Take such reasonable steps as the*
4 *State deems necessary to restrict the use*
5 *and disclosure of information about indi-*
6 *viduals and families receiving assistance*
7 *under the program attributable to funds*
8 *provided by the Federal Government.*

9 *“(v) Establish goals and take action to*
10 *prevent and reduce the incidence of out-of-*
11 *wedlock pregnancies, with special emphasis*
12 *on teenage pregnancies, and establish nu-*
13 *merical goals for reducing the illegitimacy*
14 *ratio of the State (as defined in section*
15 *403(a)(2)(B)) for calendar years 1996*
16 *through 2005.*

17 *“(vi) Conduct a program, designed to*
18 *reach State and local law enforcement offi-*
19 *cial, the education system, and relevant*
20 *counseling services, that provides education*
21 *and training on the problem of statutory*
22 *rape so that teenage pregnancy prevention*
23 *programs may be expanded in scope to in-*
24 *clude men.*

1 “(vii) Determine, on an objective and
2 equitable basis, the needs of and the amount
3 of assistance to be provided to needy fami-
4 lies, and, except as provided in subpara-
5 graph (B), treat families of similar needs
6 and circumstances similarly.

7 “(viii) Grant an opportunity for a fair
8 hearing before the appropriate State agency
9 to any individual to whom assistance under
10 the program has been denied, reduced, or
11 terminated, or whose request for such assist-
12 ance is not acted on with reasonable
13 promptness.

14 “(B) SPECIAL PROVISIONS.—

15 “(i) The document shall indicate
16 whether the State intends to treat families
17 moving into the State from another State
18 differently than other families under the
19 program, and if so, how the State intends
20 to treat such families under the program.

21 “(ii) The document shall indicate
22 whether the State intends to provide assist-
23 ance under the program to individuals who
24 are not citizens of the United States, and if

1 so, shall include an overview of such assist-
2 ance.

3 “(iii) Not later than one year after the
4 date of enactment of this Act, unless the
5 State opts out of this provision by notifying
6 the Secretary, a State shall, consistent with
7 the exception provided in section 407(e)(2),
8 require a parent or caretaker receiving as-
9 sistance under the program who, after re-
10 ceiving such assistance for two months is
11 not exempt from work requirements and is
12 not engaged in work, as determined under
13 section 407(c), to participate in community
14 service employment, with minimum hours
15 per week and tasks to be determined by the
16 State.

17 “(2) CERTIFICATION THAT THE STATE WILL OP-
18 ERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—
19 A certification by the chief executive officer of the
20 State that, during the fiscal year, the State will oper-
21 ate a child support enforcement program under the
22 State plan approved under part D.

23 “(3) CERTIFICATION THAT THE STATE WILL OP-
24 ERATE A FOSTER CARE AND ADOPTION ASSISTANCE
25 PROGRAM.—A certification by the chief executive offi-

1 *cer of the State that, during the fiscal year, the State*
2 *will operate a foster care and adoption assistance*
3 *program under the State plan approved under part*
4 *E, and that the State will take such actions as are*
5 *necessary to ensure that children receiving assistance*
6 *under such part are eligible for medical assistance*
7 *under the State plan under title XIX (or XV, if appli-*
8 *cable).*

9 *“(4) CERTIFICATION OF THE ADMINISTRATION*
10 *OF THE PROGRAM.—A certification by the chief execu-*
11 *tive officer of the State specifying which State agency*
12 *or agencies will administer and supervise the pro-*
13 *gram referred to in paragraph (1) for the fiscal year,*
14 *which shall include assurances that local governments*
15 *and private sector organizations—*

16 *“(A) have been consulted regarding the plan*
17 *and design of welfare services in the State so*
18 *that services are provided in a manner appro-*
19 *priate to local populations; and*

20 *“(B) have had at least 45 days to submit*
21 *comments on the plan and the design of such*
22 *services.*

23 *“(5) CERTIFICATION THAT THE STATE WILL*
24 *PROVIDE INDIANS WITH EQUITABLE ACCESS TO AS-*
25 *SISTANCE.—A certification by the chief executive offi-*

1 *cer of the State that, during the fiscal year, the State*
2 *will provide each Indian who is a member of an In-*
3 *dian tribe in the State that does not have a tribal*
4 *family assistance plan approved under section 412*
5 *with equitable access to assistance under the State*
6 *program funded under this part attributable to funds*
7 *provided by the Federal Government.*

8 *“(6) CERTIFICATION OF STANDARDS AND PROCE-*
9 *DURES TO ENSURE AGAINST PROGRAM FRAUD AND*
10 *ABUSE.—A certification by the chief executive officer*
11 *of the State that the State has established and is en-*
12 *forcing standards and procedures to ensure against*
13 *program fraud and abuse, including standards and*
14 *procedures concerning nepotism, conflicts of interest*
15 *among individuals responsible for the administration*
16 *and supervision of the State program, kickbacks, and*
17 *the use of political patronage.*

18 *“(7) CERTIFICATION OF STANDARDS AND PROCE-*
19 *DURES TO ENSURE THAT THE STATE WILL SCREEN*
20 *FOR AND IDENTIFY DOMESTIC VIOLENCE.—*

21 *“(A) IN GENERAL.—A certification by the*
22 *chief executive officer of the State that the State*
23 *has established and is enforcing standards and*
24 *procedures to—*

1 “(i) screen and identify individuals re-
2 ceiving assistance under this part with a
3 history of domestic violence while maintain-
4 ing the confidentiality of such individuals;

5 “(ii) refer such individuals to counsel-
6 ing and supportive services; and

7 “(iii) waive, pursuant to a determina-
8 tion of good cause, other program require-
9 ments such as time limits (for so long as
10 necessary) for individuals receiving assist-
11 ance, residency requirements, child support
12 cooperation requirements, and family cap
13 provisions, in cases where compliance with
14 such requirements would make it more dif-
15 ficult for individuals receiving assistance
16 under this part to escape domestic violence
17 or unfairly penalize such individuals who
18 are or have been victimized by such vio-
19 lence, or individuals who are at risk of fur-
20 ther domestic violence.

21 “(B) DOMESTIC VIOLENCE DEFINED.—For
22 purposes of this paragraph, the term ‘domestic
23 violence’ has the same meaning as the term ‘bat-
24 tered or subjected to extreme cruelty’, as defined
25 in section 408(a)(8)(C)(iii).

1 “(8) *CERTIFICATION REGARDING ELIGIBILITY OF*
2 *INDIVIDUAL WHO HAS BEEN BATTERED OR SUB-*
3 *JECTED TO EXTREME CRUELTY.*—*A certification by*
4 *the chief executive officer of the State that the State*
5 *has established and is enforcing standards and proce-*
6 *dures to ensure that in the case of an individual who*
7 *has been battered or subjected to extreme cruelty, as*
8 *determined under section 408(a)(8)(C)(iii), the State*
9 *will determine the eligibility of such individual for*
10 *assistance under this part based solely on such indi-*
11 *vidual’s income.*

12 “(b) *PUBLIC AVAILABILITY OF STATE PLAN SUM-*
13 *MARY.*—*The State shall make available to the public a sum-*
14 *mary of any plan submitted by the State under this section.*

15 **“SEC. 403. GRANTS TO STATES.**

16 “(a) *GRANTS.*—

17 “(1) *FAMILY ASSISTANCE GRANT.*—

18 “(A) *IN GENERAL.*—*Each eligible State*
19 *shall be entitled to receive from the Secretary, for*
20 *each of fiscal years 1996, 1997, 1998, 1999,*
21 *2000, and 2001 a grant in an amount equal to*
22 *the State family assistance grant.*

23 “(B) *STATE FAMILY ASSISTANCE GRANT DE-*
24 *FINED.*—*As used in this part, the term ‘State*
25 *family assistance grant’ means the greatest of—*

1 “(i) $\frac{1}{3}$ of the total amount required to
2 be paid to the State under former section
3 403 (as in effect on September 30, 1995) for
4 fiscal years 1992, 1993, and 1994 (other
5 than with respect to amounts expended by
6 the State for child care under subsection (g)
7 or (i) of former section 402 (as so in ef-
8 fect));

9 “(ii)(I) the total amount required to be
10 paid to the State under former section 403
11 for fiscal year 1994 (other than with respect
12 to amounts expended by the State for child
13 care under subsection (g) or (i) of former
14 section 402 (as so in effect)); plus

15 “(II) an amount equal to 85 percent of
16 the amount (if any) by which the total
17 amount required to be paid to the State
18 under former section 403(a)(5) for emer-
19 gency assistance for fiscal year 1995 exceeds
20 the total amount required to be paid to the
21 State under former section 403(a)(5) for fis-
22 cal year 1994, if, during fiscal year 1994 or
23 1995, the Secretary approved under former
24 section 402 an amendment to the former
25 State plan to allow the provision of emer-

1 *gency assistance in the context of family*
2 *preservation; or*

3 “(iii) $\frac{4}{3}$ of the total amount required
4 to be paid to the State under former section
5 403 (as in effect on September 30, 1995) for
6 the 1st 3 quarters of fiscal year 1995 (other
7 than with respect to amounts expended by
8 the State under the State plan approved
9 under part F (as so in effect) or for child
10 care under subsection (g) or (i) of former
11 section 402 (as so in effect)), plus the total
12 amount required to be paid to the State for
13 fiscal year 1995 under former section 403(l)
14 (as so in effect).

15 “(C) *TOTAL AMOUNT REQUIRED TO BE PAID*
16 *TO THE STATE UNDER FORMER SECTION 403 DE-*
17 *FINED.—As used in this part, the term ‘total*
18 *amount required to be paid to the State under*
19 *former section 403’ means, with respect to a fis-*
20 *cal year—*

21 “(i) *in the case of a State to which sec-*
22 *tion 1108 does not apply, the sum of—*

23 “(I) *the Federal share of mainte-*
24 *nance assistance expenditures for the*
25 *fiscal year, before reduction pursuant*

1 to subparagraph (B) or (C) of section
2 403(b)(2) (as in effect on September
3 30, 1995), as reported by the State on
4 ACF Form 231;

5 “(II) the Federal share of admin-
6 istrative expenditures (including ad-
7 ministrative expenditures for the devel-
8 opment of management information
9 systems) for the fiscal year, as reported
10 by the State on ACF Form 231;

11 “(III) the Federal share of emer-
12 gency assistance expenditures for the
13 fiscal year, as reported by the State on
14 ACF Form 231;

15 “(IV) the Federal share of expend-
16 itures for the fiscal year with respect to
17 child care pursuant to subsections (g)
18 and (i) of former section 402 (as in ef-
19 fect on September 30, 1995), as re-
20 ported by the State on ACF Form 231;
21 and

22 “(V) the aggregate amount re-
23 quired to be paid to the State for the
24 fiscal year with respect to the State
25 program operated under part F (as in

1 *effect on September 30, 1995), as deter-*
2 *mined by the Secretary, including ad-*
3 *ditional obligations or reductions in*
4 *obligations made after the close of the*
5 *fiscal year; and*

6 *“(ii) in the case of a State to which*
7 *section 1108 applies, the lesser of—*

8 *“(I) the sum described in clause*
9 *(i); or*

10 *“(II) the total amount certified by*
11 *the Secretary under former section 403*
12 *(as in effect during the fiscal year)*
13 *with respect to the territory.*

14 *“(D) INFORMATION TO BE USED IN DETER-*
15 *MINING AMOUNTS.—*

16 *“(i) FOR FISCAL YEARS 1992 AND*
17 *1993.—*

18 *“(I) In determining the amounts*
19 *described in subclauses (I) through*
20 *(IV) of subparagraph (C)(i) for any*
21 *State for each of fiscal years 1992 and*
22 *1993, the Secretary shall use informa-*
23 *tion available as of April 28, 1995.*

24 *“(II) In determining the amount*
25 *described in subparagraph (C)(i)(V)*

1 *for any State for each of fiscal years*
2 *1992 and 1993, the Secretary shall use*
3 *information available as of January 6,*
4 *1995.*

5 “(i) *FOR FISCAL YEAR 1994.—In deter-*
6 *mining the amounts described in subpara-*
7 *graph (C)(i) for any State for fiscal year*
8 *1994, the Secretary shall use information*
9 *available as of April 28, 1995.*

10 “(iii) *FOR FISCAL YEAR 1995.—*

11 “(I) *In determining the amount*
12 *described in subparagraph (B)(i)(II)*
13 *for any State for fiscal year 1995, the*
14 *Secretary shall use the information*
15 *which was reported by the States and*
16 *estimates made by the States with re-*
17 *spect to emergency assistance expendi-*
18 *tures and was available as of August*
19 *11, 1995.*

20 “(II) *In determining the amounts*
21 *described in subclauses (I) through*
22 *(III) of subparagraph (C)(i) for any*
23 *State for fiscal year 1995, the Sec-*
24 *retary shall use information available*
25 *as of October 2, 1995.*

1 “(III) *In determining the amount*
2 *described in subparagraph (C)(i)(IV)*
3 *for any State for fiscal year 1995, the*
4 *Secretary shall use information avail-*
5 *able as of February 28, 1996.*

6 “(IV) *In determining the amount*
7 *described in subparagraph (C)(i)(V)*
8 *for any State for fiscal year 1995, the*
9 *Secretary shall use information avail-*
10 *able as of October 5, 1995.*

11 “(E) *APPROPRIATION.—Out of any money*
12 *in the Treasury of the United States not other-*
13 *wise appropriated, there are appropriated for*
14 *fiscal years 1996, 1997, 1998, 1999, 2000, and*
15 *2001 such sums as are necessary for grants*
16 *under this paragraph.*

17 “(2) *GRANT TO REWARD STATES THAT REDUCE*
18 *OUT-OF-WEDLOCK BIRTHS.—*

19 “(A) *IN GENERAL.—Each eligible State*
20 *shall be entitled to receive from the Secretary for*
21 *fiscal year 1998 or any succeeding fiscal year,*
22 *an illegitimacy reduction bonus if—*

23 “(i) *the State demonstrates that the*
24 *number of out-of-wedlock births that oc-*
25 *curred in the State during the most recent*

1 2-year period for which such information is
2 available decreased as compared to the
3 number of such births that occurred during
4 the previous 2-year period; and

5 “(ii) the rate of induced pregnancy ter-
6 minations in the State for the fiscal year is
7 less than the rate of induced pregnancy ter-
8 minations in the State for fiscal year 1995.

9 “(B) *PARTICIPATION IN ILLEGITIMACY*
10 *BONUS.*—A State that demonstrates a decrease
11 under subparagraph (A)(i) shall be eligible for a
12 grant under paragraph (5).

13 “(II) the rate of induced preg-
14 nancy terminations in the State for the
15 fiscal year is less than the rate of in-
16 duced pregnancy terminations in the
17 State for fiscal year 1995.

18 “(C) *ILLEGITIMACY RATIO.*—As used in this
19 paragraph, the term ‘illegitimacy ratio’ means,
20 with respect to a State and a fiscal year—

21 “(i) the number of out-of-wedlock births
22 that occurred in the State during the most
23 recent fiscal year for which such informa-
24 tion is available; divided by

1 “(ii) the number of births that occurred
2 in the State during the most recent fiscal
3 year for which such information is avail-
4 able.

5 “(D) DISREGARD OF CHANGES IN DATA DUE
6 TO CHANGED REPORTING METHODS.—For pur-
7 poses of subparagraph (A), the Secretary shall
8 disregard—

9 “(i) any difference between the illegit-
10 imacy ratio of a State for a fiscal year and
11 the illegitimacy ratio of the State the pre-
12 ceding 2 fiscal years which is attributable
13 to a change in State methods of reporting
14 data used to calculate the illegitimacy ratio;
15 and

16 “(ii) any difference between the rate of
17 induced pregnancy terminations in a State
18 for a fiscal year and such rate for fiscal
19 year 1995 which is attributable to a change
20 in State methods of reporting data used to
21 calculate such rate.

22 “(E) APPROPRIATION.—Out of any money
23 in the Treasury of the United States not other-
24 wise appropriated, there are appropriated for
25 fiscal year 1998 and for each succeeding fiscal

1 *year such sums as are necessary for grants under*
2 *this paragraph.*

3 “(3) *SUPPLEMENTAL GRANT FOR POPULATION*
4 *INCREASES IN CERTAIN STATES.—*

5 “(A) *IN GENERAL.—Each qualifying State*
6 *shall, subject to subparagraph (F), be entitled to*
7 *receive from the Secretary—*

8 “(i) *for fiscal year 1998 a grant in an*
9 *amount equal to 2.5 percent of the total*
10 *amount required to be paid to the State*
11 *under former section 403 (as in effect dur-*
12 *ing fiscal year 1994) for fiscal year 1994;*
13 *and*

14 “(ii) *for each of fiscal years 1999,*
15 *2000, and 2001, a grant in an amount*
16 *equal to the sum of—*

17 “(I) *the amount (if any) required*
18 *to be paid to the State under this*
19 *paragraph for the immediately preced-*
20 *ing fiscal year; and*

21 “(II) *2.5 percent of the sum of—*

22 “(aa) *the total amount re-*
23 *quired to be paid to the State*
24 *under former section 403 (as in*

1 effect during fiscal year 1994) for
2 fiscal year 1994; and

3 “(bb) the amount (if any) re-
4 quired to be paid to the State
5 under this paragraph for the fis-
6 cal year preceding the fiscal year
7 for which the grant is to be made.

8 “(B) *PRESERVATION OF GRANT WITHOUT*
9 *INCREASES FOR STATES FAILING TO REMAIN*
10 *QUALIFYING STATES.*—Each State that is not a
11 qualifying State for a fiscal year specified in
12 subparagraph (A)(i) but was a qualifying State
13 for a prior fiscal year shall, subject to subpara-
14 graph (F), be entitled to receive from the Sec-
15 retary for the specified fiscal year, a grant in an
16 amount equal to the amount required to be paid
17 to the State under this paragraph for the most
18 recent fiscal year for which the State was a
19 qualifying State.

20 “(C) *QUALIFYING STATE.*—

21 “(i) *IN GENERAL.*—For purposes of
22 this paragraph, a State is a qualifying
23 State for a fiscal year if—

24 “(I) the level of welfare spending
25 per poor person by the State for the

1 *immediately preceding fiscal year is*
2 *less than the national average level of*
3 *State welfare spending per poor person*
4 *for such preceding fiscal year; and*

5 “(II) *the population growth rate*
6 *of the State (as determined by the Bu-*
7 *reau of the Census) for the most recent*
8 *fiscal year for which information is*
9 *available exceeds the average popu-*
10 *lation growth rate for all States (as so*
11 *determined) for such most recent fiscal*
12 *year.*

13 “(ii) *STATE MUST QUALIFY IN FISCAL*
14 *YEAR 1998.—Notwithstanding clause (i), a*
15 *State shall not be a qualifying State for*
16 *any fiscal year after 1998 by reason of*
17 *clause (i) if the State is not a qualifying*
18 *State for fiscal year 1998 by reason of*
19 *clause (i).*

20 “(iii) *CERTAIN STATES DEEMED*
21 *QUALIFYING STATES.—For purposes of this*
22 *paragraph, a State is deemed to be a quali-*
23 *fying State for fiscal years 1998, 1999,*
24 *2000, and 2001 if—*

1 “(I) the level of welfare spending
2 per poor person by the State for fiscal
3 year 1997 is less than 35 percent of the
4 national average level of State welfare
5 spending per poor person for fiscal
6 year 1996; or

7 “(II) the population of the State
8 increased by more than 10 percent
9 from April 1, 1990 to July 1, 1994, ac-
10 cording to the population estimates in
11 publication CB94-204 of the Bureau of
12 the Census.

13 “(D) DEFINITIONS.—As used in this para-
14 graph:

15 “(i) LEVEL OF WELFARE SPENDING
16 PER POOR PERSON.—The term ‘level of
17 State welfare spending per poor person’
18 means, with respect to a State and a fiscal
19 year—

20 “(I) the sum of—

21 “(aa) the total amount re-
22 quired to be paid to the State
23 under former section 403 (as in
24 effect during fiscal year 1994) for
25 fiscal year 1994; and

1 “(bb) the amount (if any)
2 paid to the State under this para-
3 graph for the immediately preced-
4 ing fiscal year; divided by

5 “(II) the number of individuals,
6 according to the 1990 decennial census,
7 who were residents of the State and
8 whose income was below the poverty
9 line.

10 “(i) NATIONAL AVERAGE LEVEL OF
11 STATE WELFARE SPENDING PER POOR PER-
12 SON.—The term ‘national average level of
13 State welfare spending per poor person’
14 means, with respect to a fiscal year, an
15 amount equal to—

16 “(I) the total amount required to
17 be paid to the States under former sec-
18 tion 403 (as in effect during fiscal year
19 1994) for fiscal year 1994; divided by

20 “(II) the number of individuals,
21 according to the 1990 decennial census,
22 who were residents of any State and
23 whose income was below the poverty
24 line.

1 “(iii) *STATE*.—The term ‘State’ means
2 each of the 50 States of the United States
3 and the District of Columbia.

4 “(E) *APPROPRIATION*.—Out of any money
5 in the Treasury of the United States not other-
6 wise appropriated, there are appropriated for
7 fiscal years 1998, 1999, 2000, and 2001 such
8 sums as are necessary for grants under this
9 paragraph, in a total amount not to exceed
10 \$800,000,000.

11 “(F) *GRANTS REDUCED PRO RATA IF INSUF-*
12 *FICIENT APPROPRIATIONS*.—If the amount ap-
13 propriated pursuant to this paragraph for a fis-
14 cal year is less than the total amount of pay-
15 ments otherwise required to be made under this
16 paragraph for the fiscal year, then the amount
17 otherwise payable to any State for the fiscal year
18 under this paragraph shall be reduced by a per-
19 centage equal to the amount so appropriated di-
20 vided by such total amount.

21 “(G) *BUDGET SCORING*.—Notwithstanding
22 section 257(b)(2) of the Balanced Budget and
23 Emergency Deficit Control Act of 1985, the base-
24 line shall assume that no grant shall be made
25 under this paragraph after fiscal year 2000.

1 “(4) *BONUS TO REWARD HIGH PERFORMANCE*
2 *STATES.*—

3 “(A) *IN GENERAL.*—*The Secretary shall*
4 *make a grant pursuant to this paragraph to*
5 *each State for each bonus year for which the*
6 *State is a high performing State.*

7 “(B) *AMOUNT OF GRANT.*—

8 “(i) *IN GENERAL.*—*Subject to clause*
9 *(ii) of this subparagraph, the Secretary*
10 *shall determine the amount of the grant*
11 *payable under this paragraph to a high*
12 *performing State for a bonus year, which*
13 *shall be based on the score assigned to the*
14 *State under subparagraph (D)(i) for the fis-*
15 *cal year that immediately precedes the*
16 *bonus year.*

17 “(ii) *LIMITATION.*—*The amount pay-*
18 *able to a State under this paragraph for a*
19 *bonus year shall not exceed 5 percent of the*
20 *State family assistance grant.*

21 “(C) *FORMULA FOR MEASURING STATE PER-*
22 *FORMANCE.*—*Not later than 1 year after the date*
23 *of the enactment of the Personal Responsibility*
24 *and Work Opportunity Act of 1996, the Sec-*
25 *retary, in consultation with the National Gov-*

1 *ernors' Association and the American Public*
2 *Welfare Association, shall develop a formula for*
3 *measuring State performance in operating the*
4 *State program funded under this part so as to*
5 *achieve the goals set forth in section 401(a). Such*
6 *formula shall emphasize the extent to which the*
7 *State increases the number of families that be-*
8 *come ineligible for assistance under the State*
9 *program funded under this part as a result of*
10 *unsubsidized employment.*

11 *“(D) SCORING OF STATE PERFORMANCE;*
12 *SETTING OF PERFORMANCE THRESHOLDS.—For*
13 *each bonus year, the Secretary shall—*

14 *“(i) use the formula developed under*
15 *subparagraph (C) to assign a score to each*
16 *eligible State for the fiscal year that imme-*
17 *diately precedes the bonus year; and*

18 *“(ii) prescribe a performance threshold*
19 *in such a manner so as to ensure that—*

20 *“(I) the average annual total*
21 *amount of grants to be made under*
22 *this paragraph for each bonus year*
23 *equals the amount specified for such*
24 *bonus year in subparagraph (E)(ii);*
25 *and*

1 “(II) *the total amount of grants to*
2 *be made under this paragraph for all*
3 *bonus years equals \$1,000,000,000.*

4 “(E) *DEFINITIONS.—As used in this para-*
5 *graph:*

6 “(i) *BONUS YEAR.—The term ‘bonus*
7 *year’ means fiscal years 1999, 2000, 2001,*
8 *2002, and 2003.*

9 “(ii) *THE AMOUNT SPECIFIED FOR*
10 *SUCH BONUS YEAR.—The term ‘the amount*
11 *specified for such bonus year’ means the fol-*
12 *lowing:*

13 “(I) *For fiscal years 1999, 2000,*
14 *2001, and 2002, \$175,000,000.*

15 “(II) *For fiscal year 2003,*
16 *\$300,000,000.*

17 “(iii) *HIGH PERFORMING STATE.—The*
18 *term ‘high performing State’ means, with*
19 *respect a bonus year, an eligible State*
20 *whose score assigned pursuant to subpara-*
21 *graph (D)(i) for the fiscal year immediately*
22 *preceding the bonus year equals or exceeds*
23 *the performance threshold prescribed under*
24 *subparagraph (D)(ii) for such preceding fis-*
25 *cal year.*

1 “(F) *APPROPRIATION.*—*Out of any money*
2 *in the Treasury of the United States not other-*
3 *wise appropriated, there are appropriated for*
4 *fiscal years 1999 through 2003 \$1,000,000,000*
5 *for grants under this paragraph.*

6 “(5) *BONUS TO REWARD DECREASE IN ILLEGIT-*
7 *IMACY.*—

8 “(A) *IN GENERAL.*—*The Secretary shall*
9 *make a grant pursuant to this paragraph to*
10 *each State determined eligible under paragraph*
11 *(2)(B) for each bonus year for which the State*
12 *demonstrates a net decrease in out-of-wedlock*
13 *births.*

14 “(B) *AMOUNT OF GRANT.*—

15 “(i) *IN GENERAL.*—*Subject to this sub-*
16 *paragraph, the Secretary shall determine*
17 *the amount of the grant payable under this*
18 *paragraph to a low illegitimacy State for a*
19 *bonus year.*

20 “(ii) *TOP FIVE STATES.*—*With respect*
21 *to States determined eligible under para-*
22 *graph (2)(B) for a fiscal year, the Secretary*
23 *shall determine which five of such States*
24 *demonstrated the greatest decrease in out-of-*
25 *wedlock births under such paragraph for the*

1 *period involved. Each of such five States*
2 *shall receive a grant of equal amount under*
3 *this paragraph for such fiscal year but such*
4 *amount shall not exceed \$20,000,000 for*
5 *any single State.*

6 “(iii) *LESS THAN FIVE STATES.—With*
7 *respect to a fiscal year, if the Secretary de-*
8 *termines that there are less than five States*
9 *eligible under paragraph (2)(B) for a fiscal*
10 *year, the grants under this paragraph shall*
11 *be awarded to each such State in an equal*
12 *amount but such amount shall not exceed*
13 *\$25,000,000 for any single State.*

14 “(C) *BONUS YEAR.—The term ‘bonus year’*
15 *means fiscal years 1999, 2000, 2001, 2002, and*
16 *2003.*

17 “(D) *APPROPRIATION.—Out of any money*
18 *in the Treasury of the United States not other-*
19 *wise appropriated, there are appropriated for*
20 *fiscal years 1999 through 2003, such sums as are*
21 *necessary for grants under this paragraph.*

22 “(b) *CONTINGENCY FUND.—*

23 “(1) *ESTABLISHMENT.—There is hereby estab-*
24 *lished in the Treasury of the United States a fund*
25 *which shall be known as the ‘Contingency Fund for*

1 *State Welfare Programs’ (in this section referred to as*
2 *the ‘Fund’).*

3 “(2) *DEPOSITS INTO FUND.—Out of any money*
4 *in the Treasury of the United States not otherwise*
5 *appropriated, there are appropriated for fiscal years*
6 *1998, 1999, 2000, and 2001 such sums as are nec-*
7 *essary for payment to the Fund in a total amount not*
8 *to exceed \$2,000,000,000.*

9 “(3) *GRANTS.—*

10 “(A) *PROVISIONAL PAYMENTS.—If an eligi-*
11 *ble State submits to the Secretary a request for*
12 *funds under this paragraph during an eligible*
13 *month, the Secretary shall, subject to this para-*
14 *graph, pay to the State, from amounts appro-*
15 *priated pursuant to paragraph (2), an amount*
16 *equal to the amount of funds so requested.*

17 “(B) *PAYMENT PRIORITY.—The Secretary*
18 *shall make payments under subparagraph (A) in*
19 *the order in which the Secretary receives requests*
20 *for such payments.*

21 “(C) *LIMITATIONS.—*

22 “(i) *MONTHLY PAYMENT TO A*
23 *STATE.—The total amount paid to a single*
24 *State under subparagraph (A) during a*

1 month shall not exceed $\frac{1}{12}$ of 20 percent of
2 the State family assistance grant.

3 “(ii) *PAYMENTS TO ALL STATES.*—The
4 total amount paid to all States under sub-
5 paragraph (A) during fiscal years 1998
6 through 2001 shall not exceed the total
7 amount appropriated pursuant to para-
8 graph (2).

9 “(4) *ANNUAL RECONCILIATION.*—Notwithstand-
10 ing paragraph (3), at the end of each fiscal year, each
11 State shall remit to the Secretary an amount equal
12 to the amount (if any) by which the total amount
13 paid to the State under paragraph (3) during the fis-
14 cal year exceeds—

15 “(A) the Federal medical assistance percent-
16 age for the State for the fiscal year (as defined
17 in section 1905(b), as in effect on September 30,
18 1995) of the amount (if any) by which the ex-
19 penditures under the State program funded
20 under this part for the fiscal year exceed historic
21 State expenditures (as defined in section
22 409(a)(7)(B)(iii)); multiplied by

23 “(B) $\frac{1}{12}$ times the number of months dur-
24 ing the fiscal year for which the Secretary makes
25 a payment to the State under this subsection.

1 “(5) *ELIGIBLE MONTH*.—As used in paragraph
2 (3)(A), the term ‘eligible month’ means, with respect
3 to a State, a month in the 2-month period that begins
4 with any month for which the State is a needy State.

5 “(6) *NEEDY STATE*.—For purposes of paragraph
6 (5), a State is a needy State for a month if—

7 “(A) the average rate of—

8 “(i) total unemployment in such State
9 (seasonally adjusted) for the period consist-
10 ing of the most recent 3 months for which
11 data for all States are published equals or
12 exceeds 6.5 percent; and

13 “(ii) total unemployment in such State
14 (seasonally adjusted) for the 3-month period
15 equals or exceeds 110 percent of such aver-
16 age rate for either (or both) of the cor-
17 responding 3-month periods ending in the 2
18 preceding calendar years; or

19 “(B) as determined by the Secretary of Ag-
20 riculture (in the discretion of the Secretary of
21 Agriculture), the monthly average number of in-
22 dividuals (as of the last day of each month) par-
23 ticipating in the food stamp program in the
24 State in the then most recently concluded 3-

1 *month period for which data are available ex-*
2 *ceeds by not less than 10 percent the lesser of—*

3 “(i) *the monthly average number of in-*
4 *dividuals (as of the last day of each month)*
5 *in the State that would have participated*
6 *in the food stamp program in the cor-*
7 *responding 3-month period in fiscal year*
8 *1994 if the amendments made by chapter 4*
9 *of the Personal Responsibility and Work*
10 *Opportunity Act of 1996 and the amend-*
11 *ments made by chapter 1 of subtitle A of*
12 *title I of the Agricultural Reconciliation Act*
13 *of 1996 had been in effect throughout fiscal*
14 *year 1994; or*

15 “(ii) *the monthly average number of*
16 *individuals (as of the last day of each*
17 *month) in the State that would have par-*
18 *ticipated in the food stamp program in the*
19 *corresponding 3-month period in fiscal year*
20 *1995 if the amendments made by chapter 4*
21 *of the Personal Responsibility and Work*
22 *Opportunity Act of 1996 and the amend-*
23 *ments made by chapter 1 of subtitle A of*
24 *title I of the Agricultural Reconciliation Act*

1 of 1996 had been in effect throughout fiscal
2 year 1995.

3 “(7) *OTHER TERMS DEFINED.*—As used in this
4 subsection:

5 “(A) *STATE.*—The term ‘State’ means each
6 of the 50 States of the United States and the
7 District of Columbia.

8 “(B) *SECRETARY.*—The term ‘Secretary’
9 means the Secretary of the Treasury.

10 “(8) *ANNUAL REPORTS.*—The Secretary shall an-
11 nually report to the Congress on the status of the
12 Fund.

13 **“SEC. 404. USE OF GRANTS.**

14 “(a) *GENERAL RULES.*—Subject to this part, a State
15 to which a grant is made under section 403 may use the
16 grant—

17 “(1) in any manner that is reasonably cal-
18 culated to accomplish the purpose of this part, includ-
19 ing to provide low income households with assistance
20 in meeting home heating and cooling costs; or

21 “(2) in any manner that the State was author-
22 ized to use amounts received under part A or F, as
23 such parts were in effect on September 30, 1995.

24 “(b) *LIMITATION ON USE OF GRANT FOR ADMINISTRA-*
25 *TIVE PURPOSES.*—

1 “(1) *LIMITATION.*—A State to which a grant is
2 made under section 403 shall not expend more than
3 15 percent of the grant for administrative purposes.

4 “(2) *EXCEPTION.*—Paragraph (1) shall not
5 apply to the use of a grant for information technology
6 and computerization needed for tracking or monitor-
7 ing required by or under this part.

8 “(c) *AUTHORITY TO TREAT INTERSTATE IMMIGRANTS*
9 *UNDER RULES OF FORMER STATE.*—A State operating a
10 program funded under this part may apply to a family
11 the rules (including benefit amounts) of the program funded
12 under this part of another State if the family has moved
13 to the State from the other State and has resided in the
14 State for less than 12 months.

15 “(d) *AUTHORITY TO USE PORTION OF GRANT FOR*
16 *OTHER PURPOSES.*—

17 “(1) *IN GENERAL.*—A State may use not more
18 than 30 percent of the amount of the grant made to
19 the State under section 403 for a fiscal year to carry
20 out a State program pursuant to the Child Care and
21 Development Block Grant Act of 1990.

22 “(2) *APPLICABLE RULES.*—Any amount paid to
23 the State under this part that is used to carry out a
24 State program pursuant to a provision of law speci-
25 fied or described in paragraph (1) shall not be subject

1 to the requirements of this part, but shall be subject
2 to the requirements that apply to Federal funds pro-
3 vided directly under the provision of law to carry out
4 the program.

5 “(e) *AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR*
6 *ASSISTANCE.*—A State may reserve amounts paid to the
7 State under this part for any fiscal year for the purpose
8 of providing, without fiscal year limitation, assistance
9 under the State program funded under this part.

10 “(f) *AUTHORITY TO OPERATE EMPLOYMENT PLACE-*
11 *MENT PROGRAM.*—A State to which a grant is made under
12 section 403 may use the grant to make payments (or pro-
13 vide job placement vouchers) to State-approved public and
14 private job placement agencies that provide employment
15 placement services to individuals who receive assistance
16 under the State program funded under this part.

17 “(g) *IMPLEMENTATION OF ELECTRONIC BENEFIT*
18 *TRANSFER SYSTEM.*—A State to which a grant is made
19 under section 403 is encouraged to implement an electronic
20 benefit transfer system for providing assistance under the
21 State program funded under this part, and may use the
22 grant for such purpose.

23 “(h) *USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT*
24 *ACCOUNTS.*—

1 “(1) *IN GENERAL.*—A State operating a pro-
2 gram funded under this part may use amounts re-
3 ceived under a grant under section 403 to carry out
4 a program to fund individual development accounts
5 (as defined in paragraph (2)) established by individ-
6 uals eligible for assistance under the State program
7 under this part.

8 “(2) *INDIVIDUAL DEVELOPMENT ACCOUNTS.*—

9 “(A) *ESTABLISHMENT.*—Under a State pro-
10 gram carried out under paragraph (1), an indi-
11 vidual development account may be established
12 by or on behalf of an individual eligible for as-
13 sistance under the State program operated under
14 this part for the purpose of enabling the individ-
15 ual to accumulate funds to for a qualified pur-
16 pose described in subparagraph (B).

17 “(B) *QUALIFIED PURPOSE.*—A qualified
18 purpose described in this subparagraph is 1 or
19 more of the following, as provided by the quali-
20 fied entity providing assistance to the individual
21 under this subsection:

22 “(i) *POSTSECONDARY EDUCATIONAL*
23 *EXPENSES.*—Postsecondary educational ex-
24 penses paid from an individual develop-

1 *ment account directly to an eligible edu-*
2 *cational institution.*

3 “(ii) *FIRST-HOME PURCHASE.*—*Quali-*
4 *fied acquisition costs with respect to a*
5 *qualified principal residence for a qualified*
6 *first-time homebuyer, if paid from an indi-*
7 *vidual development account directly to the*
8 *persons to whom the amounts are due.*

9 “(iii) *BUSINESS CAPITALIZATION.*—
10 *Amounts paid from an individual develop-*
11 *ment account directly to a business capital-*
12 *ization account which is established in a*
13 *federally insured financial institution and*
14 *is restricted to use solely for qualified busi-*
15 *ness capitalization expenses.*

16 “(C) *CONTRIBUTIONS TO BE FROM EARNED*
17 *INCOME.*—*An individual may only contribute to*
18 *an individual development account such*
19 *amounts as are derived from earned income, as*
20 *defined in section 911(d)(2) of the Internal Reve-*
21 *nue Code of 1986.*

22 “(D) *WITHDRAWAL OF FUNDS.*—*The Sec-*
23 *retary shall establish such regulations as may be*
24 *necessary to ensure that funds held in an indi-*
25 *vidual development account are not withdrawn*

1 *except for 1 or more of the qualified purposes de-*
2 *scribed in subparagraph (B).*

3 “(3) *REQUIREMENTS.*—

4 “(A) *IN GENERAL.*—*An individual develop-*
5 *ment account established under this subsection*
6 *shall be a trust created or organized in the Unit-*
7 *ed States and funded through periodic contribu-*
8 *tions by the establishing individual and matched*
9 *by or through a qualified entity for a qualified*
10 *purpose (as described in paragraph (2)(B)).*

11 “(B) *QUALIFIED ENTITY.*—*For purposes of*
12 *this subsection, the term ‘qualified entity’ means*
13 *either—*

14 “(i) *a not-for-profit organization de-*
15 *scribed in section 501(c)(3) of the Internal*
16 *Revenue Code of 1986 and exempt from tax-*
17 *ation under section 501(a) of such Code; or*

18 “(ii) *a State or local government agen-*
19 *cy acting in cooperation with an organiza-*
20 *tion described in clause (i).*

21 “(4) *NO REDUCTION IN BENEFITS.*—*Notwith-*
22 *standing any other provision of Federal law (other*
23 *than the Internal Revenue Code of 1986) that requires*
24 *consideration of 1 or more financial circumstances of*
25 *an individual, for the purpose of determining eligi-*

1 *bility to receive, or the amount of, any assistance or*
2 *benefit authorized by such law to be provided to or for*
3 *the benefit of such individual, funds (including inter-*
4 *est accruing) in an individual development account*
5 *under this subsection shall be disregarded for such*
6 *purpose with respect to any period during which such*
7 *individual maintains or makes contributions into*
8 *such an account.*

9 “(5) *DEFINITIONS.—For purposes of this sub-*
10 *section—*

11 “(A) *ELIGIBLE EDUCATIONAL INSTITU-*
12 *TION.—The term ‘eligible educational institution’*
13 *means the following:*

14 “(i) *An institution described in section*
15 *481(a)(1) or 1201(a) of the Higher Edu-*
16 *cation Act of 1965 (20 U.S.C. 1088(a)(1) or*
17 *1141(a)), as such sections are in effect on*
18 *the date of the enactment of this subsection.*

19 “(ii) *An area vocational education*
20 *school (as defined in subparagraph (C) or*
21 *(D) of section 521(4) of the Carl D. Perkins*
22 *Vocational and Applied Technology Edu-*
23 *cation Act (20 U.S.C. 2471(4))) which is in*
24 *any State (as defined in section 521(33) of*

1 *such Act), as such sections are in effect on*
2 *the date of the enactment of this subsection.*

3 “(B) *POST-SECONDARY EDUCATIONAL EX-*
4 *PENSES.—The term ‘post-secondary educational*
5 *expenses’ means—*

6 “(i) *tuition and fees required for the*
7 *enrollment or attendance of a student at an*
8 *eligible educational institution, and*

9 “(ii) *fees, books, supplies, and equip-*
10 *ment required for courses of instruction at*
11 *an eligible educational institution.*

12 “(C) *QUALIFIED ACQUISITION COSTS.—The*
13 *term ‘qualified acquisition costs’ means the costs*
14 *of acquiring, constructing, or reconstructing a*
15 *residence. The term includes any usual or rea-*
16 *sonable settlement, financing, or other closing*
17 *costs.*

18 “(D) *QUALIFIED BUSINESS.—The term*
19 *‘qualified business’ means any business that does*
20 *not contravene any law or public policy (as de-*
21 *termined by the Secretary).*

22 “(E) *QUALIFIED BUSINESS CAPITALIZATION*
23 *EXPENSES.—The term ‘qualified business cap-*
24 *italization expenses’ means qualified expendi-*

1 *tures for the capitalization of a qualified busi-*
2 *ness pursuant to a qualified plan.*

3 “(F) *QUALIFIED EXPENDITURES.*—*The term*
4 *‘qualified expenditures’ means expenditures in-*
5 *cluded in a qualified plan, including capital,*
6 *plant, equipment, working capital, and inven-*
7 *tory expenses.*

8 “(G) *QUALIFIED FIRST-TIME HOME-*
9 *BUYER.*—

10 “(i) *IN GENERAL.*—*The term ‘qualified*
11 *first-time homebuyer’ means a taxpayer*
12 *(and, if married, the taxpayer’s spouse) who*
13 *has no present ownership interest in a prin-*
14 *cipal residence during the 3-year period*
15 *ending on the date of acquisition of the*
16 *principal residence to which this subsection*
17 *applies.*

18 “(ii) *DATE OF ACQUISITION.*—*The*
19 *term ‘date of acquisition’ means the date on*
20 *which a binding contract to acquire, con-*
21 *struct, or reconstruct the principal residence*
22 *to which this subparagraph applies is en-*
23 *tered into.*

24 “(H) *QUALIFIED PLAN.*—*The term ‘quali-*
25 *fied plan’ means a business plan which—*

1 “(i) is approved by a financial institu-
2 tion, or by a nonprofit loan fund having
3 demonstrated fiduciary integrity,

4 “(ii) includes a description of services
5 or goods to be sold, a marketing plan, and
6 projected financial statements, and

7 “(iii) may require the eligible individ-
8 ual to obtain the assistance of an experi-
9 enced entrepreneurial advisor.

10 “(I) **QUALIFIED PRINCIPAL RESIDENCE.**—
11 The term ‘qualified principal residence’ means a
12 principal residence (within the meaning of sec-
13 tion 1034 of the Internal Revenue Code of 1986),
14 the qualified acquisition costs of which do not ex-
15 ceed 100 percent of the average area purchase
16 price applicable to such residence (determined in
17 accordance with paragraphs (2) and (3) of sec-
18 tion 143(e) of such Code).

19 **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

20 “(a) **QUARTERLY.**—The Secretary shall pay each grant
21 payable to a State under section 403 in quarterly install-
22 ments.

23 “(b) **NOTIFICATION.**—Not later than 3 months before
24 the payment of any such quarterly installment to a State,
25 the Secretary shall notify the State of the amount of any

1 *reduction determined under section 412(a)(1)(B) with re-*
2 *spect to the State.*

3 “(c) *COMPUTATION AND CERTIFICATION OF PAYMENTS*
4 *TO STATES.*—

5 “(1) *COMPUTATION.*—*The Secretary shall esti-*
6 *mate the amount to be paid to each eligible State for*
7 *each quarter under this part, such estimate to be*
8 *based on a report filed by the State containing an es-*
9 *timate by the State of the total sum to be expended*
10 *by the State in the quarter under the State program*
11 *funded under this part and such other information as*
12 *the Secretary may find necessary.*

13 “(2) *CERTIFICATION.*—*The Secretary of Health*
14 *and Human Services shall certify to the Secretary of*
15 *the Treasury the amount estimated under paragraph*
16 *(1) with respect to a State, reduced or increased to*
17 *the extent of any overpayment or underpayment*
18 *which the Secretary of Health and Human Services*
19 *determines was made under this part to the State for*
20 *any prior quarter and with respect to which adjust-*
21 *ment has not been made under this paragraph.*

22 “(d) *PAYMENT METHOD.*—*Upon receipt of a certifi-*
23 *cation under subsection (c)(2) with respect to a State, the*
24 *Secretary of the Treasury shall, through the Fiscal Service*
25 *of the Department of the Treasury and before audit or set-*

1 *tlement by the General Accounting Office, pay to the State,*
2 *at the time or times fixed by the Secretary of Health and*
3 *Human Services, the amount so certified.*

4 **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**
5 **GRAMS.**

6 *“(a) LOAN AUTHORITY.—*

7 *“(1) IN GENERAL.—The Secretary shall make*
8 *loans to any loan-eligible State, for a period to matu-*
9 *rity of not more than 3 years.*

10 *“(2) LOAN-ELIGIBLE STATE.—As used in para-*
11 *graph (1), the term ‘loan-eligible State’ means a State*
12 *against which a penalty has not been imposed under*
13 *section 409(a)(1).*

14 *“(b) RATE OF INTEREST.—The Secretary shall charge*
15 *and collect interest on any loan made under this section*
16 *at a rate equal to the current average market yield on out-*
17 *standing marketable obligations of the United States with*
18 *remaining periods to maturity comparable to the period to*
19 *maturity of the loan.*

20 *“(c) USE OF LOAN.—A State shall use a loan made*
21 *to the State under this section only for any purpose for*
22 *which grant amounts received by the State under section*
23 *403(a) may be used, including—*

24 *“(1) welfare anti-fraud activities; and*

1 “(2) *the provision of assistance under the State*
2 *program to Indian families that have moved from the*
3 *service area of an Indian tribe with a tribal family*
4 *assistance plan approved under section 412.*

5 “(d) *LIMITATION ON TOTAL AMOUNT OF LOANS TO A*
6 *STATE.—The cumulative dollar amount of all loans made*
7 *to a State under this section during fiscal years 1997*
8 *through 2001 shall not exceed 10 percent of the State family*
9 *assistance grant.*

10 “(e) *LIMITATION ON TOTAL AMOUNT OF OUTSTANDING*
11 *LOANS.—The total dollar amount of loans outstanding*
12 *under this section may not exceed \$1,700,000,000.*

13 “(f) *APPROPRIATION.—Out of any money in the Treas-*
14 *ury of the United States not otherwise appropriated, there*
15 *are appropriated such sums as may be necessary for the*
16 *cost of loans under this section.*

17 “**SEC. 407. MANDATORY WORK REQUIREMENTS.**

18 “(a) *PARTICIPATION RATE REQUIREMENTS.—*

19 “(1) *ALL FAMILIES.—A State to which a grant*
20 *is made under section 403 for a fiscal year shall*
21 *achieve the minimum participation rate specified in*
22 *the following table for the fiscal year with respect to*
23 *all families receiving assistance under the State pro-*
24 *gram funded under this part:*

<i>“If the fiscal year is:</i>	<i>The minimum participation rate is:</i>
1996	15
1997	25
1998	30
1999	35
2000	40
2001	45
2002 and thereafter	50.

1 “(2) 2-PARENT FAMILIES.—A State to which a
 2 grant is made under section 403 for a fiscal year
 3 shall achieve the minimum participation rate speci-
 4 fied in the following table for the fiscal year with re-
 5 spect to 2-parent families receiving assistance under
 6 the State program funded under this part:

<i>“If the fiscal year is:</i>	<i>The minimum participation rate is:</i>
1996	50
1997	75
1998	75
1999 and thereafter	90.

7 “(b) CALCULATION OF PARTICIPATION RATES.—

8 “(1) ALL FAMILIES.—

9 “(A) AVERAGE MONTHLY RATE.—For pur-
 10 poses of subsection (a)(1), the participation rate
 11 for all families of a State for a fiscal year is the
 12 average of the participation rates for all families
 13 of the State for each month in the fiscal year.

14 “(B) MONTHLY PARTICIPATION RATES.—

15 The participation rate of a State for all families

1 *of the State for a month, expressed as a percent-*
2 *age, is—*

3 “(i) *the number of families receiving*
4 *assistance under the State program funded*
5 *under this part that include an adult who*
6 *is engaged in work for the month; divided*
7 *by*

8 “(ii) *the amount by which—*

9 “(I) *the number of families receiv-*
10 *ing such assistance during the month*
11 *that include an adult receiving such*
12 *assistance; exceeds*

13 “(II) *the number of families re-*
14 *ceiving such assistance that are subject*
15 *in such month to a penalty described*
16 *in subsection (e)(1) but have not been*
17 *subject to such penalty for more than 3*
18 *months within the preceding 12-month*
19 *period (whether or not consecutive).*

20 “(2) *2-PARENT FAMILIES.—*

21 “(A) *AVERAGE MONTHLY RATE.—For pur-*
22 *poses of subsection (a)(2), the participation rate*
23 *for 2-parent families of a State for a fiscal year*
24 *is the average of the participation rates for 2-*

1 *parent families of the State for each month in*
2 *the fiscal year.*

3 “(B) *MONTHLY PARTICIPATION RATES.*—
4 *The participation rate of a State for 2-parent*
5 *families of the State for a month shall be cal-*
6 *culated by use of the formula set forth in para-*
7 *graph (1)(B), except that in the formula the term*
8 *‘number of 2-parent families’ shall be substituted*
9 *for the term ‘number of families’ each place such*
10 *latter term appears.*

11 “(3) *PRO RATA REDUCTION OF PARTICIPATION*
12 *RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED*
13 *BY FEDERAL LAW.*—

14 “(A) *IN GENERAL.*—*The Secretary shall*
15 *prescribe regulations for reducing the minimum*
16 *participation rate otherwise required by this sec-*
17 *tion for a fiscal year by the number of percent-*
18 *age points equal to the number of percentage*
19 *points (if any) by which—*

20 “(i) *the average monthly number of*
21 *families receiving assistance during the fis-*
22 *cal year under the State program funded*
23 *under this part is less than*

24 “(ii) *the average monthly number of*
25 *families that received aid under the State*

1 *plan approved under part A (as in effect on*
2 *September 30, 1995) during fiscal year*
3 *1995.*

4 *The minimum participation rate shall not be re-*
5 *duced to the extent that the Secretary determines*
6 *that the reduction in the number of families re-*
7 *ceiving such assistance is required by Federal*
8 *law.*

9 *“(B) ELIGIBILITY CHANGES NOT COUNT-*
10 *ED.—The regulations described in subparagraph*
11 *(A) shall not take into account families that are*
12 *diverted from a State program funded under this*
13 *part as a result of differences in eligibility cri-*
14 *teria under a State program funded under this*
15 *part and eligibility criteria under the State pro-*
16 *gram operated under the State plan approved*
17 *under part A (as such plan and such part were*
18 *in effect on September 30, 1995). Such regula-*
19 *tions shall place the burden on the Secretary to*
20 *prove that such families were diverted as a direct*
21 *result of differences in such eligibility criteria.*

22 *“(4) STATE OPTION TO INCLUDE INDIVIDUALS*
23 *RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY AS-*
24 *SISTANCE PLAN.—For purposes of paragraphs (1)(B)*
25 *and (2)(B), a State may, at its option, include fami-*

1 *lies receiving assistance under a tribal family assist-*
2 *ance plan approved under section 412.*

3 “(5) *STATE OPTION FOR PARTICIPATION RE-*
4 *QUIREMENT EXEMPTIONS.—*

5 “(A) *IN GENERAL.—For any fiscal year, a*
6 *State may, at its option, not require an individ-*
7 *ual who is a single custodial parent caring for*
8 *a child who has not attained 12 months of age*
9 *to engage in work and may disregard such an*
10 *individual in determining the participation*
11 *rates under subsection (a).*

12 “(B) *LIMITATION.—The exemption de-*
13 *scribed in subparagraph (A) may only be ap-*
14 *plied to a single custodial parent for a total of*
15 *12 months (whether or not consecutive).*

16 “(c) *ENGAGED IN WORK.—*

17 “(1) *ALL FAMILIES.—For purposes of subsection*
18 *(b)(1)(B)(i), a recipient is engaged in work for a*
19 *month in a fiscal year if the recipient is participat-*
20 *ing in work activities for at least the minimum aver-*
21 *age number of hours per week specified in the follow-*
22 *ing table during the month, not fewer than 20 hours*
23 *per week of which are attributable to an activity de-*
24 *scribed in paragraph (1), (2), (3), (4), (5), (6), (7),*
25 *or (8) of subsection (d):*

<i>“If the month is in fiscal year:</i>	<i>The minimum average number of hours per week is:</i>
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002 and thereafter	35.

1 *“(2) 2-PARENT FAMILIES.—For purposes of sub-*
2 *section (b)(2)(B)(i)—*

3 *“(A) an adult is engaged in work for a*
4 *month in a fiscal year if the adult is making*
5 *progress in work activities for at least 35 hours*
6 *per week during the month, not fewer than 30*
7 *hours per week of which are attributable to an*
8 *activity described in paragraph (1), (2), (3), (4),*
9 *(5), (6), (7), or (8) of subsection (d); and*

10 *“(B) if the family of such adult receives fed-*
11 *erally-funded child care assistance, if the adult’s*
12 *spouse is making progress in work activities for*
13 *at least 20 hours per week during the month*
14 *which are attributable to an activity described in*
15 *paragraph (1), (2), (3), (4), (5), or (7) of sub-*
16 *section (d).*

17 *“(3) LIMITATION ON NUMBER OF WEEKS FOR*
18 *WHICH JOB SEARCH COUNTS AS WORK.—Notwith-*
19 *standing paragraphs (1) and (2), an individual shall*
20 *not be considered to be engaged in work by virtue of*

1 participation in an activity described in subsection
2 (d)(6), after the individual has participated in such
3 an activity for 4 weeks (except if the unemployment
4 rate in the State is above the national average, in
5 which case, 12 weeks) in a fiscal year. An individual
6 shall be considered to be participating in such an ac-
7 tivity for a week if the individual participates in
8 such an activity at any time during the week.

9 “(4) *LIMITATION ON EDUCATION ACTIVITIES*
10 *COUNTED AS WORK.*—For purposes of determining
11 monthly participation rates under paragraphs
12 (1)(B)(i) and (2)(B)(i) of subsection (b), not more
13 than 30 percent of adults in all families and in 2-
14 parent families determined to be engaged in work in
15 the State for a month may meet the work activity re-
16 quirement through participation in vocational edu-
17 cational training.

18 “(5) *SINGLE PARENT WITH CHILD UNDER AGE 6*
19 *DEEMED TO BE MEETING WORK PARTICIPATION RE-*
20 *QUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20*
21 *HOURS PER WEEK.*—For purposes of determining
22 monthly participation rates under subsection
23 (b)(1)(B)(i), a recipient in a 1-parent family who is
24 the parent of a child who has not attained 6 years
25 of age is deemed to be engaged in work for a month

1 *if the recipient is engaged in work for an average of*
2 *at least 20 hours per week during the month.*

3 “(6) *TEEN HEAD OF HOUSEHOLD WHO MAIN-*
4 *TAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED*
5 *TO BE MEETING WORK PARTICIPATION REQUIRE-*
6 *MENTS.—For purposes of determining monthly par-*
7 *ticipation rates under subsection (b)(1)(B)(i), a recip-*
8 *ient who is a single head of household and has not*
9 *attained 20 years of age is deemed to be engaged in*
10 *work for a month in a fiscal year if the recipient—*

11 “(A) *maintains satisfactory attendance at*
12 *secondary school or the equivalent during the*
13 *month; or*

14 “(B) *participates in education directly re-*
15 *lated to employment for at least the minimum*
16 *average number of hours per week specified in*
17 *the table set forth in paragraph (1).*

18 “(d) *WORK ACTIVITIES DEFINED.—As used in this*
19 *section, the term ‘work activities’ means—*

20 “(1) *unsubsidized employment;*

21 “(2) *subsidized private sector employment;*

22 “(3) *subsidized public sector employment;*

23 “(4) *work experience (including work associated*
24 *with the refurbishing of publicly assisted housing) if*
25 *sufficient private sector employment is not available;*

1 “(5) *on-the-job training*;

2 “(6) *job search and job readiness assistance*;

3 “(7) *community service programs*;

4 “(8) *educational training (not to exceed 24*
5 *months with respect to any individual)*;

6 “(9) *job skills training directly related to em-*
7 *ployment*;

8 “(10) *education directly related to employment,*
9 *in the case of a recipient who has not attained 20*
10 *years of age, and has not received a high school di-*
11 *ploma or a certificate of high school equivalency; and*

12 “(11) *satisfactory attendance at secondary*
13 *school, in the case of a recipient who—*

14 “(A) *has not completed secondary school;*
15 *and*

16 “(B) *is a dependent child, or a head of*
17 *household who has not attained 20 years of age.*

18 “(e) *PENALTIES AGAINST INDIVIDUALS.—*

19 “(1) *IN GENERAL.—Except as provided in para-*
20 *graph (2), if an adult in a family receiving assistance*
21 *under the State program funded under this part re-*
22 *fuses to engage in work required in accordance with*
23 *this section, the State shall—*

24 “(A) *reduce the amount of assistance other-*
25 *wise payable to the family pro rata (or more, at*

1 *the option of the State) with respect to any pe-*
2 *riod during a month in which the adult so re-*
3 *fuses; or*

4 *“(B) terminate such assistance,*
5 *subject to such good cause and other exceptions as the*
6 *State may establish.*

7 “(2) *EXCEPTION.—*

8 *“(A) IN GENERAL.—Notwithstanding para-*
9 *graph (1), a State may not reduce or terminate*
10 *assistance under the State program funded under*
11 *this part based on a refusal of an adult to work*
12 *if the adult is a single custodial parent caring*
13 *for a child who has not attained 11 years of age,*
14 *and the adult proves that the adult has a dem-*
15 *onstrated inability (as determined by the State)*
16 *to obtain needed child care, for 1 or more of the*
17 *following reasons:*

18 *“(i) Unavailability of appropriate*
19 *child care within a reasonable distance from*
20 *the individual’s home or work site.*

21 *“(ii) Unavailability or unsuitability of*
22 *informal child care by a relative or under*
23 *other arrangements.*

1 “(iii) Unavailability of appropriate
2 and affordable formal child care arrange-
3 ments.

4 “(B) INCLUDED IN DETERMINATION OF PAR-
5 TICIPATION RATES.—A State may not disregard
6 an adult for which the exception described in
7 subparagraph (A) applies from determination of
8 the participation rates under subsection (a).

9 “(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

10 “(1) IN GENERAL.—Subject to paragraph (2), an
11 adult in a family receiving assistance under a State
12 program funded under this part attributable to funds
13 provided by the Federal Government may fill a va-
14 cant employment position in order to engage in a
15 work activity described in subsection (d).

16 “(2) NO FILLING OF CERTAIN VACANCIES.—No
17 work assignment to an adult in a family receiving as-
18 sistance under a State program funded under this
19 part shall result in—

20 “(A) the displacement of any currently em-
21 ployed worker (including any temporary layoffs
22 and any partial displacement of such worker
23 through such matters as a reduction in the hours
24 of nonovertime work, wages, or employment ben-
25 efits; and

1 “(B) *the termination of the employment of*
2 *any regular employee or any other involuntary*
3 *reduction of an employer’s workforce in order to*
4 *fill the vacancy so created with an adult de-*
5 *scribed in paragraph (1).*

6 “(3) *GRIEVANCE PROCEDURE.—A State with a*
7 *program funded under this part shall establish and*
8 *maintain a grievance procedure for resolving com-*
9 *plaints of alleged violations of the provisions of para-*
10 *graph (2) and for providing adequate remedies for*
11 *any such violations established. The grievance proce-*
12 *dure established under this paragraph shall include*
13 *an opportunity for a hearing.*

14 “(4) *NO PREEMPTION.—Nothing in this sub-*
15 *section shall preempt or supersede any provision of*
16 *State or local law that provides greater protection for*
17 *employees from displacement.*

18 “(g) *SENSE OF THE CONGRESS.—It is the sense of the*
19 *Congress that in complying with this section, each State*
20 *that operates a program funded under this part is encour-*
21 *aged to assign the highest priority to requiring adults in*
22 *2-parent families and adults in single-parent families that*
23 *include older preschool or school-age children to be engaged*
24 *in work activities.*

1 “(h) *SENSE OF THE CONGRESS THAT STATES SHOULD*
 2 *IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NON-*
 3 *SUPPORTING MINOR PARENTS.*—*It is the sense of the Con-*
 4 *gress that the States should require noncustodial, non-*
 5 *supporting parents who have not attained 18 years of age*
 6 *to fulfill community work obligations and attend appro-*
 7 *priate parenting or money management classes after school.*

8 “(i) *ENCOURAGEMENT TO PROVIDE CHILD CARE*
 9 *SERVICES.*—*An individual participating in a State com-*
 10 *munity service program may be treated as being engaged*
 11 *in work under subsection (c) if such individual provides*
 12 *child care services to other individuals participating in the*
 13 *community service program in the manner, and for the pe-*
 14 *riod of time each week, determined appropriate by the*
 15 *State.*

16 **“SEC. 408. PROHIBITIONS; REQUIREMENTS.**

17 “(a) *IN GENERAL.*—

18 “(1) *NO ASSISTANCE FOR FAMILIES WITHOUT A*
 19 *MINOR CHILD.*—*A State to which a grant is made*
 20 *under section 403 shall not use any part of the grant*
 21 *to provide assistance to a family—*

22 “(A) *unless the family includes—*

23 “(i) *a minor child who resides with a*
 24 *custodial parent or other adult caretaker*
 25 *relative of the child; or*

1 “(ii) a pregnant individual; and
2 “(B) if such family includes an adult who
3 has received assistance under any State program
4 funded under this part attributable to funds pro-
5 vided by the Federal Government, for 60 months
6 (whether or not consecutive) after the date the
7 State program funded under this part com-
8 mences (unless an exception described in sub-
9 paragraph (B) or (C) of paragraph (8) applies).

10 “(2) *REDUCTION OR ELIMINATION OF ASSIST-*
11 *ANCE FOR NONCOOPERATION IN ESTABLISHING PA-*
12 *TERNITY OR OBTAINING CHILD SUPPORT.—If the*
13 *agency responsible for administering the State plan*
14 *approved under part D determines that an individual*
15 *is not cooperating with the State in establishing pa-*
16 *ternity or in establishing, modifying, or enforcing a*
17 *support order with respect to a child of the individ-*
18 *ual, and the individual does not qualify for any good*
19 *cause or other exception established by the State pur-*
20 *suant to section 454(29), then the State—*

21 “(A) shall deduct not less than 25 percent
22 of the assistance that would otherwise be pro-
23 vided to the family of the individual under the
24 State program funded under this part; and

1 “(B) may deny the family any assistance
2 under the State program.

3 “(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGN-
4 ING CERTAIN SUPPORT RIGHTS TO THE STATE.—

5 “(A) IN GENERAL.—A State to which a
6 grant is made under section 403 shall require, as
7 a condition of providing assistance to a family
8 under the State program funded under this part,
9 that a member of the family assign to the State
10 any rights the family member may have (on be-
11 half of the family member or of any other person
12 for whom the family member has applied for or
13 is receiving such assistance) to support from any
14 other person, not exceeding the total amount of
15 assistance so provided to the family, which ac-
16 crue (or have accrued) before the date the family
17 leaves the program, which assignment, on and
18 after the date the family leaves the program,
19 shall not apply with respect to any support
20 (other than support collected pursuant to section
21 464) which accrued before the family received
22 such assistance and which the State has not col-
23 lected by—

1 “(i) September 30, 2000, if the assign-
2 ment is executed on or after October 1,
3 1997, and before October 1, 2000; or

4 “(ii) the date the family leaves the pro-
5 gram, if the assignment is executed on or
6 after October 1, 2000.

7 “(B) *LIMITATION.*—A State to which a
8 grant is made under section 403 shall not re-
9 quire, as a condition of providing assistance to
10 any family under the State program funded
11 under this part, that a member of the family as-
12 sign to the State any rights to support described
13 in subparagraph (A) which accrue after the date
14 the family leaves the program.

15 “(4) *NO ASSISTANCE FOR TEENAGE PARENTS*
16 *WHO DO NOT ATTEND HIGH SCHOOL OR OTHER*
17 *EQUIVALENT TRAINING PROGRAM.*—A State to which
18 a grant is made under section 403 shall not use any
19 part of the grant to provide assistance to an individ-
20 ual who has not attained 18 years of age, is not mar-
21 ried, has a minor child at least 12 weeks of age in
22 his or her care, and has not successfully completed a
23 high-school education (or its equivalent), if the indi-
24 vidual does not participate in—

1 “(A) *educational activities directed toward*
2 *the attainment of a high school diploma or its*
3 *equivalent; or*

4 “(B) *an alternative educational or training*
5 *program that has been approved by the State.*

6 “(5) *NO ASSISTANCE FOR TEENAGE PARENTS*
7 *NOT LIVING IN ADULT-SUPERVISED SETTINGS.—*

8 “(A) *IN GENERAL.—*

9 “(i) *REQUIREMENT.—Except as pro-*
10 *vided in subparagraph (B), a State to*
11 *which a grant is made under section 403*
12 *shall not use any part of the grant to pro-*
13 *vide assistance to an individual described*
14 *in clause (ii) of this subparagraph if the in-*
15 *dividual and the minor child referred to in*
16 *clause (ii)(II) do not reside in a place of*
17 *residence maintained by a parent, legal*
18 *guardian, or other adult relative of the in-*
19 *dividual as such parent’s, guardian’s, or*
20 *adult relative’s own home.*

21 “(ii) *INDIVIDUAL DESCRIBED.—For*
22 *purposes of clause (i), an individual de-*
23 *scribed in this clause is an individual*
24 *who—*

1 “(I) has not attained 18 years of
2 age; and

3 “(II) is not married, and has a
4 minor child in his or her care.

5 “(B) EXCEPTION.—

6 “(i) PROVISION OF, OR ASSISTANCE IN
7 LOCATING, ADULT-SUPERVISED LIVING AR-
8 RANGEMENT.—In the case of an individual
9 who is described in clause (ii), the State
10 agency referred to in section 402(a)(4) shall
11 provide, or assist the individual in locating,
12 a second chance home, maternity home, or
13 other appropriate adult-supervised support-
14 ive living arrangement, taking into consid-
15 eration the needs and concerns of the indi-
16 vidual, and thereafter shall require that the
17 individual and the minor child referred to
18 in subparagraph (A)(ii)(II) reside in such
19 living arrangement as a condition of the
20 continued receipt of assistance under the
21 State program funded under this part at-
22 tributable to funds provided by the Federal
23 Government (or in an alternative appro-
24 priate arrangement, should circumstances

1 *change and the current arrangement cease*
2 *to be appropriate).*

3 “(i) *INDIVIDUAL DESCRIBED.—For*
4 *purposes of clause (i), an individual is de-*
5 *scribed in this clause if the individual is de-*
6 *scribed in subparagraph (A)(ii), and—*

7 “(I) *the individual has no parent,*
8 *legal guardian or other appropriate*
9 *adult relative described in subclause*
10 *(II) of his or her own who is living or*
11 *whose whereabouts are known;*

12 “(II) *no living parent, legal*
13 *guardian, or other appropriate adult*
14 *relative, who would otherwise meet ap-*
15 *plicable State criteria to act as the in-*
16 *dividual’s legal guardian, of such indi-*
17 *vidual allows the individual to live in*
18 *the home of such parent, guardian, or*
19 *relative;*

20 “(III) *the State agency determines*
21 *that—*

22 “(aa) *the individual or the*
23 *minor child referred to in sub-*
24 *paragraph (A)(ii)(II) is being or*
25 *has been subjected to serious phys-*

1 *ical or emotional harm, sexual*
2 *abuse, or exploitation in the resi-*
3 *dence of the individual’s own par-*
4 *ent or legal guardian; or*

5 *“(bb) substantial evidence ex-*
6 *ists of an act or failure to act that*
7 *presents an imminent or serious*
8 *harm if the individual and the*
9 *minor child lived in the same res-*
10 *idence with the individual’s own*
11 *parent or legal guardian; or*

12 *“(IV) the State agency otherwise*
13 *determines that it is in the best inter-*
14 *est of the minor child to waive the re-*
15 *quirement of subparagraph (A) with*
16 *respect to the individual or the minor*
17 *child.*

18 *“(iii) SECOND-CHANCE HOME.—For*
19 *purposes of this subparagraph, the term*
20 *‘second-chance home’ means an entity that*
21 *provides individuals described in clause (ii)*
22 *with a supportive and supervised living ar-*
23 *rangement in which such individuals are*
24 *required to learn parenting skills, including*
25 *child development, family budgeting, health*

1 *and nutrition, and other skills to promote*
2 *their long-term economic independence and*
3 *the well-being of their children.*

4 “(6) *NO MEDICAL SERVICES.—*

5 “*(A) IN GENERAL.—Except as provided in*
6 *subparagraph (B), a State to which a grant is*
7 *made under section 403 shall not use any part*
8 *of the grant to provide medical services.*

9 “*(B) EXCEPTION FOR FAMILY PLANNING*
10 *SERVICES.—As used in subparagraph (A), the*
11 *term ‘medical services’ does not include family*
12 *planning services.*

13 “(7) *SANCTION WELFARE RECIPIENTS FOR FAIL-*
14 *ING TO ENSURE THAT MINOR DEPENDENT CHILDREN*
15 *ATTEND SCHOOL.—*

16 “*(A) IN GENERAL.—A State to which a*
17 *grant is made under section 403 shall not be*
18 *prohibited from sanctioning a family that in-*
19 *cludes an adult who has received assistance*
20 *under any State program funded under this part*
21 *attributable to funds provided by the Federal*
22 *Government or under the food stamp program,*
23 *as defined in section 3(h) of the Food Stamp Act*
24 *of 1977, if such adult fails to ensure that the*
25 *minor dependent children of such adult attend*

1 *school as required by the law of the State in*
2 *which the minor children reside.*

3 “(8) *DENIAL OF ASSISTANCE FOR 10 YEARS TO A*
4 *PERSON FOUND TO HAVE FRAUDULENTLY MISREPRE-*
5 *SENTED RESIDENCE IN ORDER TO OBTAIN ASSIST-*
6 *ANCE IN 2 OR MORE STATES.—A State to which a*
7 *grant is made under section 403 shall not use any*
8 *part of the grant to provide cash assistance to an in-*
9 *dividual during the 10-year period that begins on the*
10 *date the individual is convicted in Federal or State*
11 *court of having made a fraudulent statement or rep-*
12 *resentation with respect to the place of residence of*
13 *the individual in order to receive assistance simulta-*
14 *neously from 2 or more States under programs that*
15 *are funded under this title, title XV or XIX, or the*
16 *Food Stamp Act of 1977, or benefits in 2 or more*
17 *States under the supplemental security income pro-*
18 *gram under title XVI. The preceding sentence shall*
19 *not apply with respect to a conviction of an individ-*
20 *ual, for any month beginning after the President of*
21 *the United States grants a pardon with respect to the*
22 *conduct which was the subject of the conviction.*

23 “(9) *DENIAL OF ASSISTANCE FOR FUGITIVE FEL-*
24 *ONS AND PROBATION AND PAROLE VIOLATORS.—*

1 “(A) *IN GENERAL.*—A State to which a
2 grant is made under section 403 shall not use
3 any part of the grant to provide assistance to
4 any individual who is—

5 “(i) *fleeing to avoid prosecution, or*
6 *custody or confinement after conviction,*
7 *under the laws of the place from which the*
8 *individual flees, for a crime, or an attempt*
9 *to commit a crime, which is a felony under*
10 *the laws of the place from which the indi-*
11 *vidual flees, or which, in the case of the*
12 *State of New Jersey, is a high misdemeanor*
13 *under the laws of such State; or*

14 “(ii) *violating a condition of probation*
15 *or parole imposed under Federal or State*
16 *law.*

17 *The preceding sentence shall not apply with re-*
18 *spect to conduct of an individual, for any month*
19 *beginning after the President of the United*
20 *States grants a pardon with respect to the con-*
21 *duct.*

22 “(B) *EXCHANGE OF INFORMATION WITH*
23 *LAW ENFORCEMENT AGENCIES.*—*If a State to*
24 *which a grant is made under section 403 estab-*
25 *lishes safeguards against the use or disclosure of*

1 *information about applicants or recipients of as-*
2 *stance under the State program funded under*
3 *this part, the safeguards shall not prevent the*
4 *State agency administering the program from*
5 *furnishing a Federal, State, or local law enforce-*
6 *ment officer, upon the request of the officer, with*
7 *the current address of any recipient if the officer*
8 *furnishes the agency with the name of the recipi-*
9 *ent and notifies the agency that—*

10 “(i) *the recipient—*

11 “(I) *is described in subparagraph*
12 *(A); or*

13 “(II) *has information that is nec-*
14 *essary for the officer to conduct the of-*
15 *ficial duties of the officer; and*

16 “(ii) *the location or apprehension of*
17 *the recipient is within such official duties.*

18 “(10) *DENIAL OF ASSISTANCE FOR MINOR CHIL-*
19 *DREN WHO ARE ABSENT FROM THE HOME FOR A SIG-*
20 *NIFICANT PERIOD.—*

21 “(A) *IN GENERAL.—A State to which a*
22 *grant is made under section 403 shall not use*
23 *any part of the grant to provide assistance for*
24 *a minor child who has been, or is expected by a*
25 *parent (or other caretaker relative) of the child*

1 to be, absent from the home for a period of 45
2 consecutive days or, at the option of the State,
3 such period of not less than 30 and not more
4 than 180 consecutive days as the State may pro-
5 vide for in the State plan submitted pursuant to
6 section 402.

7 “(B) *STATE AUTHORITY TO ESTABLISH*
8 *GOOD CAUSE EXCEPTIONS.*—The State may es-
9 tablish such good cause exceptions to subpara-
10 graph (A) as the State considers appropriate if
11 such exceptions are provided for in the State
12 plan submitted pursuant to section 402.

13 “(C) *DENIAL OF ASSISTANCE FOR RELATIVE*
14 *WHO FAILS TO NOTIFY STATE AGENCY OF AB-*
15 *SENCE OF CHILD.*—A State to which a grant is
16 made under section 403 shall not use any part
17 of the grant to provide assistance for an individ-
18 ual who is a parent (or other caretaker relative)
19 of a minor child and who fails to notify the
20 agency administering the State program funded
21 under this part of the absence of the minor child
22 from the home for the period specified in or pro-
23 vided for pursuant to subparagraph (A), by the
24 end of the 5-day period that begins with the date
25 that it becomes clear to the parent (or relative)

1 *that the minor child will be absent for such pe-*
2 *riod so specified or provided for.*

3 “(11) *ASSURING MEDICAID COVERAGE FOR LOW-*
4 *INCOME FAMILIES.—*

5 “(A) *IN GENERAL.—Notwithstanding any*
6 *other provision of this Act, subject to the succeed-*
7 *ing provisions of this paragraph, with respect to*
8 *a State any reference in title XIX (or other pro-*
9 *vision of law in relation to the operation of such*
10 *title) to a provision of this part, or a State plan*
11 *under this part (or a provision of such a plan),*
12 *including standards and methodologies for deter-*
13 *mining income and resources under this part or*
14 *such plan, shall be considered a reference to such*
15 *a provision or plan as in effect as of July 1,*
16 *1996, with respect to the State.*

17 “(B) *CONSTRUCTIONS.—*

18 “(i) *In applying section 1925(a)(1),*
19 *the reference to ‘section 402(a)(8)(B)(ii)(II)’*
20 *is deemed a reference to a corresponding*
21 *earning disregard rule (if any) established*
22 *under a State program funded under this*
23 *part (as in effect on or after October 1,*
24 *1996).*

1 “(ii) *The provisions of former section*
2 *406(h) (as in effect on July 1, 1996) shall*
3 *apply, in relation to title XIX, with respect*
4 *to individuals who receive assistance under*
5 *a State program funded under this part (as*
6 *in effect on or after October 1, 1996) and*
7 *are eligible for medical assistance under*
8 *title XIX or who are described in subpara-*
9 *graph (C)(i) in the same manner as they*
10 *apply as of July 1, 1996, with respect to in-*
11 *dividuals who become ineligible for aid to*
12 *families with dependent children as a result*
13 *(wholly or partly) of the collection or in-*
14 *creased collection of child or spousal sup-*
15 *port under part D of this title.*

16 “(iii) *With respect to the reference in*
17 *section 1902(a)(5) to a State plan approved*
18 *under this part, a State may treat such ref-*
19 *erence as a reference either to a State pro-*
20 *gram funded under this part (as in effect on*
21 *or after October 1, 1996) or to the State*
22 *plan under title XIX.*

23 “(C) *ELIGIBILITY CRITERIA.—*

24 “(i) *IN GENERAL.—For purposes of*
25 *title XIX, subject to clause (ii), in determin-*

1 *ing eligibility for medical assistance under*
2 *such title, an individual shall be treated as*
3 *receiving aid or assistance under a State*
4 *plan approved under this part (and shall be*
5 *treated as meeting the income and resource*
6 *standards under this part) only if the indi-*
7 *vidual meets—*

8 *“(I) the income and resource*
9 *standards for determining eligibility*
10 *under such plan; and*

11 *“(II) the eligibility requirements*
12 *of such plan under subsections (a)*
13 *through (c) of former section 406 and*
14 *former section 407(a),*

15 *as in effect as of July 1, 1996. Subject to*
16 *clause (ii)(II), the income and resource*
17 *methodologies under such plan as of such*
18 *date shall be used in the determination of*
19 *whether any individual meets income and*
20 *resource standards under such plan.*

21 *“(ii) STATE OPTION.—For purposes of*
22 *applying this paragraph, a State may—*

23 *“(I) lower its income standards*
24 *applicable with respect to this part,*
25 *but not below the income standards ap-*

1 *plicable under its State plan under*
2 *this part on May 1, 1988; and*

3 “(II) *use income and resource*
4 *standards or methodologies that are*
5 *less restrictive than the standards or*
6 *methodologies used under the State*
7 *plan under this part as of July 1,*
8 *1996.*

9 “(iii) *TRANSITIONAL COVERAGE.—For*
10 *purposes of section 1925, an individual who*
11 *is receiving assistance under the State pro-*
12 *gram funded under this part (as in effect on*
13 *or after October 1, 1996) and is eligible for*
14 *medical assistance under title XIX shall be*
15 *treated as an individual receiving aid or*
16 *assistance pursuant to a State plan ap-*
17 *proved under this part (as in effect as of*
18 *July 1, 1996) (and thereby eligible for con-*
19 *tinuation of medical assistance under such*
20 *section 1925).*

21 “(D) *WAIVERS.—In the case of a waiver of*
22 *a provision of this part in effect with respect to*
23 *a State as of July 1, 1996, if the waiver affects*
24 *eligibility of individuals for medical assistance*
25 *under title XIX, such waiver may (but need not)*

1 *continue to be applied, at the option of the State,*
2 *in relation to such title after the date the waiver*
3 *would otherwise expire. If a State elects not to*
4 *continue to apply such a waiver, then, after the*
5 *date of the expiration of the waiver, subpara-*
6 *graphs (A), (B), and (C) shall be applied as if*
7 *any provisions so waived had not been waived.*

8 “(E) *STATE OPTION TO USE 1 APPLICATION*
9 *FORM.—Nothing in this paragraph, this part, or*
10 *title XIX, shall be construed as preventing a*
11 *State from providing for the same application*
12 *form for assistance under a State program fund-*
13 *ed under this part (on or after October 1, 1996)*
14 *and for medical assistance under title XIX.*

15 “(F) *REQUIREMENT FOR RECEIPT OF*
16 *FUNDS.—A State to which a grant is made*
17 *under section 403 shall take such action as may*
18 *be necessary to ensure that the provisions of this*
19 *paragraph are carried out: Provided, That the*
20 *State is otherwise participating in title XIX of*
21 *this Act.*

22 “(b) *ALIENS.—For special rules relating to the treat-*
23 *ment of aliens, see section 2402 of the Personal Responsibil-*
24 *ity and Work Opportunity Act of 1996.*

1 “(c) *NONDISCRIMINATION PROVISIONS.*—Any program
2 or activity that receives funds under this part shall be sub-
3 ject to enforcement authorized under the following provi-
4 sions of law:

5 “(1) *The Age Discrimination Act of 1975* (42
6 *U.S.C. 6101 et seq.*).

7 “(2) *Section 504 of the Rehabilitation Act of*
8 *1973* (29 *U.S.C. 794*).

9 “(3) *The Americans with Disabilities Act of*
10 *1990* (42 *U.S.C. 12101 et seq.*).

11 “(4) *Title VI of the Civil Rights Act of 1964* (42
12 *U.S.C. 2000d et seq.*).

13 “(d) *STATE REQUIRED TO ENTER INTO A PERSONAL*
14 *RESPONSIBILITY AGREEMENT WITH EACH FAMILY RE-*
15 *CEIVING ASSISTANCE.*—

16 “(1) *IN GENERAL.*—Each State to which a grant
17 is made under section 403 shall require each family
18 receiving assistance under the State program funded
19 under this part to enter into a personal responsibility
20 agreement (as developed by the State) with the State.

21 “(2) *PERSONAL RESPONSIBILITY AGREEMENT.*—
22 For purposes of this subsection, the term ‘personal re-
23 sponsibility agreement’ means a binding contract be-
24 tween the State and each family receiving assistance

1 *under the State program funded under this part*
2 *that—*

3 “(A) contains a statement that public as-
4 sistance is not intended to be a way of life, but
5 is intended as temporary assistance to help the
6 family achieve self-sufficiency and personal inde-
7 pendence;

8 “(B) outlines the steps each family and the
9 State will take to get the family off of welfare
10 and to become self-sufficient, including an em-
11 ployment goal for the individual and a plan for
12 promptly moving the individual into paid em-
13 ployment;

14 “(C) specifies a negotiated time-limited pe-
15 riod of eligibility for receipt of assistance that is
16 consistent with unique family circumstances and
17 is based on a reasonable plan to facilitate the
18 transition of the family to self-sufficiency;

19 “(D) provides for the imposition of sanc-
20 tions if the individual refuses to sign the agree-
21 ment or does not comply with the terms of the
22 agreement, which may include loss or reduction
23 of cash benefits;

1 “(E) provides that the contract shall be in-
2 valid if the State agency fails to comply with the
3 contract; and

4 “(F) provides that the individual agrees not
5 to abuse illegal drugs or other substances that
6 would interfere with the ability of the individual
7 to become self-sufficient, or provide for a referral
8 for substance abuse treatment if necessary to in-
9 crease the employability of the individual.

10 “(3) ASSESSMENT.—The State agency shall pro-
11 vide, through a case manager, an initial and thor-
12 ough assessment of the skills, prior work experience,
13 and employability of each parent for use in develop-
14 ing and negotiating a personal responsibility con-
15 tract.

16 “(4) DISPUTE RESOLUTION.—The State agency
17 shall establish a dispute resolution procedure for dis-
18 putes related to participation in the personal respon-
19 sibility contract that provides the opportunity for a
20 hearing.

21 **“SEC. 409. PENALTIES.**

22 “(a) IN GENERAL.—Subject to this section:

23 “(1) USE OF GRANT IN VIOLATION OF THIS
24 PART.—

1 “(A) *GENERAL PENALTY.*—If an audit con-
2 ducted under chapter 75 of title 31, United
3 States Code, finds that an amount paid to a
4 State under section 403 for a fiscal year has
5 been used in violation of this part, the Secretary
6 shall reduce the grant payable to the State under
7 section 403(a)(1) for the immediately succeeding
8 fiscal year quarter by the amount so used.

9 “(B) *ENHANCED PENALTY FOR INTEN-*
10 *TIONAL VIOLATIONS.*—If the State does not prove
11 to the satisfaction of the Secretary that the State
12 did not intend to use the amount in violation of
13 this part, the Secretary shall further reduce the
14 grant payable to the State under section
15 403(a)(1) for the immediately succeeding fiscal
16 year quarter by an amount equal to 5 percent of
17 the State family assistance grant.

18 “(2) *FAILURE TO SUBMIT REQUIRED REPORT.*—

19 “(A) *IN GENERAL.*—If the Secretary deter-
20 mines that a State has not, within 1 month after
21 the end of a fiscal quarter, submitted the report
22 required by section 411(a) for the quarter, the
23 Secretary shall reduce the grant payable to the
24 State under section 403(a)(1) for the imme-
25 diately succeeding fiscal year by an amount

1 *equal to 4 percent of the State family assistance*
2 *grant.*

3 “(B) *RESCISSION OF PENALTY.*—*The Sec-*
4 *retary shall rescind a penalty imposed on a*
5 *State under subparagraph (A) with respect to a*
6 *report if the State submits the report before the*
7 *end of the fiscal quarter that immediately suc-*
8 *ceeds the fiscal quarter for which the report was*
9 *required.*

10 “(3) *FAILURE TO SATISFY MINIMUM PARTICIPA-*
11 *TION RATES.*—

12 “(A) *IN GENERAL.*—*If the Secretary deter-*
13 *mines that a State to which a grant is made*
14 *under section 403 for a fiscal year has failed to*
15 *comply with section 407(a) for the fiscal year,*
16 *the Secretary shall reduce the grant payable to*
17 *the State under section 403(a)(1) for the imme-*
18 *diately succeeding fiscal year by an amount*
19 *equal to not more than 5 percent of the State*
20 *family assistance grant.*

21 “(B) *PENALTY BASED ON SEVERITY OF*
22 *FAILURE.*—*The Secretary shall impose reduc-*
23 *tions under subparagraph (A) based on the de-*
24 *gree of noncompliance.*

1 “(C) *ADDITIONAL PENALTY FOR CONSECU-*
2 *TIVE NONCOMPLIANCE.*—*Notwithstanding the*
3 *limitation described in subparagraph (A), the*
4 *Secretary shall reduce the grant payable to the*
5 *State under section 403(a)(1) for a fiscal year,*
6 *in addition to the reduction imposed under sub-*
7 *paragraph (A), by an amount equal to 5 percent*
8 *of the State family assistance grant, if the Sec-*
9 *retary determines that the State failed to comply*
10 *with section 407(a) for 2 or more consecutive*
11 *preceding fiscal years.*

12 “(4) *FAILURE TO PARTICIPATE IN THE INCOME*
13 *AND ELIGIBILITY VERIFICATION SYSTEM.*—*If the Sec-*
14 *retary determines that a State program funded under*
15 *this part is not participating during a fiscal year in*
16 *the income and eligibility verification system required*
17 *by section 1137, the Secretary shall reduce the grant*
18 *payable to the State under section 403(a)(1) for the*
19 *immediately succeeding fiscal year by an amount*
20 *equal to not more than 2 percent of the State family*
21 *assistance grant.*

22 “(5) *FAILURE TO COMPLY WITH PATERNITY ES-*
23 *TABLISHMENT AND CHILD SUPPORT ENFORCEMENT*
24 *REQUIREMENTS UNDER PART D.*—*Notwithstanding*
25 *any other provision of this Act, if the Secretary deter-*

1 *mines that the State agency that administers a pro-*
2 *gram funded under this part does not enforce the pen-*
3 *alties requested by the agency administering part D*
4 *against recipients of assistance under the State pro-*
5 *gram who fail to cooperate in establishing paternity*
6 *or in establishing, modifying, or enforcing a child*
7 *support order in accordance with such part and who*
8 *do not qualify for any good cause or other exception*
9 *established by the State under section 454(29), the*
10 *Secretary shall reduce the grant payable to the State*
11 *under section 403(a)(1) for the immediately succeed-*
12 *ing fiscal year (without regard to this section) by not*
13 *more than 5 percent.*

14 *“(6) FAILURE TO TIMELY REPAY A FEDERAL*
15 *LOAN FUND FOR STATE WELFARE PROGRAMS.—If the*
16 *Secretary determines that a State has failed to repay*
17 *any amount borrowed from the Federal Loan Fund*
18 *for State Welfare Programs established under section*
19 *406 within the period of maturity applicable to the*
20 *loan, plus any interest owed on the loan, the Sec-*
21 *retary shall reduce the grant payable to the State*
22 *under section 403(a)(1) for the immediately succeed-*
23 *ing fiscal year quarter (without regard to this sec-*
24 *tion) by the outstanding loan amount, plus the inter-*
25 *est owed on the outstanding amount. The Secretary*

1 *shall not forgive any outstanding loan amount or in-*
2 *terest owed on the outstanding amount.*

3 “(7) *FAILURE OF ANY STATE TO MAINTAIN CER-*
4 *TAIN LEVEL OF HISTORIC EFFORT.—*

5 “(A) *IN GENERAL.—The Secretary shall re-*
6 *duce the grant payable to the State under section*
7 *403(a)(1) for fiscal year 1998, 1999, 2000, 2001,*
8 *or 2002 by the amount (if any) by which quali-*
9 *fied State expenditures for the then immediately*
10 *preceding fiscal year are less than the applicable*
11 *percentage of historic State expenditures with re-*
12 *spect to such preceding fiscal year.*

13 “(B) *DEFINITIONS.—As used in this para-*
14 *graph:*

15 “(i) *QUALIFIED STATE EXPENDI-*
16 *TURES.—*

17 “(I) *IN GENERAL.—The term*
18 *‘qualified State expenditures’ means,*
19 *with respect to a State and a fiscal*
20 *year, the total expenditures by the*
21 *State during the fiscal year, under all*
22 *State programs, for any of the follow-*
23 *ing with respect to eligible families:*

24 “(aa) *Cash assistance.*

25 “(bb) *Child care assistance.*

1 “(cc) *Educational activities*
2 *designed to increase self-suffi-*
3 *ciency, job training, and work, ex-*
4 *cluding any expenditure for pub-*
5 *lic education in the State except*
6 *expenditures which involve the*
7 *provision of services or assistance*
8 *to a member of an eligible family*
9 *which is not generally available to*
10 *persons who are not members of*
11 *an eligible family.*

12 “(dd) *Administrative costs in*
13 *connection with the matters de-*
14 *scribed in items (aa), (bb), (cc),*
15 *and (ee), but only to the extent*
16 *that such costs do not exceed 15*
17 *percent of the total amount of*
18 *qualified State expenditures for*
19 *the fiscal year.*

20 “(ee) *Any other use of funds*
21 *allowable under section 404(a)(1).*

22 “(II) *EXCLUSION OF TRANSFERS*
23 *FROM OTHER STATE AND LOCAL PRO-*
24 *GRAMS.—Such term does not include*
25 *expenditures under any State or local*

1 *program during a fiscal year, except to*
2 *the extent that—*

3 *“(aa) such expenditures ex-*
4 *ceed the amount expended under*
5 *the State or local program in the*
6 *fiscal year most recently ending*
7 *before the date of the enactment of*
8 *the Personal Responsibility and*
9 *Work Opportunity Act of 1996; or*

10 *“(bb) the State is entitled to*
11 *a payment under former section*
12 *403 (as in effect immediately be-*
13 *fore such date of enactment) with*
14 *respect to such expenditures.*

15 *“(III) ELIGIBLE FAMILIES.—As*
16 *used in subclause (I), the term ‘eligible*
17 *families’ means families eligible for as-*
18 *sistance under the State program fund-*
19 *ed under this part, and families that*
20 *would be eligible for such assistance*
21 *but for the application of section*
22 *408(a)(8) of this Act or section 2402 of*
23 *the Personal Responsibility and Work*
24 *Opportunity Act of 1996.*

1 “(ii) *APPLICABLE PERCENTAGE.*—*The*
2 *term ‘applicable percentage’ means for fiscal*
3 *years 1997 through 2001, 80 percent re-*
4 *duced (if appropriate) in accordance with*
5 *subparagraph (C)(ii).*

6 “(iii) *HISTORIC STATE EXPENDI-*
7 *TURES.*—*The term ‘historic State expendi-*
8 *tures’ means, with respect to a State, the*
9 *lesser of—*

10 “(I) *the expenditures by the State*
11 *under parts A and F (as in effect dur-*
12 *ing fiscal year 1994) for fiscal year*
13 *1994; or*

14 “(II) *the amount which bears the*
15 *same ratio to the amount described in*
16 *subclause (I) as—*

17 “(aa) *the State family assist-*
18 *ance grant, plus the total amount*
19 *required to be paid to the State*
20 *under former section 403 for fiscal*
21 *year 1994 with respect to amounts*
22 *expended by the State for child*
23 *care under subsection (g) or (i) of*
24 *section 402 (as in effect during*
25 *fiscal year 1994); bears to*

1 “(bb) the total amount re-
2 quired to be paid to the State
3 under former section 403 (as in
4 effect during fiscal year 1994) for
5 fiscal year 1994.

6 Such term does not include any expendi-
7 tures under the State plan approved under
8 part A (as so in effect) on behalf of individ-
9 uals covered by a tribal family assistance
10 plan approved under section 412, as deter-
11 mined by the Secretary.

12 “(iv) *EXPENDITURES BY THE STATE.*—
13 The term ‘expenditures by the State’ does
14 not include—

15 “(I) any expenditures from
16 amounts made available by the Federal
17 Government;

18 “(II) State funds expended for the
19 medicaid program under title XV or
20 XIX; or

21 “(III) any State funds which are
22 used to match Federal funds or are ex-
23 pended as a condition of receiving Fed-
24 eral funds under Federal programs
25 other than under this part.

1 “(C) *APPLICABLE PERCENTAGE REDUCED*
2 *FOR HIGH PERFORMANCE STATES.*—

3 “(i) *DETERMINATION OF HIGH PER-*
4 *FORMANCE STATES.*—*The Secretary shall*
5 *use the formula developed under section*
6 *403(a)(4)(C) to assign a score to each eligi-*
7 *ble State that represents the performance of*
8 *the State program funded under this part*
9 *for each fiscal year, and shall prescribe a*
10 *performance threshold which the Secretary*
11 *shall use to determine whether to reduce the*
12 *applicable percentage with respect to any el-*
13 *igible State for a fiscal year.*

14 “(ii) *REDUCTION PROPORTIONAL TO*
15 *PERFORMANCE.*—*The Secretary shall reduce*
16 *the applicable percentage for a fiscal year*
17 *with respect to each eligible State by an*
18 *amount which is directly proportional to*
19 *the amount (if any) by which the score as-*
20 *signed to the State under clause (i) for the*
21 *immediately preceding fiscal year exceeds*
22 *the performance threshold prescribed under*
23 *clause (i) for such preceding fiscal year,*
24 *subject to clause (iii).*

1 “(iii) *LIMITATION ON REDUCTION.*—
2 *The applicable percentage for a fiscal year*
3 *with respect to a State may not be reduced*
4 *by more than 8 percentage points under this*
5 *subparagraph.*

6 “(8) *SUBSTANTIAL NONCOMPLIANCE OF STATE*
7 *CHILD SUPPORT ENFORCEMENT PROGRAM WITH RE-*
8 *QUIREMENTS OF PART D.*—

9 “(A) *IN GENERAL.*—*If a State program op-*
10 *erated under part D is found as a result of a re-*
11 *view conducted under section 452(a)(4) not to*
12 *have complied substantially with the require-*
13 *ments of such part for any quarter, and the Sec-*
14 *retary determines that the program is not com-*
15 *plying substantially with such requirements at*
16 *the time the finding is made, the Secretary shall*
17 *reduce the grant payable to the State under sec-*
18 *tion 403(a)(1) for the quarter and each subse-*
19 *quent quarter that ends before the 1st quarter*
20 *throughout which the program is found to be in*
21 *substantial compliance with such requirements*
22 *by—*

23 “(i) *not less than 1 nor more than 2*
24 *percent;*

1 “(ii) not less than 2 nor more than 3
2 percent, if the finding is the 2nd consecutive
3 such finding made as a result of such a re-
4 view; or

5 “(iii) not less than 3 nor more than 5
6 percent, if the finding is the 3rd or a subse-
7 quent consecutive such finding made as a
8 result of such a review.

9 “(B) DISREGARD OF NONCOMPLIANCE
10 WHICH IS OF A TECHNICAL NATURE.—For pur-
11 poses of subparagraph (A) and section 452(a)(4),
12 a State which is not in full compliance with the
13 requirements of this part shall be determined to
14 be in substantial compliance with such require-
15 ments only if the Secretary determines that any
16 noncompliance with such requirements is of a
17 technical nature which does not adversely affect
18 the performance of the State’s program operated
19 under part D.

20 “(9) FAILURE OF STATE RECEIVING AMOUNTS
21 FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT
22 OF HISTORIC EFFORT.—If, at the end of any fiscal
23 year during which amounts from the Contingency
24 Fund for State Welfare Programs have been paid to
25 a State, the Secretary finds that the expenditures

1 *under the State program funded under this part for*
2 *the fiscal year are less than 100 percent of historic*
3 *State expenditures (as defined in paragraph*
4 *(7)(B)(iii) of this subsection), the Secretary shall re-*
5 *duce the grant payable to the State under section*
6 *403(a)(1) for the immediately succeeding fiscal year*
7 *by the total of the amounts so paid to the State.*

8 “(10) *FAILURE TO COMPLY WITH PROVISIONS OF*
9 *THIS PART OR THE STATE PLAN.—If, after reasonable*
10 *notice and opportunity for hearing, the Secretary de-*
11 *termines that during a fiscal year a State has not*
12 *substantially complied with any provision of this*
13 *part or of the State plan, the Secretary shall, if a pre-*
14 *ceding paragraph of this subsection does not apply to*
15 *such noncompliance, reduce the grant payable to the*
16 *State under section 403(a)(1) for the immediately*
17 *succeeding fiscal year by an amount equal to not*
18 *more than 5 percent of the State family assistance*
19 *grant, and shall continue to impose such reduction*
20 *during each succeeding fiscal year until the Secretary*
21 *determines that the State no longer is in noncompli-*
22 *ance with such provision.*

23 “(11) *FAILURE TO COMPLY WITH 5-YEAR LIMIT*
24 *ON ASSISTANCE.—If the Secretary determines that*
25 *during a fiscal year a State has not complied with*

1 *the provisions of section 408(a)(1)(B), the Secretary*
2 *shall reduce the grant payable to the State under sec-*
3 *tion 403(a)(1) for the immediately succeeding fiscal*
4 *year by an amount equal to 5 percent of the State*
5 *family assistance grant.*

6 *“(12) REQUIRED REPLACEMENT OF GRANT FUND*
7 *REDUCTIONS CAUSED BY PENALTIES.—If the grant*
8 *payable to a State under section 403(a)(1) for a fiscal*
9 *year is reduced by reason of this subsection, the State*
10 *shall, during the immediately succeeding fiscal year,*
11 *expend under the State program funded under this*
12 *part an amount equal to the total amount of such re-*
13 *ductions.*

14 *“(b) REASONABLE CAUSE EXCEPTION.—*

15 *“(1) IN GENERAL.—The Secretary may not im-*
16 *pose a penalty on a State under subsection (a) with*
17 *respect to a requirement if the Secretary determines*
18 *that the State has reasonable cause for failing to com-*
19 *ply with the requirement.*

20 *“(2) EXCEPTION.—Paragraph (1) of this sub-*
21 *section shall not apply to any penalty under para-*
22 *graph (6) or (7) of subsection (a).*

23 *“(c) CORRECTIVE COMPLIANCE PLAN.—*

24 *“(1) IN GENERAL.—*

1 “(A) *NOTIFICATION OF VIOLATION.*—*Before*
2 *imposing a penalty against a State under sub-*
3 *section (a) with respect to a violation of this*
4 *part, the Secretary shall notify the State of the*
5 *violation and allow the State the opportunity to*
6 *enter into a corrective compliance plan in ac-*
7 *cordance with this subsection which outlines how*
8 *the State will correct the violation and how the*
9 *State will insure continuing compliance with*
10 *this part.*

11 “(B) *60-DAY PERIOD TO PROPOSE A COR-*
12 *RECTIVE COMPLIANCE PLAN.*—*During the 60-day*
13 *period that begins on the date the State receives*
14 *a notice provided under subparagraph (A) with*
15 *respect to a violation, the State may submit to*
16 *the Federal Government a corrective compliance*
17 *plan to correct the violation.*

18 “(C) *CONSULTATION ABOUT MODIFICA-*
19 *TIONS.*—*During the 60-day period that begins*
20 *with the date the Secretary receives a corrective*
21 *compliance plan submitted by a State in accord-*
22 *ance with subparagraph (B), the Secretary may*
23 *consult with the State on modifications to the*
24 *plan.*

1 “(D) *ACCEPTANCE OF PLAN.*— *A corrective*
2 *compliance plan submitted by a State in accord-*
3 *ance with subparagraph (B) is deemed to be ac-*
4 *cepted by the Secretary if the Secretary does not*
5 *accept or reject the plan during 60-day period*
6 *that begins on the date the plan is submitted.*

7 “(2) *EFFECT OF CORRECTING VIOLATION.*—*The*
8 *Secretary may not impose any penalty under sub-*
9 *section (a) with respect to any violation covered by a*
10 *State corrective compliance plan accepted by the Sec-*
11 *retary if the State corrects the violation pursuant to*
12 *the plan.*

13 “(3) *EFFECT OF FAILING TO CORRECT VIOLA-*
14 *TION.*—*The Secretary shall assess some or all of a*
15 *penalty imposed on a State under subsection (a) with*
16 *respect to a violation if the State does not, in a time-*
17 *ly manner, correct the violation pursuant to a State*
18 *corrective compliance plan accepted by the Secretary.*

19 “(4) *INAPPLICABILITY TO FAILURE TO TIMELY*
20 *REPAY A FEDERAL LOAN FUND FOR A STATE WEL-*
21 *FARE PROGRAM.*—*This subsection shall not apply to*
22 *the imposition of a penalty against a State under*
23 *subsection (a)(6).*

24 “(d) *LIMITATION ON AMOUNT OF PENALTY.*—

1 “(1) *IN GENERAL.*—*In imposing the penalties*
2 *described in subsection (a), the Secretary shall not re-*
3 *duce any quarterly payment to a State by more than*
4 *25 percent.*

5 “(2) *CARRYFORWARD OF UNRECOVERED PEN-*
6 *ALTIES.*—*To the extent that paragraph (1) of this*
7 *subsection prevents the Secretary from recovering dur-*
8 *ing a fiscal year the full amount of penalties imposed*
9 *on a State under subsection (a) of this section for a*
10 *prior fiscal year, the Secretary shall apply any re-*
11 *maining amount of such penalties to the grant pay-*
12 *able to the State under section 403(a)(1) for the im-*
13 *mediately succeeding fiscal year.*

14 **“SEC. 410. APPEAL OF ADVERSE DECISION.**

15 “(a) *IN GENERAL.*—*Within 5 days after the date the*
16 *Secretary takes any adverse action under this part with re-*
17 *spect to a State, the Secretary shall notify the chief execu-*
18 *tive officer of the State of the adverse action, including any*
19 *action with respect to the State plan submitted under sec-*
20 *tion 402 or the imposition of a penalty under section 409.*

21 “(b) *ADMINISTRATIVE REVIEW.*—

22 “(1) *IN GENERAL.*—*Within 60 days after the*
23 *date a State receives notice under subsection (a) of an*
24 *adverse action, the State may appeal the action, in*
25 *whole or in part, to the Departmental Appeals Board*

1 *established in the Department of Health and Human*
2 *Services (in this section referred to as the ‘Board’) by*
3 *filing an appeal with the Board.*

4 “(2) *PROCEDURAL RULES.—The Board shall*
5 *consider an appeal filed by a State under paragraph*
6 *(1) on the basis of such documentation as the State*
7 *may submit and as the Board may require to support*
8 *the final decision of the Board. In deciding whether*
9 *to uphold an adverse action or any portion of such*
10 *an action, the Board shall conduct a thorough review*
11 *of the issues and take into account all relevant evi-*
12 *dence. The Board shall make a final determination*
13 *with respect to an appeal filed under paragraph (1)*
14 *not less than 60 days after the date the appeal is*
15 *filed.*

16 “(c) *JUDICIAL REVIEW OF ADVERSE DECISION.—*

17 “(1) *IN GENERAL.—Within 90 days after the*
18 *date of a final decision by the Board under this sec-*
19 *tion with respect to an adverse action taken against*
20 *a State, the State may obtain judicial review of the*
21 *final decision (and the findings incorporated into the*
22 *final decision) by filing an action in—*

23 “(A) *the district court of the United States*
24 *for the judicial district in which the principal or*

1 *headquarters office of the State agency is located;*
2 *or*

3 “(B) *the United States District Court for*
4 *the District of Columbia.*

5 “(2) *PROCEDURAL RULES.—The district court in*
6 *which an action is filed under paragraph (1) shall re-*
7 *view the final decision of the Board on the record es-*
8 *tablished in the administrative proceeding, in accord-*
9 *ance with the standards of review prescribed by sub-*
10 *paragraphs (A) through (E) of section 706(2) of title*
11 *5, United States Code. The review shall be on the*
12 *basis of the documents and supporting data submitted*
13 *to the Board.*

14 **“SEC. 411. DATA COLLECTION AND REPORTING.**

15 “(a) *QUARTERLY REPORTS BY STATES.—*

16 “(1) *GENERAL REPORTING REQUIREMENT.—*

17 “(A) *CONTENTS OF REPORT.—Each eligible*
18 *State shall collect on a monthly basis, and report*
19 *to the Secretary on a quarterly basis, the follow-*
20 *ing disaggregated case record information on the*
21 *families receiving assistance under the State pro-*
22 *gram funded under this part:*

23 “(i) *The county of residence of the fam-*
24 *ily.*

1 “(ii) Whether a child receiving such as-
2 sistance or an adult in the family is dis-
3 abled.

4 “(iii) The ages of the members of such
5 families.

6 “(iv) The number of individuals in the
7 family, and the relation of each family
8 member to the youngest child in the family.

9 “(v) The employment status and earn-
10 ings of the employed adult in the family.

11 “(vi) The marital status of the adults
12 in the family, including whether such adults
13 have never married, are widowed, or are di-
14 vorced.

15 “(vii) The race and educational status
16 of each adult in the family.

17 “(viii) The race and educational status
18 of each child in the family.

19 “(ix) Whether the family received sub-
20 sidized housing, medical assistance under
21 the State plan under title XV or the State
22 plan approved under title XIX, food stamps,
23 or subsidized child care, and if the latter 2,
24 the amount received.

1 “(x) *The number of months that the*
2 *family has received each type of assistance*
3 *under the program.*

4 “(xi) *If the adults participated in, and*
5 *the number of hours per week of participa-*
6 *tion in, the following activities:*

7 “(I) *Education.*

8 “(II) *Subsidized private sector*
9 *employment.*

10 “(III) *Unsubsidized employment.*

11 “(IV) *Public sector employment,*
12 *work experience, or community service.*

13 “(V) *Job search.*

14 “(VI) *Job skills training or on-*
15 *the-job training.*

16 “(VII) *Vocational education.*

17 “(xii) *Information necessary to cal-*
18 *culate participation rates under section*
19 *407.*

20 “(xiii) *The type and amount of assist-*
21 *ance received under the program, including*
22 *the amount of and reason for any reduction*
23 *of assistance (including sanctions).*

24 “(xiv) *Any amount of unearned in-*
25 *come received by any member of the family.*

1 “(xv) *The citizenship of the members of*
2 *the family.*

3 “(xvi) *From a sample of closed cases,*
4 *whether the family left the program, and if*
5 *so, whether the family left due to—*

6 “(I) *employment;*

7 “(II) *marriage;*

8 “(III) *the prohibition set forth in*
9 *section 408(a)(8);*

10 “(IV) *sanction; or*

11 “(V) *State policy.*

12 “(B) *USE OF ESTIMATES.—*

13 “(i) *AUTHORITY.—A State may com-*
14 *ply with subparagraph (A) by submitting*
15 *an estimate which is obtained through the*
16 *use of scientifically acceptable sampling*
17 *methods approved by the Secretary.*

18 “(ii) *SAMPLING AND OTHER METH-*
19 *ODS.—The Secretary shall provide the*
20 *States with such case sampling plans and*
21 *data collection procedures as the Secretary*
22 *deems necessary to produce statistically*
23 *valid estimates of the performance of State*
24 *programs funded under this part. The Sec-*
25 *retary may develop and implement proce-*

1 *dures for verifying the quality of data sub-*
2 *mitted by the States.*

3 “(2) *REPORT ON USE OF FEDERAL FUNDS TO*
4 *COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The*
5 *report required by paragraph (1) for a fiscal quarter*
6 *shall include a statement of the percentage of the*
7 *funds paid to the State under this part for the quar-*
8 *ter that are used to cover administrative costs or over-*
9 *head.*

10 “(3) *REPORT ON STATE EXPENDITURES ON PRO-*
11 *GRAMS FOR NEEDY FAMILIES.—The report required*
12 *by paragraph (1) for a fiscal quarter shall include a*
13 *statement of the total amount expended by the State*
14 *during the quarter on programs for needy families.*

15 “(4) *REPORT ON NONCUSTODIAL PARENTS PAR-*
16 *TICIPATING IN WORK ACTIVITIES.—The report re-*
17 *quired by paragraph (1) for a fiscal quarter shall in-*
18 *clude the number of noncustodial parents in the State*
19 *who participated in work activities (as defined in sec-*
20 *tion 407(d)) during the quarter.*

21 “(5) *REPORT ON TRANSITIONAL SERVICES.—The*
22 *report required by paragraph (1) for a fiscal quarter*
23 *shall include the total amount expended by the State*
24 *during the quarter to provide transitional services to*
25 *a family that has ceased to receive assistance under*

1 *this part because of employment, along with a de-*
2 *scription of such services.*

3 “(6) *REGULATIONS.*—*The Secretary shall pre-*
4 *scribe such regulations as may be necessary to define*
5 *the data elements with respect to which reports are re-*
6 *quired by this subsection.*

7 “(b) *ANNUAL REPORTS TO THE CONGRESS BY THE*
8 *SECRETARY.*—*Not later than 6 months after the end of fis-*
9 *cal year 1997, and each fiscal year thereafter, the Secretary*
10 *shall transmit to the Congress a report describing—*

11 “(1) *whether the States are meeting—*

12 “(A) *the participation rates described in*
13 *section 407(a); and*

14 “(B) *the objectives of—*

15 “(i) *increasing employment and earn-*
16 *ings of needy families, and child support*
17 *collections; and*

18 “(ii) *decreasing out-of-wedlock preg-*
19 *nancies and child poverty;*

20 “(2) *the demographic and financial characteris-*
21 *tics of families applying for assistance, families re-*
22 *ceiving assistance, and families that become ineligible*
23 *to receive assistance;*

24 “(3) *the characteristics of each State program*
25 *funded under this part; and*

1 “(4) *the trends in employment and earnings of*
2 *needy families with minor children living at home.*

3 **“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY IN-**
4 **DIAN TRIBES.**

5 “(a) *GRANTS FOR INDIAN TRIBES.—*

6 “(1) *TRIBAL FAMILY ASSISTANCE GRANT.—*

7 “(A) *IN GENERAL.—For each of fiscal years*
8 *1997, 1998, 1999, 2000, and 2001, the Secretary*
9 *shall pay to each Indian tribe that has an ap-*
10 *proved tribal family assistance plan a tribal*
11 *family assistance grant for the fiscal year in an*
12 *amount equal to the amount determined under*
13 *subparagraph (B), and shall reduce the grant*
14 *payable under section 403(a)(1) to any State in*
15 *which lies the service area or areas of the Indian*
16 *tribe by that portion of the amount so deter-*
17 *mined that is attributable to expenditures by the*
18 *State.*

19 “(B) *AMOUNT DETERMINED.—*

20 “(i) *IN GENERAL.—The amount deter-*
21 *mined under this subparagraph is an*
22 *amount equal to the total amount of the*
23 *Federal payments to a State or States*
24 *under section 403 (as in effect during such*
25 *fiscal year) for fiscal year 1994 attributable*

1 to expenditures (other than child care ex-
2 penditures) by the State or States under
3 parts A and F (as so in effect) for fiscal
4 year 1994 for Indian families residing in
5 the service area or areas identified by the
6 Indian tribe pursuant to subsection
7 (b)(1)(C) of this section.

8 “(ii) USE OF STATE SUBMITTED
9 DATA.—

10 “(I) IN GENERAL.—The Secretary
11 shall use State submitted data to make
12 each determination under clause (i).

13 “(II) DISAGREEMENT WITH DE-
14 TERMINATION.—If an Indian tribe or
15 tribal organization disagrees with
16 State submitted data described under
17 subclause (I), the Indian tribe or tribal
18 organization may submit to the Sec-
19 retary such additional information as
20 may be relevant to making the deter-
21 mination under clause (i) and the Sec-
22 retary may consider such information
23 before making such determination.

24 “(2) GRANTS FOR INDIAN TRIBES THAT RE-
25 CEIVED JOBS FUNDS.—

1 “(A) *IN GENERAL.*—*The Secretary shall pay*
2 *to each eligible Indian tribe for each of fiscal*
3 *years 1996, 1997, 1998, 1999, 2000, and 2001 a*
4 *grant in an amount equal to the amount re-*
5 *ceived by the Indian tribe in fiscal year 1994*
6 *under section 482(i) (as in effect during fiscal*
7 *year 1994).*

8 “(B) *ELIGIBLE INDIAN TRIBE.*—*For pur-*
9 *poses of subparagraph (A), the term ‘eligible In-*
10 *Indian tribe’ means an Indian tribe or Alaska Na-*
11 *tive organization that conducted a job opportuni-*
12 *ties and basic skills training program in fiscal*
13 *year 1995 under section 482(i) (as in effect dur-*
14 *ing fiscal year 1995).*

15 “(C) *USE OF GRANT.*—*Each Indian tribe to*
16 *which a grant is made under this paragraph*
17 *shall use the grant for the purpose of operating*
18 *a program to make work activities available to*
19 *members of the Indian tribe.*

20 “(D) *APPROPRIATION.*—*Out of any money*
21 *in the Treasury of the United States not other-*
22 *wise appropriated, there are appropriated*
23 *\$7,638,474 for each fiscal year specified in sub-*
24 *paragraph (A) for grants under subparagraph*
25 *(A).*

1 “(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

2 “(1) IN GENERAL.—Any Indian tribe that de-
3 sires to receive a tribal family assistance grant shall
4 submit to the Secretary a 3-year tribal family assist-
5 ance plan that—

6 “(A) outlines the Indian tribe’s approach to
7 providing welfare-related services for the 3-year
8 period, consistent with this section;

9 “(B) specifies whether the welfare-related
10 services provided under the plan will be provided
11 by the Indian tribe or through agreements, con-
12 tracts, or compacts with intertribal consortia,
13 States, or other entities;

14 “(C) identifies the population and service
15 area or areas to be served by such plan;

16 “(D) provides that a family receiving as-
17 sistance under the plan may not receive duplica-
18 tive assistance from other State or tribal pro-
19 grams funded under this part;

20 “(E) identifies the employment opportuni-
21 ties in or near the service area or areas of the
22 Indian tribe and the manner in which the In-
23 dian tribe will cooperate and participate in en-
24 hancing such opportunities for recipients of as-

1 *sistance under the plan consistent with any ap-*
2 *plicable State standards; and*

3 “(F) *applies the fiscal accountability provi-*
4 *sions of section 5(f)(1) of the Indian Self-Deter-*
5 *mination and Education Assistance Act (25*
6 *U.S.C. 450c(f)(1)), relating to the submission of*
7 *a single-agency audit report required by chapter*
8 *75 of title 31, United States Code.*

9 “(2) *APPROVAL.—The Secretary shall approve*
10 *each tribal family assistance plan submitted in ac-*
11 *cordance with paragraph (1).*

12 “(3) *CONSORTIUM OF TRIBES.—Nothing in this*
13 *section shall preclude the development and submission*
14 *of a single tribal family assistance plan by the par-*
15 *ticipating Indian tribes of an intertribal consortium.*

16 “(c) *MINIMUM WORK PARTICIPATION REQUIREMENTS*
17 *AND TIME LIMITS.—The Secretary, with the participation*
18 *of Indian tribes, shall establish for each Indian tribe receiv-*
19 *ing a grant under this section minimum work participa-*
20 *tion requirements, appropriate time limits for receipt of*
21 *welfare-related services under the grant, and penalties*
22 *against individuals—*

23 “(1) *consistent with the purposes of this section;*

24 “(2) *consistent with the economic conditions and*
25 *resources available to each tribe; and*

1 “(3) *similar to comparable provisions in section*
2 *407(d).*

3 “(d) *EMERGENCY ASSISTANCE.—Nothing in this sec-*
4 *tion shall preclude an Indian tribe from seeking emergency*
5 *assistance from any Federal loan program or emergency*
6 *fund.*

7 “(e) *ACCOUNTABILITY.—Nothing in this section shall*
8 *be construed to limit the ability of the Secretary to main-*
9 *tain program funding accountability consistent with—*

10 “(1) *generally accepted accounting principles;*
11 *and*

12 “(2) *the requirements of the Indian Self-Deter-*
13 *mination and Education Assistance Act (25 U.S.C.*
14 *450 et seq.).*

15 “(f) *PENALTIES.—*

16 “(1) *Subsections (a)(1), (a)(6), and (b) of section*
17 *409, shall apply to an Indian tribe with an approved*
18 *tribal assistance plan in the same manner as such*
19 *subsections apply to a State.*

20 “(2) *Section 409(a)(3) shall apply to an Indian*
21 *tribe with an approved tribal assistance plan by sub-*
22 *stituting ‘meet minimum work participation require-*
23 *ments established under section 412(c)’ for ‘comply*
24 *with section 407(a)’.*

1 “(g) *DATA COLLECTION AND REPORTING.*—Section
2 411 shall apply to an Indian tribe with an approved tribal
3 family assistance plan.

4 “(h) *SPECIAL RULE FOR INDIAN TRIBES IN ALAS-*
5 *KA.*—

6 “(1) *IN GENERAL.*—Notwithstanding any other
7 provision of this section, and except as provided in
8 paragraph (2), an Indian tribe in the State of Alaska
9 that receives a tribal family assistance grant under
10 this section shall use the grant to operate a program
11 in accordance with requirements comparable to the
12 requirements applicable to the program of the State
13 of Alaska funded under this part. Comparability of
14 programs shall be established on the basis of program
15 criteria developed by the Secretary in consultation
16 with the State of Alaska and such Indian tribes.

17 “(2) *WAIVER.*—An Indian tribe described in
18 paragraph (1) may apply to the appropriate State
19 authority to receive a waiver of the requirement of
20 paragraph (1).

21 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
22 **IES.**

23 “(a) *RESEARCH.*—The Secretary shall conduct re-
24 search on the benefits, effects, and costs of operating dif-
25 ferent State programs funded under this part, including

1 *time limits relating to eligibility for assistance. The re-*
2 *search shall include studies on the effects of different pro-*
3 *grams and the operation of such programs on welfare de-*
4 *pendency, illegitimacy, teen pregnancy, employment rates,*
5 *child well-being, and any other area the Secretary deems*
6 *appropriate. The Secretary shall also conduct research on*
7 *the costs and benefits of State activities under section 409.*

8 “(b) *DEVELOPMENT AND EVALUATION OF INNOVATIVE*
9 *APPROACHES TO REDUCING WELFARE DEPENDENCY AND*
10 *INCREASING CHILD WELL-BEING.—*

11 “(1) *IN GENERAL.—The Secretary may assist*
12 *States in developing, and shall evaluate, innovative*
13 *approaches for reducing welfare dependency and in-*
14 *creasing the well-being of minor children living at*
15 *home with respect to recipients of assistance under*
16 *programs funded under this part. The Secretary may*
17 *provide funds for training and technical assistance to*
18 *carry out the approaches developed pursuant to this*
19 *paragraph.*

20 “(2) *EVALUATIONS.—In performing the evalua-*
21 *tions under paragraph (1), the Secretary shall, to the*
22 *maximum extent feasible, use random assignment as*
23 *an evaluation methodology.*

24 “(c) *DISSEMINATION OF INFORMATION.—The Sec-*
25 *retary shall develop innovative methods of disseminating*

1 *information on any research, evaluations, and studies con-*
2 *ducted under this section, including the facilitation of the*
3 *sharing of information and best practices among States and*
4 *localities through the use of computers and other tech-*
5 *nologies.*

6 “(d) *ANNUAL RANKING OF STATES AND REVIEW OF*
7 *MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—*

8 “(1) *ANNUAL RANKING OF STATES.—The Sec-*
9 *retary shall rank annually the States to which grants*
10 *are paid under section 403 in the order of their suc-*
11 *cess in placing recipients of assistance under the*
12 *State program funded under this part into long-term*
13 *private sector jobs, reducing the overall welfare case-*
14 *load, and, when a practicable method for calculating*
15 *this information becomes available, diverting individ-*
16 *uals from formally applying to the State program*
17 *and receiving assistance. In ranking States under this*
18 *subsection, the Secretary shall take into account the*
19 *average number of minor children living at home in*
20 *families in the State that have incomes below the pov-*
21 *erty line and the amount of funding provided each*
22 *State for such families.*

23 “(2) *ANNUAL REVIEW OF MOST AND LEAST SUC-*
24 *CESSFUL WORK PROGRAMS.—The Secretary shall re-*
25 *view the programs of the 3 States most recently*

1 *ranked highest under paragraph (1) and the 3 States*
 2 *most recently ranked lowest under paragraph (1) that*
 3 *provide parents with work experience, assistance in*
 4 *finding employment, and other work preparation ac-*
 5 *tivities and support services to enable the families of*
 6 *such parents to leave the program and become self-suf-*
 7 *ficient.*

8 “(e) *ANNUAL RANKING OF STATES AND REVIEW OF IS-*
 9 *SUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—*

10 “(1) *ANNUAL RANKING OF STATES.—*

11 “(A) *IN GENERAL.—The Secretary shall an-*
 12 *nually rank States to which grants are made*
 13 *under section 403 based on the following ranking*
 14 *factors:*

15 “(i) *ABSOLUTE OUT-OF-WEDLOCK RA-*
 16 *TIOS.—The ratio represented by—*

17 “(I) *the total number of out-of-*
 18 *wedlock births in families receiving as-*
 19 *sistance under the State program*
 20 *under this part in the State for the*
 21 *most recent fiscal year for which infor-*
 22 *mation is available; over*

23 “(II) *the total number of births in*
 24 *families receiving assistance under the*

1 *State program under this part in the*
2 *State for such year.*

3 “(ii) *NET CHANGES IN THE OUT-OF-*
4 *WEDLOCK RATIO.*—*The difference between*
5 *the ratio described in subparagraph (A)(i)*
6 *with respect to a State for the most recent*
7 *fiscal year for which such information is*
8 *available and the ratio with respect to the*
9 *State for the immediately preceding year.*

10 “(2) *ANNUAL REVIEW.*—*The Secretary shall re-*
11 *view the programs of the 5 States most recently*
12 *ranked highest under paragraph (1) and the 5 States*
13 *most recently ranked the lowest under paragraph (1).*

14 “(f) *STATE-INITIATED EVALUATIONS.*—*A State shall*
15 *be eligible to receive funding to evaluate the State program*
16 *funded under this part if—*

17 “(1) *the State submits a proposal to the Sec-*
18 *retary for the evaluation;*

19 “(2) *the Secretary determines that the design*
20 *and approach of the evaluation is rigorous and is*
21 *likely to yield information that is credible and will*
22 *be useful to other States; and*

23 “(3) *unless otherwise waived by the Secretary,*
24 *the State contributes to the cost of the evaluation,*

1 *from non-Federal sources, an amount equal to at least*
2 *10 percent of the cost of the evaluation.*

3 “(g) *FUNDING OF STUDIES AND DEMONSTRATIONS.*—

4 “(1) *IN GENERAL.*—*Out of any money in the*
5 *Treasury of the United States not otherwise appro-*
6 *priated, there are appropriated \$15,000,000 for each*
7 *of fiscal years 1998 through 2001, for the purpose of*
8 *paying—*

9 “(A) *the cost of conducting the research de-*
10 *scribed in subsection (a);*

11 “(B) *the cost of developing and evaluating*
12 *innovative approaches for reducing welfare de-*
13 *pendency and increasing the well-being of minor*
14 *children under subsection (b);*

15 “(C) *the Federal share of any State-initi-*
16 *ated study approved under subsection (f); and*

17 “(D) *an amount determined by the Sec-*
18 *retary to be necessary to operate and evaluate*
19 *demonstration projects, relating to this part, that*
20 *are in effect or approved under section 1115 as*
21 *of September 30, 1995, and are continued after*
22 *such date.*

23 “(2) *ALLOCATION.*—*Of the amount appropriated*
24 *under paragraph (1) for a fiscal year—*

1 “(A) 50 percent shall be allocated for the
2 purposes described in subparagraphs (A) and
3 (B) of paragraph (1), and

4 “(B) 50 percent shall be allocated for the
5 purposes described in subparagraphs (C) and
6 (D) of paragraph (1).

7 “(3) *DEMONSTRATIONS OF INNOVATIVE STRATE-*
8 *GIES.—The Secretary may implement and evaluate*
9 *demonstrations of innovative and promising strate-*
10 *gies which—*

11 “(A) provide one-time capital funds to es-
12 tablish, expand, or replicate programs;

13 “(B) test performance-based grant-to-loan
14 financing in which programs meeting perform-
15 ance targets receive grants while programs not
16 meeting such targets repay funding on a pro-
17 rated basis; and

18 “(C) test strategies in multiple States and
19 types of communities.

20 “(h) *CHILD POVERTY RATES.—*

21 “(1) *IN GENERAL.—Not later than 90 days after*
22 *the date of the enactment of this part, and annually*
23 *thereafter, the chief executive officer of a State shall*
24 *submit to the Secretary a statement of the child pov-*
25 *erty rate in the State as of such date of enactment or*

1 *the date of such subsequent statements. Such subse-*
2 *quent statements shall include the change in such rate*
3 *from the previous statement, if any.*

4 “(2) *INCREASE IN RATE.*—*With respect to a*
5 *State that submits a statement under paragraph (1)*
6 *that indicates an increase of 5 percent or more in the*
7 *child poverty rate of the State from the previous state-*
8 *ment as a result of the changes made by the Act, the*
9 *State shall, not later than 90 days after the date of*
10 *such statement, prepare and submit to the Secretary*
11 *a corrective action plan in accordance with para-*
12 *graph (3).*

13 “(3) *CORRECTIVE ACTION PLAN.*—

14 “(A) *IN GENERAL.*—*A corrective action*
15 *plan submitted under paragraph (2) shall out-*
16 *line that manner in which the State will reduce*
17 *the child poverty rate within the State. The plan*
18 *shall include a description of the actions to be*
19 *taken by the State under such plan.*

20 “(B) *CONSULTATION ABOUT MODIFICA-*
21 *TIONS.*—*During the 60-day period that begins*
22 *with the date the Secretary receives the corrective*
23 *action plan of a State under subparagraph (A),*
24 *the Secretary may consult with the State on*
25 *modifications to the plan.*

1 “(C) *ACCEPTANCE OF PLAN.*— *A corrective*
2 *action plan submitted by a State in accordance*
3 *with subparagraph (A) is deemed to be accepted*
4 *by the Secretary if the Secretary does not accept*
5 *or reject the plan during 60-day period that be-*
6 *gins on the date the plan is submitted.*

7 “(4) *COMPLIANCE WITH PLAN.*—

8 “(A) *IN GENERAL.*—*A State that submits a*
9 *corrective action plan under this subsection shall*
10 *continue to implement such plan until such time*
11 *as the Secretary makes the determination de-*
12 *scribed in subparagraph (B).*

13 “(B) *DETERMINATION.*—*A determination*
14 *described in this subparagraph is a determina-*
15 *tion that the child poverty rate for the State in-*
16 *volved has fallen to, and not exceeded for a pe-*
17 *riod of 2-consecutive years, a rate that is not*
18 *greater than the rate contained in the most re-*
19 *cent statement submitted by the State under*
20 *paragraph (1) which did not trigger the applica-*
21 *tion of paragraph (2).*

22 “(C) *LABOR SURPLUS AREA.*—*With respect*
23 *to a State that submits a corrective action plan*
24 *under paragraph (2), such plan shall con-*

1 *tinue to be implemented until the area involved*
2 *is no longer designated as a Labor Surplus Area.*

3 “(5) *METHODOLOGY.*—*The Secretary shall pro-*
4 *mulgate regulations establishing the methodology by*
5 *which a States shall determine the child poverty rate*
6 *within such State. Such methodology shall, with re-*
7 *spect to a State, take into account factors including*
8 *the number of children who receive free or reduced-*
9 *price lunches, the number of food stamp households,*
10 *and the county by county estimates of children in*
11 *poverty as determined by the Census Bureau.*

12 **“SEC. 414. STUDY BY THE CENSUS BUREAU.**

13 “(a) *IN GENERAL.*—*The Bureau of the Census shall*
14 *expand the Survey of Income and Program Participation*
15 *as necessary to obtain such information as will enable in-*
16 *terested persons to evaluate the impact of the amendments*
17 *made by chapter 1 of the Personal Responsibility and Work*
18 *Opportunity Act of 1996 on a random national sample of*
19 *recipients of assistance under State programs funded under*
20 *this part and (as appropriate) other low income families,*
21 *and in doing so, shall pay particular attention to the issues*
22 *of out-of-wedlock birth, welfare dependency, the beginning*
23 *and end of welfare spells, and the causes of repeat welfare*
24 *spells.*

1 “(b) *APPROPRIATION.*—*Out of any money in the*
2 *Treasury of the United States not otherwise appropriated,*
3 *there are appropriated \$10,000,000 for each of fiscal years*
4 *1998, 1999, 2000, 2001, and 2002 for payment to the Bu-*
5 *reau of the Census to carry out subsection (a).*

6 **“SEC. 415. WAIVERS.**

7 “(a) *CONTINUATION OF WAIVERS.*—

8 “(1) *WAIVERS IN EFFECT ON DATE OF ENACT-*
9 *MENT OF WELFARE REFORM.*—*Except as provided in*
10 *paragraph (3), if any waiver granted to a State*
11 *under section 1115 or otherwise which relates to the*
12 *provision of assistance under a State plan under this*
13 *part (as in effect on September 30, 1996) is in effect*
14 *as of the date of the enactment of the Personal Re-*
15 *sponsibility and Work Opportunity Act of 1996, the*
16 *amendments made by such Act (other than by section*
17 *2103(d) of such Act) shall not apply with respect to*
18 *the State before the expiration (determined without*
19 *regard to any extensions) of the waiver to the extent*
20 *such amendments are inconsistent with the waiver.*

21 “(2) *WAIVERS GRANTED SUBSEQUENTLY.*—*Ex-*
22 *cept as provided in paragraph (3), if any waiver*
23 *granted to a State under section 1115 or otherwise*
24 *which relates to the provision of assistance under a*
25 *State plan under this part (as in effect on September*

1 30, 1996) is submitted to the Secretary before the date
2 of the enactment of the Personal Responsibility and
3 Work Opportunity Act of 1996 and approved by the
4 Secretary on or before July 1, 1997, and the State
5 demonstrates to the satisfaction of the Secretary that
6 the waiver will not result in Federal expenditures
7 under title IV of this Act (as in effect without regard
8 to the amendments made by the Personal Responsibility
9 and Work Opportunity Act of 1996) that are
10 greater than would occur in the absence of the waiver,
11 the amendments made by the Personal Responsibility
12 and Work Opportunity Act of 1996 (other than by
13 section 2103(d) of such Act) shall not apply with re-
14 spect to the State before the expiration (determined
15 without regard to any extensions) of the waiver to the
16 extent the amendments made by the Personal Respon-
17 sibility and Work Opportunity Act of 1996 are incon-
18 sistent with the waiver.

19 “(3) *FINANCING LIMITATION.*—Notwithstanding
20 any other provision of law, beginning with fiscal year
21 1996, a State operating under a waiver described in
22 paragraph (1) shall be entitled to payment under sec-
23 tion 403 for the fiscal year, in lieu of any other pay-
24 ment provided for in the waiver.

25 “(b) *STATE OPTION TO TERMINATE WAIVER.*—

1 “(1) *IN GENERAL.*—A State may terminate a
2 waiver described in subsection (a) before the expira-
3 tion of the waiver.

4 “(2) *REPORT.*—A State which terminates a
5 waiver under paragraph (1) shall submit a report to
6 the Secretary summarizing the waiver and any avail-
7 able information concerning the result or effect of the
8 waiver.

9 “(3) *HOLD HARMLESS PROVISION.*—

10 “(A) *IN GENERAL.*—Notwithstanding any
11 other provision of law, a State that, not later
12 than the date described in subparagraph (B),
13 submits a written request to terminate a waiver
14 described in subsection (a) shall be held harmless
15 for accrued cost neutrality liabilities incurred
16 under the waiver.

17 “(B) *DATE DESCRIBED.*—The date described
18 in this subparagraph is 90 days following the
19 adjournment of the first regular session of the
20 State legislature that begins after the date of the
21 enactment of the Personal Responsibility and
22 Work Opportunity Act of 1996.

23 “(c) *SECRETARIAL ENCOURAGEMENT OF CURRENT*
24 *WAIVERS.*—The Secretary shall encourage any State oper-
25 ating a waiver described in subsection (a) to continue the

1 *waiver and to evaluate, using random sampling and other*
2 *characteristics of accepted scientific evaluations, the result*
3 *or effect of the waiver.*

4 “(d) *CONTINUATION OF INDIVIDUAL WAIVERS.—A*
5 *State may elect to continue 1 or more individual waivers*
6 *described in subsection (a).*

7 **“SEC. 416. ADMINISTRATION.**

8 “*The programs under this part and part D shall be*
9 *administered by an Assistant Secretary for Family Support*
10 *within the Department of Health and Human Services, who*
11 *shall be appointed by the President, by and with the advice*
12 *and consent of the Senate, and who shall be in addition*
13 *to any other Assistant Secretary of Health and Human*
14 *Services provided for by law, and the Secretary shall reduce*
15 *the Federal workforce within the Department of Health and*
16 *Human Services by an amount equal to the sum of 75 per-*
17 *cent of the full-time equivalent positions at such Depart-*
18 *ment that relate to any direct spending program, or any*
19 *program funded through discretionary spending, that has*
20 *been converted into a block grant program under the Per-*
21 *sonal Responsibility and Work Opportunity Act of 1996*
22 *and the amendments made by such Act, and by an amount*
23 *equal to 75 percent of that portion of the total full-time*
24 *equivalent departmental management positions at such De-*
25 *partment that bears the same relationship to the amount*

1 *appropriated for any direct spending program, or any pro-*
2 *gram funded through discretionary spending, that has been*
3 *converted into a block grant program under the Personal*
4 *Responsibility and Work Opportunity Act of 1996 and the*
5 *amendments made by such Act, as such amount relates to*
6 *the total amount appropriated for use by such Department,*
7 *and, notwithstanding any other provision of law, the Sec-*
8 *retary shall take such actions as may be necessary, includ-*
9 *ing reductions in force actions, consistent with sections*
10 *3502 and 3595 of title 5, United States Code, to reduce the*
11 *full-time equivalent positions within the Department of*
12 *Health and Human Services by 245 full-time equivalent po-*
13 *sitions related to the program converted into a block grant*
14 *under the amendment made by section 2103 of the Personal*
15 *Responsibility and Work Opportunity Act of 1996, and by*
16 *60 full-time equivalent managerial positions in the Depart-*
17 *ment.*

18 **“SEC. 417. LIMITATION ON FEDERAL AUTHORITY.**

19 *“No officer or employee of the Federal Government*
20 *may regulate the conduct of States under this part or en-*
21 *force any provision of this part, except to the extent ex-*
22 *pressly provided in this part.”; and*

23 *(2) by inserting after such section 418 the follow-*
24 *ing:*

1 **“SEC. 419. DEFINITIONS.**

2 *“As used in this part:*

3 *“(1) ADULT.—The term ‘adult’ means an indi-*
4 *vidual who is not a minor child.*

5 *“(2) MINOR CHILD.—The term ‘minor child’*
6 *means an individual who—*

7 *“(A) has not attained 18 years of age; or*

8 *“(B) has not attained 19 years of age and*
9 *is a full-time student in a secondary school (or*
10 *in the equivalent level of vocational or technical*
11 *training).*

12 *“(3) FISCAL YEAR.—The term ‘fiscal year’*
13 *means any 12-month period ending on September 30*
14 *of a calendar year.*

15 *“(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANI-*
16 *ZATION.—*

17 *“(A) IN GENERAL.—Except as provided in*
18 *subparagraph (B), the terms ‘Indian’, ‘Indian*
19 *tribe’, and ‘tribal organization’ have the mean-*
20 *ing given such terms by section 4 of the Indian*
21 *Self-Determination and Education Assistance*
22 *Act (25 U.S.C. 450b).*

23 *“(B) SPECIAL RULE FOR INDIAN TRIBES IN*
24 *ALASKA.—The term ‘Indian tribe’ means, with*
25 *respect to the State of Alaska, only the*
26 *Metlakatla Indian Community of the Annette Is-*

1 *lands Reserve and the following Alaska Native*
2 *regional nonprofit corporations:*

3 “(i) *Arctic Slope Native Association.*

4 “(ii) *Kawerak, Inc.*

5 “(iii) *Maniilaq Association.*

6 “(iv) *Association of Village Council*
7 *Presidents.*

8 “(v) *Tanana Chiefs Conference.*

9 “(vi) *Cook Inlet Tribal Council.*

10 “(vii) *Bristol Bay Native Association.*

11 “(viii) *Aleutian and Pribilof Island*
12 *Association.*

13 “(ix) *Chugachmuit.*

14 “(x) *Tlingit Haida Central Council.*

15 “(xi) *Kodiak Area Native Association.*

16 “(xii) *Copper River Native Associa-*
17 *tion.*

18 “(5) *STATE.—*

19 “(A) *IN GENERAL.—Except as otherwise*
20 *specifically provided, the term ‘State’ means the*
21 *50 States of the United States, the District of*
22 *Columbia, the Commonwealth of Puerto Rico, the*
23 *United States Virgin Islands, Guam, and Amer-*
24 *ican Samoa.*

1 “(B) *STATE OPTION TO CONTRACT TO PRO-*
2 *VIDE SERVICES.*—*The term ‘State’ includes the—*

3 “(i) *administration and provision of*
4 *services under the program funded under*
5 *this part, or under the programs funded*
6 *under parts B and E of this title, through*
7 *contracts with charitable, religious, or pri-*
8 *vate organizations; and*

9 “(ii) *provision to beneficiaries of as-*
10 *sistance under such programs with certifi-*
11 *cates, vouchers, or other forms of disburse-*
12 *ment which are redeemable with such orga-*
13 *nizations.”.*

14 (b) *GRANTS TO OUTLYING AREAS.*—*Section 1108 (42*
15 *U.S.C. 1308) is amended—*

16 (1) *by redesignating subsection (c) as subsection*
17 *(g);*

18 (2) *by striking all that precedes subsection (c)*
19 *and inserting the following:*

20 **“SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE**
21 **VIRGIN ISLANDS, GUAM, AND AMERICAN**
22 **SAMOA; LIMITATION ON TOTAL PAYMENTS.**

23 “(a) *LIMITATION ON TOTAL PAYMENTS TO EACH TER-*
24 *RITORY.*—*Notwithstanding any other provision of this Act,*
25 *the total amount certified by the Secretary of Health and*

1 *Human Services under titles I, X, XIV, and XVI, under*
2 *parts A and E of title IV, and under subsection (b) of this*
3 *section, for payment to any territory for a fiscal year shall*
4 *not exceed the ceiling amount for the territory for the fiscal*
5 *year.*

6 “(b) *ENTITLEMENT TO MATCHING GRANT.*—

7 “(1) *IN GENERAL.*—*Each territory shall be enti-*
8 *tled to receive from the Secretary for each fiscal year*
9 *a grant in an amount equal to 75 percent of the*
10 *amount (if any) by which—*

11 “(A) *the total expenditures of the territory*
12 *during the fiscal year under the territory pro-*
13 *grams funded under parts A and E of title IV;*
14 *exceeds*

15 “(B) *the sum of—*

16 “(i) *the total amount required to be*
17 *paid to the territory (other than with re-*
18 *spect to child care) under former section*
19 *403 (as in effect on September 30, 1995) for*
20 *fiscal year 1995, which shall be determined*
21 *by applying subparagraphs (C) and (D) of*
22 *section 403(a)(1) to the territory;*

23 “(ii) *the total amount required to be*
24 *paid to the territory under former section*

1 434 (as so in effect) for fiscal year 1995;
2 and

3 “(iii) the total amount expended by the
4 territory during fiscal year 1995 pursuant
5 to parts A and F of title IV (as so in effect),
6 other than for child care.

7 “(2) *USE OF GRANT.*—Any territory to which a
8 grant is made under paragraph (1) may expend the
9 amount under any program operated or funded under
10 any provision of law specified in subsection (a).

11 “(c) *DEFINITIONS.*—As used in this section:

12 “(1) *TERRITORY.*—The term ‘territory’ means
13 Puerto Rico, the Virgin Islands, Guam, and Amer-
14 ican Samoa.

15 “(2) *CEILING AMOUNT.*—The term ‘ceiling
16 amount’ means, with respect to a territory and a fis-
17 cal year, the mandatory ceiling amount with respect
18 to the territory, reduced for the fiscal year in accord-
19 ance with subsection (e).

20 “(3) *MANDATORY CEILING AMOUNT.*—The term
21 ‘mandatory ceiling amount’ means—

22 “(A) \$102,040,000 with respect to for Puer-
23 to Rico;

24 “(B) \$4,683,000 with respect to Guam;

1 “(C) \$3,554,000 with respect to the Virgin
2 Islands; and

3 “(D) \$1,000,000 with respect to American
4 Samoa.

5 “(4) *TOTAL AMOUNT EXPENDED BY THE TERRI-*
6 *TORY.—The term ‘total amount expended by the terri-*
7 *tory’—*

8 “(A) does not include expenditures during
9 the fiscal year from amounts made available by
10 the Federal Government; and

11 “(B) when used with respect to fiscal year
12 1995, also does not include—

13 “(i) expenditures during fiscal year
14 1995 under subsection (g) or (i) of section
15 402 (as in effect on September 30, 1995); or

16 “(ii) any expenditures during fiscal
17 year 1995 for which the territory (but for
18 section 1108, as in effect on September 30,
19 1995) would have received reimbursement
20 from the Federal Government.

21 “(d) *AUTHORITY TO TRANSFER FUNDS AMONG PRO-*
22 *GRAMS.—Notwithstanding any other provision of this Act,*
23 *any territory to which an amount is paid under any provi-*
24 *sion of law specified in subsection (a) may use part or all*

1 of the amount to carry out any program operated by the
2 territory, or funded, under any other such provision of law.

3 “(e) *MAINTENANCE OF EFFORT.*—The ceiling amount
4 with respect to a territory shall be reduced for a fiscal year
5 by an amount equal to the amount (if any) by which—

6 “(1) the total amount expended by the territory
7 under all programs of the territory operated pursuant
8 to the provisions of law specified in subsection (a) (as
9 such provisions were in effect for fiscal year 1995) for
10 fiscal year 1995; exceeds

11 “(2) the total amount expended by the territory
12 under all programs of the territory that are funded
13 under the provisions of law specified in subsection (a)
14 for the fiscal year that immediately precedes the fiscal
15 year referred to in the matter preceding paragraph
16 (1).”; and

17 (3) by striking subsections (d) and (e).

18 (c) *REPEAL OF PROVISIONS REQUIRING REDUCTION*
19 *OF MEDICAID PAYMENTS TO STATES THAT REDUCE WEL-*
20 *FARE PAYMENT LEVELS.*—

21 (1) Section 1903(i) (42 U.S.C. 1396b(i)) is
22 amended by striking paragraph (9).

23 (2) Section 1902 (42 U.S.C. 1396a) is amended
24 by striking subsection (c).

1 (d) *ELIMINATION OF CHILD CARE PROGRAMS UNDER*
2 *THE SOCIAL SECURITY ACT.*—

3 (1) *AFDC AND TRANSITIONAL CHILD CARE PRO-*
4 *GRAMS.*—Section 402 (42 U.S.C. 602) is amended by
5 *striking subsection (g).*

6 (2) *AT-RISK CHILD CARE PROGRAM.*—

7 (A) *AUTHORIZATION.*—Section 402 (42
8 *U.S.C. 602) is amended by striking subsection*
9 *(i).*

10 (B) *FUNDING PROVISIONS.*—Section 403 (42
11 *U.S.C. 603) is amended by striking subsection*
12 *(n).*

13 **SEC. 2104. SERVICES PROVIDED BY CHARITABLE, RELI-**
14 **GIUS, OR PRIVATE ORGANIZATIONS.**

15 (a) *IN GENERAL.*—

16 (1) *STATE OPTIONS.*—A State may—

17 (A) *administer and provide services under*
18 *the programs described in subparagraphs (A)*
19 *and (B)(i) of paragraph (2) through contracts*
20 *with charitable, religious, or private organiza-*
21 *tions; and*

22 (B) *provide beneficiaries of assistance under*
23 *the programs described in subparagraphs (A)*
24 *and (B)(ii) of paragraph (2) with certificates,*

1 *vouchers, or other forms of disbursement which*
2 *are redeemable with such organizations.*

3 (2) *PROGRAMS DESCRIBED.*—*The programs de-*
4 *scribed in this paragraph are the following programs:*

5 (A) *A State program funded under part A*
6 *of title IV of the Social Security Act (as amend-*
7 *ed by section 2103(a) of this Act).*

8 (B) *Any other program established or modi-*
9 *fied under chapter 1 or 2 of this subtitle, that—*

10 (i) *permits contracts with organiza-*
11 *tions; or*

12 (ii) *permits certificates, vouchers, or*
13 *other forms of disbursement to be provided*
14 *to beneficiaries, as a means of providing as-*
15 *sistance.*

16 (b) *RELIGIOUS ORGANIZATIONS.*—*The purpose of this*
17 *section is to allow States to contract with religious organi-*
18 *zations, or to allow religious organizations to accept certifi-*
19 *cates, vouchers, or other forms of disbursement under any*
20 *program described in subsection (a)(2), on the same basis*
21 *as any other nongovernmental provider without impairing*
22 *the religious character of such organizations, and without*
23 *diminishing the religious freedom of beneficiaries of assist-*
24 *ance funded under such program.*

1 (c) *NONDISCRIMINATION AGAINST RELIGIOUS ORGANI-*
2 *ZATIONS.—In the event a State exercises its authority under*
3 *subsection (a), religious organizations are eligible, on the*
4 *same basis as any other private organization, as contractors*
5 *to provide assistance, or to accept certificates, vouchers, or*
6 *other forms of disbursement, under any program described*
7 *in subsection (a)(2) so long as the programs are imple-*
8 *mented consistent with the Establishment Clause of the*
9 *United States Constitution. Except as provided in sub-*
10 *section (k), neither the Federal Government nor a State re-*
11 *ceiving funds under such programs shall discriminate*
12 *against an organization which is or applies to be a contrac-*
13 *tor to provide assistance, or which accepts certificates,*
14 *vouchers, or other forms of disbursement, on the basis that*
15 *the organization has a religious character.*

16 (d) *RELIGIOUS CHARACTER AND FREEDOM.—*

17 (1) *RELIGIOUS ORGANIZATIONS.—A religious or-*
18 *ganization with a contract described in subsection*
19 *(a)(1)(A), or which accepts certificates, vouchers, or*
20 *other forms of disbursement under subsection*
21 *(a)(1)(B), shall retain its independence from Federal,*
22 *State, and local governments, including such organi-*
23 *zation's control over the definition, development,*
24 *practice, and expression of its religious beliefs.*

1 (2) *ADDITIONAL SAFEGUARDS.*—Neither the Fed-
2 eral Government nor a State shall require a religious
3 organization to—

4 (A) alter its form of internal governance; or

5 (B) remove religious art, icons, scripture, or
6 other symbols;

7 in order to be eligible to contract to provide assist-
8 ance, or to accept certificates, vouchers, or other forms
9 of disbursement, funded under a program described in
10 subsection (a)(2).

11 (e) *RIGHTS OF BENEFICIARIES OF ASSISTANCE.*—

12 (1) *IN GENERAL.*—If an individual described in
13 paragraph (2) has an objection to the religious char-
14 acter of the organization or institution from which
15 the individual receives, or would receive, assistance
16 funded under any program described in subsection
17 (a)(2), the State in which the individual resides shall
18 provide such individual (if otherwise eligible for such
19 assistance) within a reasonable period of time after
20 the date of such objection with assistance from an al-
21 ternative provider that is accessible to the individual
22 and the value of which is not less than the value of
23 the assistance which the individual would have re-
24 ceived from such organization.

1 (2) *INDIVIDUAL DESCRIBED.*—An individual de-
2 scribed in this paragraph is an individual who re-
3 ceives, applies for, or requests to apply for, assistance
4 under a program described in subsection (a)(2).

5 (f) *EMPLOYMENT PRACTICES.*—A religious organiza-
6 tion’s exemption provided under section 702 of the Civil
7 Rights Act of 1964 (42 U.S.C. 2000e–1a) regarding employ-
8 ment practices shall not be affected by its participation in,
9 or receipt of funds from, programs described in subsection
10 (a)(2).

11 (g) *NONDISCRIMINATION AGAINST BENEFICIARIES.*—
12 Except as otherwise provided in law, a religious organiza-
13 tion shall not discriminate against an individual in regard
14 to rendering assistance funded under any program de-
15 scribed in subsection (a)(2) on the basis of religion, a reli-
16 gious belief, or refusal to actively participate in a religious
17 practice.

18 (h) *FISCAL ACCOUNTABILITY.*—

19 (1) *IN GENERAL.*—Except as provided in para-
20 graph (2), any religious organization contracting to
21 provide assistance funded under any program de-
22 scribed in subsection (a)(2) shall be subject to the
23 same regulations as other contractors to account in
24 accord with generally accepted auditing principles for
25 the use of such funds provided under such programs.

1 (2) *LIMITED AUDIT.*—If such organization seg-
2 regates Federal funds provided under such programs
3 into separate accounts, then only the financial assist-
4 ance provided with such funds shall be subject to
5 audit.

6 (i) *COMPLIANCE.*—Any party which seeks to enforce its
7 rights under this section may assert a civil action for in-
8 junctive relief exclusively in an appropriate State court
9 against the entity or agency that allegedly commits such
10 violation.

11 (j) *LIMITATIONS ON USE OF FUNDS FOR CERTAIN*
12 *PURPOSES.*—No funds provided directly to institutions or
13 organizations to provide services and administer programs
14 under subsection (a)(1)(A) shall be expended for sectarian
15 worship, instruction, or proselytization.

16 (k) *PREEMPTION.*—Nothing in this section shall be
17 construed to preempt any provision of a State constitution
18 or State statute that prohibits or restricts the expenditure
19 of State funds in or by religious organizations.

20 **SEC. 2105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**
21 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

22 (a) *IN GENERAL.*—Not later than 90 days after the
23 date of the enactment of this Act, the Secretary of Com-
24 merce, in carrying out section 141 of title 13, United States
25 Code, shall expand the data collection efforts of the Bureau

1 of the Census (in this section referred to as the “Bureau”)
2 to enable the Bureau to collect statistically significant data,
3 in connection with its decennial census and its mid-decade
4 census, concerning the growing trend of grandparents who
5 are the primary caregivers for their grandchildren.

6 (b) *EXPANDED CENSUS QUESTION.*—In carrying out
7 subsection (a), the Secretary of Commerce shall expand the
8 Bureau’s census question that details households which in-
9 clude both grandparents and their grandchildren. The ex-
10 panded question shall be formulated to distinguish between
11 the following households:

12 (1) A household in which a grandparent tempo-
13 rarily provides a home for a grandchild for a period
14 of weeks or months during periods of parental dis-
15 tress.

16 (2) A household in which a grandparent provides
17 a home for a grandchild and serves as the primary
18 caregiver for the grandchild.

19 **SEC. 2106. REPORT ON DATA PROCESSING.**

20 (a) *IN GENERAL.*—Within 6 months after the date of
21 the enactment of this Act, the Secretary of Health and
22 Human Services shall prepare and submit to the Congress
23 a report on—

24 (1) the status of the automated data processing
25 systems operated by the States to assist management

1 *in the administration of State programs under part*
2 *A of title IV of the Social Security Act (whether in*
3 *effect before or after October 1, 1995); and*

4 (2) *what would be required to establish a system*
5 *capable of—*

6 (A) *tracking participants in public pro-*
7 *grams over time; and*

8 (B) *checking case records of the States to de-*
9 *termine whether individuals are participating in*
10 *public programs of 2 or more States.*

11 (b) *PREFERRED CONTENTS.*—*The report required by*
12 *subsection (a) should include—*

13 (1) *a plan for building on the automated data*
14 *processing systems of the States to establish a system*
15 *with the capabilities described in subsection (a)(2);*
16 *and*

17 (2) *an estimate of the amount of time required*
18 *to establish such a system and of the cost of establish-*
19 *ing such a system.*

20 **SEC. 2107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

21 (a) *STUDY.*—*The Secretary shall, in cooperation with*
22 *the States, study and analyze outcomes measures for evalu-*
23 *ating the success of the States in moving individuals out*
24 *of the welfare system through employment as an alternative*
25 *to the minimum participation rates described in section*

1 407 of the Social Security Act. The study shall include a
2 determination as to whether such alternative outcomes
3 measures should be applied on a national or a State-by-
4 State basis and a preliminary assessment of the effects of
5 section 409(a)(7)(C) of such Act.

6 (b) *REPORT.*—Not later than September 30, 1998, the
7 Secretary shall submit to the Committee on Finance of the
8 Senate and the Committee on Ways and Means of the House
9 of Representatives a report containing the findings of the
10 study required by subsection (a).

11 **SEC. 2108. WELFARE FORMULA FAIRNESS COMMISSION.**

12 (a) *ESTABLISHMENT.*—There is established a commis-
13 sion to be known as the Welfare Formula Fairness Commis-
14 sion (in this section referred to as the “Commission”).

15 (b) *MEMBERSHIP.*—

16 (1) *COMPOSITION.*—The Commission shall be
17 composed of 13 members, of whom—

18 (A) 3 shall be appointed by the President,
19 of whom not more than 2 shall be of the same
20 political party;

21 (B) 3 shall be appointed by the Majority
22 Leader of the Senate;

23 (C) 2 shall be appointed by the Minority
24 Leader of the Senate;

1 (D) 3 shall be appointed by the Speaker of
2 the House of Representatives; and

3 (E) 2 shall be appointed by the Minority
4 Leader of the House of Representatives.

5 (2) DATE.—The appointments of the members of
6 the Commission shall be made not later than 30 days
7 after the date of the enactment of this Act.

8 (c) PERIOD OF APPOINTMENT; VACANCIES.—Members
9 shall be appointed for the life of the Commission. Any va-
10 cancy in the Commission shall not affect its powers, but
11 shall be filled in the same manner as the original appoint-
12 ment.

13 (d) INITIAL MEETING.—Not later than 30 days after
14 the date on which all members of the Commission have been
15 appointed, the Commission shall hold its first meeting.

16 (e) MEETINGS.—The Commission shall meet at the call
17 of the Chair.

18 (f) QUORUM.—A majority of the members of the Com-
19 mission shall constitute a quorum, but a lesser number of
20 members may hold hearings.

21 (g) CHAIR AND VICE CHAIR.—The Commission shall
22 select a Chair and Vice Chair from among its members.

23 (h) DUTIES OF THE COMMISSION.—

24 (1) STUDY.—The Commission shall study—

1 (A) *the temporary assistance for needy fam-*
2 *ilies block grant program established under part*
3 *A of title IV of the Social Security Act, as*
4 *amended by section 2103 of this Act; and*

5 (B) *the funding formulas applied, the bonus*
6 *payments provided, and the work requirements*
7 *established under such program.*

8 (2) *REPORT.*—*Not later than September 1, 1998,*
9 *the Commission shall submit a report to the Congress*
10 *on the matters studied under paragraph (1).*

11 (i) *POWERS OF THE COMMISSION.*—

12 (1) *HEARINGS.*—*The Commission may hold such*
13 *hearings, sit and act at such times and places, take*
14 *such testimony, and receive such evidence as the Com-*
15 *mission considers advisable to carry out the purposes*
16 *of this section.*

17 (2) *INFORMATION FROM FEDERAL AGENCIES.*—
18 *The Commission may secure directly from any Fed-*
19 *eral department or agency such information as the*
20 *Commission considers necessary to carry out the pro-*
21 *visions of this section. Upon request of the Chair of*
22 *the Commission, the head of such department or agen-*
23 *cy shall furnish such information to the Commission.*

24 (3) *POSTAL SERVICES.*—*The Commission may*
25 *use the United States mails in the same manner and*

1 *under the same conditions as other departments and*
2 *agencies of the Federal Government.*

3 (4) *GIFTS.*—*The Commission may accept, use,*
4 *and dispose of gifts or donations of services or prop-*
5 *erty.*

6 (j) *PERSONNEL MATTERS.*—

7 (1) *COMPENSATION OF MEMBERS.*—*Each mem-*
8 *ber of the Commission who is not an officer or em-*
9 *ployee of the Federal Government shall be com-*
10 *pensated at a rate equal to the daily equivalent of the*
11 *annual rate of basic pay prescribed for level IV of the*
12 *Executive Schedule under section 5315 of title 5,*
13 *United States Code, for each day (including travel*
14 *time) during which such member is engaged in the*
15 *performance of the duties of the Commission. All*
16 *members of the Commission who are officers or em-*
17 *ployees of the United States shall serve without com-*
18 *ensation in addition to that received for their serv-*
19 *ices as officers or employees of the United States.*

20 (2) *TRAVEL EXPENSES.*—*The members of the*
21 *Commission shall be allowed travel expenses, includ-*
22 *ing per diem in lieu of subsistence, at rates author-*
23 *ized for employees of agencies under subchapter I of*
24 *chapter 57 of title 5, United States Code, while away*

1 *from their homes or regular places of business in the*
2 *performance of services for the Commission.*

3 (3) *STAFF.*—

4 (A) *IN GENERAL.*—*The Chair of the Com-*
5 *mission may, without regard to the civil service*
6 *laws and regulations, appoint and terminate an*
7 *executive director and such other additional per-*
8 *sonnel as may be necessary to enable the Com-*
9 *mission to perform its duties. The employment of*
10 *an executive director shall be subject to confirma-*
11 *tion by the Commission.*

12 (B) *COMPENSATION.*—*The Chair of the*
13 *Commission may fix the compensation of the ex-*
14 *ecutive director and other personnel without re-*
15 *gard to the provisions of chapter 51 and sub-*
16 *chapter III of chapter 53 of title 5, United States*
17 *Code, relating to classification of positions and*
18 *General Schedule pay rates, except that the rate*
19 *of pay for the executive director and other per-*
20 *sonnel may not exceed the rate payable for level*
21 *V of the Executive Schedule under section 5316*
22 *of such title.*

23 (4) *DETAIL OF GOVERNMENT EMPLOYEES.*—*Any*
24 *Federal Government employee may be detailed to the*
25 *Commission without reimbursement, and such detail*

1 *shall be without interruption or loss of civil service*
2 *status or privilege.*

3 (5) *PROCUREMENT OF TEMPORARY AND INTER-*
4 *MITTENT SERVICES.—The Chair of the Commission*
5 *may procure temporary and intermittent services*
6 *under section 3109(b) of title 5, United States Code,*
7 *at rates for individuals which do not exceed the daily*
8 *equivalent of the annual rate of basic pay prescribed*
9 *for level V of the Executive Schedule under section*
10 *5316 of such title.*

11 (k) *TERMINATION OF THE COMMISSION.—The Com-*
12 *mission shall terminate not later than December 31, 1998.*

13 (l) *AUTHORIZATION OF APPROPRIATIONS.—There is*
14 *authorized to be appropriated to the Commission such sums*
15 *as are necessary to carry out the purposes of this section.*

16 **SEC. 2109. CONFORMING AMENDMENTS TO THE SOCIAL SE-**
17 **CURITY ACT.**

18 (a) *AMENDMENTS TO PART D OF TITLE IV.—*

19 (1) *Section 451 (42 U.S.C. 651) is amended by*
20 *striking “aid” and inserting “assistance under a*
21 *State program funded”.*

22 (2) *Section 452(a)(10)(C) (42 U.S.C.*
23 *652(a)(10)(C)) is amended—*

1 (A) by striking “aid to families with de-
2 pendent children” and inserting “assistance
3 under a State program funded under part A”;

4 (B) by striking “such aid” and inserting
5 “such assistance”; and

6 (C) by striking “under section 402(a)(26)
7 or” and inserting “pursuant to section 408(a)(4)
8 or under section”.

9 (3) Section 452(a)(10)(F) (42 U.S.C.
10 652(a)(10)(F)) is amended—

11 (A) by striking “aid under a State plan ap-
12 proved” and inserting “assistance under a State
13 program funded”; and

14 (B) by striking “in accordance with the
15 standards referred to in section
16 402(a)(26)(B)(ii)” and inserting “by the State”.

17 (4) Section 452(b) (42 U.S.C. 652(b)) is amend-
18 ed in the first sentence by striking “aid under the
19 State plan approved under part A” and inserting
20 “assistance under the State program funded under
21 part A”.

22 (5) Section 452(d)(3)(B)(i) (42 U.S.C.
23 652(d)(3)(B)(i)) is amended by striking “1115(c)”
24 and inserting “1115(b)”.

1 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.
2 652(g)(2)(A)(ii)(I)) is amended by striking “aid is
3 being paid under the State’s plan approved under
4 part A or E” and inserting “assistance is being pro-
5 vided under the State program funded under part A”.

6 (7) Section 452(g)(2)(A) (42 U.S.C.
7 652(g)(2)(A)) is amended in the matter following
8 clause (iii) by striking “aid was being paid under the
9 State’s plan approved under part A or E” and insert-
10 ing “assistance was being provided under the State
11 program funded under part A”.

12 (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
13 amended in the matter following subparagraph (B)—

14 (A) by striking “who is a dependent child”
15 and inserting “with respect to whom assistance
16 is being provided under the State program fund-
17 ed under part A”;

18 (B) by inserting “by the State” after
19 “found”; and

20 (C) by striking “to have good cause for re-
21 fusing to cooperate under section 402(a)(26)”
22 and inserting “to qualify for a good cause or
23 other exception to cooperation pursuant to sec-
24 tion 454(29)”.

1 (9) Section 452(h) (42 U.S.C. 652(h)) is amend-
2 ed by striking “under section 402(a)(26)” and insert-
3 ing “pursuant to section 408(a)(4)”.

4 (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is
5 amended by striking “aid under part A of this title”
6 and inserting “assistance under a State program
7 funded under part A”.

8 (11) Section 454(5)(A) (42 U.S.C. 654(5)(A)) is
9 amended—

10 (A) by striking “under section 402(a)(26)”
11 and inserting “pursuant to section 408(a)(4)”;
12 and

13 (B) by striking “; except that this para-
14 graph shall not apply to such payments for any
15 month following the first month in which the
16 amount collected is sufficient to make such fam-
17 ily ineligible for assistance under the State plan
18 approved under part A;” and inserting a
19 comma.

20 (12) Section 454(6)(D) (42 U.S.C. 654(6)(D)) is
21 amended by striking “aid under a State plan ap-
22 proved” and inserting “assistance under a State pro-
23 gram funded”.

24 (13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is
25 amended by striking “under section 402(a)(26)”.

1 (14) Section 466(a)(3)(B) (42 U.S.C.
2 666(a)(3)(B)) is amended by striking “402(a)(26)”
3 and inserting “408(a)(3)”.

4 (15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is
5 amended by striking “aid” and inserting “assistance
6 under a State program funded”.

7 (16) Section 469(a) (42 U.S.C. 669(a)) is
8 amended—

9 (A) by striking “aid under plans approved”
10 and inserting “assistance under State programs
11 funded”; and

12 (B) by striking “such aid” and inserting
13 “such assistance”.

14 (17) Section 472(c)(2) (42 U.S.C. 672(c)(2)) is
15 amended by striking “nonprofit”.

16 (b) REPEAL OF PART F OF TITLE IV.—Part F of title
17 IV (42 U.S.C. 681–687) is repealed.

18 (c) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42
19 U.S.C. 1202(a)(7)) is amended by striking “aid to families
20 with dependent children under the State plan approved
21 under section 402 of this Act” and inserting “assistance
22 under a State program funded under part A of title IV”.

23 (d) AMENDMENTS TO TITLE XI.—

24 (1) Section 1109 (42 U.S.C. 1309) is amended
25 by striking “or part A of title IV,”.

1 (2) *Section 1115 (42 U.S.C. 1315) is amended—*

2 (A) *in subsection (a)(2)—*

3 (i) *by inserting “(A)” after “(2)”;*

4 (ii) *by striking “403,”;*

5 (iii) *by striking the period at the end*

6 *and inserting “, and”; and*

7 (iv) *by adding at the end the following*

8 *new subparagraph:*

9 “(B) *costs of such project which would not other-*
10 *wise be a permissible use of funds under part A of*
11 *title IV and which are not included as part of the*
12 *costs of projects under section 1110, shall to the extent*
13 *and for the period prescribed by the Secretary, be re-*
14 *garded as a permissible use of funds under such*
15 *part.”; and*

16 (B) *in subsection (c)(3), by striking “the*
17 *program of aid to families with dependent chil-*
18 *dren” and inserting “part A of such title”.*

19 (3) *Section 1116 (42 U.S.C. 1316) is amended—*

20 (A) *in each of subsections (a)(1), (b), and*
21 *(d), by striking “or part A of title IV,”; and*

22 (B) *in subsection (a)(3), by striking “404.”.*

23 (4) *Section 1118 (42 U.S.C. 1318) is amended—*

24 (A) *by striking “403(a),”;*

1 (B) by striking “and part A of title IV,”;
2 and

3 (C) by striking “, and shall, in the case of
4 American Samoa, mean 75 per centum with re-
5 spect to part A of title IV”.

6 (5) Section 1119 (42 U.S.C. 1319) is amended—

7 (A) by striking “or part A of title IV”; and

8 (B) by striking “403(a),”.

9 (6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is
10 amended by striking “or part A of title IV,”.

11 (7) Section 1136 (42 U.S.C. 1320b-6) is re-
12 pealed.

13 (8) Section 1137 (42 U.S.C. 1320b-7) is amend-
14 ed—

15 (A) in subsection (b), by striking paragraph

16 (1) and inserting the following:

17 “(1) any State program funded under part A of
18 title IV of this Act;” and

19 (B) in subsection (d)(1)(B)—

20 (i) by striking “In this subsection—”

21 and all that follows through “(ii) in” and
22 inserting “In this subsection, in”;

23 (ii) by redesignating subclauses (I),

24 (II), and (III) as clauses (i), (ii), and (iii);

25 and

1 (iii) by moving such redesignated ma-
2 terial 2 ems to the left.

3 (e) AMENDMENT TO TITLE XIV.—Section 1402(a)(7)
4 (42 U.S.C. 1352(a)(7)) is amended by striking “aid to fam-
5 ilies with dependent children under the State plan approved
6 under section 402 of this Act” and inserting “assistance
7 under a State program funded under part A of title IV”.

8 (f) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
9 RESPECT TO THE TERRITORIES.—Section 1602(a)(11), as
10 in effect without regard to the amendment made by section
11 301 of the Social Security Amendments of 1972 (42 U.S.C.
12 1382 note), is amended by striking “aid under the State
13 plan approved” and inserting “assistance under a State
14 program funded”.

15 (g) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
16 RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42
17 U.S.C. 1382(c)(5)(A)) is amended to read as follows: “(A)
18 a State program funded under part A of title IV,”.

19 (h) AMENDMENT TO TITLE XIX.—Section 1902(j) (42
20 U.S.C. 1396a(j)) is amended by striking “1108(c)” and in-
21 serting “1108(g)”.

1 **SEC. 2110. CONFORMING AMENDMENTS TO THE FOOD**
2 **STAMP ACT OF 1977 AND RELATED PROVI-**
3 **SIONS.**

4 *(a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C.*
5 *2014) is amended—*

6 *(1) in the second sentence of subsection (a), by*
7 *striking “plan approved” and all that follows through*
8 *“title IV of the Social Security Act” and inserting*
9 *“program funded under part A of title IV of the So-*
10 *cial Security Act (42 U.S.C. 601 et seq.)”;*

11 *(2) in subsection (d)—*

12 *(A) in paragraph (5), by striking “assist-*
13 *ance to families with dependent children” and*
14 *inserting “assistance under a State program*
15 *funded”; and*

16 *(B) by striking paragraph (13) and redesign-*
17 *ating paragraphs (14), (15), and (16) as para-*
18 *graphs (13), (14), and (15), respectively;*

19 *(3) in subsection (j), by striking “plan approved*
20 *under part A of title IV of such Act (42 U.S.C. 601*
21 *et seq.)” and inserting “program funded under part*
22 *A of title IV of the Act (42 U.S.C. 601 et seq.)”; and*

23 *(4) by striking subsection (m) and redesignating*
24 *subsection (n), as added by section 1122, as subsection*
25 *(m).*

1 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-
2 ed—

3 (1) in subsection (c)(5), by striking “the State
4 plan approved” and inserting “the State program
5 funded”; and

6 (2) in subsection (e)(6), by striking “aid to fami-
7 lies with dependent children” and inserting “benefits
8 under a State program funded”.

9 (c) Section 16(g)(4) of such Act (7 U.S.C. 2025(g)(4))
10 is amended by striking “State plans under the Aid to Fami-
11 lies with Dependent Children Program under” and insert-
12 ing “State programs funded under part A of”.

13 (d) Section 17(b)(3) of such Act (7 U.S.C. 2026(b)(3))
14 is amended by adding at the end the following new subpara-
15 graph:

16 “(I) The Secretary may not grant a waiver under this
17 paragraph on or after October 1, 1995. Any reference in
18 this paragraph to a provision of title IV of the Social Secu-
19 rity Act shall be deemed to be a reference to such provision
20 as in effect on September 30, 1995.”.

21 (e) Section 20 of such Act (7 U.S.C. 2029) is amend-
22 ed—

23 (1) in subsection (a)(2)(B) by striking “operat-
24 ing—” and all that follows through “(ii) any other”
25 and inserting “operating any”; and

1 (2) *in subsection (b)—*

2 (A) *in paragraph (1)—*

3 (i) *by striking “(b)(1) A household”*

4 *and inserting “(b) A household”; and*

5 (ii) *in subparagraph (B), by striking*

6 *“training program” and inserting “activ-*

7 *ity”;*

8 (B) *by striking paragraph (2); and*

9 (C) *by redesignating subparagraphs (A)*

10 *through (F) as paragraphs (1) through (6), re-*

11 *spectively.*

12 (f) *Section 5(h)(1) of the Agriculture and Consumer*

13 *Protection Act of 1973 (Public Law 93–186; 7 U.S.C. 612c*

14 *note) is amended by striking “the program for aid to fami-*

15 *lies with dependent children” and inserting “the State pro-*

16 *gram funded”.*

17 (g) *Section 9 of the National School Lunch Act (42*

18 *U.S.C. 1758) is amended—*

19 (1) *in subsection (b)—*

20 (A) *in paragraph (2)(B)(ii)(II), as amend-*

21 *ed by section 1202(b)—*

22 (i) *by striking “program for aid to*

23 *families with dependent children” and in-*

24 *serting “State program funded”; and*

1 (ii) by inserting before the period at
2 the end the following: “(42 U.S.C. 601 et
3 seq.) that the Secretary determines complies
4 with standards established by the Secretary
5 that ensure that the standards under the
6 State program are comparable to or more
7 restrictive than those in effect on June 1,
8 1995”; and

9 (B) in paragraph (6)—

10 (i) in subparagraph (A)(ii)—

11 (I) by striking “an AFDC assist-
12 ance unit (under the aid to families
13 with dependent children program au-
14 thorized” and inserting “a family
15 (under the State program funded”; and

16 (II) by striking “, in a State”
17 and all that follows through
18 “9902(2))” and inserting “that the
19 Secretary determines complies with
20 standards established by the Secretary
21 that ensure that the standards under
22 the State program are comparable to
23 or more restrictive than those in effect
24 on June 1, 1995”; and

1 (ii) in subparagraph (B), by striking
2 “aid to families with dependent children”
3 and inserting “assistance under the State
4 program funded under part A of title IV of
5 the Social Security Act (42 U.S.C. 601 et
6 seq.) that the Secretary determines complies
7 with standards established by the Secretary
8 that ensure that the standards under the
9 State program are comparable to or more
10 restrictive than those in effect on June 1,
11 1995”; and

12 (2) in subsection (d)(2)(C)—

13 (A) by striking “program for aid to families
14 with dependent children” and inserting “State
15 program funded”; and

16 (B) by inserting before the period at the end
17 the following: “(42 U.S.C. 601 et seq.) that the
18 Secretary determines complies with standards es-
19 tablished by the Secretary that ensure that the
20 standards under the State program are com-
21 parable to or more restrictive than those in effect
22 on June 1, 1995”.

23 (h) Section 17(d)(2)(A)(i)(II) of the Child Nutrition
24 Act of 1966 (42 U.S.C. 1786(d)(2)(A)(i)(II)) is amended—

1 (1) by striking “program for aid to families with
2 dependent children established” and inserting “State
3 program funded”; and

4 (2) by inserting before the semicolon the follow-
5 ing: “(42 U.S.C. 601 et seq.) that the Secretary deter-
6 mines complies with standards established by the Sec-
7 retary that ensure that the standards under the State
8 program are comparable to or more restrictive than
9 those in effect on June 1, 1995”.

10 **SEC. 2111. CONFORMING AMENDMENTS TO OTHER LAWS.**

11 (a) Subsection (b) of section 508 of the Unemployment
12 Compensation Amendments of 1976 (42 U.S.C. 603a; Pub-
13 lic Law 94–566; 90 Stat. 2689) is amended to read as fol-
14 lows:

15 “(b) *PROVISION FOR REIMBURSEMENT OF EX-*
16 *PENSES.—For purposes of section 455 of the Social Security*
17 *Act, expenses incurred to reimburse State employment of-*
18 *fices for furnishing information requested of such offices—*

19 “(1) pursuant to the third sentence of section
20 3(a) of the Act entitled ‘An Act to provide for the es-
21 tablishment of a national employment system and for
22 cooperation with the States in the promotion of such
23 system, and for other purposes’, approved June 6,
24 1933 (29 U.S.C. 49b(a)), or

1 “(2) by a State or local agency charged with the
2 duty of carrying a State plan for child support ap-
3 proved under part D of title IV of the Social Security
4 Act,
5 shall be considered to constitute expenses incurred in the
6 administration of such State plan.”.

7 (b) Section 9121 of the Omnibus Budget Reconcili-
8 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

9 (c) Section 9122 of the Omnibus Budget Reconciliation
10 Act of 1987 (42 U.S.C. 602 note) is repealed.

11 (d) Section 221 of the Housing and Urban-Rural Re-
12 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-
13 ment under AFDC of certain rental payments for federally
14 assisted housing, is repealed.

15 (e) Section 159 of the Tax Equity and Fiscal Respon-
16 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

17 (f) Section 202(d) of the Social Security Amendments
18 of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

19 (g) Section 903 of the Stewart B. McKinney Homeless
20 Assistance Amendments Act of 1988 (42 U.S.C. 11381 note),
21 relating to demonstration projects to reduce number of
22 AFDC families in welfare hotels, is amended—

23 (1) in subsection (a), by striking “aid to families
24 with dependent children under a State plan ap-

1 *proved” and inserting “assistance under a State pro-*
2 *gram funded”; and*

3 *(2) in subsection (c), by striking “aid to families*
4 *with dependent children in the State under a State*
5 *plan approved” and inserting “assistance in the State*
6 *under a State program funded”.*

7 *(h) The Higher Education Act of 1965 (20 U.S.C. 1001*
8 *et seq.) is amended—*

9 *(1) in section 404C(c)(3) (20 U.S.C. 1070a–*
10 *23(c)(3)), by striking “(Aid to Families with Depend-*
11 *ent Children)”;* and

12 *(2) in section 480(b)(2) (20 U.S.C.*
13 *1087vv(b)(2)), by striking “aid to families with de-*
14 *pendent children under a State plan approved” and*
15 *inserting “assistance under a State program funded”.*

16 *(i) The Carl D. Perkins Vocational and Applied Tech-*
17 *nology Education Act (20 U.S.C. 2301 et seq.) is amend-*
18 *ed—*

19 *(1) in section 231(d)(3)(A)(ii) (20 U.S.C.*
20 *2341(d)(3)(A)(ii)), by striking “The program for aid*
21 *to dependent children” and inserting “The State pro-*
22 *gram funded”;*

23 *(2) in section 232(b)(2)(B) (20 U.S.C.*
24 *2341a(b)(2)(B)), by striking “the program for aid to*

1 *families with dependent children” and inserting “the*
2 *State program funded”;* and

3 (3) *in section 521(14)(B)(iii) (20 U.S.C.*
4 *2471(14)(B)(iii)), by striking “the program for aid to*
5 *families with dependent children” and inserting “the*
6 *State program funded”.*

7 (j) *The Elementary and Secondary Education Act of*
8 *1965 (20 U.S.C. 2701 et seq.) is amended—*

9 (1) *in section 1113(a)(5) (20 U.S.C. 6313(a)(5)),*
10 *by striking “Aid to Families with Dependent Chil-*
11 *dren program” and inserting “State program funded*
12 *under part A of title IV of the Social Security Act”;*

13 (2) *in section 1124(c)(5) (20 U.S.C. 6333(c)(5)),*
14 *by striking “the program of aid to families with de-*
15 *pendent children under a State plan approved under”*
16 *and inserting “a State program funded under part A*
17 *of”;* and

18 (3) *in section 5203(b)(2) (20 U.S.C.*
19 *7233(b)(2))—*

20 (A) *in subparagraph (A)(xi), by striking*
21 *“Aid to Families with Dependent Children bene-*
22 *fits” and inserting “assistance under a State*
23 *program funded under part A of title IV of the*
24 *Social Security Act”;* and

1 (B) in subparagraph (B)(viii), by striking
2 “Aid to Families with Dependent Children” and
3 inserting “assistance under the State program
4 funded under part A of title IV of the Social Se-
5 curity Act”.

6 (k) The 4th proviso of chapter VII of title I of Public
7 Law 99–88 (25 U.S.C. 13d–1) is amended to read as fol-
8 lows: “Provided further, That general assistance payments
9 made by the Bureau of Indian Affairs shall be made—

10 “(1) after April 29, 1985, and before October 1,
11 1995, on the basis of Aid to Families with Dependent
12 Children (AFDC) standards of need; and

13 “(2) on and after October 1, 1995, on the basis
14 of standards of need established under the State pro-
15 gram funded under part A of title IV of the Social
16 Security Act,

17 except that where a State ratably reduces its AFDC or State
18 program payments, the Bureau shall reduce general assist-
19 ance payments in such State by the same percentage as the
20 State has reduced the AFDC or State program payment.”.

21 (l) The Internal Revenue Code of 1986 (26 U.S.C. 1
22 et seq.) is amended—

23 (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by
24 striking all that follows “agency as” and inserting
25 “being eligible for financial assistance under part A

1 *of title IV of the Social Security Act and as having*
2 *continually received such financial assistance during*
3 *the 90-day period which immediately precedes the*
4 *date on which such individual is hired by the em-*
5 *ployer.”;*

6 (2) *in section 3304(a)(16) (26 U.S.C.*
7 *3304(a)(16)), by striking “eligibility for aid or serv-*
8 *ices,” and all that follows through “children ap-*
9 *proved” and inserting “eligibility for assistance, or*
10 *the amount of such assistance, under a State program*
11 *funded”;*

12 (3) *in section 6103(l)(7)(D)(i) (26 U.S.C.*
13 *6103(l)(7)(D)(i)), by striking “aid to families with*
14 *dependent children provided under a State plan ap-*
15 *proved” and inserting “a State program funded”;*

16 (4) *in section 6103(l)(10) (26 U.S.C.*
17 *6103(l)(10))—*

18 (A) *by striking “(c) or (d)” each place it*
19 *appears and inserting “(c), (d), or (e)”;* and

20 (B) *by adding at the end of subparagraph*
21 *(B) the following new sentence: “Any return in-*
22 *formation disclosed with respect to section*
23 *6402(e) shall only be disclosed to officers and em-*
24 *ployees of the State agency requesting such infor-*
25 *mation.”;*

1 (5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)),
2 in the matter preceding subparagraph (A)—

3 (A) by striking “(5), (10)” and inserting
4 “(5)”; and

5 (B) by striking “(9), or (12)” and inserting
6 “(9), (10), or (12)”;

7 (6) in section 6334(a)(11)(A) (26 U.S.C.
8 6334(a)(11)(A)), by striking “(relating to aid to fam-
9 ilies with dependent children)”;

10 (7) in section 6402 (26 U.S.C. 6402)—

11 (A) in subsection (a), by striking “(c) and
12 (d)” and inserting “(c), (d), and (e)”;

13 (B) by redesignating subsections (e) through
14 (i) as subsections (f) through (j), respectively;
15 and

16 (C) by inserting after subsection (d) the fol-
17 lowing:

18 “(e) *COLLECTION OF OVERPAYMENTS UNDER TITLE*
19 *IV—A OF THE SOCIAL SECURITY ACT.—The amount of any*
20 *overpayment to be refunded to the person making the over-*
21 *payment shall be reduced (after reductions pursuant to sub-*
22 *sections (c) and (d), but before a credit against future liabil-*
23 *ity for an internal revenue tax) in accordance with section*
24 *405(e) of the Social Security Act (concerning recovery of*

1 *overpayments to individuals under State plans approved*
2 *under part A of title IV of such Act).”; and*

3 (8) *in section 7523(b)(3)(C) (26 U.S.C.*
4 *7523(b)(3)(C)), by striking “aid to families with de-*
5 *pendent children” and inserting “assistance under a*
6 *State program funded under part A of title IV of the*
7 *Social Security Act”.*

8 (m) *Section 3(b) of the Wagner-Peyser Act (29 U.S.C.*
9 *49b(b)) is amended by striking “State plan approved under*
10 *part A of title IV” and inserting “State program funded*
11 *under part A of title IV”.*

12 (n) *The Job Training Partnership Act (29 U.S.C. 1501*
13 *et seq.) is amended—*

14 (1) *in section 4(29)(A)(i) (29 U.S.C.*
15 *1503(29)(A)(i)), by striking “(42 U.S.C. 601 et seq.)”;*

16 (2) *in section 106(b)(6)(C) (29 U.S.C.*
17 *1516(b)(6)(C)), by striking “State aid to families*
18 *with dependent children records,” and inserting*
19 *“records collected under the State program funded*
20 *under part A of title IV of the Social Security Act,”;*

21 (3) *in section 121(b)(2) (29 U.S.C. 1531(b)(2))—*

22 (A) *by striking “the JOBS program” and*
23 *inserting “the work activities required under*
24 *title IV of the Social Security Act”;* and

25 (B) *by striking the second sentence;*

1 (4) in section 123(c) (29 U.S.C. 1533(c))—

2 (A) in paragraph (1)(E), by repealing
3 clause (vi); and

4 (B) in paragraph (2)(D), by repealing
5 clause (v);

6 (5) in section 203(b)(3) (29 U.S.C. 1603(b)(3)),
7 by striking “, including recipients under the JOBS
8 program”;

9 (6) in subparagraphs (A) and (B) of section
10 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by
11 striking “(such as the JOBS program)” each place it
12 appears;

13 (7) in section 205(a) (29 U.S.C. 1605(a)), by
14 striking paragraph (4) and inserting the following:

15 “(4) the portions of title IV of the Social Secu-
16 rity Act relating to work activities;”;

17 (8) in section 253 (29 U.S.C. 1632)—

18 (A) in subsection (b)(2), by repealing sub-
19 paragraph (C); and

20 (B) in paragraphs (1)(B) and (2)(B) of
21 subsection (c), by striking “the JOBS program
22 or” each place it appears;

23 (9) in section 264 (29 U.S.C. 1644)—

1 (A) in subparagraphs (A) and (B) of sub-
2 section (b)(1), by striking “(such as the JOBS
3 program)” each place it appears; and

4 (B) in subparagraphs (A) and (B) of sub-
5 section (d)(3), by striking “and the JOBS pro-
6 gram” each place it appears;

7 (10) in section 265(b) (29 U.S.C. 1645(b)), by
8 striking paragraph (6) and inserting the following:

9 “(6) the portion of title IV of the Social Security
10 Act relating to work activities;”;

11 (11) in the second sentence of section 429(e) (29
12 U.S.C. 1699(e)), by striking “and shall be in an
13 amount that does not exceed the maximum amount
14 that may be provided by the State pursuant to section
15 402(g)(1)(C) of the Social Security Act (42 U.S.C.
16 602(g)(1)(C))”;

17 (12) in section 454(c) (29 U.S.C. 1734(c)), by
18 striking “JOBS and”;

19 (13) in section 455(b) (29 U.S.C. 1735(b)), by
20 striking “the JOBS program,”;

21 (14) in section 501(1) (29 U.S.C. 1791(1)), by
22 striking “aid to families with dependent children
23 under part A of title IV of the Social Security Act (42
24 U.S.C. 601 et seq.)” and inserting “assistance under

1 *the State program funded under part A of title IV of*
2 *the Social Security Act”;*

3 (15) *in section 506(1)(A) (29 U.S.C.*
4 *1791e(1)(A)), by striking “aid to families with de-*
5 *pendent children” and inserting “assistance under the*
6 *State program funded”;*

7 (16) *in section 508(a)(2)(A) (29 U.S.C.*
8 *1791g(a)(2)(A)), by striking “aid to families with de-*
9 *pendent children” and inserting “assistance under the*
10 *State program funded”;* *and*

11 (17) *in section 701(b)(2)(A) (29 U.S.C.*
12 *1792(b)(2)(A))—*

13 (A) *in clause (v), by striking the semicolon*
14 *and inserting “; and”;* *and*

15 (B) *by striking clause (vi).*

16 (o) *Section 3803(c)(2)(C)(iv) of title 31, United States*
17 *Code, is amended to read as follows:*

18 “(iv) *assistance under a State program funded*
19 *under part A of title IV of the Social Security Act;”.*

20 (p) *Section 2605(b)(2)(A)(i) of the Low-Income Home*
21 *Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i))*
22 *is amended to read as follows:*

23 “(i) *assistance under the State pro-*
24 *gram funded under part A of title IV of the*
25 *Social Security Act;”.*

1 (q) *Section 303(f)(2) of the Family Support Act of*
2 *1988 (42 U.S.C. 602 note) is amended—*

3 (1) *by striking “(A)”*; and

4 (2) *by striking subparagraphs (B) and (C).*

5 (r) *The Balanced Budget and Emergency Deficit Con-*
6 *trol Act of 1985 (2 U.S.C. 900 et seq.) is amended—*

7 (1) *in the first section 255(h) (2 U.S.C. 905(h)),*
8 *by striking “Aid to families with dependent children*
9 *(75–0412–0–1–609);” and inserting “Block grants to*
10 *States for temporary assistance for needy families;”*;
11 *and*

12 (2) *in section 256 (2 U.S.C. 906)—*

13 (A) *by striking subsection (k)*; and

14 (B) *by redesignating subsection (l) as sub-*
15 *section (k).*

16 (s) *The Immigration and Nationality Act (8 U.S.C.*
17 *1101 et seq.) is amended—*

18 (1) *in section 210(f) (8 U.S.C. 1160(f)), by strik-*
19 *ing “aid under a State plan approved under” each*
20 *place it appears and inserting “assistance under a*
21 *State program funded under”*;

22 (2) *in section 245A(h) (8 U.S.C. 1255a(h))—*

23 (A) *in paragraph (1)(A)(i), by striking*
24 *“program of aid to families with dependent chil-*

1 dren” and inserting “State program of assist-
2 ance”; and

3 (B) in paragraph (2)(B), by striking “aid
4 to families with dependent children” and insert-
5 ing “assistance under a State program funded
6 under part A of title IV of the Social Security
7 Act”; and

8 (3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)), by
9 striking “State plan approved” and inserting “State
10 program funded”.

11 (t) Section 640(a)(4)(B)(i) of the Head Start Act (42
12 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “program
13 of aid to families with dependent children under a State
14 plan approved” and inserting “State program of assistance
15 funded”.

16 (u) Section 9 of the Act of April 19, 1950 (64 Stat.
17 47, chapter 92; 25 U.S.C. 639) is repealed.

18 (v) Subparagraph (E) of section 213(d)(6) of the
19 School-To-Work Opportunities Act of 1994 (20 U.S.C.
20 6143(d)(6)) is amended to read as follows:

21 “(E) part A of title IV of the Social Secu-
22 rity Act (42 U.S.C. 601 et seq.) relating to work
23 activities;”.

24 (w) Section 552a(a)(8)(B)(iv)(III) of title 5, United
25 States Code, is amended by striking “section 464 or 1137

1 of the Social Security Act” and inserting “section 404(e),
2 464, or 1137 of the Social Security Act”.

3 **SEC. 2112. DEVELOPMENT OF PROTOTYPE OF COUNTER-**
4 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**
5 **QUIRED.**

6 (a) *DEVELOPMENT.*—

7 (1) *IN GENERAL.*—The Commissioner of Social
8 Security (in this section referred to as the “Commis-
9 sioner”) shall, in accordance with this section, develop
10 a prototype of a counterfeit-resistant social security
11 card. Such prototype card shall—

12 (A) be made of a durable, tamper-resistant
13 material such as plastic or polyester,

14 (B) employ technologies that provide secu-
15 rity features, such as magnetic stripes,
16 holograms, and integrated circuits, and

17 (C) be developed so as to provide individ-
18 uals with reliable proof of citizenship or legal
19 resident alien status.

20 (2) *ASSISTANCE BY ATTORNEY GENERAL.*—The
21 Attorney General of the United States shall provide
22 such information and assistance as the Commissioner
23 deems necessary to enable the Commissioner to com-
24 ply with this section.

25 (b) *STUDY AND REPORT.*—

1 (1) *IN GENERAL.*—*The Commissioner shall con-*
2 *duct a study and issue a report to the Congress which*
3 *examines different methods of improving the social se-*
4 *curity card application process.*

5 (2) *ELEMENTS OF STUDY.*—*The study shall in-*
6 *clude an evaluation of the cost and work load impli-*
7 *cations of issuing a counterfeit-resistant social secu-*
8 *urity card for all individuals over a 3-, 5-, and 10-*
9 *year period. The study shall also evaluate the feasibil-*
10 *ity and cost implications of imposing a user fee for*
11 *replacement cards and cards issued to individuals*
12 *who apply for such a card prior to the scheduled 3-*
13 *, 5-, and 10-year phase-in options.*

14 (3) *DISTRIBUTION OF REPORT.*—*The Commis-*
15 *sioner shall submit copies of the report described in*
16 *this subsection along with a facsimile of the prototype*
17 *card as described in subsection (a) to the Committees*
18 *on Ways and Means and Judiciary of the House of*
19 *Representatives and the Committees on Finance and*
20 *Judiciary of the Senate within 1 year after the date*
21 *of the enactment of this Act.*

1 **SEC. 2113. MODIFICATIONS TO THE JOB OPPORTUNITIES**
2 **FOR CERTAIN LOW-INCOME INDIVIDUALS**
3 **PROGRAM.**

4 *Section 505 of the Family Support Act of 1988 (42*
5 *U.S.C. 1315 note) is amended—*

6 *(1) in the heading, by striking “**DEMONSTRA-***
7 ***TION**”;*

8 *(2) by striking “demonstration” each place such*
9 *term appears;*

10 *(3) in subsection (a), by striking “in each of fis-*
11 *cal years” and all that follows through “10” and in-*
12 *serting “shall enter into agreements with”;*

13 *(4) in subsection (b)(3), by striking “aid to fam-*
14 *ilies with dependent children under part A of title IV*
15 *of the Social Security Act” and inserting “assistance*
16 *under the program funded part A of title IV of the*
17 *Social Security Act of the State in which the individ-*
18 *ual resides”;*

19 *(5) in subsection (c)—*

20 *(A) in paragraph (1)(C), by striking “aid*
21 *to families with dependent children under title*
22 *IV of the Social Security Act” and inserting “as-*
23 *sistance under a State program funded part A of*
24 *title IV of the Social Security Act”; and*

25 *(B) in paragraph (2), by striking “aid to*
26 *families with dependent children under title IV*

1 *of such Act” and inserting “assistance under a*
 2 *State program funded part A of title IV of the*
 3 *Social Security Act”;*

4 *(6) in subsection (d), by striking “job opportuni-*
 5 *ties and basic skills training program (as provided*
 6 *for under title IV of the Social Security Act)” and in-*
 7 *serting “the State program funded under part A of*
 8 *title IV of the Social Security Act”;* and

9 *(7) by striking subsections (e) through (g) and*
 10 *inserting the following:*

11 *“(e) AUTHORIZATION OF APPROPRIATIONS.—For the*
 12 *purpose of conducting projects under this section, there is*
 13 *authorized to be appropriated an amount not to exceed*
 14 *\$25,000,000 for any fiscal year.”.*

15 **SEC. 2114. SECRETARIAL SUBMISSION OF LEGISLATIVE**
 16 **PROPOSAL FOR TECHNICAL AND CONFORM-**
 17 **ING AMENDMENTS.**

18 *Not later than 90 days after the date of the enactment*
 19 *of this Act, the Secretary of Health and Human Services*
 20 *and the Commissioner of Social Security, in consultation,*
 21 *as appropriate, with the heads of other Federal agencies,*
 22 *shall submit to the appropriate committees of the Congress*
 23 *a legislative proposal proposing such technical and con-*
 24 *forming amendments as are necessary to bring the law into*
 25 *conformity with the policy embodied in this chapter.*

1 **SEC. 2115. EFFECTIVE DATE; TRANSITION RULE.**

2 (a) *EFFECTIVE DATES.*—

3 (1) *IN GENERAL.*—*Except as otherwise provided*
4 *in this chapter, this chapter and the amendments*
5 *made by this chapter shall take effect on July 1, 1997.*

6 (2) *DELAYED EFFECTIVE DATE FOR CERTAIN*
7 *PROVISIONS.*—*Notwithstanding any other provision of*
8 *this section, paragraphs (2), (3), (4), (5), (8), and*
9 *(10) of section 409(a) and section 411(a) of the Social*
10 *Security Act (as added by the amendments made by*
11 *section 2103(a) of this Act) shall not take effect with*
12 *respect to a State until, and shall apply only with re-*
13 *spect to conduct that occurs on or after, the later of—*

14 (A) *July 1, 1997; or*

15 (B) *the date that is 6 months after the date*
16 *the Secretary of Health and Human Services re-*
17 *ceives from the State a plan described in section*
18 *402(a) of the Social Security Act (as added by*
19 *such amendment).*

20 (3) *ELIMINATION OF CHILD CARE PROGRAMS.*—
21 *The amendments made by section 2103(d) shall take*
22 *effect on October 1, 1996.*

23 (4) *DEFINITIONS APPLICABLE TO NEW CHILD*
24 *CARE ENTITLEMENT.*—*Sections 403(a)(1)(C),*
25 *403(a)(1)(D), and 419(4) of the Social Security Act,*

1 *as added by the amendments made by section 2103(a)*
2 *of this Act, shall take effect on October 1, 1996.*

3 **(b) TRANSITION RULES.**—*Effective on the date of the*
4 *enactment of this Act:*

5 **(1) STATE OPTION TO ACCELERATE EFFECTIVE**
6 **DATE.**—

7 **(A) IN GENERAL.**—*If the Secretary of*
8 *Health and Human Services receives from a*
9 *State a plan described in section 402(a) of the*
10 *Social Security Act (as added by the amendment*
11 *made by section 2103(a)(1) of this Act), then—*

12 *(i) on and after the date of such re-*
13 *ceipt—*

14 *(I) except as provided in clause*
15 *(ii), this chapter and the amendments*
16 *made by this chapter (other than by*
17 *section 2103(d) of this Act) shall apply*
18 *with respect to the State; and*

19 *(II) the State shall be considered*
20 *an eligible State for purposes of part A*
21 *of title IV of the Social Security Act*
22 *(as in effect pursuant to the amend-*
23 *ments made by such section 2103(a));*
24 *and*

1 (ii) during the period that begins on
2 the date of such receipt and ends on June
3 30, 1997, there shall remain in effect with
4 respect to the State—

5 (I) section 403(h) of the Social
6 Security Act (as in effect on September
7 30, 1995); and

8 (II) all State reporting require-
9 ments under parts A and F of title IV
10 of the Social Security Act (as in effect
11 on September 30, 1995), modified by
12 the Secretary as appropriate, taking
13 into account the State program under
14 part A of title IV of the Social Secu-
15 rity Act (as in effect pursuant to the
16 amendments made by such section
17 2103(a)).

18 (B) *LIMITATIONS ON FEDERAL OBLIGA-*
19 *TIONS.—*

20 (i) *UNDER AFDC PROGRAM.—The total*
21 *obligations of the Federal Government to a*
22 *State under part A of title IV of the Social*
23 *Security Act (as in effect on September 30,*
24 *1995) with respect to expenditures in fiscal*

1 *year 1997 shall not exceed an amount equal*
2 *to the State family assistance grant.*

3 *(ii) UNDER TEMPORARY FAMILY AS-*
4 *SISTANCE PROGRAM.—Notwithstanding sec-*
5 *tion 403(a)(1) of the Social Security Act (as*
6 *in effect pursuant to the amendments made*
7 *by section 2103(a) of this Act), the total ob-*
8 *ligations of the Federal Government to a*
9 *State under such section 403(a)(1)—*

10 *(I) for fiscal year 1996, shall be*
11 *an amount equal to—*

12 *(aa) the State family assist-*
13 *ance grant; multiplied by*

14 *(bb) $\frac{1}{366}$ of the number of*
15 *days during the period that begins*
16 *on the date the Secretary of*
17 *Health and Human Services first*
18 *receives from the State a plan de-*
19 *scribed in section 402(a) of the*
20 *Social Security Act (as added by*
21 *the amendment made by section*
22 *2103(a)(1) of this Act) and ends*
23 *on September 30, 1996; and*

24 *(II) for fiscal year 1997, shall be*
25 *an amount equal to the lesser of—*

1 (aa) the amount (if any) by
2 which the State family assistance
3 grant exceeds the total obligations
4 of the Federal Government to the
5 State under part A of title IV of
6 the Social Security Act (as in ef-
7 fect on September 30, 1995) with
8 respect to expenditures in fiscal
9 year 1997; or

10 (bb) the State family assist-
11 ance grant, multiplied by $\frac{1}{365}$ of
12 the number of days during the pe-
13 riod that begins on October 1,
14 1996, or the date the Secretary of
15 Health and Human Services first
16 receives from the State a plan de-
17 scribed in section 402(a) of the
18 Social Security Act (as added by
19 the amendment made by section
20 2103(a)(1) of this Act), whichever
21 is later, and ends on September
22 30, 1997.

23 (iii) CHILD CARE OBLIGATIONS EX-
24 CLUDED IN DETERMINING FEDERAL AFDC
25 OBLIGATIONS.—As used in this subpara-

1 graph, the term “obligations of the Federal
2 Government to the State under part A of
3 title IV of the Social Security Act” does not
4 include any obligation of the Federal Gov-
5 ernment with respect to child care expendi-
6 tures by the State.

7 (C) *SUBMISSION OF STATE PLAN FOR FIS-*
8 *CAL YEAR 1996 OR 1997 DEEMED ACCEPTANCE OF*
9 *GRANT LIMITATIONS AND FORMULA AND TERMI-*
10 *NATION OF AFDC ENTITLEMENT.*—The submis-
11 sion of a plan by a State pursuant to subpara-
12 graph (A) is deemed to constitute—

13 (i) the State’s acceptance of the grant
14 reductions under subparagraph (B) (includ-
15 ing the formula for computing the amount
16 of the reduction); and

17 (ii) the termination of any entitlement
18 of any individual or family to benefits or
19 services under the State AFDC program.

20 (D) *DEFINITIONS.*—As used in this para-
21 graph:

22 (i) *STATE AFDC PROGRAM.*—The term
23 “State AFDC program” means the State
24 program under parts A and F of title IV of

1 *the Social Security Act (as in effect on Sep-*
2 *tember 30, 1995).*

3 (ii) *STATE.*—*The term “State” means*
4 *the 50 States and the District of Columbia.*

5 (iii) *STATE FAMILY ASSISTANCE*
6 *GRANT.*—*The term “State family assistance*
7 *grant” means the State family assistance*
8 *grant (as defined in section 403(a)(1)(B) of*
9 *the Social Security Act, as added by the*
10 *amendment made by section 2103(a)(1) of*
11 *this Act).*

12 (2) *CLAIMS, ACTIONS, AND PROCEEDINGS.*—*The*
13 *amendments made by this chapter shall not apply*
14 *with respect to—*

15 (A) *powers, duties, functions, rights, claims,*
16 *penalties, or obligations applicable to aid, assist-*
17 *ance, or services provided before the effective date*
18 *of this chapter under the provisions amended;*
19 *and*

20 (B) *administrative actions and proceedings*
21 *commenced before such date, or authorized before*
22 *such date to be commenced, under such provi-*
23 *sions.*

24 (3) *CLOSING OUT ACCOUNT FOR THOSE PRO-*
25 *GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY*

1 *THIS CHAPTER.—In closing out accounts, Federal and*
2 *State officials may use scientifically acceptable statis-*
3 *tical sampling techniques. Claims made with respect*
4 *to State expenditures under a State plan approved*
5 *under part A of title IV of the Social Security Act (as*
6 *in effect on September 30, 1995) with respect to as-*
7 *sistance or services provided on or before September*
8 *30, 1995, shall be treated as claims with respect to ex-*
9 *penditures during fiscal year 1995 for purposes of re-*
10 *imbursement even if payment was made by a State*
11 *on or after October 1, 1995. Each State shall complete*
12 *the filing of all claims under the State plan (as so in*
13 *effect) within 2 years after the date of the enactment*
14 *of this Act. The head of each Federal department*
15 *shall—*

16 *(A) use the single audit procedure to review*
17 *and resolve any claims in connection with the*
18 *close out of programs under such State plans;*
19 *and*

20 *(B) reimburse States for any payments*
21 *made for assistance or services provided during*
22 *a prior fiscal year from funds for fiscal year*
23 *1995, rather than from funds authorized by this*
24 *chapter.*

1 (4) *CONTINUANCE IN OFFICE OF ASSISTANT SEC-*
2 *RETARY FOR FAMILY SUPPORT.*—*The individual who,*
3 *on the day before the effective date of this chapter, is*
4 *serving as Assistant Secretary for Family Support*
5 *within the Department of Health and Human Serv-*
6 *ices shall, until a successor is appointed to such posi-*
7 *tion—*

8 (A) *continue to serve in such position; and*
9 (B) *except as otherwise provided by law—*

10 (i) *continue to perform the functions of*
11 *the Assistant Secretary for Family Support*
12 *under section 417 of the Social Security Act*
13 *(as in effect before such effective date); and*

14 (ii) *have the powers and duties of the*
15 *Assistant Secretary for Family Support*
16 *under section 416 of the Social Security Act*
17 *(as in effect pursuant to the amendment*
18 *made by section 2103(a)(1) of this Act).*

19 (c) *TERMINATION OF ENTITLEMENT UNDER AFDC*
20 *PROGRAM.*—*Effective October 1, 1996, no individual or*
21 *family shall be entitled to any benefits or services under*
22 *any State plan approved under part A or F of title IV of*
23 *the Social Security Act (as in effect on September 30, 1995).*

1 **SEC. 2116. COMMUNITY STEERING COMMITTEES DEM-**
2 **ONSTRATION PROJECTS.**

3 (a) *IN GENERAL.*—The Secretary of Health and
4 Human Services (in this section referred to as the “Sec-
5 retary”) shall enter into agreements with not more than 5
6 States that submit an application under this section, in
7 such form and such manner as the Secretary may specify,
8 for the purpose of conducting a demonstration project de-
9 scribed in subsection (b).

10 (b) *DESCRIPTION OF PROJECT.*—

11 (1) *ESTABLISHMENT.*—A demonstration project
12 conducted under this section shall establish within a
13 State in each participating county a Community
14 Steering Committee that shall be designed to help re-
15 cipients of temporary assistance to needy families
16 under a State program under part A of title IV of the
17 Social Security Act who are parents move into the
18 non-subsidized workforce and to develop a holistic ap-
19 proach to the development needs of such recipient’s
20 family.

21 (2) *MEMBERSHIP.*—A Community Steering
22 Committee shall consist of local educators, business
23 representatives, and social service providers.

24 (3) *GOALS AND DUTIES.*—

25 (A) *GOALS.*—The goals of a Community
26 Steering Committee are—

1 (i) to ensure that recipients of tem-
2 porary assistance to needy families who are
3 parents obtain and retain unsubsidized em-
4 ployment; and

5 (ii) to reduce the incidence of
6 intergenerational receipt of welfare assist-
7 ance by addressing the needs of children of
8 recipients of temporary assistance to needy
9 families.

10 (B) DUTIES.—A Community Steering Com-
11 mittee shall—

12 (i) identify and create unsubsidized
13 employment positions for recipients of tem-
14 porary assistance to needy families;

15 (ii) propose and implement solutions
16 to barriers to unsubsidized employment of
17 recipients of temporary assistance to needy
18 families;

19 (iii) assess the needs of children of re-
20 cipients of temporary assistance to needy
21 families; and

22 (iv) provide services that are designed
23 to ensure that children of recipients of tem-
24 porary assistance to needy families enter

1 *school ready to learn and that, once en-*
2 *rolled, such children stay in school.*

3 (C) *PRIMARY RESPONSIBILITY.*—*A primary*
4 *responsibility of a Community Steering Commit-*
5 *tee shall be to work on an ongoing basis with*
6 *parents who are recipients of temporary assist-*
7 *ance to needy families and who have obtained*
8 *nonsubsidized employment in order to ensure*
9 *that such recipients retain their employment. Ac-*
10 *tivities to carry out this responsibility may in-*
11 *clude—*

12 (i) *counseling;*
13 (ii) *emergency day care;*
14 (iii) *sick day care;*
15 (iv) *transportation;*
16 (v) *provision of clothing;*
17 (vi) *housing assistance; or*
18 (vii) *any other assistance that may be*
19 *necessary on an emergency and temporary*
20 *basis to ensure that such parents can man-*
21 *age the responsibility of being employed and*
22 *the demands of having a family.*

23 (D) *FOLLOW-UP SERVICES FOR CHIL-*
24 *DREN.*—*A Community Steering Committee may*
25 *provide special follow-up services for children of*

1 *recipients of temporary assistance to needy fami-*
2 *lies that are designed to ensure that the children*
3 *reach their fullest potential and do not, as they*
4 *mature, receive welfare assistance as the head of*
5 *their own household.*

6 *(c) REPORT.—Not later than October 1, 2001, the Sec-*
7 *retary shall submit a report to the Congress on the results*
8 *of the demonstration projects conducted under this section.*

9 **SEC. 2117. DENIAL OF BENEFITS FOR CERTAIN DRUG RE-**
10 **LATED CONVICTIONS.**

11 *(a) IN GENERAL.—An individual convicted (under*
12 *Federal or State law) of any crime relating to the illegal*
13 *possession, use, or distribution of a drug shall not be eligible*
14 *for any Federal means-tested public benefit, as defined in*
15 *section 2403(c)(1) of this Act.*

16 *(b) FAMILY MEMBERS EXEMPT.—The prohibition con-*
17 *tained under subsection (a) shall not apply to the family*
18 *members or dependents of the convicted individual in a*
19 *manner that would make such family members or depend-*
20 *ents ineligible for welfare benefits that they would otherwise*
21 *be eligible for. Any benefits provided to family members or*
22 *dependents of a person described in subsection (a) shall be*
23 *reduced by the amount which would have otherwise been*
24 *made available to the convicted individual.*

1 (c) *PERIOD OF PROHIBITION.*—*The prohibition under*
2 *subsection (a) shall apply—*

3 (1) *with respect to an individual convicted of a*
4 *misdemeanor, during the 5-year period beginning on*
5 *the date of the conviction or the 5-year period begin-*
6 *ning on January 1, 1997, whichever is later; and*

7 (2) *with respect to an individual convicted of a*
8 *felony, for the duration of the life of that individual.*

9 (d) *EXCEPTIONS.*—*Subsection (a) shall not apply with*
10 *respect to the following Federal benefits:*

11 (1) *Emergency medical services under title XV or*
12 *XIX of the Social Security Act.*

13 (2) *Short-term, non-cash, in-kind emergency dis-*
14 *aster relief.*

15 (3)(A) *Public health assistance for immuniza-*
16 *tions.*

17 (B) *Public health assistance for testing and*
18 *treatment of communicable diseases if the Secretary of*
19 *Health and Human Services determines that it is*
20 *necessary to prevent the spread of such disease.*

21 (e) *EFFECTIVE DATE.*—*The denial of Federal benefits*
22 *set forth in this section shall take effect for convictions oc-*
23 *curring after the date of enactment.*

24 (f) *REGULATIONS.*—*Not later than December 31, 1996,*
25 *the Attorney General shall promulgate regulations detailing*

1 *the means by which Federal and State agencies, courts, and*
2 *law enforcement agencies will exchange and share the data*
3 *and information necessary to implement and enforce the*
4 *withholding of Federal benefits.*

5 **CHAPTER 2—SUPPLEMENTAL SECURITY**
6 **INCOME**

7 **SEC. 2200. REFERENCE TO SOCIAL SECURITY ACT.**

8 *Except as otherwise specifically provided, wherever in*
9 *this chapter an amendment is expressed in terms of an*
10 *amendment to or repeal of a section or other provision, the*
11 *reference shall be considered to be made to that section or*
12 *other provision of the Social Security Act.*

13 **Subchapter A—Eligibility Restrictions**

14 **SEC. 2201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**
15 **VIDUALS FOUND TO HAVE FRAUDULENTLY**
16 **MISREPRESENTED RESIDENCE IN ORDER TO**
17 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**
18 **MORE STATES.**

19 *(a) IN GENERAL.—Section 1611(e) (42 U.S.C.*
20 *1382(e)), as amended by section 105(b)(4) of the Contract*
21 *with America Advancement Act of 1996, is amended by re-*
22 *designating paragraph (5) as paragraph (3) and by adding*
23 *at the end the following new paragraph:*

24 *“(4)(A) No person shall be considered an eligible indi-*
25 *vidual or eligible spouse for purposes of this title during*

1 *the 10-year period that begins on the date the person is con-*
2 *victed in Federal or State court of having made a fraudu-*
3 *lent statement or representation with respect to the place*
4 *of residence of the person in order to receive assistance si-*
5 *multaneously from 2 or more States under programs that*
6 *are funded under title IV, title XV, title XIX, or the Food*
7 *Stamp Act of 1977, or benefits in 2 or more States under*
8 *the supplemental security income program under this title.*

9 “(B) *As soon as practicable after the conviction of a*
10 *person in a Federal or State court as described in subpara-*
11 *graph (A), an official of such court shall notify the Commis-*
12 *sioner of such conviction.”.*

13 (b) *EFFECTIVE DATE.*—*The amendment made by this*
14 *section shall take effect on the date of the enactment of this*
15 *Act.*

16 **SEC. 2202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
17 **AND PROBATION AND PAROLE VIOLATORS.**

18 (a) *IN GENERAL.*—*Section 1611(e) (42 U.S.C.*
19 *1382(e)), as amended by section 2201(a) of this Act, is*
20 *amended by adding at the end the following new paragraph:*

21 “(5) *No person shall be considered an eligible individ-*
22 *ual or eligible spouse for purposes of this title with respect*
23 *to any month if during such month the person is—*

24 “(A) *fleeing to avoid prosecution, or custody or*
25 *confinement after conviction, under the laws of the*

1 *place from which the person flees, for a crime, or an*
2 *attempt to commit a crime, which is a felony under*
3 *the laws of the place from which the person flees, or*
4 *which, in the case of the State of New Jersey, is a*
5 *high misdemeanor under the laws of such State; or*

6 *“(B) violating a condition of probation or parole*
7 *imposed under Federal or State law.”.*

8 *(b) EXCHANGE OF INFORMATION.—Section 1611(e) (42*
9 *U.S.C. 1382(e)), as amended by section 2201(a) of this Act*
10 *and subsection (a) of this section, is amended by adding*
11 *at the end the following new paragraph:*

12 *“(6) Notwithstanding any other provision of law*
13 *(other than section 6103 of the Internal Revenue Code of*
14 *1986), the Commissioner shall furnish any Federal, State,*
15 *or local law enforcement officer, upon the written request*
16 *of the officer, with the current address, Social Security*
17 *number, and photograph (if applicable) of any recipient of*
18 *benefits under this title, if the officer furnishes the Commis-*
19 *sioner with the name of the recipient, and other identifying*
20 *information as reasonably required by the Commissioner to*
21 *establish the unique identity of the recipient, and notifies*
22 *the Commissioner that—*

23 *“(A) the recipient—*

24 *“(i) is described in subparagraph (A) or*
25 *(B) of paragraph (5); or*

1 “(i) has information that is necessary for
2 the officer to conduct the officer’s official duties;
3 and

4 “(B) the location or apprehension of the recipi-
5 ent is within the officer’s official duties.”.

6 (c) *EFFECTIVE DATE.*—The amendments made by this
7 section shall take effect on the date of the enactment of this
8 Act.

9 **SEC. 2203. TREATMENT OF PRISONERS.**

10 (a) *IMPLEMENTATION OF PROHIBITION AGAINST PAY-*
11 *MENT OF BENEFITS TO PRISONERS.*—Section 1611(e)(1)
12 (42 U.S.C. 1382(e)(1)) is amended by adding at the end
13 the following new subparagraph:

14 “(I)(i) The Commissioner shall enter into a contract,
15 with any interested State or local institution referred to in
16 subparagraph (A), under which—

17 “(I) the institution shall provide to the Commis-
18 sioner, on a monthly basis, the names, social security
19 account numbers, dates of birth, and such other iden-
20 tifying information concerning the inmates of the in-
21 stitution as the Commissioner may require for the
22 purpose of carrying out paragraph (1); and

23 “(II) the Commissioner shall pay to any such in-
24 stitution, with respect to each inmate of the institu-
25 tion who is eligible for a benefit under this title for

1 *the month preceding the first month throughout which*
2 *such inmate is in such institution and becomes ineli-*
3 *gible for such benefit (or becomes eligible only for a*
4 *benefit payable at a reduced rate) as a result of the*
5 *application of this paragraph, an amount not to ex-*
6 *ceed \$400 if the institution furnishes the information*
7 *described in subclause (I) to the Commissioner within*
8 *30 days after such individual becomes an inmate of*
9 *such institution, or an amount not to exceed \$200 if*
10 *the institution furnishes such information after 30*
11 *days after such date but within 90 days after such*
12 *date.*

13 *“(ii) The provisions of section 552a of title 5, United*
14 *States Code, shall not apply to any agreement entered into*
15 *under clause (i) or to information exchanged pursuant to*
16 *such agreement.*

17 *“(iii) Payments to institutions required by clause*
18 *(i)(II) shall be made from funds otherwise available for the*
19 *payment of benefits under this title and shall be treated as*
20 *direct spending for purposes of the Balanced Budget and*
21 *Emergency Deficit Control Act of 1985.”.*

22 *(b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A*
23 *PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED SSI*
24 *BENEFITS WHILE IN PRISON.—*

1 (1) *IN GENERAL.*—Section 1611(e)(1) (42 U.S.C.
2 1382(e)(1)), as amended by subsection (a) of this sec-
3 tion, is amended by adding at the end the following
4 new subparagraph:

5 “(J) *In any case in which the Commissioner of Social*
6 *Security finds that a person has made a fraudulent state-*
7 *ment or representation in order to obtain or to continue*
8 *to receive benefits under this title while being an inmate*
9 *in a penal institution, such person shall not be considered*
10 *an eligible individual or eligible spouse for any month end-*
11 *ing during the 10-year period beginning on the date on*
12 *which such person ceases being such an inmate.”.*

13 (2) *EFFECTIVE DATE.*—The amendment made by
14 this subsection shall apply with respect to statements
15 or representations made on or after the date of the en-
16 actment of this Act.

17 (c) *STUDY OF OTHER POTENTIAL IMPROVEMENTS IN*
18 *THE COLLECTION OF INFORMATION RESPECTING PUBLIC*
19 *INMATES.*—

20 (1) *STUDY.*—The Commissioner of Social Secu-
21 rity shall conduct a study of the desirability, feasibil-
22 ity, and cost of—

23 (A) *establishing a system under which Fed-*
24 *eral, State, and local courts would furnish to the*
25 *Commissioner such information respecting court*

1 orders by which individuals are confined in
2 jails, prisons, or other public penal, correctional,
3 or medical facilities as the Commissioner may
4 require for the purpose of carrying out section
5 1611(e)(1) of the Social Security Act; and

6 (B) requiring that State and local jails,
7 prisons, and other institutions that enter into
8 contracts with the Commissioner under section
9 1611(e)(1)(I) of the Social Security Act furnish
10 the information required by such contracts to the
11 Commissioner by means of an electronic or other
12 sophisticated data exchange system.

13 (2) *REPORT.*—Not later than 1 year after the
14 date of the enactment of this Act, the Commissioner
15 of Social Security shall submit a report on the results
16 of the study conducted pursuant to this subsection to
17 the Committee on Finance of the Senate and the Com-
18 mittee on Ways and Means of the House of Represent-
19 atives.

20 **SEC. 2204. EFFECTIVE DATE OF APPLICATION FOR BENE-**
21 **FITS.**

22 (a) *IN GENERAL.*—Subparagraphs (A) and (B) of sec-
23 tion 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read
24 as follows:

1 “(A) the first day of the month following the date
2 such application is filed, or

3 “(B) the first day of the month following the
4 date such individual becomes eligible for such benefits
5 with respect to such application.”.

6 (b) *SPECIAL RULE RELATING TO EMERGENCY AD-*
7 *VANCE PAYMENTS.*—Section 1631(a)(4)(A) (42 U.S.C.
8 1383(a)(4)(A)) is amended—

9 (1) by inserting “for the month following the
10 date the application is filed” after “is presumptively
11 eligible for such benefits”; and

12 (2) by inserting “, which shall be repaid through
13 proportionate reductions in such benefits over a pe-
14 riod of not more than 6 months” before the semicolon.

15 (c) *CONFORMING AMENDMENTS.*—

16 (1) Section 1614(b) (42 U.S.C. 1382c(b)) is
17 amended by striking “at the time the application or
18 request is filed” and inserting “on the first day of the
19 month following the date the application or request is
20 filed”.

21 (2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is
22 amended by inserting “following the month” after
23 “beginning with the month”.

24 (d) *EFFECTIVE DATE.*—

1 (1) *IN GENERAL.*—*The amendments made by*
2 *this section shall apply to applications for benefits*
3 *under title XVI of the Social Security Act filed on or*
4 *after the date of the enactment of this Act, without re-*
5 *gard to whether regulations have been issued to imple-*
6 *ment such amendments.*

7 (2) *BENEFITS UNDER TITLE XVI.*—*For purposes*
8 *of this subsection, the term “benefits under title XVI*
9 *of the Social Security Act” includes supplementary*
10 *payments pursuant to an agreement for Federal ad-*
11 *ministration under section 1616(a) of the Social Se-*
12 *curity Act, and payments pursuant to an agreement*
13 *entered into under section 212(b) of Public Law 93–*
14 *66.*

15 ***Subchapter B—Benefits for Disabled Children***

16 ***SEC. 2211. DEFINITION AND ELIGIBILITY RULES.***

17 (a) *DEFINITION OF CHILDHOOD DISABILITY.*—*Section*
18 *1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section*
19 *105(b)(1) of the Contract with America Advancement Act*
20 *of 1996, is amended—*

21 (1) *in subparagraph (A), by striking “An indi-*
22 *vidual” and inserting “Except as provided in sub-*
23 *paragraph (C), an individual”;*

24 (2) *in subparagraph (A), by striking “(or, in the*
25 *case of an individual under the age of 18, if he suffers*

1 *from any medically determinable physical or mental*
2 *impairment of comparable severity)”;*

3 *(3) by redesignating subparagraphs (C) through*
4 *(I) as subparagraphs (D) through (J), respectively;*

5 *(4) by inserting after subparagraph (B) the fol-*
6 *lowing new subparagraph:*

7 *“(C) An individual under the age of 18 shall be consid-*
8 *ered disabled for the purposes of this title if that individual*
9 *has a medically determinable physical or mental impair-*
10 *ment, which results in marked and severe functional limita-*
11 *tions, and which can be expected to result in death or which*
12 *has lasted or can be expected to last for a continuous period*
13 *of not less than 12 months. Notwithstanding the preceding*
14 *sentence, no individual under the age of 18 who engages*
15 *in substantial gainful activity (determined in accordance*
16 *with regulations prescribed pursuant to subparagraph (E))*
17 *may be considered to be disabled.”; and*

18 *(5) in subparagraph (F), as redesignated by*
19 *paragraph (3), by striking “(D)” and inserting*
20 *“(E)”.*

21 ***(b) REQUEST FOR COMMENTS TO IMPROVE DISABILITY***
22 ***EVALUATION.***—*Not later than 60 days after the date of the*
23 *enactment of this Act, and annually thereafter, the Commis-*
24 *sioner of Social Security shall issue a request for comments*
25 *in the Federal Register regarding improvements to the dis-*

1 *ability evaluation and determination procedures for indi-*
2 *viduals under age 18 to ensure the comprehensive assess-*
3 *ment of such individuals, including—*

4 (1) *additions to conditions which should be pre-*
5 *sumptively disabling at birth or ages 0 through 3*
6 *years;*

7 (2) *specific changes in individual listings in the*
8 *Listing of Impairments set forth in appendix 1 of*
9 *subpart P of part 404 of title 20, Code of Federal*
10 *Regulations;*

11 (3) *improvements in regulations regarding deter-*
12 *minations based on regulations providing for medical*
13 *and functional equivalence to such Listing of Impair-*
14 *ments, and consideration of multiple impairments;*
15 *and*

16 (4) *any other changes to the disability deter-*
17 *mination procedures.*

18 *(c) CHANGES TO CHILDHOOD SSI REGULATIONS.—*

19 (1) *MODIFICATION TO MEDICAL CRITERIA FOR*
20 *EVALUATION OF MENTAL AND EMOTIONAL DIS-*
21 *ORDERS.—The Commissioner of Social Security shall*
22 *modify sections 112.00C.2. and 112.02B.2.c.(2) of ap-*
23 *pendix 1 to subpart P of part 404 of title 20, Code*
24 *of Federal Regulations, to eliminate references to*

1 *maladaptive behavior in the domain of personal/
2 behavioral function.*

3 (2) *DISCONTINUANCE OF INDIVIDUALIZED FUNC-*
4 *TIONAL ASSESSMENT.—The Commissioner of Social*
5 *Security shall discontinue the individualized func-*
6 *tional assessment for children set forth in sections*
7 *416.924d and 416.924e of title 20, Code of Federal*
8 *Regulations.*

9 (d) *MEDICAL IMPROVEMENT REVIEW STANDARD AS IT*
10 *APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—Sec-*
11 *tion 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—*

12 (1) *by redesignating subclauses (I) and (II) of*
13 *clauses (i) and (ii) of subparagraph (B) as items (aa)*
14 *and (bb), respectively;*

15 (2) *by redesignating clauses (i) and (ii) of sub-*
16 *paragraphs (A) and (B) as subclauses (I) and (II),*
17 *respectively;*

18 (3) *by redesignating subparagraphs (A) through*
19 *(C) as clauses (i) through (iii), respectively;*

20 (4) *by inserting before clause (i) (as redesignated*
21 *by paragraph (3)) the following new subparagraph:*

22 *“(A) in the case of an individual who is age 18*
23 *or older—”;*

1 (5) by inserting after and below subparagraph
2 (A)(iii) (as so redesignated) the following new sub-
3 paragraph:

4 “(B) in the case of an individual who is under
5 the age of 18—

6 “(i) substantial evidence which dem-
7 onstrates that there has been medical improve-
8 ment in the individual’s impairment or com-
9 bination of impairments, and that such impair-
10 ment or combination of impairments no longer
11 results in marked and severe functional limita-
12 tions; or

13 “(ii) substantial evidence which dem-
14 onstrates that, as determined on the basis of new
15 or improved diagnostic techniques or evalua-
16 tions, the individual’s impairment or combina-
17 tion of impairments, is not as disabling as it
18 was considered to be at the time of the most re-
19 cent prior decision that the individual was
20 under a disability or continued to be under a
21 disability, and such impairment or combination
22 of impairments does not result in marked and
23 severe functional limitations; or”;

24 (6) by redesignating subparagraph (D) as sub-
25 paragraph (C) and by inserting in such subpara-

1 graph “in the case of any individual,” before “sub-
2 stantial evidence”; and

3 (7) in the first sentence following subparagraph
4 (C) (as redesignated by paragraph (6)), by—

5 (A) inserting “(i)” before “to restore”; and

6 (B) inserting “, or (ii) in the case of an in-
7 dividual under the age of 18, to eliminate or im-
8 prove the individual’s impairment or combina-
9 tion of impairments so that it no longer results
10 in marked and severe functional limitations”
11 immediately before the period.

12 (e) *EFFECTIVE DATES, ETC.*—

13 (1) *EFFECTIVE DATES.*—

14 (A) *SUBSECTIONS (a) AND (c).*—

15 (i) *IN GENERAL.*—The provisions of,
16 and amendments made by, subsections (a)
17 and (c) shall apply to any individual who
18 applies for, or whose claim is finally adju-
19 dicated with respect to, benefits under title
20 XVI of the Social Security Act on or after
21 the date of the enactment of this Act, with-
22 out regard to whether regulations have been
23 issued to implement such provisions and
24 amendments.

1 (ii) *DETERMINATION OF FINAL ADJU-*
2 *DICATION.—For purposes of clause (i), no*
3 *individual’s claim with respect to such ben-*
4 *efits may be considered to be finally adju-*
5 *dicated before such date of enactment if, on*
6 *or after such date, there is pending a re-*
7 *quest for either administrative or judicial*
8 *review with respect to such claim that has*
9 *been denied in whole, or there is pending,*
10 *with respect to such claim, readjudication*
11 *by the Commissioner of Social Security*
12 *pursuant to relief in a class action or im-*
13 *plementation by the Commissioner of a*
14 *court remand order.*

15 (B) *SUBSECTION (d).—The amendments*
16 *made by subsection (d) shall apply with respect*
17 *to benefits under title XVI of the Social Security*
18 *Act for months beginning on or after the date of*
19 *the enactment of this Act, without regard to*
20 *whether regulations have been issued to imple-*
21 *ment such amendments.*

22 (2) *APPLICATION TO CURRENT RECIPIENTS.—*

23 (A) *ELIGIBILITY REDETERMINATIONS.—*
24 *During the period beginning on the date of the*
25 *enactment of this Act and ending on the date*

1 *which is 1 year after such date of enactment, the*
2 *Commissioner of Social Security shall redeter-*
3 *mine the eligibility of any individual under age*
4 *18 who is receiving supplemental security in-*
5 *come benefits by reason of disability under title*
6 *XVI of the Social Security Act as of the date of*
7 *the enactment of this Act and whose eligibility*
8 *for such benefits may terminate by reason of the*
9 *provisions of, or amendments made by, sub-*
10 *sections (a) and (c) of this section. With respect*
11 *to any redetermination under this subpara-*
12 *graph—*

13 *(i) section 1614(a)(4) of the Social Se-*
14 *curity Act (42 U.S.C. 1382c(a)(4)) shall not*
15 *apply;*

16 *(ii) the Commissioner of Social Secu-*
17 *rity shall apply the eligibility criteria for*
18 *new applicants for benefits under title XVI*
19 *of such Act;*

20 *(iii) the Commissioner shall give such*
21 *redetermination priority over all continuing*
22 *eligibility reviews and other reviews under*
23 *such title; and*

24 *(iv) such redetermination shall be*
25 *counted as a review or redetermination oth-*

1 erwise required to be made under section
2 208 of the Social Security Independence
3 and Program Improvements Act of 1994 or
4 any other provision of title XVI of the So-
5 cial Security Act.

6 (B) *GRANDFATHER PROVISION.*—The provi-
7 sions of, and amendments made by, subsections
8 (a) and (c) of this section, and the redetermina-
9 tion under subparagraph (A), shall only apply
10 with respect to the benefits of an individual de-
11 scribed in subparagraph (A) for months begin-
12 ning on or after the later of July 1, 1997, or the
13 date of the redetermination with respect to such
14 individual.

15 (C) *NOTICE.*—Not later than January 1,
16 1997, the Commissioner of Social Security shall
17 notify an individual described in subparagraph
18 (A) of the provisions of this paragraph.

19 (3) *REPORT.*—The Commissioner of Social Secu-
20 rity shall report to the Congress regarding the
21 progress made in implementing the provisions of, and
22 amendments made by, this section on child disability
23 evaluations not later than 180 days after the date of
24 the enactment of this Act.

1 (4) *REGULATIONS.*—*Notwithstanding any other*
2 *provision of law, the Commissioner of Social Security*
3 *shall submit for review to the committees of jurisdic-*
4 *tion in the Congress any final regulation pertaining*
5 *to the eligibility of individuals under age 18 for bene-*
6 *fits under title XVI of the Social Security Act at least*
7 *45 days before the effective date of such regulation.*
8 *The submission under this paragraph shall include*
9 *supporting documentation providing a cost analysis,*
10 *workload impact, and projections as to how the regu-*
11 *lation will effect the future number of recipients*
12 *under such title.*

13 (5) *APPROPRIATIONS.*—

14 (A) *IN GENERAL.*—*Out of any money in the*
15 *Treasury not otherwise appropriated, there are*
16 *authorized to be appropriated and are hereby*
17 *appropriated, to remain available without fiscal*
18 *year limitation, \$200,000,000 for fiscal year*
19 *1997, \$75,000,000 for fiscal year 1998, and*
20 *\$25,000,000 for fiscal year 1999, for the Com-*
21 *missioner of Social Security to utilize only for*
22 *continuing disability reviews and redetermina-*
23 *tions under title XVI of the Social Security Act,*
24 *with reviews and redeterminations for individ-*

1 uals affected by the provisions of subsection (b)
2 given highest priority.

3 (B) *ADDITIONAL FUNDS.*—Amounts appro-
4 priated under subparagraph (A) shall be in ad-
5 dition to any funds otherwise appropriated for
6 continuing disability reviews and redetermina-
7 tions under title XVI of the Social Security Act.

8 (6) *BENEFITS UNDER TITLE XVI.*—For purposes
9 of this subsection, the term “benefits under title XVI
10 of the Social Security Act” includes supplementary
11 payments pursuant to an agreement for Federal ad-
12 ministration under section 1616(a) of the Social Se-
13 curity Act, and payments pursuant to an agreement
14 entered into under section 212(b) of Public Law 93–
15 66.

16 **SEC. 2212. ELIGIBILITY REDETERMINATIONS AND CONTINU-**
17 **ING DISABILITY REVIEWS.**

18 (a) *CONTINUING DISABILITY REVIEWS RELATING TO*
19 *CERTAIN CHILDREN.*—Section 1614(a)(3)(H) (42 U.S.C.
20 1382c(a)(3)(H)), as redesignated by section 2211(a)(3) of
21 this Act, is amended—

22 (1) by inserting “(i)” after “(H)”; and

23 (2) by adding at the end the following new
24 clause:

1 “(i)(I) Not less frequently than once every 3 years,
2 the Commissioner shall review in accordance with para-
3 graph (4) the continued eligibility for benefits under this
4 title of each individual who has not attained 18 years of
5 age and is eligible for such benefits by reason of an impair-
6 ment (or combination of impairments) which is likely to
7 improve (or, at the option of the Commissioner, which is
8 unlikely to improve).

9 “(II) A representative payee of a recipient whose case
10 is reviewed under this clause shall present, at the time of
11 review, evidence demonstrating that the recipient is, and
12 has been, receiving treatment, to the extent considered medi-
13 cally necessary and available, of the condition which was
14 the basis for providing benefits under this title.

15 “(III) If the representative payee refuses to comply
16 without good cause with the requirements of subclause (II),
17 the Commissioner of Social Security shall, if the Commis-
18 sioner determines it is in the best interest of the individual,
19 promptly suspend payment of benefits to the representative
20 payee, and provide for payment of benefits to an alternative
21 representative payee of the individual or, if the interest of
22 the individual under this title would be served thereby, to
23 the individual.

24 “(IV) Subclause (II) shall not apply to the representa-
25 tive payee of any individual with respect to whom the Com-

1 *missioner determines such application would be inappro-*
2 *priate or unnecessary. In making such determination, the*
3 *Commissioner shall take into consideration the nature of*
4 *the individual's impairment (or combination of impair-*
5 *ments). Section 1631(c) shall not apply to a finding by the*
6 *Commissioner that the requirements of subclause (II) should*
7 *not apply to an individual's representative payee."*

8 **(b) DISABILITY ELIGIBILITY REDETERMINATIONS RE-**
9 **QUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF**
10 **AGE.—**

11 **(1) IN GENERAL.—***Section 1614(a)(3)(H) (42*
12 *U.S.C. 1382c(a)(3)(H)), as amended by subsection (a)*
13 *of this section, is amended by adding at the end the*
14 *following new clause:*

15 *"(iii) If an individual is eligible for benefits under this*
16 *title by reason of disability for the month preceding the*
17 *month in which the individual attains the age of 18 years,*
18 *the Commissioner shall redetermine such eligibility—*

19 *"(I) during the 1-year period beginning on the*
20 *individual's 18th birthday; and*

21 *"(II) by applying the criteria used in determin-*
22 *ing the initial eligibility for applicants who are age*
23 *18 or older.*

24 *With respect to a redetermination under this clause, para-*
25 *graph (4) shall not apply and such redetermination shall*

1 *be considered a substitute for a review or redetermination*
2 *otherwise required under any other provision of this sub-*
3 *paragraph during that 1-year period.”.*

4 (2) *CONFORMING REPEAL.—Section 207 of the*
5 *Social Security Independence and Program Improve-*
6 *ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.*
7 *1516) is hereby repealed.*

8 (c) *CONTINUING DISABILITY REVIEW REQUIRED FOR*
9 *LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42*
10 *U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and*
11 *(b) of this section, is amended by adding at the end the*
12 *following new clause:*

13 “(iv)(I) *Not later than 12 months after the birth of*
14 *an individual, the Commissioner shall review in accordance*
15 *with paragraph (4) the continuing eligibility for benefits*
16 *under this title by reason of disability of such individual*
17 *whose low birth weight is a contributing factor material*
18 *to the Commissioner’s determination that the individual is*
19 *disabled.*

20 “(II) *A review under subclause (I) shall be considered*
21 *a substitute for a review otherwise required under any other*
22 *provision of this subparagraph during that 12-month pe-*
23 *riod.*

24 “(III) *A representative payee of a recipient whose case*
25 *is reviewed under this clause shall present, at the time of*

1 review, evidence demonstrating that the recipient is, and
2 has been, receiving treatment, to the extent considered medi-
3 cally necessary and available, of the condition which was
4 the basis for providing benefits under this title.

5 “(IV) If the representative payee refuses to comply
6 without good cause with the requirements of subclause (III),
7 the Commissioner of Social Security shall, if the Commis-
8 sioner determines it is in the best interest of the individual,
9 promptly suspend payment of benefits to the representative
10 payee, and provide for payment of benefits to an alternative
11 representative payee of the individual or, if the interest of
12 the individual under this title would be served thereby, to
13 the individual.

14 “(V) Subclause (III) shall not apply to the representa-
15 tive payee of any individual with respect to whom the Com-
16 missioner determines such application would be inappro-
17 priate or unnecessary. In making such determination, the
18 Commissioner shall take into consideration the nature of
19 the individual’s impairment (or combination of impair-
20 ments). Section 1631(c) shall not apply to a finding by the
21 Commissioner that the requirements of subclause (III)
22 should not apply to an individual’s representative payee.”.

23 (d) *EFFECTIVE DATE.*—The amendments made by this
24 section shall apply to benefits for months beginning on or
25 after the date of the enactment of this Act, without regard

1 *to whether regulations have been issued to implement such*
2 *amendments.*

3 **SEC. 2213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

4 *(a) REQUIREMENT TO ESTABLISH ACCOUNT.—Section*
5 *1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—*

6 *(1) by redesignating subparagraphs (F) and (G)*
7 *as subparagraphs (G) and (H), respectively; and*

8 *(2) by inserting after subparagraph (E) the fol-*
9 *lowing new subparagraph:*

10 *“(F)(i)(I) Each representative payee of an eligible in-*
11 *dividual under the age of 18 who is eligible for the payment*
12 *of benefits described in subclause (II) shall establish on be-*
13 *half of such individual an account in a financial institu-*
14 *tion into which such benefits shall be paid, and shall there-*
15 *after maintain such account for use in accordance with*
16 *clause (ii).*

17 *“(II) Benefits described in this subclause are past-due*
18 *monthly benefits under this title (which, for purposes of this*
19 *subclause, include State supplementary payments made by*
20 *the Commissioner pursuant to an agreement under section*
21 *1616 or section 212(b) of Public Law 93–66) in an amount*
22 *(after any withholding by the Commissioner for reimburse-*
23 *ment to a State for interim assistance under subsection (g))*
24 *that exceeds the product of—*

25 *“(aa) 6, and*

1 “(bb) the maximum monthly benefit payable
2 under this title to an eligible individual.

3 “(ii)(I) A representative payee may use funds in the
4 account established under clause (i) to pay for allowable
5 expenses described in subclause (II).

6 “(II) An allowable expense described in this subclause
7 is an expense for—

8 “(aa) education or job skills training;

9 “(bb) personal needs assistance;

10 “(cc) special equipment;

11 “(dd) housing modification;

12 “(ee) medical treatment;

13 “(ff) therapy or rehabilitation; or

14 “(gg) any other item or service that the Commis-
15 sioner determines to be appropriate:

16 *Provided, That such expense benefits such individual and,*
17 *in the case of an expense described in item (cc), (dd), (ff),*
18 *or (gg), is related to the impairment (or combination of*
19 *impairments) of such individual.*

20 “(III) The use of funds from an account established
21 under clause (i) in any manner not authorized by this
22 clause—

23 “(aa) by a representative payee shall be consid-
24 ered a misapplication of benefits for all purposes of
25 this paragraph, and any representative payee who

1 *knowingly misapplies benefits from such an account*
2 *shall be liable to the Commissioner in an amount*
3 *equal to the total amount of such benefits; and*

4 *“(bb) by an eligible individual who is his or her*
5 *own payee shall be considered a misapplication of*
6 *benefits for all purposes of this paragraph and the*
7 *total amount of such benefits so used shall be consid-*
8 *ered to be the uncompensated value of a disposed re-*
9 *source and shall be subject to the provisions of section*
10 *1613(c).*

11 *“(IV) This clause shall continue to apply to funds in*
12 *the account after the child has reached age 18, regardless*
13 *of whether benefits are paid directly to the beneficiary or*
14 *through a representative payee.*

15 *“(iii) The representative payee may deposit into the*
16 *account established pursuant to clause (i)—*

17 *“(I) past-due benefits payable to the eligible in-*
18 *dividual in an amount less than that specified in*
19 *clause (i)(II), and*

20 *“(II) any other funds representing an underpay-*
21 *ment under this title to such individual, provided*
22 *that the amount of such underpayment is equal to or*
23 *exceeds the maximum monthly benefit payable under*
24 *this title to an eligible individual.*

1 “(iv) *The Commissioner of Social Security shall estab-*
2 *lish a system for accountability monitoring whereby such*
3 *representative payee shall report, at such time and in such*
4 *manner as the Commissioner shall require, on activity re-*
5 *specting funds in the account established pursuant to clause*
6 *(i).”.*

7 **(b) CONFORMING AMENDMENTS.—**

8 **(1) EXCLUSION FROM RESOURCES.—***Section*
9 *1613(a) (42 U.S.C. 1382b(a)) is amended—*

10 *(A) by striking “and” at the end of para-*
11 *graph (10);*

12 *(B) by striking the period at the end of*
13 *paragraph (11) and inserting “; and”; and*

14 *(C) by inserting after paragraph (11) the*
15 *following new paragraph:*

16 *“(12) any account, including accrued interest or*
17 *other earnings thereon, established and maintained in*
18 *accordance with section 1631(a)(2)(F).”.*

19 **(2) EXCLUSION FROM INCOME.—***Section 1612(b)*
20 *(42 U.S.C. 1382a(b)) is amended—*

21 *(A) by striking “and” at the end of para-*
22 *graph (19);*

23 *(B) by striking the period at the end of*
24 *paragraph (20) and inserting “; and”; and*

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

3 “(21) the interest or other earnings on any ac-
4 count established and maintained in accordance with
5 section 1631(a)(2)(F).”.

6 (c) *EFFECTIVE DATE.*—The amendments made
7 by this section shall apply to payments made after
8 the date of the enactment of this Act.

9 **SEC. 2214. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**
10 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**
11 **ICAL COSTS ARE COVERED BY PRIVATE IN-**
12 **SURANCE.**

13 (a) *IN GENERAL.*—Section 1611(e)(1)(B) (42 U.S.C.
14 1382(e)(1)(B)) is amended—

15 (1) by striking “title XIX, or” and inserting
16 “title XV or XIX,”; and

17 (2) by inserting “or, in the case of an eligible in-
18 dividual under the age of 18, receiving payments
19 (with respect to such individual) under any health in-
20 surance policy issued by a private provider of such
21 insurance” after “section 1614(f)(2)(B),”.

22 (b) *EFFECTIVE DATE.*—The amendment made by this
23 section shall apply to benefits for months beginning 90 or
24 more days after the date of the enactment of this Act, with-

1 *out regard to whether regulations have been issued to imple-*
2 *ment such amendments.*

3 **SEC. 2215. REGULATIONS.**

4 *Within 3 months after the date of the enactment of this*
5 *Act, the Commissioner of Social Security shall prescribe*
6 *such regulations as may be necessary to implement the*
7 *amendments made by this subchapter.*

8 ***Subchapter C—Additional Enforcement***
9 ***Provision***

10 **SEC. 2221. INSTALLMENT PAYMENT OF LARGE PAST-DUE**

11 ***SUPPLEMENTAL SECURITY INCOME BENE-***
12 ***FITS.***

13 *(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383)*
14 *is amended by adding at the end the following new para-*
15 *graph:*

16 *“(10)(A) If an individual is eligible for past-due*
17 *monthly benefits under this title in an amount that (after*
18 *any withholding for reimbursement to a State for interim*
19 *assistance under subsection (g)) equals or exceeds the prod-*
20 *uct of—*

21 *“(i) 12, and*

22 *“(ii) the maximum monthly benefit payable*
23 *under this title to an eligible individual (or, if appro-*
24 *prate, to an eligible individual and eligible spouse),*

1 *then the payment of such past-due benefits (after any such*
2 *reimbursement to a State) shall be made in installments*
3 *as provided in subparagraph (B).*

4 “(B)(i) *The payment of past-due benefits subject to this*
5 *subparagraph shall be made in not to exceed 3 installments*
6 *that are made at 6-month intervals.*

7 “(ii) *Except as provided in clause (iii), the amount*
8 *of each of the first and second installments may not exceed*
9 *an amount equal to the product of clauses (i) and (ii) of*
10 *subparagraph (A).*

11 “(iii) *In the case of an individual who has—*

12 “(I) *outstanding debt attributable to—*

13 “(aa) *food,*

14 “(bb) *clothing,*

15 “(cc) *shelter, or*

16 “(dd) *medically necessary services, supplies*
17 *or equipment, or medicine; or*

18 “(II) *current expenses or expenses anticipated in*
19 *the near term attributable to—*

20 “(aa) *medically necessary services, supplies*
21 *or equipment, or medicine, or*

22 “(bb) *the purchase of a home, and*

23 *such debt or expenses are not subject to reimbursement by*
24 *a public assistance program, the Secretary under title*
25 *XVIII, a State plan approved under title XV or XIX, or*

1 *any private entity legally liable to provide payment pursu-*
2 *ant to an insurance policy, pre-paid plan, or other arrange-*
3 *ment, the limitation specified in clause (ii) may be exceeded*
4 *by an amount equal to the total of such debt and expenses.*

5 “(C) *This paragraph shall not apply to any individual*
6 *who, at the time of the Commissioner’s determination that*
7 *such individual is eligible for the payment of past-due*
8 *monthly benefits under this title—*

9 “(i) *is afflicted with a medically determinable*
10 *impairment that is expected to result in death within*
11 *12 months; or*

12 “(ii) *is ineligible for benefits under this title and*
13 *the Commissioner determines that such individual is*
14 *likely to remain ineligible for the next 12 months.*

15 “(D) *For purposes of this paragraph, the term ‘benefits*
16 *under this title’ includes supplementary payments pursu-*
17 *ant to an agreement for Federal administration under sec-*
18 *tion 1616(a), and payments pursuant to an agreement en-*
19 *tered into under section 212(b) of Public Law 93–66.”.*

20 (b) *CONFORMING AMENDMENT.—Section 1631(a)(1)*
21 *(42 U.S.C. 1383(a)(1)) is amended by inserting “(subject*
22 *to paragraph (10))” immediately before “in such install-*
23 *ments”.*

24 (c) *EFFECTIVE DATE.—*

1 (1) *IN GENERAL.*—*The amendments made by*
2 *this section are effective with respect to past-due bene-*
3 *fits payable under title XVI of the Social Security Act*
4 *after the third month following the month in which*
5 *this Act is enacted.*

6 (2) *BENEFITS PAYABLE UNDER TITLE XVI.*—*For*
7 *purposes of this subsection, the term “benefits payable*
8 *under title XVI of the Social Security Act” includes*
9 *supplementary payments pursuant to an agreement*
10 *for Federal administration under section 1616(a) of*
11 *the Social Security Act, and payments pursuant to*
12 *an agreement entered into under section 212(b) of*
13 *Public Law 93–66.*

14 **SEC. 2222. REGULATIONS.**

15 *Within 3 months after the date of the enactment of this*
16 *Act, the Commissioner of Social Security shall prescribe*
17 *such regulations as may be necessary to implement the*
18 *amendments made by this subchapter.*

19 ***Subchapter D—Studies Regarding***
20 ***Supplemental Security Income Program***

21 **SEC. 2231. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**
22 ***RITY INCOME PROGRAM.***

23 *Title XVI (42 U.S.C. 1381 et seq.), as amended by sec-*
24 *tion 2201(c) of this Act, is amended by adding at the end*
25 *the following new section:*

1 “ANNUAL REPORT ON PROGRAM

2 “SEC. 1637. (a) Not later than May 30 of each year,
3 the Commissioner of Social Security shall prepare and de-
4 liver a report annually to the President and the Congress
5 regarding the program under this title, including—

6 “(1) a comprehensive description of the program;

7 “(2) historical and current data on allowances
8 and denials, including number of applications and
9 allowance rates for initial determinations, reconsider-
10 ation determinations, administrative law judge hear-
11 ings, appeals council reviews, and Federal court deci-
12 sions;

13 “(3) historical and current data on characteris-
14 tics of recipients and program costs, by recipient
15 group (aged, blind, disabled adults, and disabled chil-
16 dren);

17 “(4) historical and current data on prior enroll-
18 ment by recipients in public benefit programs, includ-
19 ing State programs funded under part A of title IV
20 of the Social Security Act and State general assist-
21 ance programs;

22 “(5) projections of future number of recipients
23 and program costs, through at least 25 years;

1 “(6) number of redeterminations and continuing
2 disability reviews, and the outcomes of such redeter-
3 minations and reviews;

4 “(7) data on the utilization of work incentives;

5 “(8) detailed information on administrative and
6 other program operation costs;

7 “(9) summaries of relevant research undertaken
8 by the Social Security Administration, or by other re-
9 searchers;

10 “(10) State supplementation program oper-
11 ations;

12 “(11) a historical summary of statutory changes
13 to this title; and

14 “(12) such other information as the Commis-
15 sioner deems useful.

16 “(b) Each member of the Social Security Advisory
17 Board shall be permitted to provide an individual report,
18 or a joint report if agreed, of views of the program under
19 this title, to be included in the annual report required under
20 this section.”.

21 **SEC. 2232. STUDY BY GENERAL ACCOUNTING OFFICE.**

22 Not later than January 1, 1999, the Comptroller Gen-
23 eral of the United States shall study and report on—

24 (1) the impact of the amendments made by, and
25 the provisions of, this chapter on the supplemental se-

1 *curity income program under title XVI of the Social*
 2 *Security Act; and*

3 *(2) extra expenses incurred by families of chil-*
 4 *dren receiving benefits under such title that are not*
 5 *covered by other Federal, State, or local programs.*

6 **CHAPTER 3—CHILD SUPPORT**

7 **SEC. 2300. REFERENCE TO SOCIAL SECURITY ACT.**

8 *Except as otherwise specifically provided, wherever in*
 9 *this chapter an amendment is expressed in terms of an*
 10 *amendment to or repeal of a section or other provision, the*
 11 *reference shall be considered to be made to that section or*
 12 *other provision of the Social Security Act.*

13 **Subchapter A—Eligibility for Services;**
 14 **Distribution of Payments**

15 **SEC. 2301. STATE OBLIGATION TO PROVIDE CHILD SUP-**
 16 **PORT ENFORCEMENT SERVICES.**

17 *(a) STATE PLAN REQUIREMENTS.—Section 454 (42*
 18 *U.S.C. 654) is amended—*

19 *(1) by striking paragraph (4) and inserting the*
 20 *following new paragraph:*

21 *“(4) provide that the State will—*

22 *“(A) provide services relating to the estab-*
 23 *lishment of paternity or the establishment, modi-*
 24 *fication, or enforcement of child support obliga-*

1 *tions, as appropriate, under the plan with re-*
2 *spect to—*

3 “(i) *each child for whom (I) assistance*
4 *is provided under the State program funded*
5 *under part A of this title, (II) benefits or*
6 *services for foster care maintenance are pro-*
7 *vided under the State program funded*
8 *under part E of this title, (III) medical as-*
9 *stance is provided under the State plan*
10 *under title XV, or (IV) medical assistance is*
11 *provided under the State plan approved*
12 *under title XIX, unless, in accordance with*
13 *paragraph (29), good cause or other excep-*
14 *tions exist;*

15 “(ii) *any other child, if an individual*
16 *applies for such services with respect to the*
17 *child; and*

18 “(B) *enforce any support obligation estab-*
19 *lished with respect to—*

20 “(i) *a child with respect to whom the*
21 *State provides services under the plan; or*

22 “(ii) *the custodial parent of such a*
23 *child;”;* and

24 (2) *in paragraph (6)—*

1 (A) by striking “provide that” and insert-
2 ing “provide that—”;

3 (B) by striking subparagraph (A) and in-
4 serting the following new subparagraph:

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

9 (C) in subparagraph (B), by inserting “on
10 individuals not receiving assistance under any
11 State program funded under part A” after “such
12 services shall be imposed”;

13 (D) in each of subparagraphs (B), (C), (D),
14 and (E)—

15 (i) by indenting the subparagraph in
16 the same manner as, and aligning the left
17 margin of the subparagraph with the left
18 margin of, the matter inserted by subpara-
19 graph (B) of this paragraph; and

20 (ii) by striking the final comma and
21 inserting a semicolon; and

22 (E) in subparagraph (E), by indenting each
23 of clauses (i) and (ii) 2 additional ems.

24 (b) CONTINUATION OF SERVICES FOR FAMILIES CEAS-
25 ING TO RECEIVE ASSISTANCE UNDER THE STATE PRO-

1 *GRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C.*
2 *654) is amended—*

3 *(1) by striking “and” at the end of paragraph*
4 *(23);*

5 *(2) by striking the period at the end of para-*
6 *graph (24) and inserting “; and”; and*

7 *(3) by adding after paragraph (24) the following*
8 *new paragraph:*

9 *“(25) provide that if a family with respect to*
10 *which services are provided under the plan ceases to*
11 *receive assistance under the State program funded*
12 *under part A, the State shall provide appropriate no-*
13 *tice to the family and continue to provide such serv-*
14 *ices, subject to the same conditions and on the same*
15 *basis as in the case of other individuals to whom serv-*
16 *ices are furnished under the plan, except that an ap-*
17 *plication or other request to continue services shall*
18 *not be required of such a family and paragraph*
19 *(6)(B) shall not apply to the family.”.*

20 *(c) CONFORMING AMENDMENTS.—*

21 *(1) Section 452(b) (42 U.S.C. 652(b)) is amend-*
22 *ed by striking “454(6)” and inserting “454(4)”.*

23 *(2) Section 452(g)(2)(A) (42 U.S.C.*
24 *652(g)(2)(A)) is amended by striking “454(6)” each*
25 *place it appears and inserting “454(4)(A)(ii)”.*

1 (3) Section 466(a)(3)(B) (42 U.S.C.
2 666(a)(3)(B)) is amended by striking “in the case of
3 overdue support which a State has agreed to collect
4 under section 454(6)” and inserting “in any other
5 case”.

6 (4) Section 466(e) (42 U.S.C. 666(e)) is amended
7 by striking “paragraph (4) or (6) of section 454” and
8 inserting “section 454(4)”.

9 **SEC. 2302. DISTRIBUTION OF CHILD SUPPORT COLLEC-**
10 **TIONS.**

11 (a) *IN GENERAL.*—Section 457 (42 U.S.C. 657) is
12 amended to read as follows:

13 **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

14 “(a) *IN GENERAL.*—Subject to subsection (e), an
15 amount collected on behalf of a family as support by a State
16 pursuant to a plan approved under this part shall be dis-
17 tributed as follows:

18 “(1) *FAMILIES RECEIVING ASSISTANCE.*—In the
19 case of a family receiving assistance from the State,
20 the State shall—

21 “(A) pay to the Federal Government the
22 Federal share of the amount so collected; and

23 “(B) retain, or distribute to the family, the
24 State share of the amount so collected.

1 “(2) *FAMILIES THAT FORMERLY RECEIVED AS-*
2 *SISTANCE.—In the case of a family that formerly re-*
3 *ceived assistance from the State:*

4 “(A) *CURRENT SUPPORT PAYMENTS.—To*
5 *the extent that the amount so collected does not*
6 *exceed the amount required to be paid to the*
7 *family for the month in which collected, the*
8 *State shall distribute the amount so collected to*
9 *the family.*

10 “(B) *PAYMENTS OF ARREARAGES.—To the*
11 *extent that the amount so collected exceeds the*
12 *amount required to be paid to the family for the*
13 *month in which collected, the State shall distrib-*
14 *ute the amount so collected as follows:*

15 “(i) *DISTRIBUTION OF ARREARAGES*
16 *THAT ACCRUED AFTER THE FAMILY CEASED*
17 *TO RECEIVE ASSISTANCE.—*

18 “(I) *PRE-OCTOBER 1997.—Except*
19 *as provided in subclause (II), the pro-*
20 *visions of this section (other than sub-*
21 *section (b)(1)) as in effect and applied*
22 *on the day before the date of the enact-*
23 *ment of section 2302 of the Personal*
24 *Responsibility and Work Opportunity*
25 *Act of 1996 shall apply with respect to*

1 *the distribution of support arrearages*
2 *that—*

3 *“(aa) accrued after the fam-*
4 *ily ceased to receive assistance,*
5 *and*

6 *“(bb) are collected before Oc-*
7 *tober 1, 1997.*

8 *“(II) POST-SEPTEMBER 1997.—*
9 *With respect to the amount so collected*
10 *on or after October 1, 1997 (or before*
11 *such date, at the option of the State)—*

12 *“(aa) IN GENERAL.—The*
13 *State shall first distribute the*
14 *amount so collected (other than*
15 *any amount described in clause*
16 *(iv)) to the family to the extent*
17 *necessary to satisfy any support*
18 *arrearages with respect to the*
19 *family that accrued after the fam-*
20 *ily ceased to receive assistance*
21 *from the State.*

22 *“(bb) REIMBURSEMENT OF*
23 *GOVERNMENTS FOR ASSISTANCE*
24 *PROVIDED TO THE FAMILY.—After*
25 *the application of division (aa)*

1 *and clause (ii)(II)(aa) with re-*
2 *spect to the amount so collected,*
3 *the State shall retain the State*
4 *share of the amount so collected,*
5 *and pay to the Federal Govern-*
6 *ment the Federal share (as defined*
7 *in subsection (c)(2)) of the*
8 *amount so collected, but only to*
9 *the extent necessary to reimburse*
10 *amounts paid to the family as as-*
11 *sistance by the State.*

12 “(cc) *DISTRIBUTION OF THE*
13 *REMAINDER TO THE FAMILY.—To*
14 *the extent that neither division*
15 *(aa) nor division (bb) applies to*
16 *the amount so collected, the State*
17 *shall distribute the amount to the*
18 *family.*

19 “(ii) *DISTRIBUTION OF ARREARAGES*
20 *THAT ACCRUED BEFORE THE FAMILY RE-*
21 *CEIVED ASSISTANCE.—*

22 “(I) *PRE-OCTOBER 2000.—Except*
23 *as provided in subclause (II), the pro-*
24 *visions of this section (other than sub-*
25 *section (b)(1)) as in effect and applied*

1 *on the day before the date of the enact-*
2 *ment of section 2302 of the Personal*
3 *Responsibility and Work Opportunity*
4 *Act of 1996 shall apply with respect to*
5 *the distribution of support arrearages*
6 *that—*

7 *“(aa) accrued before the fam-*
8 *ily received assistance, and*

9 *“(bb) are collected before Oc-*
10 *tober 1, 2000.*

11 *“(II) POST-SEPTEMBER 2000.—*
12 *Unless, based on the report required by*
13 *paragraph (4), the Congress determines*
14 *otherwise, with respect to the amount*
15 *so collected on or after October 1, 2000*
16 *(or before such date, at the option of*
17 *the State)—*

18 *“(aa) IN GENERAL.—The*
19 *State shall first distribute the*
20 *amount so collected (other than*
21 *any amount described in clause*
22 *(iv)) to the family to the extent*
23 *necessary to satisfy any support*
24 *arrearages with respect to the*
25 *family that accrued before the*

1 *family received assistance from*
2 *the State.*

3 “(bb) *REIMBURSEMENT OF*
4 *GOVERNMENTS FOR ASSISTANCE*
5 *PROVIDED TO THE FAMILY.—After*
6 *the application of clause*
7 *(i)(II)(aa) and division (aa) with*
8 *respect to the amount so collected,*
9 *the State shall retain the State*
10 *share of the amount so collected,*
11 *and pay to the Federal Govern-*
12 *ment the Federal share (as defined*
13 *in subsection (c)(2)) of the*
14 *amount so collected, but only to*
15 *the extent necessary to reimburse*
16 *amounts paid to the family as as-*
17 *sistance by the State.*

18 “(cc) *DISTRIBUTION OF THE*
19 *REMAINDER TO THE FAMILY.—To*
20 *the extent that neither division*
21 *(aa) nor division (bb) applies to*
22 *the amount so collected, the State*
23 *shall distribute the amount to the*
24 *family.*

1 “(iii) *DISTRIBUTION OF ARREARAGES*
2 *THAT ACCRUED WHILE THE FAMILY RE-*
3 *CEIVED ASSISTANCE.*—*In the case of a fam-*
4 *ily described in this subparagraph, the pro-*
5 *visions of paragraph (1) shall apply with*
6 *respect to the distribution of support arrear-*
7 *ages that accrued while the family received*
8 *assistance.*

9 “(iv) *AMOUNTS COLLECTED PURSUANT*
10 *TO SECTION 464.*—*Notwithstanding any*
11 *other provision of this section, any amount*
12 *of support collected pursuant to section 464*
13 *shall be retained by the State to the extent*
14 *past-due support has been assigned to the*
15 *State as a condition of receiving assistance*
16 *from the State, up to the amount necessary*
17 *to reimburse the State for amounts paid to*
18 *the family as assistance by the State. The*
19 *State shall pay to the Federal Government*
20 *the Federal share of the amounts so re-*
21 *tained. To the extent the amount collected*
22 *pursuant to section 464 exceeds the amount*
23 *so retained, the State shall distribute the ex-*
24 *cess to the family.*

1 “(v) *ORDERING RULES FOR DISTRIBUTIONS.*—*For purposes of this subparagraph,*
2 *unless an earlier effective date is required*
3 *by this section, effective October 1, 2000, the*
4 *State shall treat any support arrearages*
5 *collected, except for amounts collected pur-*
6 *suant to section 464, as accruing in the fol-*
7 *lowing order:*

8 “(I) *To the period after the family*
9 *ceased to receive assistance.*

10 “(II) *To the period before the fam-*
11 *ily received assistance.*

12 “(III) *To the period while the*
13 *family was receiving assistance.*

14 “(3) *FAMILIES THAT NEVER RECEIVED ASSIST-*
15 *ANCE.*—*In the case of any other family, the State*
16 *shall distribute the amount so collected to the family.*

17 “(4) *FAMILIES UNDER CERTAIN AGREEMENTS.*—
18 *In the case of a family receiving assistance from an*
19 *Indian tribe, distribute the amount so collected pursu-*
20 *ant to an agreement entered into pursuant to a State*
21 *plan under section 454(33).*

22 “(5) *STUDY AND REPORT.*—*Not later than Octo-*
23 *ber 1, 1998, the Secretary shall report to the Congress*
24 *the Secretary’s findings with respect to—*
25

1 “(A) *whether the distribution of post-assist-*
2 *ance arrearages to families has been effective in*
3 *moving people off of welfare and keeping them*
4 *off of welfare;*

5 “(B) *whether early implementation of a*
6 *pre-assistance arrearage program by some States*
7 *has been effective in moving people off of welfare*
8 *and keeping them off of welfare;*

9 “(C) *what the overall impact has been of the*
10 *amendments made by the Personal Responsibil-*
11 *ity and Work Opportunity Act of 1996 with re-*
12 *spect to child support enforcement in moving*
13 *people off of welfare and keeping them off of wel-*
14 *fare; and*

15 “(D) *based on the information and data the*
16 *Secretary has obtained, what changes, if any,*
17 *should be made in the policies related to the dis-*
18 *tribution of child support arrearages.*

19 “(b) *CONTINUATION OF ASSIGNMENTS.—Any rights to*
20 *support obligations, which were assigned to a State as a*
21 *condition of receiving assistance from the State under part*
22 *A and which were in effect on the day before the date of*
23 *the enactment of the Personal Responsibility and Work Op-*
24 *portunity Act of 1996, shall remain assigned after such*
25 *date.*

1 “(c) *DEFINITIONS.*—As used in subsection (a):

2 “(1) *ASSISTANCE.*—The term ‘assistance from
3 the State’ means—

4 “(A) assistance under the State program
5 funded under part A or under the State plan ap-
6 proved under part A of this title (as in effect on
7 the day before the date of the enactment of the
8 *Personal Responsibility and Work Opportunity*
9 *Act of 1996*); and

10 “(B) foster care maintenance payments
11 under the State plan approved under part E of
12 this title.

13 “(2) *FEDERAL SHARE.*—The term ‘Federal share’
14 means that portion of the amount collected resulting
15 from the application of the Federal medical assistance
16 percentage in effect for the fiscal year in which the
17 amount is collected.

18 “(3) *FEDERAL MEDICAL ASSISTANCE PERCENT-*
19 *AGE.*—The term ‘Federal medical assistance percent-
20 age’ means—

21 “(A) the Federal medical assistance percent-
22 age (as defined in section 1118), in the case of
23 *Puerto Rico, the Virgin Islands, Guam, and*
24 *American Samoa*; or

1 “(B) *the Federal medical assistance percent-*
2 *age (as defined in section 1905(b), as in effect on*
3 *September 30, 1996) in the case of any other*
4 *State.*

5 “(4) *STATE SHARE.—The term ‘State share’*
6 *means 100 percent minus the Federal share.*

7 “(d) *HOLD HARMLESS PROVISION.—If the amounts*
8 *collected which could be retained by the State in the fiscal*
9 *year (to the extent necessary to reimburse the State for*
10 *amounts paid to families as assistance by the State) are*
11 *less than the State share of the amounts collected in fiscal*
12 *year 1995 (determined in accordance with section 457 as*
13 *in effect on the day before the date of the enactment of the*
14 *Personal Responsibility and Work Opportunity Act of*
15 *1996), the State share for the fiscal year shall be an amount*
16 *equal to the State share in fiscal year 1995.*

17 “(e) *GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION*
18 *UNDER THIS SECTION.—At State option, this section shall*
19 *not apply to any amount collected on behalf of a family*
20 *as support by the State (and paid to the family in addition*
21 *to the amount of assistance otherwise payable to the family)*
22 *pursuant to a plan approved under this part if such*
23 *amount would have been paid to the family by the State*
24 *under section 402(a)(28), as in effect and applied on the*
25 *day before the date of the enactment of section 2302 of the*

1 *Personal Responsibility and Work Opportunity Act of 1996.*
2 *For purposes of subsection (d), the State share of such*
3 *amount paid to the family shall be considered amounts*
4 *which could be retained by the State if such payments were*
5 *reported by the State as part of the State share of amounts*
6 *collected in fiscal year 1995.”.*

7 (b) *CONFORMING AMENDMENTS.—*

8 (1) *Section 464(a)(1) (42 U.S.C. 664(a)(1)) is*
9 *amended by striking “section 457(b)(4) or (d)(3)”*
10 *and inserting “section 457”.*

11 (2) *Section 454 (42 U.S.C. 654) is amended—*

12 (A) *in paragraph (11)—*

13 (i) *by striking “(11)” and inserting*
14 *“(11)(A)”;* and

15 (ii) *by inserting after the semicolon*
16 *“and”;* and

17 (B) *by redesignating paragraph (12) as*
18 *subparagraph (B) of paragraph (11).*

19 (c) *EFFECTIVE DATES.—*

20 (1) *IN GENERAL.—Except as provided in para-*
21 *graph (2), the amendments made by this section shall*
22 *be effective on October 1, 1996, or earlier at the*
23 *State’s option.*

1 (2) *CONFORMING AMENDMENTS.*—*The amend-*
2 *ments made by subsection (b)(2) shall become effective*
3 *on the date of the enactment of this Act.*

4 **SEC. 2303. PRIVACY SAFEGUARDS.**

5 (a) *STATE PLAN REQUIREMENT.*—*Section 454 (42*
6 *U.S.C. 654), as amended by section 2301(b) of this Act, is*
7 *amended—*

8 (1) *by striking “and” at the end of paragraph*
9 *(24);*

10 (2) *by striking the period at the end of para-*
11 *graph (25) and inserting “; and”; and*

12 (3) *by adding after paragraph (25) the following*
13 *new paragraph:*

14 “(26) *will have in effect safeguards, applicable to*
15 *all confidential information handled by the State*
16 *agency, that are designed to protect the privacy rights*
17 *of the parties, including—*

18 “(A) *safeguards against unauthorized use or*
19 *disclosure of information relating to proceedings*
20 *or actions to establish paternity, or to establish*
21 *or enforce support;*

22 “(B) *prohibitions against the release of in-*
23 *formation on the whereabouts of 1 party to an-*
24 *other party against whom a protective order*

1 *with respect to the former party has been en-*
2 *tered; and*

3 “(C) prohibitions against the release of in-
4 formation on the whereabouts of 1 party to an-
5 other party if the State has reason to believe that
6 the release of the information may result in
7 physical or emotional harm to the former
8 party.”.

9 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
10 *section (a) shall become effective on October 1, 1997.*

11 **SEC. 2304. RIGHTS TO NOTIFICATION OF HEARINGS.**

12 (a) *IN GENERAL.*—*Section 454 (42 U.S.C. 654), as*
13 *amended by section 2302(b)(2) of this Act, is amended by*
14 *inserting after paragraph (11) the following new para-*
15 *graph:*

16 “(12) provide for the establishment of procedures
17 to require the State to provide individuals who are
18 applying for or receiving services under the State
19 plan, or who are parties to cases in which services are
20 being provided under the State plan—

21 “(A) with notice of all proceedings in which
22 support obligations might be established or modi-
23 fied; and

24 “(B) with a copy of any order establishing
25 or modifying a child support obligation, or (in

1 *the case of a petition for modification) a notice*
 2 *of determination that there should be no change*
 3 *in the amount of the child support award, with-*
 4 *in 14 days after issuance of such order or deter-*
 5 *mination;”.*

6 **(b) EFFECTIVE DATE.**—*The amendment made by sub-*
 7 *section (a) shall become effective on October 1, 1997.*

8 ***Subchapter B—Locate and Case Tracking***

9 ***SEC. 2311. STATE CASE REGISTRY.***

10 *Section 454A, as added by section 2344(a)(2) of this*
 11 *Act, is amended by adding at the end the following new*
 12 *subsections:*

13 ***“(e) STATE CASE REGISTRY.—***

14 ***“(1) CONTENTS.—The automated system re-***
 15 *quired by this section shall include a registry (which*
 16 *shall be known as the ‘State case registry’) that con-*
 17 *tains records with respect to—*

18 ***“(A) each case in which services are being***
 19 *provided by the State agency under the State*
 20 *plan approved under this part; and*

21 ***“(B) each support order established or***
 22 *modified in the State on or after October 1,*
 23 *1998.*

24 ***“(2) LINKING OF LOCAL REGISTRIES.—The State***
 25 *case registry may be established by linking local case*

1 *registries of support orders through an automated in-*
2 *formation network, subject to this section.*

3 *“(3) USE OF STANDARDIZED DATA ELEMENTS.—*

4 *Such records shall use standardized data elements for*
5 *both parents (such as names, social security numbers*
6 *and other uniform identification numbers, dates of*
7 *birth, and case identification numbers), and contain*
8 *such other information (such as on case status) as the*
9 *Secretary may require.*

10 *“(4) PAYMENT RECORDS.—Each case record in*
11 *the State case registry with respect to which services*
12 *are being provided under the State plan approved*
13 *under this part and with respect to which a support*
14 *order has been established shall include a record of—*

15 *“(A) the amount of monthly (or other peri-*
16 *odic) support owed under the order, and other*
17 *amounts (including arrearages, interest or late*
18 *payment penalties, and fees) due or overdue*
19 *under the order;*

20 *“(B) any amount described in subpara-*
21 *graph (A) that has been collected;*

22 *“(C) the distribution of such collected*
23 *amounts;*

24 *“(D) the birth date of any child for whom*
25 *the order requires the provision of support; and*

1 “(E) the amount of any lien imposed with
2 respect to the order pursuant to section
3 466(a)(4).

4 “(5) *UPDATING AND MONITORING.*—The State
5 agency operating the automated system required by
6 this section shall promptly establish and update,
7 maintain, and regularly monitor, case records in the
8 State case registry with respect to which services are
9 being provided under the State plan approved under
10 this part, on the basis of—

11 “(A) information on administrative actions
12 and administrative and judicial proceedings and
13 orders relating to paternity and support;

14 “(B) information obtained from comparison
15 with Federal, State, or local sources of informa-
16 tion;

17 “(C) information on support collections and
18 distributions; and

19 “(D) any other relevant information.

20 “(f) *INFORMATION COMPARISONS AND OTHER DISCLO-*
21 *SURES OF INFORMATION.*—The State shall use the auto-
22 mated system required by this section to extract informa-
23 tion from (at such times, and in such standardized format
24 or formats, as may be required by the Secretary), to share
25 and compare information with, and to receive information

1 *from, other data bases and information comparison serv-*
2 *ices, in order to obtain (or provide) information necessary*
3 *to enable the State agency (or the Secretary or other State*
4 *or Federal agencies) to carry out this part, subject to section*
5 *6103 of the Internal Revenue Code of 1986. Such informa-*
6 *tion comparison activities shall include the following:*

7 “(1) *FEDERAL CASE REGISTRY OF CHILD SUP-*
8 *PORT ORDERS.—Furnishing to the Federal Case Reg-*
9 *istry of Child Support Orders established under sec-*
10 *tion 453(h) (and update as necessary, with informa-*
11 *tion including notice of expiration of orders) the min-*
12 *imum amount of information on child support cases*
13 *recorded in the State case registry that is necessary*
14 *to operate the registry (as specified by the Secretary*
15 *in regulations).*

16 “(2) *FEDERAL PARENT LOCATOR SERVICE.—Ex-*
17 *changing information with the Federal Parent Loca-*
18 *tor Service for the purposes specified in section 453.*

19 “(3) *TEMPORARY FAMILY ASSISTANCE AND MED-*
20 *ICAID AGENCIES.—Exchanging information with*
21 *State agencies (of the State and of other States) ad-*
22 *ministering programs funded under part A, programs*
23 *operated under a State plan under title XV or a State*
24 *plan approved under title XIX, and other programs*
25 *designated by the Secretary, as necessary to perform*

1 *State agency responsibilities under this part and*
 2 *under such programs.*

3 “(4) *INTRASTATE AND INTERSTATE INFORMATION*
 4 *COMPARISONS.—Exchanging information with other*
 5 *agencies of the State, agencies of other States, and*
 6 *interstate information networks, as necessary and ap-*
 7 *propriate to carry out (or assist other States to carry*
 8 *out) the purposes of this part.”.*

9 **SEC. 2312. COLLECTION AND DISBURSEMENT OF SUPPORT**
 10 **PAYMENTS.**

11 *(a) STATE PLAN REQUIREMENT.—Section 454 (42*
 12 *U.S.C. 654), as amended by sections 2301(b) and 2303(a)*
 13 *of this Act, is amended—*

14 *(1) by striking “and” at the end of paragraph*
 15 *(25);*

16 *(2) by striking the period at the end of para-*
 17 *graph (26) and inserting “; and”; and*

18 *(3) by adding after paragraph (26) the following*
 19 *new paragraph:*

20 *“(27) provide that, on and after October 1, 1998,*
 21 *the State agency will—*

22 *“(A) operate a State disbursement unit in*
 23 *accordance with section 454B; and*

24 *“(B) have sufficient State staff (consisting*
 25 *of State employees) and (at State option) con-*

1 tractors reporting directly to the State agency
2 to—

3 “(i) monitor and enforce support col-
4 lections through the unit in cases being en-
5 forced by the State pursuant to section
6 454(4) (including carrying out the auto-
7 mated data processing responsibilities de-
8 scribed in section 454A(g)); and

9 “(ii) take the actions described in sec-
10 tion 466(c)(1) in appropriate cases.”.

11 (b) *ESTABLISHMENT OF STATE DISBURSEMENT*
12 *UNIT.*—Part D of title IV (42 U.S.C. 651–669), as amended
13 by section 2344(a)(2) of this Act, is amended by inserting
14 after section 454A the following new section:

15 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-**
16 **PORT PAYMENTS.**

17 “(a) *STATE DISBURSEMENT UNIT.*—

18 “(1) *IN GENERAL.*—In order for a State to meet
19 the requirements of this section, the State agency
20 must establish and operate a unit (which shall be
21 known as the ‘State disbursement unit’) for the collec-
22 tion and disbursement of payments under support or-
23 ders—

24 “(A) in all cases being enforced by the State
25 pursuant to section 454(4); and

1 “(B) in all cases not being enforced by the
2 State under this part in which the support order
3 is initially issued in the State on or after Janu-
4 ary 1, 1994, and in which the wages of the non-
5 custodial parent are subject to withholding pur-
6 suant to section 466(a)(8)(B).

7 “(2) OPERATION.—The State disbursement unit
8 shall be operated—

9 “(A) directly by the State agency (or 2 or
10 more State agencies under a regional cooperative
11 agreement), or (to the extent appropriate) by a
12 contractor responsible directly to the State agen-
13 cy; and

14 “(B) except in cases described in paragraph
15 (1)(B), in coordination with the automated sys-
16 tem established by the State pursuant to section
17 454A.

18 “(3) LINKING OF LOCAL DISBURSEMENT
19 UNITS.—The State disbursement unit may be estab-
20 lished by linking local disbursement units through an
21 automated information network, subject to this sec-
22 tion, if the Secretary agrees that the system will not
23 cost more nor take more time to establish or operate
24 than a centralized system. In addition, employers

1 *shall be given 1 location to which income withholding*
2 *is sent.*

3 “(b) *REQUIRED PROCEDURES.*—*The State disburse-*
4 *ment unit shall use automated procedures, electronic proc-*
5 *esses, and computer-driven technology to the maximum ex-*
6 *tent feasible, efficient, and economical, for the collection and*
7 *disbursement of support payments, including procedures—*

8 “(1) *for receipt of payments from parents, em-*
9 *ployers, and other States, and for disbursements to*
10 *custodial parents and other obligees, the State agency,*
11 *and the agencies of other States;*

12 “(2) *for accurate identification of payments;*

13 “(3) *to ensure prompt disbursement of the custo-*
14 *dial parent’s share of any payment; and*

15 “(4) *to furnish to any parent, upon request,*
16 *timely information on the current status of support*
17 *payments under an order requiring payments to be*
18 *made by or to the parent.*

19 “(c) *TIMING OF DISBURSEMENTS.*—

20 “(1) *IN GENERAL.*—*Except as provided in para-*
21 *graph (2), the State disbursement unit shall distribute*
22 *all amounts payable under section 457(a) within 2*
23 *business days after receipt from the employer or other*
24 *source of periodic income, if sufficient information*
25 *identifying the payee is provided.*

1 “(2) *PERMISSIVE RETENTION OF ARREARAGES.*—
2 *The State disbursement unit may delay the distribu-*
3 *tion of collections toward arrearages until the resolu-*
4 *tion of any timely appeal with respect to such arrear-*
5 *ages.*”

6 “(d) *BUSINESS DAY DEFINED.*—*As used in this sec-*
7 *tion, the term ‘business day’ means a day on which State*
8 *offices are open for regular business.’”*

9 “(c) *USE OF AUTOMATED SYSTEM.*—*Section 454A, as*
10 *added by section 2344(a)(2) and as amended by section*
11 *2311 of this Act, is amended by adding at the end the fol-*
12 *lowing new subsection:*

13 “(g) *COLLECTION AND DISTRIBUTION OF SUPPORT*
14 *PAYMENTS.*—

15 “(1) *IN GENERAL.*—*The State shall use the auto-*
16 *mated system required by this section, to the maxi-*
17 *imum extent feasible, to assist and facilitate the collec-*
18 *tion and disbursement of support payments through*
19 *the State disbursement unit operated under section*
20 *454B, through the performance of functions, includ-*
21 *ing, at a minimum—*

22 “(A) *transmission of orders and notices to*
23 *employers (and other debtors) for the withholding*
24 *of wages and other income—*

1 “(i) *within 2 business days after re-*
2 *ceipt of notice of, and the income source*
3 *subject to, such withholding from a court,*
4 *another State, an employer, the Federal*
5 *Parent Locator Service, or another source*
6 *recognized by the State; and*

7 “(ii) *using uniform formats prescribed*
8 *by the Secretary;*

9 “(B) *ongoing monitoring to promptly iden-*
10 *tify failures to make timely payment of support;*
11 *and*

12 “(C) *automatic use of enforcement proce-*
13 *dures (including procedures authorized pursuant*
14 *to section 466(c)) if payments are not timely*
15 *made.*

16 “(2) *BUSINESS DAY DEFINED.—As used in para-*
17 *graph (1), the term ‘business day’ means a day on*
18 *which State offices are open for regular business.”.*

19 “(d) *EFFECTIVE DATES.—*

20 “(1) *IN GENERAL.—Except as provided in para-*
21 *graph (2), the amendments made by this section shall*
22 *become effective on October 1, 1998.*

23 “(2) *LIMITED EXCEPTION TO UNIT HANDLING PAY-*
24 *MENTS.—Notwithstanding section 454B(b)(1) of the*
25 *Social Security Act, as added by this section, any*

1 *State which, as of the date of the enactment of this*
2 *Act, processes the receipt of child support payments*
3 *through local courts may, at the option of the State,*
4 *continue to process through September 30, 1999, such*
5 *payments through such courts as processed such pay-*
6 *ments on or before such date of enactment.*

7 **SEC. 2313. STATE DIRECTORY OF NEW HIRES.**

8 *(a) STATE PLAN REQUIREMENT.—Section 454 (42*
9 *U.S.C. 654), as amended by sections 2301(b), 2303(a) and*
10 *2312(a) of this Act, is amended—*

11 *(1) by striking “and” at the end of paragraph*
12 *(26);*

13 *(2) by striking the period at the end of para-*
14 *graph (27) and inserting “; and”; and*

15 *(3) by adding after paragraph (27) the following*
16 *new paragraph:*

17 *“(28) provide that, on and after October 1, 1997,*
18 *the State will operate a State Directory of New Hires*
19 *in accordance with section 453A.”.*

20 *(b) STATE DIRECTORY OF NEW HIRES.—Part D of*
21 *title IV (42 U.S.C. 651–669) is amended by inserting after*
22 *section 453 the following new section:*

23 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

24 **“(a) ESTABLISHMENT.—**

25 **“(1) IN GENERAL.—**

1 “(A) *REQUIREMENT FOR STATES THAT*
2 *HAVE NO DIRECTORY.—Except as provided in*
3 *subparagraph (B), not later than October 1,*
4 *1997, each State shall establish an automated di-*
5 *rectory (to be known as the ‘State Directory of*
6 *New Hires’)* which shall contain information
7 supplied in accordance with subsection (b) by
8 employers on each newly hired employee.

9 “(B) *STATES WITH NEW HIRE REPORTING*
10 *IN EXISTENCE.—A State which has a new hire*
11 *reporting law in existence on the date of the en-*
12 *actment of this section may continue to operate*
13 *under the State law, but the State must meet the*
14 *requirements of subsection (g)(2) not later than*
15 *October 1, 1997, and the requirements of this sec-*
16 *tion (other than subsection (g)(2)) not later than*
17 *October 1, 1998.*

18 “(2) *DEFINITIONS.—As used in this section:*

19 “(A) *EMPLOYEE.—The term ‘employee’—*

20 “(i) means an individual who is an
21 employee within the meaning of chapter 24
22 of the Internal Revenue Code of 1986; and

23 “(ii) does not include an employee of a
24 Federal or State agency performing intel-
25 ligence or counterintelligence functions, if

1 *the head of such agency has determined that*
2 *reporting pursuant to paragraph (1) with*
3 *respect to the employee could endanger the*
4 *safety of the employee or compromise an on-*
5 *going investigation or intelligence mission.*

6 “(B) *EMPLOYER.—*

7 “(i) *IN GENERAL.—The term ‘em-*
8 *ployer’ has the meaning given such term in*
9 *section 3401(d) of the Internal Revenue*
10 *Code of 1986 and includes any govern-*
11 *mental entity and any labor organization.*

12 “(ii) *LABOR ORGANIZATION.—The*
13 *term ‘labor organization’ shall have the*
14 *meaning given such term in section 2(5) of*
15 *the National Labor Relations Act, and in-*
16 *cludes any entity (also known as a ‘hiring*
17 *hall’) which is used by the organization and*
18 *an employer to carry out requirements de-*
19 *scribed in section 8(f)(3) of such Act of an*
20 *agreement between the organization and the*
21 *employer.*

22 “(b) *EMPLOYER INFORMATION.—*

23 “(1) *REPORTING REQUIREMENT.—*

24 “(A) *IN GENERAL.—Except as provided in*
25 *subparagraphs (B) and (C), each employer shall*

1 *furnish to the Directory of New Hires of the*
2 *State in which a newly hired employee works, a*
3 *report that contains the name, address, and so-*
4 *cial security number of the employee, and the*
5 *name and address of, and identifying number*
6 *assigned under section 6109 of the Internal Reve-*
7 *nue Code of 1986 to, the employer.*

8 “(B) *MULTISTATE EMPLOYERS.*—*An em-*
9 *ployer that has employees who are employed in*
10 *2 or more States and that transmits reports*
11 *magnetically or electronically may comply with*
12 *subparagraph (A) by designating 1 State in*
13 *which such employer has employees to which the*
14 *employer will transmit the report described in*
15 *subparagraph (A), and transmitting such report*
16 *to such State. Any employer that transmits re-*
17 *ports pursuant to this subparagraph shall notify*
18 *the Secretary in writing as to which State such*
19 *employer designates for the purpose of sending*
20 *reports.*

21 “(C) *FEDERAL GOVERNMENT EMPLOYERS.*—
22 *Any department, agency, or instrumentality of*
23 *the United States shall comply with subpara-*
24 *graph (A) by transmitting the report described*
25 *in subparagraph (A) to the National Directory*

1 *of New Hires established pursuant to section*
2 *453.*

3 “(2) *TIMING OF REPORT.*—*Each State may pro-*
4 *vide the time within which the report required by*
5 *paragraph (1) shall be made with respect to an em-*
6 *ployee, but such report shall be made—*

7 “(A) *not later than 20 days after the date*
8 *the employer hires the employee; or*

9 “(B) *in the case of an employer transmit-*
10 *ting reports magnetically or electronically, by 2*
11 *monthly transmissions (if necessary) not less*
12 *than 12 days nor more than 16 days apart.*

13 “(c) *REPORTING FORMAT AND METHOD.*—*Each report*
14 *required by subsection (b) shall be made on a W-4 form*
15 *or, at the option of the employer, an equivalent form, and*
16 *may be transmitted by 1st class mail, magnetically, or elec-*
17 *tronically.*

18 “(d) *CIVIL MONEY PENALTIES ON NONCOMPLYING EM-*
19 *PLOYERS.*—*The State shall have the option to set a State*
20 *civil money penalty which shall be less than—*

21 “(1) *\$25; or*

22 “(2) *\$500 if, under State law, the failure is the*
23 *result of a conspiracy between the employer and the*
24 *employee to not supply the required report or to sup-*
25 *ply a false or incomplete report.*

1 “(e) *ENTRY OF EMPLOYER INFORMATION.*—*Informa-*
2 *tion shall be entered into the data base maintained by the*
3 *State Directory of New Hires within 5 business days of re-*
4 *ceipt from an employer pursuant to subsection (b).*

5 “(f) *INFORMATION COMPARISONS.*—

6 “(1) *IN GENERAL.*—*Not later than May 1, 1998,*
7 *an agency designated by the State shall, directly or*
8 *by contract, conduct automated comparisons of the so-*
9 *cial security numbers reported by employers pursuant*
10 *to subsection (b) and the social security numbers ap-*
11 *pearing in the records of the State case registry for*
12 *cases being enforced under the State plan.*

13 “(2) *NOTICE OF MATCH.*—*When an information*
14 *comparison conducted under paragraph (1) reveals a*
15 *match with respect to the social security number of an*
16 *individual required to provide support under a sup-*
17 *port order, the State Directory of New Hires shall*
18 *provide the agency administering the State plan ap-*
19 *proved under this part of the appropriate State with*
20 *the name, address, and social security number of the*
21 *employee to whom the social security number is as-*
22 *signed, and the name and address of, and identifying*
23 *number assigned under section 6109 of the Internal*
24 *Revenue Code of 1986 to, the employer.*

25 “(g) *TRANSMISSION OF INFORMATION.*—

1 “(1) *TRANSMISSION OF WAGE WITHHOLDING NO-*
2 *TICES TO EMPLOYERS.*—*Within 2 business days after*
3 *the date information regarding a newly hired em-*
4 *ployee is entered into the State Directory of New*
5 *Hires, the State agency enforcing the employee’s child*
6 *support obligation shall transmit a notice to the em-*
7 *ployer of the employee directing the employer to with-*
8 *hold from the wages of the employee an amount equal*
9 *to the monthly (or other periodic) child support obli-*
10 *gation (including any past due support obligation) of*
11 *the employee, unless the employee’s wages are not sub-*
12 *ject to withholding pursuant to section 466(b)(3).*

13 “(2) *TRANSMISSIONS TO THE NATIONAL DIREC-*
14 *TORY OF NEW HIRES.*—

15 “(A) *NEW HIRE INFORMATION.*—*Within 3*
16 *business days after the date information regard-*
17 *ing a newly hired employee is entered into the*
18 *State Directory of New Hires, the State Direc-*
19 *tory of New Hires shall furnish the information*
20 *to the National Directory of New Hires.*

21 “(B) *WAGE AND UNEMPLOYMENT COM-*
22 *PENSATION INFORMATION.*—*The State Directory*
23 *of New Hires shall, on a quarterly basis, furnish*
24 *to the National Directory of New Hires extracts*
25 *of the reports required under section 303(a)(6) to*

1 *be made to the Secretary of Labor concerning the*
2 *wages and unemployment compensation paid to*
3 *individuals, by such dates, in such format, and*
4 *containing such information as the Secretary of*
5 *Health and Human Services shall specify in reg-*
6 *ulations.*

7 “(3) *BUSINESS DAY DEFINED.*—*As used in this*
8 *subsection, the term ‘business day’ means a day on*
9 *which State offices are open for regular business.*

10 “(h) *OTHER USES OF NEW HIRE INFORMATION.*—

11 “(1) *LOCATION OF CHILD SUPPORT OBLIGORS.*—
12 *The agency administering the State plan approved*
13 *under this part shall use information received pursu-*
14 *ant to subsection (f)(2) to locate individuals for pur-*
15 *poses of establishing paternity and establishing, modi-*
16 *fying, and enforcing child support obligations.*

17 “(2) *VERIFICATION OF ELIGIBILITY FOR CERTAIN*
18 *PROGRAMS.*—*A State agency responsible for admin-*
19 *istering a program specified in section 1137(b) shall*
20 *have access to information reported by employers pur-*
21 *suant to subsection (b) of this section for purposes of*
22 *verifying eligibility for the program.*

23 “(3) *ADMINISTRATION OF EMPLOYMENT SECUR-*
24 *ITY AND WORKERS’ COMPENSATION.*—*State agencies*
25 *operating employment security and workers’ com-*

1 *perspective programs shall have access to information*
 2 *reported by employers pursuant to subsection (b) for*
 3 *the purposes of administering such programs.”.*

4 *(c) QUARTERLY WAGE REPORTING.—Section*
 5 *1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—*

6 *(1) by inserting “(including State and local gov-*
 7 *ernmental entities and labor organizations (as defined*
 8 *in section 453A(a)(2)(B)(iii))” after “employers”;*
 9 *and*

10 *(2) by inserting “, and except that no report*
 11 *shall be filed with respect to an employee of a State*
 12 *or local agency performing intelligence or counter-*
 13 *intelligence functions, if the head of such agency has*
 14 *determined that filing such a report could endanger*
 15 *the safety of the employee or compromise an ongoing*
 16 *investigation or intelligence mission” after “para-*
 17 *graph (2)”.*

18 **SEC. 2314. AMENDMENTS CONCERNING INCOME WITHHOLD-**

19 **ING.**

20 *(a) MANDATORY INCOME WITHHOLDING.—*

21 *(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C.*
 22 *666(a)(1)) is amended to read as follows:*

23 *“(1)(A) Procedures described in subsection (b)*
 24 *for the withholding from income of amounts payable*

1 *as support in cases subject to enforcement under the*
2 *State plan.*

3 “(B) *Procedures under which the wages of a per-*
4 *son with a support obligation imposed by a support*
5 *order issued (or modified) in the State before October*
6 *1, 1996, if not otherwise subject to withholding under*
7 *subsection (b), shall become subject to withholding as*
8 *provided in subsection (b) if arrearages occur, without*
9 *the need for a judicial or administrative hearing.”.*

10 (2) *CONFORMING AMENDMENTS.—*

11 (A) *Section 466(b) (42 U.S.C. 666(b)) is*
12 *amended in the matter preceding paragraph (1),*
13 *by striking “subsection (a)(1)” and inserting*
14 *“subsection (a)(1)(A)”.*

15 (B) *Section 466(b)(4) (42 U.S.C. 666(b)(4))*
16 *is amended to read as follows:*

17 “(4)(A) *Such withholding must be carried out in*
18 *full compliance with all procedural due process re-*
19 *quirements of the State, and the State must send no-*
20 *tice to each noncustodial parent to whom paragraph*
21 *(1) applies—*

22 “(i) *that the withholding has commenced;*
23 *and*

24 “(ii) *of the procedures to follow if the non-*
25 *custodial parent desires to contest such withhold-*

1 *ing on the grounds that the withholding or the*
2 *amount withheld is improper due to a mistake*
3 *of fact.*

4 *“(B) The notice under subparagraph (A) of this*
5 *paragraph shall include the information provided to*
6 *the employer under paragraph (6)(A).”.*

7 *(C) Section 466(b)(5) (42 U.S.C. 666(b)(5))*
8 *is amended by striking all that follows “adminis-*
9 *tered by” and inserting “the State through the*
10 *State disbursement unit established pursuant to*
11 *section 454B, in accordance with the require-*
12 *ments of section 454B.”.*

13 *(D) Section 466(b)(6)(A) (42 U.S.C.*
14 *666(b)(6)(A)) is amended—*

15 *(i) in clause (i), by striking “to the ap-*
16 *propriate agency” and all that follows and*
17 *inserting “to the State disbursement unit*
18 *within 7 business days after the date the*
19 *amount would (but for this subsection) have*
20 *been paid or credited to the employee, for*
21 *distribution in accordance with this part.*
22 *The employer shall comply with the proce-*
23 *dural rules relating to income withholding*
24 *of the State in which the employee works,*

1 *regardless of the State where the notice*
2 *originates.”;*

3 *(ii) in clause (i), by inserting “be in*
4 *a standard format prescribed by the Sec-*
5 *retary, and” after “shall”; and*

6 *(iii) by adding at the end the following*
7 *new clause:*

8 *“(iii) As used in this subparagraph, the term*
9 *‘business day’ means a day on which State offices are*
10 *open for regular business.”.*

11 *(E) Section 466(b)(6)(D) (42 U.S.C.*
12 *666(b)(6)(D)) is amended by striking “any em-*
13 *ployer” and all that follows and inserting “any*
14 *employer who—*

15 *“(i) discharges from employment, refuses to*
16 *employ, or takes disciplinary action against any*
17 *noncustodial parent subject to wage withholding*
18 *required by this subsection because of the exist-*
19 *ence of such withholding and the obligations or*
20 *additional obligations which it imposes upon the*
21 *employer; or*

22 *“(ii) fails to withhold support from wages*
23 *or to pay such amounts to the State disburse-*
24 *ment unit in accordance with this subsection.”.*

1 (1) *in subsection (a), by striking all that follows*
2 *“subsection (c)” and inserting “, for the purpose of*
3 *establishing parentage, establishing, setting the*
4 *amount of, modifying, or enforcing child support obli-*
5 *gations, or enforcing child custody or visitation or-*
6 *ders—*

7 *“(1) information on, or facilitating the discovery*
8 *of, the location of any individual—*

9 *“(A) who is under an obligation to pay*
10 *child support or provide child custody or visita-*
11 *tion rights;*

12 *“(B) against whom such an obligation is*
13 *sought;*

14 *“(C) to whom such an obligation is owed,*
15 *including the individual’s social security number (or*
16 *numbers), most recent address, and the name, address,*
17 *and employer identification number of the individ-*
18 *ual’s employer;*

19 *“(2) information on the individual’s wages (or*
20 *other income) from, and benefits of, employment (in-*
21 *cluding rights to or enrollment in group health care*
22 *coverage); and*

23 *“(3) information on the type, status, location,*
24 *and amount of any assets of, or debts owed by or to,*
25 *any such individual.”; and*

1 (2) *in subsection (b)—*

2 (A) *in the matter preceding paragraph (1),*
3 *by striking “social security” and all that follows*
4 *through “absent parent” and inserting “informa-*
5 *tion described in subsection (a)”;* and

6 (B) *in the flush paragraph at the end, by*
7 *adding the following: “No information shall be*
8 *disclosed to any person if the State has notified*
9 *the Secretary that the State has reasonable evi-*
10 *dence of domestic violence or child abuse and the*
11 *disclosure of such information could be harmful*
12 *to the custodial parent or the child of such par-*
13 *ent. Information received or transmitted pursu-*
14 *ant to this section shall be subject to the safe-*
15 *guard provisions contained in section 454(26).”.*

16 (b) *AUTHORIZED PERSON FOR INFORMATION REGARD-*
17 *ING VISITATION RIGHTS.—Section 453(c) (42 U.S.C.*
18 *653(c)) is amended—*

19 (1) *in paragraph (1), by striking “support” and*
20 *inserting “support or to seek to enforce orders provid-*
21 *ing child custody or visitation rights”;* and

22 (2) *in paragraph (2), by striking “, or any agent*
23 *of such court; and” and inserting “or to issue an*
24 *order against a resident parent for child custody or*
25 *visitation rights, or any agent of such court;”.*

1 (c) *REIMBURSEMENT FOR INFORMATION FROM FED-*
2 *ERAL AGENCIES.*—Section 453(e)(2) (42 U.S.C. 653(e)(2))
3 *is amended in the 4th sentence by inserting “in an amount*
4 *which the Secretary determines to be reasonable payment*
5 *for the information exchange (which amount shall not in-*
6 *clude payment for the costs of obtaining, compiling, or*
7 *maintaining the information)” before the period.*

8 (d) *REIMBURSEMENT FOR REPORTS BY STATE AGEN-*
9 *CIES.*—Section 453 (42 U.S.C. 653) *is amended by adding*
10 *at the end the following new subsection:*

11 “(g) *REIMBURSEMENT FOR REPORTS BY STATE AGEN-*
12 *CIES.*—*The Secretary may reimburse Federal and State*
13 *agencies for the costs incurred by such entities in furnishing*
14 *information requested by the Secretary under this section*
15 *in an amount which the Secretary determines to be reason-*
16 *able payment for the information exchange (which amount*
17 *shall not include payment for the costs of obtaining, compil-*
18 *ing, or maintaining the information).”.*

19 (e) *CONFORMING AMENDMENTS.*—

20 (1) *Sections 452(a)(9), 453(a), 453(b), 463(a),*
21 *463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),*
22 *653(b), 663(a), 663(e), and 663(f)) are each amended*
23 *by inserting “Federal” before “Parent” each place*
24 *such term appears.*

1 (2) *Section 453 (42 U.S.C. 653) is amended in*
2 *the heading by adding “FEDERAL” before “PARENT”.*

3 (f) *NEW COMPONENTS.—Section 453 (42 U.S.C. 653),*
4 *as amended by subsection (d) of this section, is amended*
5 *by adding at the end the following new subsections:*

6 “(h) *FEDERAL CASE REGISTRY OF CHILD SUPPORT*
7 *ORDERS.—*

8 “(1) *IN GENERAL.—Not later than October 1,*
9 *1998, in order to assist States in administering pro-*
10 *grams under State plans approved under this part*
11 *and programs funded under part A, and for the other*
12 *purposes specified in this section, the Secretary shall*
13 *establish and maintain in the Federal Parent Locator*
14 *Service an automated registry (which shall be known*
15 *as the ‘Federal Case Registry of Child Support Or-*
16 *ders’), which shall contain abstracts of support orders*
17 *and other information described in paragraph (2)*
18 *with respect to each case in each State case registry*
19 *maintained pursuant to section 454A(e), as furnished*
20 *(and regularly updated), pursuant to section 454A(f),*
21 *by State agencies administering programs under this*
22 *part.*

23 “(2) *CASE INFORMATION.—The information re-*
24 *ferred to in paragraph (1) with respect to a case shall*
25 *be such information as the Secretary may specify in*

1 regulations (including the names, social security
2 numbers or other uniform identification numbers,
3 and State case identification numbers) to identify the
4 individuals who owe or are owed support (or with re-
5 spect to or on behalf of whom support obligations are
6 sought to be established), and the State or States
7 which have the case.

8 “(i) NATIONAL DIRECTORY OF NEW HIRES.—

9 “(1) IN GENERAL.—In order to assist States in
10 administering programs under State plans approved
11 under this part and programs funded under part A,
12 and for the other purposes specified in this section,
13 the Secretary shall, not later than October 1, 1997, es-
14 tablish and maintain in the Federal Parent Locator
15 Service an automated directory to be known as the
16 National Directory of New Hires, which shall contain
17 the information supplied pursuant to section
18 453A(g)(2).

19 “(2) ENTRY OF DATA.—Information shall be en-
20 tered into the data base maintained by the National
21 Directory of New Hires within 2 business days of re-
22 ceipt pursuant to section 453A(g)(2).

23 “(3) ADMINISTRATION OF FEDERAL TAX LAWS.—
24 The Secretary of the Treasury shall have access to the
25 information in the National Directory of New Hires

1 for purposes of administering section 32 of the Inter-
2 nal Revenue Code of 1986, or the advance payment
3 of the earned income tax credit under section 3507 of
4 such Code, and verifying a claim with respect to em-
5 ployment in a tax return.

6 “(4) LIST OF MULTISTATE EMPLOYERS.—The
7 Secretary shall maintain within the National Direc-
8 tory of New Hires a list of multistate employers that
9 report information regarding newly hired employees
10 pursuant to section 453A(b)(1)(B), and the State
11 which each such employer has designated to receive
12 such information.

13 “(j) INFORMATION COMPARISONS AND OTHER DISCLO-
14 SURES.—

15 “(1) VERIFICATION BY SOCIAL SECURITY ADMIN-
16 ISTRATION.—

17 “(A) IN GENERAL.—The Secretary shall
18 transmit information on individuals and em-
19 ployers maintained under this section to the So-
20 cial Security Administration to the extent nec-
21 essary for verification in accordance with sub-
22 paragraph (B).

23 “(B) VERIFICATION BY SSA.—The Social
24 Security Administration shall verify the accu-
25 racy of, correct, or supply to the extent possible,

1 *and report to the Secretary, the following infor-*
2 *mation supplied by the Secretary pursuant to*
3 *subparagraph (A):*

4 “(i) *The name, social security number,*
5 *and birth date of each such individual.*

6 “(ii) *The employer identification num-*
7 *ber of each such employer.*

8 “(2) *INFORMATION COMPARISONS.—For the pur-*
9 *pose of locating individuals in a paternity establish-*
10 *ment case or a case involving the establishment,*
11 *modification, or enforcement of a support order, the*
12 *Secretary shall—*

13 “(A) *compare information in the National*
14 *Directory of New Hires against information in*
15 *the support case abstracts in the Federal Case*
16 *Registry of Child Support Orders not less often*
17 *than every 2 business days; and*

18 “(B) *within 2 business days after such a*
19 *comparison reveals a match with respect to an*
20 *individual, report the information to the State*
21 *agency responsible for the case.*

22 “(3) *INFORMATION COMPARISONS AND DISCLO-*
23 *SURES OF INFORMATION IN ALL REGISTRIES FOR*
24 *TITLE IV PROGRAM PURPOSES.—To the extent and*
25 *with the frequency that the Secretary determines to be*

1 *effective in assisting States to carry out their respon-*
2 *sibilities under programs operated under this part*
3 *and programs funded under part A, the Secretary*
4 *shall—*

5 *“(A) compare the information in each com-*
6 *ponent of the Federal Parent Locator Service*
7 *maintained under this section against the infor-*
8 *mation in each other such component (other than*
9 *the comparison required by paragraph (2)), and*
10 *report instances in which such a comparison re-*
11 *veals a match with respect to an individual to*
12 *State agencies operating such programs; and*

13 *“(B) disclose information in such registries*
14 *to such State agencies.*

15 *“(4) PROVISION OF NEW HIRE INFORMATION TO*
16 *THE SOCIAL SECURITY ADMINISTRATION.—The Na-*
17 *tional Directory of New Hires shall provide the Com-*
18 *missioner of Social Security with all information in*
19 *the National Directory.*

20 *“(5) RESEARCH.—The Secretary may provide*
21 *access to information reported by employers pursuant*
22 *to section 453A(b) for research purposes found by the*
23 *Secretary to be likely to contribute to achieving the*
24 *purposes of part A or this part, but without personal*
25 *identifiers.*

1 “(k) FEES.—

2 “(1) FOR SSA VERIFICATION.—The Secretary
3 shall reimburse the Commissioner of Social Security,
4 at a rate negotiated between the Secretary and the
5 Commissioner, for the costs incurred by the Commis-
6 sioner in performing the verification services de-
7 scribed in subsection (j).

8 “(2) FOR INFORMATION FROM STATE DIREC-
9 TORIES OF NEW HIRES.—The Secretary shall reim-
10 burse costs incurred by State directories of new hires
11 in furnishing information as required by subsection
12 (j)(3), at rates which the Secretary determines to be
13 reasonable (which rates shall not include payment for
14 the costs of obtaining, compiling, or maintaining such
15 information).

16 “(3) FOR INFORMATION FURNISHED TO STATE
17 AND FEDERAL AGENCIES.—A State or Federal agency
18 that receives information from the Secretary pursuant
19 to this section shall reimburse the Secretary for costs
20 incurred by the Secretary in furnishing the informa-
21 tion, at rates which the Secretary determines to be
22 reasonable (which rates shall include payment for the
23 costs of obtaining, verifying, maintaining, and com-
24 paring the information).

1 “(l) *RESTRICTION ON DISCLOSURE AND USE.*—Infor-
2 *mation in the Federal Parent Locator Service, and infor-*
3 *mation resulting from comparisons using such information,*
4 *shall not be used or disclosed except as expressly provided*
5 *in this section, subject to section 6103 of the Internal Reve-*
6 *nue Code of 1986.*

7 “(m) *INFORMATION INTEGRITY AND SECURITY.*—The
8 *Secretary shall establish and implement safeguards with re-*
9 *spect to the entities established under this section designed*
10 *to—*

11 “(1) *ensure the accuracy and completeness of in-*
12 *formation in the Federal Parent Locator Service; and*

13 “(2) *restrict access to confidential information in*
14 *the Federal Parent Locator Service to authorized per-*
15 *sons, and restrict use of such information to author-*
16 *ized purposes.*

17 “(n) *FEDERAL GOVERNMENT REPORTING.*—Each de-
18 *partment, agency, and instrumentality of the United States*
19 *shall on a quarterly basis report to the Federal Parent Lo-*
20 *cator Service the name and social security number of each*
21 *employee and the wages paid to the employee during the*
22 *previous quarter, except that such a report shall not be filed*
23 *with respect to an employee of a department, agency, or*
24 *instrumentality performing intelligence or counterintel-*
25 *ligence functions, if the head of such department, agency,*

1 *or instrumentality has determined that filing such a report*
2 *could endanger the safety of the employee or compromise*
3 *an ongoing investigation or intelligence mission.”.*

4 *(g) CONFORMING AMENDMENTS.—*

5 *(1) TO PART D OF TITLE IV OF THE SOCIAL SE-*
6 *CURITY ACT.—*

7 *(A) Section 454(8)(B) (42 U.S.C.*
8 *654(8)(B)) is amended to read as follows:*

9 *“(B) the Federal Parent Locator Service es-*
10 *tablished under section 453;”.*

11 *(B) Section 454(13) (42 U.S.C.654(13)) is*
12 *amended by inserting “and provide that infor-*
13 *mation requests by parents who are residents of*
14 *other States be treated with the same priority as*
15 *requests by parents who are residents of the State*
16 *submitting the plan” before the semicolon.*

17 *(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—*
18 *Section 3304(a)(16) of the Internal Revenue Code of*
19 *1986 is amended—*

20 *(A) by striking “Secretary of Health, Edu-*
21 *cation, and Welfare” each place such term ap-*
22 *pears and inserting “Secretary of Health and*
23 *Human Services”;*

24 *(B) in subparagraph (B), by striking “such*
25 *information” and all that follows and inserting*

1 *“information furnished under subparagraph (A)*
2 *or (B) is used only for the purposes authorized*
3 *under such subparagraph;”;*

4 *(C) by striking “and” at the end of sub-*
5 *paragraph (A);*

6 *(D) by redesignating subparagraph (B) as*
7 *subparagraph (C); and*

8 *(E) by inserting after subparagraph (A) the*
9 *following new subparagraph:*

10 *“(B) wage and unemployment compensation in-*
11 *formation contained in the records of such agency*
12 *shall be furnished to the Secretary of Health and*
13 *Human Services (in accordance with regulations pro-*
14 *mulgated by such Secretary) as necessary for the pur-*
15 *poses of the National Directory of New Hires estab-*
16 *lished under section 453(i) of the Social Security Act,*
17 *and”.*

18 *(3) TO STATE GRANT PROGRAM UNDER TITLE III*
19 *OF THE SOCIAL SECURITY ACT.—Subsection (h) of sec-*
20 *tion 303 (42 U.S.C. 503) is amended to read as fol-*
21 *lows:*

22 *“(h)(1) The State agency charged with the administra-*
23 *tion of the State law shall, on a reimbursable basis—*

24 *“(A) disclose quarterly, to the Secretary of*
25 *Health and Human Services, wage and claim infor-*

1 *mation, as required pursuant to section 453(i)(1),*
2 *contained in the records of such agency;*

3 *“(B) ensure that information provided pursuant*
4 *to subparagraph (A) meets such standards relating to*
5 *correctness and verification as the Secretary of Health*
6 *and Human Services, with the concurrence of the Sec-*
7 *retary of Labor, may find necessary; and*

8 *“(C) establish such safeguards as the Secretary of*
9 *Labor determines are necessary to insure that infor-*
10 *mation disclosed under subparagraph (A) is used only*
11 *for purposes of section 453(i)(1) in carrying out the*
12 *child support enforcement program under title IV.*

13 *“(2) Whenever the Secretary of Labor, after reasonable*
14 *notice and opportunity for hearing to the State agency*
15 *charged with the administration of the State law, finds that*
16 *there is a failure to comply substantially with the require-*
17 *ments of paragraph (1), the Secretary of Labor shall notify*
18 *such State agency that further payments will not be made*
19 *to the State until the Secretary of Labor is satisfied that*
20 *there is no longer any such failure. Until the Secretary of*
21 *Labor is so satisfied, the Secretary shall make no future*
22 *certification to the Secretary of the Treasury with respect*
23 *to the State.*

24 *“(3) For purposes of this subsection—*

1 “(A) the term ‘wage information’ means infor-
2 mation regarding wages paid to an individual, the
3 social security account number of such individual,
4 and the name, address, State, and the Federal em-
5 ployer identification number of the employer paying
6 such wages to such individual; and

7 “(B) the term ‘claim information’ means infor-
8 mation regarding whether an individual is receiving,
9 has received, or has made application for, unemploy-
10 ment compensation, the amount of any such com-
11 pensation being received (or to be received by such in-
12 dividual), and the individual’s current (or most re-
13 cent) home address.”.

14 (4) *DISCLOSURE OF CERTAIN INFORMATION TO*
15 *AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-*
16 *CIES.—*

17 (A) *IN GENERAL.—*Paragraph (6) of section
18 6103(l) of the Internal Revenue Code of 1986 (re-
19 lating to disclosure of return information to Fed-
20 eral, State, and local child support enforcement
21 agencies) is amended by redesignating subpara-
22 graph (B) as subparagraph (C) and by inserting
23 after subparagraph (A) the following new sub-
24 paragraph:

1 “(B) *DISCLOSURE TO CERTAIN AGENTS.*—

2 *The following information disclosed to any child*
3 *support enforcement agency under subparagraph*
4 *(A) with respect to any individual with respect*
5 *to whom child support obligations are sought to*
6 *be established or enforced may be disclosed by*
7 *such agency to any agent of such agency which*
8 *is under contract with such agency to carry out*
9 *the purposes described in subparagraph (C):*

10 “(i) *The address and social security*
11 *account number (or numbers) of such indi-*
12 *vidual.*

13 “(ii) *The amount of any reduction*
14 *under section 6402(c) (relating to offset of*
15 *past-due support against overpayments) in*
16 *any overpayment otherwise payable to such*
17 *individual.”.*

18 “(B) *CONFORMING AMENDMENTS.*—

19 “(i) *Paragraph (3) of section 6103(a) of*
20 *such Code is amended by striking “(l)(12)”*
21 *and inserting “paragraph (6) or (12) of*
22 *subsection (l)”.*

23 “(ii) *Subparagraph (C) of section*
24 *6103(l)(6) of such Code, as redesignated by*

1 *subsection (a), is amended to read as fol-*
2 *lows:*

3 *“(C) RESTRICTION ON DISCLOSURE.—Infor-*
4 *mation may be disclosed under this paragraph*
5 *only for purposes of, and to the extent necessary*
6 *in, establishing and collecting child support obli-*
7 *gations from, and locating, individuals owing*
8 *such obligations.”.*

9 *(iii) The material following subpara-*
10 *graph (F) of section 6103(p)(4) of such*
11 *Code is amended by striking “subsection*
12 *(l)(12)(B)” and inserting “paragraph*
13 *(6)(A) or (12)(B) of subsection (l)”.*

14 *(h) REQUIREMENT FOR COOPERATION.—The Secretary*
15 *of Labor and the Secretary of Health and Human Services*
16 *shall work jointly to develop cost-effective and efficient*
17 *methods of accessing the information in the various State*
18 *directories of new hires and the National Directory of New*
19 *Hires as established pursuant to the amendments made by*
20 *this subchapter. In developing these methods the Secretaries*
21 *shall take into account the impact, including costs, on the*
22 *States, and shall also consider the need to insure the proper*
23 *and authorized use of wage record information.*

1 **SEC. 2317. COLLECTION AND USE OF SOCIAL SECURITY**
2 **NUMBERS FOR USE IN CHILD SUPPORT EN-**
3 **FORCEMENT.**

4 *Section 466(a) (42 U.S.C. 666(a)), as amended by sec-*
5 *tion 2315 of this Act, is amended by inserting after para-*
6 *graph (12) the following new paragraph:*

7 *“(13) RECORDING OF SOCIAL SECURITY NUM-*
8 *BERS IN CERTAIN FAMILY MATTERS.—Procedures re-*
9 *quiring that the social security number of—*

10 *“(A) any applicant for a professional li-*
11 *cence, commercial driver’s license, occupational*
12 *license, or marriage license be recorded on the*
13 *application;*

14 *“(B) any individual who is subject to a di-*
15 *vorce decree, support order, or paternity deter-*
16 *mination or acknowledgment be placed in the*
17 *records relating to the matter; and*

18 *“(C) any individual who has died be placed*
19 *in the records relating to the death and be re-*
20 *corded on the death certificate.*

21 *For purposes of subparagraph (A), if a State allows*
22 *the use of a number other than the social security*
23 *number, the State shall so advise any applicants.”.*

1 ***Subchapter C—Streamlining and Uniformity***
2 ***of Procedures***

3 **SEC. 2321. ADOPTION OF UNIFORM STATE LAWS.**

4 *Section 466 (42 U.S.C. 666) is amended by adding*
5 *at the end the following new subsection:*

6 *“(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—*

7 *“(1) ENACTMENT AND USE.—In order to satisfy*
8 *section 454(20)(A), on and after January 1, 1998,*
9 *each State must have in effect the Uniform Interstate*
10 *Family Support Act, as approved by the American*
11 *Bar Association on February 9, 1993, together with*
12 *any amendments officially adopted before January 1,*
13 *1998 by the National Conference of Commissioners on*
14 *Uniform State Laws.*

15 *“(2) EMPLOYERS TO FOLLOW PROCEDURAL*
16 *RULES OF STATE WHERE EMPLOYEE WORKS.—The*
17 *State law enacted pursuant to paragraph (1) shall*
18 *provide that an employer that receives an income*
19 *withholding order or notice pursuant to section 501*
20 *of the Uniform Interstate Family Support Act follow*
21 *the procedural rules that apply with respect to such*
22 *order or notice under the laws of the State in which*
23 *the obligor works.”.*

1 **SEC. 2322. IMPROVEMENTS TO FULL FAITH AND CREDIT**
2 **FOR CHILD SUPPORT ORDERS.**

3 *Section 1738B of title 28, United States Code, is*
4 *amended—*

5 (1) *in subsection (a)(2), by striking “subsection*
6 *(e)” and inserting “subsections (e), (f), and (i)”;*

7 (2) *in subsection (b), by inserting after the 2nd*
8 *undesignated paragraph the following:*

9 “*‘child’s home State’ means the State in which a child*
10 *lived with a parent or a person acting as parent for at*
11 *least 6 consecutive months immediately preceding the time*
12 *of filing of a petition or comparable pleading for support*
13 *and, if a child is less than 6 months old, the State in which*
14 *the child lived from birth with any of them. A period of*
15 *temporary absence of any of them is counted as part of the*
16 *6-month period.”;*

17 (3) *in subsection (c), by inserting “by a court of*
18 *a State” before “is made”;*

19 (4) *in subsection (c)(1), by inserting “and sub-*
20 *sections (e), (f), and (g)” after “located”;*

21 (5) *in subsection (d)—*

22 (A) *by inserting “individual” before “con-*
23 *testant”;* and

24 (B) *by striking “subsection (e)” and insert-*
25 *ing “subsections (e) and (f)”;*

1 (6) *in subsection (e), by striking “make a modi-*
2 *fication of a child support order with respect to a*
3 *child that is made” and inserting “modify a child*
4 *support order issued”;*

5 (7) *in subsection (e)(1), by inserting “pursuant*
6 *to subsection (i)” before the semicolon;*

7 (8) *in subsection (e)(2)—*

8 (A) *by inserting “individual” before “con-*
9 *testant” each place such term appears; and*

10 (B) *by striking “to that court’s making the*
11 *modification and assuming” and inserting “with*
12 *the State of continuing, exclusive jurisdiction for*
13 *a court of another State to modify the order and*
14 *assume”;*

15 (9) *by redesignating subsections (f) and (g) as*
16 *subsections (g) and (h), respectively;*

17 (10) *by inserting after subsection (e) the follow-*
18 *ing new subsection:*

19 “(f) *RECOGNITION OF CHILD SUPPORT ORDERS.—If*
20 *1 or more child support orders have been issued with regard*
21 *to an obligor and a child, a court shall apply the following*
22 *rules in determining which order to recognize for purposes*
23 *of continuing, exclusive jurisdiction and enforcement:*

24 “(1) *If only 1 court has issued a child support*
25 *order, the order of that court must be recognized.*

1 “(2) If 2 or more courts have issued child sup-
2 port orders for the same obligor and child, and only
3 1 of the courts would have continuing, exclusive juris-
4 diction under this section, the order of that court
5 must be recognized.

6 “(3) If 2 or more courts have issued child sup-
7 port orders for the same obligor and child, and more
8 than 1 of the courts would have continuing, exclusive
9 jurisdiction under this section, an order issued by a
10 court in the current home State of the child must be
11 recognized, but if an order has not been issued in the
12 current home State of the child, the order most re-
13 cently issued must be recognized.

14 “(4) If 2 or more courts have issued child sup-
15 port orders for the same obligor and child, and none
16 of the courts would have continuing, exclusive juris-
17 diction under this section, a court may issue a child
18 support order, which must be recognized.

19 “(5) The court that has issued an order recog-
20 nized under this subsection is the court having con-
21 tinuing, exclusive jurisdiction.”;

22 (11) in subsection (g) (as so redesignated)—

23 (A) by striking “PRIOR” and inserting
24 “MODIFIED”; and

1 “(A)(i) the State shall respond within 5
2 business days to a request made by another State
3 to enforce a support order; and

4 “(ii) the term ‘business day’ means a day
5 on which State offices are open for regular busi-
6 ness;

7 “(B) the State may, by electronic or other
8 means, transmit to another State a request for
9 assistance in a case involving the enforcement of
10 a support order, which request—

11 “(i) shall include such information as
12 will enable the State to which the request is
13 transmitted to compare the information
14 about the case to the information in the
15 data bases of the State; and

16 “(ii) shall constitute a certification by
17 the requesting State—

18 “(I) of the amount of support
19 under the order the payment of which
20 is in arrears; and

21 “(II) that the requesting State has
22 complied with all procedural due proc-
23 ess requirements applicable to the case;

24 “(C) if the State provides assistance to an-
25 other State pursuant to this paragraph with re-

1 *spect to a case, neither State shall consider the*
2 *case to be transferred to the caseload of such*
3 *other State; and*

4 “(D) the State shall maintain records of—

5 “(i) the number of such requests for as-
6 sistance received by the State;

7 “(ii) the number of cases for which the
8 State collected support in response to such
9 a request; and

10 “(iii) the amount of such collected sup-
11 port.”.

12 **SEC. 2324. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

13 (a) *PROMULGATION.*—Section 452(a) (42 U.S.C.
14 652(a)) is amended—

15 (1) by striking “and” at the end of paragraph
16 (9);

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

19 (3) by adding at the end the following new para-
20 graph:

21 “(11) not later than October 1, 1996, after con-
22 sulting with the State directors of programs under
23 this part, promulgate forms to be used by States in
24 interstate cases for—

1 “(A) collection of child support through in-
2 come withholding;

3 “(B) imposition of liens; and

4 “(C) administrative subpoenas.”.

5 (b) *USE BY STATES.*—Section 454(9) (42 U.S.C.
6 654(9)) is amended—

7 (1) by striking “and” at the end of subpara-
8 graph (C);

9 (2) by inserting “and” at the end of subpara-
10 graph (D); and

11 (3) by adding at the end the following new sub-
12 paragraph:

13 “(E) not later than March 1, 1997, in using
14 the forms promulgated pursuant to section
15 452(a)(11) for income withholding, imposition of
16 liens, and issuance of administrative subpoenas
17 in interstate child support cases;”.

18 **SEC. 2325. STATE LAWS PROVIDING EXPEDITED PROCE-**
19 **DURES.**

20 (a) *STATE LAW REQUIREMENTS.*—Section 466 (42
21 U.S.C. 666), as amended by section 2314 of this Act, is
22 amended—

23 (1) in subsection (a)(2), by striking the first sen-
24 tence and inserting the following: “Expedited admin-
25 istrative and judicial procedures (including the proce-

1 *dures specified in subsection (c)) for establishing pa-*
2 *ternity and for establishing, modifying, and enforcing*
3 *support obligations.”; and*

4 *(2) by inserting after subsection (b) the following*
5 *new subsection:*

6 *“(c) EXPEDITED PROCEDURES.—The procedures spec-*
7 *ified in this subsection are the following:*

8 *“(1) ADMINISTRATIVE ACTION BY STATE AGEN-*
9 *CY.—Procedures which give the State agency the au-*
10 *thority to take the following actions relating to estab-*
11 *lishment of paternity or to establishment, modifica-*
12 *tion, or enforcement of support orders, without the ne-*
13 *cessity of obtaining an order from any other judicial*
14 *or administrative tribunal, and to recognize and en-*
15 *force the authority of State agencies of other States to*
16 *take the following actions:*

17 *“(A) GENETIC TESTING.—To order genetic*
18 *testing for the purpose of paternity establishment*
19 *as provided in section 466(a)(5).*

20 *“(B) FINANCIAL OR OTHER INFORMATION.—*
21 *To subpoena any financial or other information*
22 *needed to establish, modify, or enforce a support*
23 *order, and to impose penalties for failure to re-*
24 *spond to such a subpoena.*

1 “(C) *RESPONSE TO STATE AGENCY RE-*
2 *QUEST.—To require all entities in the State (in-*
3 *cluding for-profit, nonprofit, and governmental*
4 *employers) to provide promptly, in response to a*
5 *request by the State agency of that or any other*
6 *State administering a program under this part,*
7 *information on the employment, compensation,*
8 *and benefits of any individual employed by such*
9 *entity as an employee or contractor, and to sanc-*
10 *tion failure to respond to any such request.*

11 “(D) *ACCESS TO INFORMATION CONTAINED*
12 *IN CERTAIN RECORDS.—To obtain access, subject*
13 *to safeguards on privacy and information secu-*
14 *rity, and subject to the nonliability of entities*
15 *that afford such access under this subparagraph,*
16 *to information contained in the following records*
17 *(including automated access, in the case of*
18 *records maintained in automated data bases):*

19 “(i) *Records of other State and local*
20 *government agencies, including—*

21 “(I) *vital statistics (including*
22 *records of marriage, birth, and di-*
23 *vorce);*

24 “(II) *State and local tax and rev-*
25 *enue records (including information on*

1 *residence address, employer, income*
2 *and assets);*

3 *“(III) records concerning real and*
4 *titled personal property;*

5 *“(IV) records of occupational and*
6 *professional licenses, and records con-*
7 *cerning the ownership and control of*
8 *corporations, partnerships, and other*
9 *business entities;*

10 *“(V) employment security records;*

11 *“(VI) records of agencies admin-*
12 *istering public assistance programs;*

13 *“(VII) records of the motor vehicle*
14 *department; and*

15 *“(VIII) corrections records.*

16 *“(ii) Certain records held by private*
17 *entities with respect to individuals who owe*
18 *or are owed support (or against or with re-*
19 *spect to whom a support obligation is*
20 *sought), consisting of—*

21 *“(I) the names and addresses of*
22 *such individuals and the names and*
23 *addresses of the employers of such indi-*
24 *viduals, as appearing in customer*
25 *records of public utilities and cable tel-*

1 *evision companies, pursuant to an ad-*
2 *ministrative subpoena authorized by*
3 *subparagraph (B); and*

4 *“(II) information (including in-*
5 *formation on assets and liabilities) on*
6 *such individuals held by financial in-*
7 *stitutions.*

8 *“(E) CHANGE IN PAYEE.—In cases in which*
9 *support is subject to an assignment in order to*
10 *comply with a requirement imposed pursuant to*
11 *part A or section 1912, or to a requirement to*
12 *pay through the State disbursement unit estab-*
13 *lished pursuant to section 454B, upon providing*
14 *notice to obligor and obligee, to direct the obligor*
15 *or other payor to change the payee to the appro-*
16 *priate government entity.*

17 *“(F) INCOME WITHHOLDING.—To order in-*
18 *come withholding in accordance with subsections*
19 *(a)(1)(A) and (b) of section 466.*

20 *“(G) SECURING ASSETS.—In cases in which*
21 *there is a support arrearage, to secure assets to*
22 *satisfy the arrearage by—*

23 *“(i) intercepting or seizing periodic or*
24 *lump-sum payments from—*

1 “(I) a State or local agency, in-
2 cluding unemployment compensation,
3 workers’ compensation, and other bene-
4 fits; and

5 “(II) judgments, settlements, and
6 lotteries;

7 “(ii) attaching and seizing assets of the
8 obligor held in financial institutions;

9 “(iii) attaching public and private re-
10 tirement funds; and

11 “(iv) imposing liens in accordance
12 with subsection (a)(4) and, in appropriate
13 cases, to force sale of property and distribu-
14 tion of proceeds.

15 “(H) INCREASE MONTHLY PAYMENTS.—For
16 the purpose of securing overdue support, to in-
17 crease the amount of monthly support payments
18 to include amounts for arrearages, subject to
19 such conditions or limitations as the State may
20 provide.

21 Such procedures shall be subject to due process safe-
22 guards, including (as appropriate) requirements for
23 notice, opportunity to contest the action, and oppor-
24 tunity for an appeal on the record to an independent
25 administrative or judicial tribunal.

1 “(2) *SUBSTANTIVE AND PROCEDURAL RULES.*—
2 *The expedited procedures required under subsection*
3 *(a)(2) shall include the following rules and authority,*
4 *applicable with respect to all proceedings to establish*
5 *paternity or to establish, modify, or enforce support*
6 *orders:*

7 “(A) *LOCATOR INFORMATION; PRESUMP-*
8 *TIONS CONCERNING NOTICE.*—*Procedures under*
9 *which—*

10 “(i) *each party to any paternity or*
11 *child support proceeding is required (subject*
12 *to privacy safeguards) to file with the tribu-*
13 *nal and the State case registry upon entry*
14 *of an order, and to update as appropriate,*
15 *information on location and identity of the*
16 *party, including social security number,*
17 *residential and mailing addresses, telephone*
18 *number, driver’s license number, and name,*
19 *address, and telephone number of employer;*
20 *and*

21 “(ii) *in any subsequent child support*
22 *enforcement action between the parties,*
23 *upon sufficient showing that diligent effort*
24 *has been made to ascertain the location of*
25 *such a party, the tribunal may deem State*

1 *due process requirements for notice and*
2 *service of process to be met with respect to*
3 *the party, upon delivery of written notice to*
4 *the most recent residential or employer ad-*
5 *dress filed with the tribunal pursuant to*
6 *clause (i).*

7 “(B) *STATEWIDE JURISDICTION.—Proce-*
8 *dures under which—*

9 “(i) *the State agency and any admin-*
10 *istrative or judicial tribunal with authority*
11 *to hear child support and paternity cases*
12 *exerts statewide jurisdiction over the par-*
13 *ties; and*

14 “(ii) *in a State in which orders are is-*
15 *sued by courts or administrative tribunals,*
16 *a case may be transferred between local ju-*
17 *risdictions in the State without need for*
18 *any additional filing by the petitioner, or*
19 *service of process upon the respondent, to re-*
20 *tain jurisdiction over the parties.*

21 “(3) *COORDINATION WITH ERISA.—Notwith-*
22 *standing subsection (d) of section 514 of the Employee*
23 *Retirement Income Security Act of 1974 (relating to*
24 *effect on other laws), nothing in this subsection shall*
25 *be construed to alter, amend, modify, invalidate, im-*

1 *pair, or supersede subsections (a), (b), and (c) of such*
2 *section 514 as it applies with respect to any proce-*
3 *dure referred to in paragraph (1) and any expedited*
4 *procedure referred to in paragraph (2), except to the*
5 *extent that such procedure would be consistent with*
6 *the requirements of section 206(d)(3) of such Act (re-*
7 *lating to qualified domestic relations orders) or the*
8 *requirements of section 609(a) of such Act (relating to*
9 *qualified medical child support orders) if the reference*
10 *in such section 206(d)(3) to a domestic relations order*
11 *and the reference in such section 609(a) to a medical*
12 *child support order were a reference to a support*
13 *order referred to in paragraphs (1) and (2) relating*
14 *to the same matters, respectively.”.*

15 ***(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—***
16 *Section 454A, as added by section 2344(a)(2) and as*
17 *amended by sections 2311 and 2312(c) of this Act, is*
18 *amended by adding at the end the following new subsection:*

19 ***“(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—***
20 *The automated system required by this section shall be used,*
21 *to the maximum extent feasible, to implement the expedited*
22 *administrative procedures required by section 466(c).”.*

1 ***Subchapter D—Paternity Establishment***

2 ***SEC. 2331. STATE LAWS CONCERNING PATERNITY ESTAB-***
3 ***LISHMENT.***

4 *(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42*
5 *U.S.C. 666(a)(5)) is amended to read as follows:*

6 *“(5) PROCEDURES CONCERNING PATERNITY ES-*
7 *TABLISHMENT.—*

8 *“(A) ESTABLISHMENT PROCESS AVAILABLE*
9 *FROM BIRTH UNTIL AGE 18.—*

10 *“(i) Procedures which permit the estab-*
11 *lishment of the paternity of a child at any*
12 *time before the child attains 18 years of age.*

13 *“(ii) As of August 16, 1984, clause (i)*
14 *shall also apply to a child for whom pater-*
15 *nity has not been established or for whom a*
16 *paternity action was brought but dismissed*
17 *because a statute of limitations of less than*
18 *18 years was then in effect in the State.*

19 *“(B) PROCEDURES CONCERNING GENETIC*
20 *TESTING.—*

21 *“(i) GENETIC TESTING REQUIRED IN*
22 *CERTAIN CONTESTED CASES.—Procedures*
23 *under which the State is required, in a con-*
24 *tested paternity case (unless otherwise*
25 *barred by State law) to require the child*

1 *and all other parties (other than individ-*
2 *uals found under section 454(29) to have*
3 *good cause and other exceptions for refusing*
4 *to cooperate) to submit to genetic tests upon*
5 *the request of any such party, if the request*
6 *is supported by a sworn statement by the*
7 *party—*

8 *“(I) alleging paternity, and set-*
9 *ting forth facts establishing a reason-*
10 *able possibility of the requisite sexual*
11 *contact between the parties; or*

12 *“(II) denying paternity, and set-*
13 *ting forth facts establishing a reason-*
14 *able possibility of the nonexistence of*
15 *sexual contact between the parties.*

16 *“(ii) OTHER REQUIREMENTS.—Proce-*
17 *dures which require the State agency, in*
18 *any case in which the agency orders genetic*
19 *testing—*

20 *“(I) to pay costs of such tests, sub-*
21 *ject to recoupment (if the State so*
22 *elects) from the alleged father if pater-*
23 *nity is established; and*

24 *“(II) to obtain additional testing*
25 *in any case if an original test result is*

1 *contested, upon request and advance*
2 *payment by the contestant.*

3 “(C) *VOLUNTARY PATERNITY ACKNOWLEDG-*
4 *MENT.—*

5 “(i) *SIMPLE CIVIL PROCESS.—Proce-*
6 *dures for a simple civil process for volun-*
7 *tarily acknowledging paternity under which*
8 *the State must provide that, before a mother*
9 *and a putative father can sign an acknowl-*
10 *edgment of paternity, the mother and the*
11 *putative father must be given notice, orally*
12 *and in writing, of the alternatives to, the*
13 *legal consequences of, and the rights (in-*
14 *cluding, if 1 parent is a minor, any rights*
15 *afforded due to minority status) and re-*
16 *sponsibilities that arise from, signing the*
17 *acknowledgment.*

18 “(ii) *HOSPITAL-BASED PROGRAM.—*
19 *Such procedures must include a hospital-*
20 *based program for the voluntary acknowl-*
21 *edgment of paternity focusing on the period*
22 *immediately before or after the birth of a*
23 *child, unless good cause and other excep-*
24 *tions exist which—*

1 “(I) shall be defined, taking into
2 account the best interests of the child,
3 and

4 “(II) shall be applied in each
5 case,

6 by, at the option of the State, the State
7 agency administering the State program
8 under part A, this part, title XV, or title
9 XIX.

10 “(iii) *PATERNITY ESTABLISHMENT*
11 *SERVICES.*—

12 “(I) *STATE-OFFERED SERVICES.*—
13 Such procedures must require the State
14 agency responsible for maintaining
15 birth records to offer voluntary pater-
16 nity establishment services.

17 “(II) *REGULATIONS.*—

18 “(aa) *SERVICES OFFERED BY*
19 *HOSPITALS AND BIRTH RECORD*
20 *AGENCIES.*—The Secretary shall
21 prescribe regulations governing
22 voluntary paternity establishment
23 services offered by hospitals and
24 birth record agencies.

1 “(bb) *SERVICES OFFERED BY*
2 *OTHER ENTITIES.*—*The Secretary*
3 *shall prescribe regulations specify-*
4 *ing the types of other entities that*
5 *may offer voluntary paternity es-*
6 *tablishment services, and govern-*
7 *ing the provision of such services,*
8 *which shall include a requirement*
9 *that such an entity must use the*
10 *same notice provisions used by,*
11 *use the same materials used by,*
12 *provide the personnel providing*
13 *such services with the same train-*
14 *ing provided by, and evaluate the*
15 *provision of such services in the*
16 *same manner as the provision of*
17 *such services is evaluated by, vol-*
18 *untary paternity establishment*
19 *programs of hospitals and birth*
20 *record agencies.*

21 “(iv) *USE OF PATERNITY ACKNOWL-*
22 *EDGMENT AFFIDAVIT.*—*Such procedures*
23 *must require the State to develop and use*
24 *an affidavit for the voluntary acknowleg-*
25 *ment of paternity which includes the mini-*

1 *imum requirements of the affidavit specified*
2 *by the Secretary under section 452(a)(7) for*
3 *the voluntary acknowledgment of paternity,*
4 *and to give full faith and credit to such an*
5 *affidavit signed in any other State accord-*
6 *ing to its procedures.*

7 *“(D) STATUS OF SIGNED PATERNITY AC-*
8 *KNOWLEDGMENT.—*

9 *“(i) INCLUSION IN BIRTH RECORDS.—*
10 *Procedures under which the name of the fa-*
11 *ther shall be included on the record of birth*
12 *of the child of unmarried parents only if—*

13 *“(I) the father and mother have*
14 *signed a voluntary acknowledgment of*
15 *paternity; or*

16 *“(II) a court or an administrative*
17 *agency of competent jurisdiction has*
18 *issued an adjudication of paternity.*

19 *Nothing in this clause shall preclude a*
20 *State agency from obtaining an admission*
21 *of paternity from the father for submission*
22 *in a judicial or administrative proceeding,*
23 *or prohibit the issuance of an order in a ju-*
24 *dicial or administrative proceeding which*
25 *bases a legal finding of paternity on an ad-*

1 *mission of paternity by the father and any*
2 *other additional showing required by State*
3 *law.*

4 “(ii) *LEGAL FINDING OF PATERNITY.—*
5 *Procedures under which a signed voluntary*
6 *acknowledgment of paternity is considered a*
7 *legal finding of paternity, subject to the*
8 *right of any signatory to rescind the ac-*
9 *knowledgment within the earlier of—*

10 “(I) *60 days; or*

11 “(II) *the date of an administra-*
12 *tive or judicial proceeding relating to*
13 *the child (including a proceeding to es-*
14 *tablish a support order) in which the*
15 *signatory is a party.*

16 “(iii) *CONTEST.—Procedures under*
17 *which, after the 60-day period referred to in*
18 *clause (ii), a signed voluntary acknowledg-*
19 *ment of paternity may be challenged in*
20 *court only on the basis of fraud, duress, or*
21 *material mistake of fact, with the burden of*
22 *proof upon the challenger, and under which*
23 *the legal responsibilities (including child*
24 *support obligations) of any signatory aris-*
25 *ing from the acknowledgment may not be*

1 *suspended during the challenge, except for*
2 *good cause shown.*

3 “(E) *BAR ON ACKNOWLEDGMENT RATIFICA-*
4 *TION PROCEEDINGS.—Procedures under which*
5 *judicial or administrative proceedings are not*
6 *required or permitted to ratify an unchallenged*
7 *acknowledgment of paternity.*

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

10 “(i) *requiring the admission into evi-*
11 *dence, for purposes of establishing pater-*
12 *nity, of the results of any genetic test that*
13 *is—*

14 “(I) *of a type generally acknowl-*
15 *edged as reliable by accreditation bod-*
16 *ies designated by the Secretary; and*

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

20 “(ii) *requiring an objection to genetic*
21 *testing results to be made in writing not*
22 *later than a specified number of days before*
23 *any hearing at which the results may be in-*
24 *troduced into evidence (or, at State option,*

1 *not later than a specified number of days*
2 *after receipt of the results); and*

3 “(iii) *making the test results admissi-*
4 *ble as evidence of paternity without the need*
5 *for foundation testimony or other proof of*
6 *authenticity or accuracy, unless objection is*
7 *made.*

8 “(G) *PRESUMPTION OF PATERNITY IN CER-*
9 *TAIN CASES.—Procedures which create a rebutta-*
10 *ble or, at the option of the State, conclusive pre-*
11 *sumption of paternity upon genetic testing re-*
12 *sults indicating a threshold probability that the*
13 *alleged father is the father of the child.*

14 “(H) *DEFAULT ORDERS.—Procedures re-*
15 *quiring a default order to be entered in a pater-*
16 *nity case upon a showing of service of process on*
17 *the defendant and any additional showing re-*
18 *quired by State law.*

19 “(I) *NO RIGHT TO JURY TRIAL.—Procedures*
20 *providing that the parties to an action to estab-*
21 *lish paternity are not entitled to a trial by jury.*

22 “(J) *TEMPORARY SUPPORT ORDER BASED*
23 *ON PROBABLE PATERNITY IN CONTESTED*
24 *CASES.—Procedures which require that a tem-*
25 *porary order be issued, upon motion by a party,*

1 *requiring the provision of child support pending*
2 *an administrative or judicial determination of*
3 *parentage, if there is clear and convincing evi-*
4 *dence of paternity (on the basis of genetic tests*
5 *or other evidence).*

6 “(K) *PROOF OF CERTAIN SUPPORT AND PA-*
7 *TERNITY ESTABLISHMENT COSTS.—Procedures*
8 *under which bills for pregnancy, childbirth, and*
9 *genetic testing are admissible as evidence with-*
10 *out requiring third-party foundation testimony,*
11 *and shall constitute prima facie evidence of*
12 *amounts incurred for such services or for testing*
13 *on behalf of the child.*

14 “(L) *STANDING OF PUTATIVE FATHERS.—*
15 *Procedures ensuring that the putative father has*
16 *a reasonable opportunity to initiate a paternity*
17 *action.*

18 “(M) *FILING OF ACKNOWLEDGMENTS AND*
19 *ADJUDICATIONS IN STATE REGISTRY OF BIRTH*
20 *RECORDS.—Procedures under which voluntary*
21 *acknowledgments and adjudications of paternity*
22 *by judicial or administrative processes are filed*
23 *with the State registry of birth records for com-*
24 *parison with information in the State case reg-*
25 *istry.”.*

1 (b) *NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDA-*
2 *VIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended*
3 *by inserting “, and specify the minimum requirements of*
4 *an affidavit to be used for the voluntary acknowledgment*
5 *of paternity which shall include the social security number*
6 *of each parent and, after consultation with the States, other*
7 *common elements as determined by such designee” before*
8 *the semicolon.*

9 (c) *CONFORMING AMENDMENT.—Section 468 (42*
10 *U.S.C. 668) is amended by striking “a simple civil process*
11 *for voluntarily acknowledging paternity and”.*

12 **SEC. 2332. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
13 **LISHMENT.**

14 Section 454(23) (42 U.S.C. 654(23)) is amended by
15 inserting “and will publicize the availability and encourage
16 the use of procedures for voluntary establishment of pater-
17 nity and child support by means the State deems appro-
18 priate” before the semicolon.

19 **SEC. 2333. COOPERATION BY APPLICANTS FOR AND RECIPI-**
20 **ENTS OF PART A ASSISTANCE.**

21 Section 454 (42 U.S.C. 654), as amended by sections
22 2301(b), 2303(a), 2312(a), and 2313(a) of this Act, is
23 amended—

24 (1) by striking “and” at the end of paragraph
25 (27);

1 (2) *by striking the period at the end of para-*
2 *graph (28) and inserting “; and”; and*

3 (3) *by inserting after paragraph (28) the follow-*
4 *ing new paragraph:*

5 “(29) *provide that the State agency responsible*
6 *for administering the State plan—*

7 “(A) *shall make the determination (and re-*
8 *determination at appropriate intervals) as to*
9 *whether an individual who has applied for or is*
10 *receiving assistance under the State program*
11 *funded under part A, the State program under*
12 *title XV, or the State program under title XIX*
13 *is cooperating in good faith with the State in es-*
14 *tablishing the paternity of, or in establishing,*
15 *modifying, or enforcing a support order for, any*
16 *child of the individual by providing the State*
17 *agency with the name of, and such other infor-*
18 *mation as the State agency may require with re-*
19 *spect to, the noncustodial parent of the child,*
20 *subject to good cause and other exceptions*
21 *which—*

22 “(i) *shall be defined, taking into ac-*
23 *count the best interests of the child, and*

24 “(ii) *shall be applied in each case,*

1 *by, at the option of the State, the State agency*
2 *administering the State program under part A,*
3 *this part, title XV, or title XIX;*

4 “(B) shall require the individual to supply
5 *additional necessary information and appear at*
6 *interviews, hearings, and legal proceedings;*

7 “(C) shall require the individual and the
8 *child to submit to genetic tests pursuant to judi-*
9 *cial or administrative order;*

10 “(D) may request that the individual sign
11 *a voluntary acknowledgment of paternity, after*
12 *notice of the rights and consequences of such an*
13 *acknowledgment, but may not require the indi-*
14 *vidual to sign an acknowledgment or otherwise*
15 *relinquish the right to genetic tests as a condi-*
16 *tion of cooperation and eligibility for assistance*
17 *under the State program funded under part A,*
18 *the State program under title XV, or the State*
19 *program under title XIX; and*

20 “(E) shall promptly notify the individual
21 *and the State agency administering the State*
22 *program funded under part A, the State agency*
23 *administering the State program under title XV,*
24 *and the State agency administering the State*
25 *program under title XIX, of each such deter-*

1 *mination, and if noncooperation is determined,*
2 *the basis therefore.”.*

3 ***Subchapter E—Program Administration and***
4 ***Funding***

5 ***SEC. 2341. PERFORMANCE-BASED INCENTIVES AND PEN-***
6 ***ALTIES.***

7 *(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary*
8 *of Health and Human Services, in consultation with State*
9 *directors of programs under part D of title IV of the Social*
10 *Security Act, shall develop a new incentive system to re-*
11 *place, in a revenue neutral manner, the system under sec-*
12 *tion 458 of such Act. The new system shall provide addi-*
13 *tional payments to any State based on such State’s per-*
14 *formance under such a program. Not later than November*
15 *1, 1996, the Secretary shall report on the new system to*
16 *the Committee on Ways and Means of the House of Rep-*
17 *resentatives and the Committee on Finance of the Senate.*

18 *(b) CONFORMING AMENDMENTS TO PRESENT SYS-*
19 *TEM.—Section 458 (42 U.S.C. 658) is amended—*

20 *(1) in subsection (a), by striking “aid to families*
21 *with dependent children under a State plan approved*
22 *under part A of this title” and inserting “assistance*
23 *under a program funded under part A”;*

24 *(2) in subsection (b)(1)(A), by striking “section*
25 *402(a)(26)” and inserting “section 408(a)(4)”;*

1 (3) *in subsections (b) and (c)—*

2 (A) *by striking “AFDC collections” each*
3 *place it appears and inserting “title IV–A collec-*
4 *tions”, and*

5 (B) *by striking “non-AFDC collections”*
6 *each place it appears and inserting “non-title*
7 *IV–A collections”; and*

8 (4) *in subsection (c), by striking “combined*
9 *AFDC/non-AFDC administrative costs” both places it*
10 *appears and inserting “combined title IV–A/non-title*
11 *IV–A administrative costs”.*

12 (c) *CALCULATION OF PATERNITY ESTABLISHMENT*
13 *PERCENTAGE.—*

14 (1) *Section 452(g)(1)(A) (42 U.S.C.*
15 *652(g)(1)(A)) is amended by striking “75” and in-*
16 *serting “90”.*

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

19 (A) *by redesignating subparagraphs (B)*
20 *through (E) as subparagraphs (C) through (F),*
21 *respectively, and by inserting after subparagraph*
22 *(A) the following new subparagraph:*

23 “(B) *for a State with a paternity establishment*
24 *percentage of not less than 75 percent but less than*
25 *90 percent for such fiscal year, the paternity estab-*

1 *lishment percentage of the State for the immediately*
2 *preceding fiscal year plus 2 percentage points;”*; and

3 *(B) by adding at the end the following new*
4 *flush sentence:*

5 *“In determining compliance under this section, a State*
6 *may use as its paternity establishment percentage either the*
7 *State’s IV–D paternity establishment percentage (as defined*
8 *in paragraph (2)(A)) or the State’s statewide paternity es-*
9 *tablishment percentage (as defined in paragraph (2)(B)).”*.

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

12 *(A) in subparagraph (A)—*

13 *(i) in the matter preceding clause (i)—*

14 *(I) by striking “paternity estab-*
15 *lishment percentage” and inserting*
16 *“IV–D paternity establishment per-*
17 *centage”; and*

18 *(II) by striking “(or all States, as*
19 *the case may be)”*; and

20 *(ii) by striking “and” at the end there-*
21 *of;*

22 *(B) by redesignating subparagraph (B) as*
23 *subparagraph (C) and by inserting after sub-*
24 *paragraph (A) the following new subparagraph:*

1 “(B) the term ‘statewide paternity establishment
2 percentage’ means, with respect to a State for a fiscal
3 year, the ratio (expressed as a percentage) that the
4 total number of minor children—

5 “(i) who have been born out of wedlock, and

6 “(ii) the paternity of whom has been estab-
7 lished or acknowledged during the fiscal year,
8 bears to the total number of children born out of wed-
9 lock during the preceding fiscal year; and”.

10 (4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
11 amended—

12 (A) by striking subparagraph (A) and re-
13 designating subparagraphs (B) and (C) as sub-
14 paragraphs (A) and (B), respectively; and

15 (B) in subparagraph (A) (as so redesign-
16 ated), by striking “the percentage of children
17 born out-of-wedlock in a State” and inserting
18 “the percentage of children in a State who are
19 born out of wedlock or for whom support has not
20 been established”.

21 (d) *EFFECTIVE DATES.*—

22 (1) *INCENTIVE ADJUSTMENTS.*—

23 (A) *IN GENERAL.*—The system developed under
24 subsection (a) and the amendments made by sub-

1 *section (b) shall become effective on October 1, 1998,*
2 *except to the extent provided in subparagraph (B).*

3 *(B) APPLICATION OF SECTION 458.—Section 458*
4 *of the Social Security Act, as in effect on the day be-*
5 *fore the date of the enactment of this section, shall be*
6 *effective for purposes of incentive payments to States*
7 *for fiscal years before fiscal year 1999.*

8 *(2) PENALTY REDUCTIONS.—The amendments*
9 *made by subsection (c) shall become effective with re-*
10 *spect to calendar quarters beginning on or after the*
11 *date of the enactment of this Act.*

12 **SEC. 2342. FEDERAL AND STATE REVIEWS AND AUDITS.**

13 *(a) STATE AGENCY ACTIVITIES.—Section 454 (42*
14 *U.S.C. 654) is amended—*

15 *(1) in paragraph (14), by striking “(14)” and*
16 *inserting “(14)(A)”;*

17 *(2) by redesignating paragraph (15) as subpara-*
18 *graph (B) of paragraph (14); and*

19 *(3) by inserting after paragraph (14) the follow-*
20 *ing new paragraph:*

21 *“(15) provide for—*

22 *“(A) a process for annual reviews of and re-*
23 *ports to the Secretary on the State program op-*
24 *erated under the State plan approved under this*
25 *part, including such information as may be nec-*

1 *essary to measure State compliance with Federal*
2 *requirements for expedited procedures, using*
3 *such standards and procedures as are required*
4 *by the Secretary, under which the State agency*
5 *will determine the extent to which the program*
6 *is operated in compliance with this part; and*

7 “(B) a process of extracting from the auto-
8 mated data processing system required by para-
9 graph (16) and transmitting to the Secretary
10 data and calculations concerning the levels of ac-
11 complishment (and rates of improvement) with
12 respect to applicable performance indicators (in-
13 cluding paternity establishment percentages) to
14 the extent necessary for purposes of sections
15 452(g) and 458;”.

16 (b) *FEDERAL ACTIVITIES.*—Section 452(a)(4) (42
17 *U.S.C. 652(a)(4)) is amended to read as follows:*

18 “(4)(A) review data and calculations transmitted
19 by State agencies pursuant to section 454(15)(B) on
20 State program accomplishments with respect to per-
21 formance indicators for purposes of subsection (g) of
22 this section and section 458;

23 “(B) review annual reports submitted pursuant
24 to section 454(15)(A) and, as appropriate, provide to
25 the State comments, recommendations for additional

1 or alternative corrective actions, and technical assist-
2 ance; and

3 “(C) conduct audits, in accordance with the Gov-
4 ernment auditing standards of the Comptroller Gen-
5 eral of the United States—

6 “(i) at least once every 3 years (or more fre-
7 quently, in the case of a State which fails to
8 meet the requirements of this part concerning
9 performance standards and reliability of pro-
10 gram data) to assess the completeness, reliability,
11 and security of the data and the accuracy of the
12 reporting systems used in calculating perform-
13 ance indicators under subsection (g) of this sec-
14 tion and section 458;

15 “(ii) of the adequacy of financial manage-
16 ment of the State program operated under the
17 State plan approved under this part, including
18 assessments of—

19 “(I) whether Federal and other funds
20 made available to carry out the State pro-
21 gram are being appropriately expended,
22 and are properly and fully accounted for;
23 and

1 “(II) whether collections and disburse-
2 ments of support payments are carried out
3 correctly and are fully accounted for; and
4 “(iii) for such other purposes as the Sec-
5 retary may find necessary;”.

6 (c) *EFFECTIVE DATE.*—The amendments made by this
7 section shall be effective with respect to calendar quarters
8 beginning 12 months or more after the date of the enactment
9 of this Act.

10 **SEC. 2343. REQUIRED REPORTING PROCEDURES.**

11 (a) *ESTABLISHMENT.*—Section 452(a)(5) (42 U.S.C.
12 652(a)(5)) is amended by inserting “, and establish proce-
13 dures to be followed by States for collecting and reporting
14 information required to be provided under this part, and
15 establish uniform definitions (including those necessary to
16 enable the measurement of State compliance with the re-
17 quirements of this part relating to expedited processes) to
18 be applied in following such procedures” before the semi-
19 colon.

20 (b) *STATE PLAN REQUIREMENT.*—Section 454 (42
21 U.S.C. 654), as amended by sections 2301(b), 2303(a),
22 2312(a), 2313(a), and 2333 of this Act, is amended—

23 (1) by striking “and” at the end of paragraph
24 (28);

1 (2) *by striking the period at the end of para-*
2 *graph (29) and inserting “; and”; and*

3 (3) *by adding after paragraph (29) the following*
4 *new paragraph:*

5 “(30) *provide that the State shall use the defini-*
6 *tions established under section 452(a)(5) in collecting*
7 *and reporting information as required under this*
8 *part.”.*

9 **SEC. 2344. AUTOMATED DATA PROCESSING REQUIRE-**
10 **MENTS.**

11 (a) *REVISED REQUIREMENTS.—*

12 (1) *IN GENERAL.—Section 454(16) (42 U.S.C.*
13 *654(16)) is amended—*

14 (A) *by striking “, at the option of the*
15 *State,”;*

16 (B) *by inserting “and operation by the*
17 *State agency” after “for the establishment”;*

18 (C) *by inserting “meeting the requirements*
19 *of section 454A” after “information retrieval sys-*
20 *tem”;*

21 (D) *by striking “in the State and localities*
22 *thereof, so as (A)” and inserting “so as”;*

23 (E) *by striking “(i)”;* and

24 (F) *by striking “(including” and all that*
25 *follows and inserting a semicolon.*

1 (2) *AUTOMATED DATA PROCESSING.*—Part D of
2 *title IV (42 U.S.C. 651–669) is amended by inserting*
3 *after section 454 the following new section:*

4 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

5 “(a) *IN GENERAL.*—In order for a State to meet the
6 *requirements of this section, the State agency administering*
7 *the State program under this part shall have in operation*
8 *a single statewide automated data processing and informa-*
9 *tion retrieval system which has the capability to perform*
10 *the tasks specified in this section with the frequency and*
11 *in the manner required by or under this part.*

12 “(b) *PROGRAM MANAGEMENT.*—The automated system
13 *required by this section shall perform such functions as the*
14 *Secretary may specify relating to management of the State*
15 *program under this part, including—*

16 “(1) *controlling and accounting for use of Fed-*
17 *eral, State, and local funds in carrying out the pro-*
18 *gram; and*

19 “(2) *maintaining the data necessary to meet*
20 *Federal reporting requirements under this part on a*
21 *timely basis.*

22 “(c) *CALCULATION OF PERFORMANCE INDICATORS.*—
23 *In order to enable the Secretary to determine the incentive*
24 *payments and penalty adjustments required by sections*
25 *452(g) and 458, the State agency shall—*

1 “(1) use the automated system—

2 “(A) to maintain the requisite data on
3 State performance with respect to paternity es-
4 tablishment and child support enforcement in the
5 State; and

6 “(B) to calculate the paternity establish-
7 ment percentage for the State for each fiscal
8 year; and

9 “(2) have in place systems controls to ensure the
10 completeness and reliability of, and ready access to,
11 the data described in paragraph (1)(A), and the accu-
12 racy of the calculations described in paragraph
13 (1)(B).

14 “(d) *INFORMATION INTEGRITY AND SECURITY.*—The
15 State agency shall have in effect safeguards on the integrity,
16 accuracy, and completeness of, access to, and use of data
17 in the automated system required by this section, which
18 shall include the following (in addition to such other safe-
19 guards as the Secretary may specify in regulations):

20 “(1) *POLICIES RESTRICTING ACCESS.*—Written
21 policies concerning access to data by State agency
22 personnel, and sharing of data with other persons,
23 which—

1 “(A) permit access to and use of data only
2 to the extent necessary to carry out the State
3 program under this part; and

4 “(B) specify the data which may be used for
5 particular program purposes, and the personnel
6 permitted access to such data.

7 “(2) *SYSTEMS CONTROLS.*—Systems controls
8 (such as passwords or blocking of fields) to ensure
9 strict adherence to the policies described in paragraph
10 (1).

11 “(3) *MONITORING OF ACCESS.*—Routine mon-
12 itoring of access to and use of the automated system,
13 through methods such as audit trails and feedback
14 mechanisms, to guard against and promptly identify
15 unauthorized access or use.

16 “(4) *TRAINING AND INFORMATION.*—Procedures
17 to ensure that all personnel (including State and local
18 agency staff and contractors) who may have access to
19 or be required to use confidential program data are
20 informed of applicable requirements and penalties
21 (including those in section 6103 of the Internal Reve-
22 nue Code of 1986), and are adequately trained in se-
23 curity procedures.

24 “(5) *PENALTIES.*—Administrative penalties (up
25 to and including dismissal from employment) for un-

1 *authorized access to, or disclosure or use of, confiden-*
2 *tial data.”.*

3 (3) *REGULATIONS.—The Secretary of Health and*
4 *Human Services shall prescribe final regulations for*
5 *implementation of section 454A of the Social Security*
6 *Act not later than 2 years after the date of the enact-*
7 *ment of this Act.*

8 (4) *IMPLEMENTATION TIMETABLE.—Section*
9 *454(24) (42 U.S.C. 654(24)), as amended by section*
10 *2303(a)(1) of this Act, is amended to read as follows:*

11 “(24) *provide that the State will have in effect*
12 *an automated data processing and information re-*
13 *trieval system—*

14 “(A) *by October 1, 1997, which meets all re-*
15 *quirements of this part which were enacted on or*
16 *before the date of enactment of the Family Sup-*
17 *port Act of 1988, and*

18 “(B) *by October 1, 2000, which meets all re-*
19 *quirements of this part enacted on or before the*
20 *date of the enactment of the Personal Respon-*
21 *sibility and Work Opportunity Act of 1996, ex-*
22 *cept that such deadline shall be extended by 1*
23 *day for each day (if any) by which the Secretary*
24 *fails to meet the deadline imposed by section*

1 2344(a)(3) of the Personal Responsibility and
2 Work Opportunity Act of 1996;”.

3 (b) *SPECIAL FEDERAL MATCHING RATE FOR DEVEL-*
4 *OPMENT COSTS OF AUTOMATED SYSTEMS.—*

5 (1) *IN GENERAL.—Section 455(a) (42 U.S.C.*
6 *655(a)) is amended—*

7 (A) *in paragraph (1)(B)—*

8 (i) *by striking “90 percent” and in-*
9 *serting “the percent specified in paragraph*
10 *(3)”;*

11 (ii) *by striking “so much of”; and*

12 (iii) *by striking “which the Secretary”*
13 *and all that follows and inserting “, and”;*
14 *and*

15 (B) *by adding at the end the following new*
16 *paragraph:*

17 “(3)(A) *The Secretary shall pay to each State, for each*
18 *quarter in fiscal years 1996 and 1997, 90 percent of so*
19 *much of the State expenditures described in paragraph*
20 *(1)(B) as the Secretary finds are for a system meeting the*
21 *requirements specified in section 454(16) (as in effect on*
22 *September 30, 1995) but limited to the amount approved*
23 *for States in the advance planning documents of such States*
24 *submitted on or before September 30, 1995. Notwithstand-*
25 *ing the preceding sentence, any payment to a State with*

1 *respect to fiscal year 1997 shall be made in one payment*
2 *in fiscal year 1998.*

3 “(B)(i) *The Secretary shall pay to each State, for each*
4 *quarter in fiscal years 1996 through 2001, the percentage*
5 *specified in clause (ii) of so much of the State expenditures*
6 *described in paragraph (1)(B) as the Secretary finds are*
7 *for a system meeting the requirements of sections 454(16)*
8 *and 454A.*

9 “(ii) *The percentage specified in this clause is 80 per-*
10 *cent.*”.

11 (2) *TEMPORARY LIMITATION ON PAYMENTS*
12 *UNDER SPECIAL FEDERAL MATCHING RATE.—*

13 (A) *IN GENERAL.—The Secretary of Health*
14 *and Human Services may not pay more than*
15 *\$400,000,000 in the aggregate under section*
16 *455(a)(3)(B) of the Social Security Act for fiscal*
17 *years 1996 through 2001.*

18 (B) *ALLOCATION OF LIMITATION AMONG*
19 *STATES.—The total amount payable to a State*
20 *under section 455(a)(3)(B) of such Act for fiscal*
21 *years 1996 through 2001 shall not exceed the*
22 *limitation determined for the State by the Sec-*
23 *retary of Health and Human Services in regula-*
24 *tions.*

1 (C) *ALLOCATION FORMULA.*—*The regula-*
2 *tions referred to in subparagraph (B) shall pre-*
3 *scribe a formula for allocating the amount speci-*
4 *fied in subparagraph (A) among States with*
5 *plans approved under part D of title IV of the*
6 *Social Security Act, which shall take into ac-*
7 *count—*

8 *(i) the relative size of State caseloads*
9 *under such part; and*

10 *(ii) the level of automation needed to*
11 *meet the automated data processing require-*
12 *ments of such part.*

13 (c) *CONFORMING AMENDMENT.*—*Section 123(c) of the*
14 *Family Support Act of 1988 (102 Stat. 2352; Public Law*
15 *100–485) is repealed.*

16 **SEC. 2345. TECHNICAL ASSISTANCE.**

17 (a) *FOR TRAINING OF FEDERAL AND STATE STAFF,*
18 *RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL*
19 *PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.*—
20 *Section 452 (42 U.S.C. 652) is amended by adding at the*
21 *end the following new subsection:*

22 “(j) *Out of any money in the Treasury of the United*
23 *States not otherwise appropriated, there is hereby appro-*
24 *priated to the Secretary for each fiscal year (beginning with*
25 *fiscal year 1998) an amount equal to 1 percent of the total*

1 amount paid to the Federal Government pursuant to section
2 457(a) during the immediately preceding fiscal year (as de-
3 termined on the basis of the most recent reliable data avail-
4 able to the Secretary as of the end of the 3rd calendar quar-
5 ter following the end of such preceding fiscal year), to cover
6 costs incurred by the Secretary for—

7 “(1) information dissemination and technical as-
8 sistance to States, training of State and Federal staff,
9 staffing studies, and related activities needed to im-
10 prove programs under this part (including technical
11 assistance concerning State automated systems re-
12 quired by this part); and

13 “(2) research, demonstration, and special
14 projects of regional or national significance relating
15 to the operation of State programs under this part.
16 The amount appropriated under this subsection shall re-
17 main available until expended.”.

18 **(b) OPERATION OF FEDERAL PARENT LOCATOR SERV-**
19 **ICE.**—Section 453 (42 U.S.C. 653), as amended by section
20 2316 of this Act, is amended by adding at the end the fol-
21 lowing new subsection:

22 “(o) **RECOVERY OF COSTS.**—Out of any money in the
23 Treasury of the United States not otherwise appropriated,
24 there is hereby appropriated to the Secretary for each fiscal
25 year an amount equal to 2 percent of the total amount paid

1 *to the Federal Government pursuant to section 457(a) dur-*
 2 *ing the immediately preceding fiscal year (as determined*
 3 *on the basis of the most recent reliable data available to*
 4 *the Secretary as of the end of the 3rd calendar quarter fol-*
 5 *lowing the end of such preceding fiscal year), to cover costs*
 6 *incurred by the Secretary for operation of the Federal Par-*
 7 *ent Locator Service under this section, to the extent such*
 8 *costs are not recovered through user fees.”.*

9 **SEC. 2346. REPORTS AND DATA COLLECTION BY THE SEC-**
 10 **RETARY.**

11 *(a) ANNUAL REPORT TO CONGRESS.—*

12 *(1) Section 452(a)(10)(A) (42 U.S.C.*
 13 *652(a)(10)(A)) is amended—*

14 *(A) by striking “this part;” and inserting*
 15 *“this part, including—”; and*

16 *(B) by adding at the end the following new*
 17 *clauses:*

18 *“(i) the total amount of child support*
 19 *payments collected as a result of services*
 20 *furnished during the fiscal year to individ-*
 21 *uals receiving services under this part;*

22 *“(ii) the cost to the States and to the*
 23 *Federal Government of so furnishing the*
 24 *services; and*

1 “(iii) the number of cases involving
2 families—

3 “(I) who became ineligible for as-
4 sistance under State programs funded
5 under part A during a month in the
6 fiscal year; and

7 “(II) with respect to whom a child
8 support payment was received in the
9 month;”.

10 (2) Section 452(a)(10)(C) (42 U.S.C.
11 652(a)(10)(C)) is amended—

12 (A) in the matter preceding clause (i)—

13 (i) by striking “with the data required
14 under each clause being separately stated
15 for cases” and inserting “separately stated
16 for cases”;

17 (ii) by striking “cases where the child
18 was formerly receiving” and inserting “or
19 formerly received”;

20 (iii) by inserting “or 1912” after
21 “471(a)(17)”; and

22 (iv) by inserting “for” before “all
23 other”;

24 (B) in each of clauses (i) and (ii), by strik-
25 ing “, and the total amount of such obligations”;

1 (C) in clause (iii), by striking “described
2 in” and all that follows and inserting “in which
3 support was collected during the fiscal year;”;

4 (D) by striking clause (iv); and

5 (E) by redesignating clause (v) as clause
6 (vii), and inserting after clause (iii) the follow-
7 ing new clauses:

8 “(iv) the total amount of support col-
9 lected during such fiscal year and distrib-
10 uted as current support;

11 “(v) the total amount of support col-
12 lected during such fiscal year and distrib-
13 uted as arrearages;

14 “(vi) the total amount of support due
15 and unpaid for all fiscal years; and”.

16 (3) Section 452(a)(10)(G) (42 U.S.C.
17 652(a)(10)(G)) is amended by striking “on the use of
18 Federal courts and”.

19 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is
20 amended—

21 (A) in subparagraph (H), by striking
22 “and”;

23 (B) in subparagraph (I), by striking the pe-
24 riod and inserting “; and”; and

1 (C) by inserting after subparagraph (I) the
2 following new subparagraph:

3 “(J) compliance, by State, with the stand-
4 ards established pursuant to subsections (h) and
5 (i).”.

6 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is
7 amended by striking all that follows subparagraph
8 (J), as added by paragraph (4).

9 (b) *EFFECTIVE DATE.*—The amendments made by sub-
10 section (a) shall be effective with respect to fiscal year 1997
11 and succeeding fiscal years.

12 **Subchapter F—Establishment and**
13 **Modification of Support Orders**

14 **SEC. 2351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
15 **MENT OF CHILD SUPPORT ORDERS.**

16 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended
17 to read as follows:

18 “(10) *REVIEW AND ADJUSTMENT OF SUPPORT*
19 *ORDERS UPON REQUEST.*—Procedures under which
20 the State shall review and adjust each support order
21 being enforced under this part if there is an assign-
22 ment under part A or upon the request of either par-
23 ent, and may review and adjust any other support
24 order being enforced under this part. Such procedures
25 shall provide the following:

1 “(A) *IN GENERAL.*—

2 “*(i) 3-YEAR CYCLE.*—*Except as pro-*
3 *vided in subparagraphs (B) and (C), the*
4 *State shall review and, as appropriate, ad-*
5 *just the support order every 3 years, taking*
6 *into account the best interests of the child*
7 *involved.*

8 “*(ii) METHODS OF ADJUSTMENT.*—*The*
9 *State may elect to review and, if appro-*
10 *priate, adjust an order pursuant to clause*
11 *(i) by—*

12 “*(I) reviewing and, if appro-*
13 *priate, adjusting the order in accord-*
14 *ance with the guidelines established*
15 *pursuant to section 467(a) if the*
16 *amount of the child support award*
17 *under the order differs from the*
18 *amount that would be awarded in ac-*
19 *cordance with the guidelines; or*

20 “*(II) applying a cost-of-living ad-*
21 *justment to the order in accordance*
22 *with a formula developed by the State*
23 *and permit either party to contest the*
24 *adjustment, within 30 days after the*
25 *date of the notice of the adjustment, by*

1 *making a request for review and, if ap-*
2 *propriate, adjustment of the order in*
3 *accordance with the child support*
4 *guidelines established pursuant to sec-*
5 *tion 467(a).*

6 *“(iii) NO PROOF OF CHANGE IN CIR-*
7 *CUMSTANCES NECESSARY.—Any adjustment*
8 *under this subparagraph (A) shall be made*
9 *without a requirement for proof or showing*
10 *of a change in circumstances.*

11 *“(B) AUTOMATED METHOD.—The State*
12 *may use automated methods (including auto-*
13 *mated comparisons with wage or State income*
14 *tax data) to identify orders eligible for review,*
15 *conduct the review, identify orders eligible for*
16 *adjustment, and apply the appropriate adjust-*
17 *ment to the orders eligible for adjustment under*
18 *the threshold established by the State.*

19 *“(C) REQUEST UPON SUBSTANTIAL CHANGE*
20 *IN CIRCUMSTANCES.—The State shall, at the re-*
21 *quest of either parent subject to such an order or*
22 *of any State child support enforcement agency,*
23 *review and, if appropriate, adjust the order in*
24 *accordance with the guidelines established pursu-*

1 ant to section 467(a) based upon a substantial
2 change in the circumstances of either parent.

3 “(D) NOTICE OF RIGHT TO REVIEW.—The
4 State shall provide notice not less than once
5 every 3 years to the parents subject to such an
6 order informing them of their right to request the
7 State to review and, if appropriate, adjust the
8 order pursuant to this paragraph. The notice
9 may be included in the order.”.

10 **SEC. 2352. FURNISHING CONSUMER REPORTS FOR CERTAIN**
11 **PURPOSES RELATING TO CHILD SUPPORT.**

12 Section 604 of the Fair Credit Reporting Act (15
13 U.S.C. 1681b) is amended by adding at the end the follow-
14 ing new paragraphs:

15 “(4) In response to a request by the head of a State
16 or local child support enforcement agency (or a State or
17 local government official authorized by the head of such an
18 agency), if the person making the request certifies to the
19 consumer reporting agency that—

20 “(A) the consumer report is needed for the pur-
21 pose of establishing an individual’s capacity to make
22 child support payments or determining the appro-
23 priate level of such payments;

24 “(B) the paternity of the consumer for the child
25 to which the obligation relates has been established or

1 *acknowledged by the consumer in accordance with*
2 *State laws under which the obligation arises (if re-*
3 *quired by those laws);*

4 “(C) *the person has provided at least 10 days’*
5 *prior notice to the consumer whose report is requested,*
6 *by certified or registered mail to the last known ad-*
7 *dress of the consumer, that the report will be re-*
8 *quested; and*

9 “(D) *the consumer report will be kept confiden-*
10 *tial, will be used solely for a purpose described in*
11 *subparagraph (A), and will not be used in connection*
12 *with any other civil, administrative, or criminal pro-*
13 *ceeding, or for any other purpose.*

14 “(5) *To an agency administering a State plan under*
15 *section 454 of the Social Security Act (42 U.S.C. 654) for*
16 *use to set an initial or modified child support award.”.*

17 **SEC. 2353. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
18 **PROVIDING FINANCIAL RECORDS TO STATE**
19 **CHILD SUPPORT ENFORCEMENT AGENCIES**
20 **IN CHILD SUPPORT CASES.**

21 *Part D of title IV (42 U.S.C. 651–669) is amended*
22 *by adding at the end the following:*

1 **“SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
2 **PROVIDING FINANCIAL RECORDS TO STATE**
3 **CHILD SUPPORT ENFORCEMENT AGENCIES**
4 **IN CHILD SUPPORT CASES.**

5 “(a) *IN GENERAL.*—Notwithstanding any other provi-
6 sion of Federal or State law, a financial institution shall
7 not be liable under any Federal or State law to any person
8 for disclosing any financial record of an individual to a
9 State child support enforcement agency attempting to estab-
10 lish, modify, or enforce a child support obligation of such
11 individual.

12 “(b) *PROHIBITION OF DISCLOSURE OF FINANCIAL*
13 *RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCE-*
14 *MENT AGENCY.*—A State child support enforcement agency
15 which obtains a financial record of an individual from a
16 financial institution pursuant to subsection (a) may dis-
17 close such financial record only for the purpose of, and to
18 the extent necessary in, establishing, modifying, or enforce-
19 ing a child support obligation of such individual.

20 “(c) *CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-*
21 *SURE.*—

22 “(1) *DISCLOSURE BY STATE OFFICER OR EM-*
23 *PLOYEE.*—If any person knowingly, or by reason of
24 negligence, discloses a financial record of an individ-
25 ual in violation of subsection (b), such individual

1 *may bring a civil action for damages against such*
2 *person in a district court of the United States.*

3 *“(2) NO LIABILITY FOR GOOD FAITH BUT ERRO-*
4 *NEOUS INTERPRETATION.—No liability shall arise*
5 *under this subsection with respect to any disclosure*
6 *which results from a good faith, but erroneous, inter-*
7 *pretation of subsection (b).*

8 *“(3) DAMAGES.—In any action brought under*
9 *paragraph (1), upon a finding of liability on the part*
10 *of the defendant, the defendant shall be liable to the*
11 *plaintiff in an amount equal to the sum of—*

12 *“(A) the greater of—*

13 *“(i) \$1,000 for each act of unauthor-*
14 *ized disclosure of a financial record with re-*
15 *spect to which such defendant is found lia-*
16 *ble; or*

17 *“(ii) the sum of—*

18 *“(I) the actual damages sustained*
19 *by the plaintiff as a result of such un-*
20 *authorized disclosure; plus*

21 *“(II) in the case of a willful dis-*
22 *closure or a disclosure which is the re-*
23 *sult of gross negligence, punitive dam-*
24 *ages; plus*

1 “(B) the costs (including attorney’s fees) of
2 the action.

3 “(d) DEFINITIONS.—For purposes of this section—

4 “(1) FINANCIAL INSTITUTION.—The term ‘finan-
5 cial institution’ means—

6 “(A) a depository institution, as defined in
7 section 3(c) of the Federal Deposit Insurance Act
8 (12 U.S.C. 1813(c));

9 “(B) an institution-affiliated party, as de-
10 fined in section 3(u) of such Act (12 U.S.C.
11 1813(u));

12 “(C) any Federal credit union or State
13 credit union, as defined in section 101 of the
14 Federal Credit Union Act (12 U.S.C. 1752), in-
15 cluding an institution-affiliated party of such a
16 credit union, as defined in section 206(r) of such
17 Act (12 U.S.C. 1786(r)); and

18 “(D) any benefit association, insurance
19 company, safe deposit company, money-market
20 mutual fund, or similar entity authorized to do
21 business in the State.

22 “(2) FINANCIAL RECORD.—The term ‘financial
23 record’ has the meaning given such term in section
24 1101 of the Right to Financial Privacy Act of 1978
25 (12 U.S.C. 3401).”.

1 **SEC. 2362. AUTHORITY TO COLLECT SUPPORT FROM FED-**
2 **ERAL EMPLOYEES.**

3 (a) *CONSOLIDATION AND STREAMLINING OF AUTHORI-*
4 *TIES.*—Section 459 (42 U.S.C. 659) is amended to read as
5 follows:

6 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**
7 **WITHHOLDING, GARNISHMENT, AND SIMILAR**
8 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**
9 **SUPPORT AND ALIMONY OBLIGATIONS.**

10 “(a) *CONSENT TO SUPPORT ENFORCEMENT.*—Not-
11 *withstanding any other provision of law (including section*
12 *207 of this Act and section 5301 of title 38, United States*
13 *Code), effective January 1, 1975, moneys (the entitlement*
14 *to which is based upon remuneration for employment) due*
15 *from, or payable by, the United States or the District of*
16 *Columbia (including any agency, subdivision, or instru-*
17 *mentality thereof) to any individual, including members of*
18 *the Armed Forces of the United States, shall be subject, in*
19 *like manner and to the same extent as if the United States*
20 *or the District of Columbia were a private person, to with-*
21 *holding in accordance with State law enacted pursuant to*
22 *subsections (a)(1) and (b) of section 466 and regulations*
23 *of the Secretary under such subsections, and to any other*
24 *legal process brought, by a State agency administering a*
25 *program under a State plan approved under this part or*

1 *by an individual obligee, to enforce the legal obligation of*
2 *the individual to provide child support or alimony.*

3 “(b) *CONSENT TO REQUIREMENTS APPLICABLE TO*
4 *PRIVATE PERSON.—With respect to notice to withhold in-*
5 *come pursuant to subsection (a)(1) or (b) of section 466,*
6 *or any other order or process to enforce support obligations*
7 *against an individual (if the order or process contains or*
8 *is accompanied by sufficient data to permit prompt identi-*
9 *fication of the individual and the moneys involved), each*
10 *governmental entity specified in subsection (a) shall be sub-*
11 *ject to the same requirements as would apply if the entity*
12 *were a private person, except as otherwise provided in this*
13 *section.*

14 “(c) *DESIGNATION OF AGENT; RESPONSE TO NOTICE*
15 *OR PROCESS—*

16 “(1) *DESIGNATION OF AGENT.—The head of each*
17 *agency subject to this section shall—*

18 “(A) *designate an agent or agents to receive*
19 *orders and accept service of process in matters*
20 *relating to child support or alimony; and*

21 “(B) *annually publish in the Federal Reg-*
22 *ister the designation of the agent or agents, iden-*
23 *tified by title or position, mailing address, and*
24 *telephone number.*

1 “(2) *RESPONSE TO NOTICE OR PROCESS.*—If an
2 agent designated pursuant to paragraph (1) of this
3 subsection receives notice pursuant to State proce-
4 dures in effect pursuant to subsection (a)(1) or (b) of
5 section 466, or is effectively served with any order,
6 process, or interrogatory, with respect to an individ-
7 ual’s child support or alimony payment obligations,
8 the agent shall—

9 “(A) as soon as possible (but not later than
10 15 days) thereafter, send written notice of the no-
11 tice or service (together with a copy of the notice
12 or service) to the individual at the duty station
13 or last-known home address of the individual;

14 “(B) within 30 days (or such longer period
15 as may be prescribed by applicable State law)
16 after receipt of a notice pursuant to such State
17 procedures, comply with all applicable provi-
18 sions of section 466; and

19 “(C) within 30 days (or such longer period
20 as may be prescribed by applicable State law)
21 after effective service of any other such order,
22 process, or interrogatory, respond to the order,
23 process, or interrogatory.

24 “(d) *PRIORITY OF CLAIMS.*—If a governmental entity
25 specified in subsection (a) receives notice or is served with

1 process, as provided in this section, concerning amounts
2 owed by an individual to more than 1 person—

3 “(1) support collection under section 466(b) must
4 be given priority over any other process, as provided
5 in section 466(b)(7);

6 “(2) allocation of moneys due or payable to an
7 individual among claimants under section 466(b)
8 shall be governed by section 466(b) and the regula-
9 tions prescribed under such section; and

10 “(3) such moneys as remain after compliance
11 with paragraphs (1) and (2) shall be available to sat-
12 isfy any other such processes on a first-come, first-
13 served basis, with any such process being satisfied out
14 of such moneys as remain after the satisfaction of all
15 such processes which have been previously served.

16 “(e) *NO REQUIREMENT TO VARY PAY CYCLES.*—A gov-
17 ernmental entity that is affected by legal process served for
18 the enforcement of an individual’s child support or alimony
19 payment obligations shall not be required to vary its nor-
20 mal pay and disbursement cycle in order to comply with
21 the legal process.

22 “(f) *RELIEF FROM LIABILITY.*—

23 “(1) Neither the United States, nor the govern-
24 ment of the District of Columbia, nor any disbursing
25 officer shall be liable with respect to any payment

1 *made from moneys due or payable from the United*
2 *States to any individual pursuant to legal process*
3 *regular on its face, if the payment is made in accord-*
4 *ance with this section and the regulations issued to*
5 *carry out this section.*

6 “(2) *No Federal employee whose duties include*
7 *taking actions necessary to comply with the require-*
8 *ments of subsection (a) with regard to any individual*
9 *shall be subject under any law to any disciplinary ac-*
10 *tion or civil or criminal liability or penalty for, or*
11 *on account of, any disclosure of information made by*
12 *the employee in connection with the carrying out of*
13 *such actions.*

14 “(g) *REGULATIONS.—Authority to promulgate regula-*
15 *tions for the implementation of this section shall, insofar*
16 *as this section applies to moneys due from (or payable*
17 *by)—*

18 “(1) *the United States (other than the legislative*
19 *or judicial branches of the Federal Government) or*
20 *the government of the District of Columbia, be vested*
21 *in the President (or the designee of the President);*

22 “(2) *the legislative branch of the Federal Govern-*
23 *ment, be vested jointly in the President pro tempore*
24 *of the Senate and the Speaker of the House of Rep-*
25 *resentatives (or their designees), and*

1 “(3) *the judicial branch of the Federal Govern-*
2 *ment, be vested in the Chief Justice of the United*
3 *States (or the designee of the Chief Justice).*

4 “(h) *MONEYS SUBJECT TO PROCESS.—*

5 “(1) *IN GENERAL.—Subject to paragraph (2),*
6 *moneys paid or payable to an individual which are*
7 *considered to be based upon remuneration for employ-*
8 *ment, for purposes of this section—*

9 “(A) *consist of—*

10 “(i) *compensation paid or payable for*
11 *personal services of the individual, whether*
12 *the compensation is denominated as wages,*
13 *salary, commission, bonus, pay, allowances,*
14 *or otherwise (including severance pay, sick*
15 *pay, and incentive pay);*

16 “(ii) *periodic benefits (including a*
17 *periodic benefit as defined in section*
18 *228(h)(3)) or other payments—*

19 “(I) *under the insurance system*
20 *established by title II;*

21 “(II) *under any other system or*
22 *fund established by the United States*
23 *which provides for the payment of pen-*
24 *sions, retirement or retired pay, annu-*
25 *ities, dependents’ or survivors’ benefits,*

1 *or similar amounts payable on account*
2 *of personal services performed by the*
3 *individual or any other individual;*

4 *“(III) as compensation for death*
5 *under any Federal program;*

6 *“(IV) under any Federal program*
7 *established to provide ‘black lung’ bene-*
8 *fits; or*

9 *“(V) by the Secretary of Veterans*
10 *Affairs as compensation for a service-*
11 *connected disability paid by the Sec-*
12 *retary to a former member of the*
13 *Armed Forces who is in receipt of re-*
14 *tired or retainer pay if the former*
15 *member has waived a portion of the re-*
16 *tired or retainer pay in order to re-*
17 *ceive such compensation; and*

18 *“(iii) worker’s compensation benefits*
19 *paid under Federal or State law but*

20 *“(B) do not include any payment—*

21 *“(i) by way of reimbursement or other-*
22 *wise, to defray expenses incurred by the in-*
23 *dividual in carrying out duties associated*
24 *with the employment of the individual; or*

1 “(ii) as allowances for members of the
2 uniformed services payable pursuant to
3 chapter 7 of title 37, United States Code, as
4 prescribed by the Secretaries concerned (de-
5 fined by section 101(5) of such title) as nec-
6 essary for the efficient performance of duty.

7 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-
8 mining the amount of any moneys due from, or pay-
9 able by, the United States to any individual, there
10 shall be excluded amounts which—

11 “(A) are owed by the individual to the
12 United States;

13 “(B) are required by law to be, and are, de-
14 ducted from the remuneration or other payment
15 involved, including Federal employment taxes,
16 and fines and forfeitures ordered by court-mar-
17 tial;

18 “(C) are properly withheld for Federal,
19 State, or local income tax purposes, if the with-
20 holding of the amounts is authorized or required
21 by law and if amounts withheld are not greater
22 than would be the case if the individual claimed
23 all dependents to which he was entitled (the
24 withholding of additional amounts pursuant to
25 section 3402(i) of the Internal Revenue Code of

1 1986 may be permitted only when the individual
2 presents evidence of a tax obligation which sup-
3 ports the additional withholding);

4 “(D) are deducted as health insurance pre-
5 miums;

6 “(E) are deducted as normal retirement
7 contributions (not including amounts deducted
8 for supplementary coverage); or

9 “(F) are deducted as normal life insurance
10 premiums from salary or other remuneration for
11 employment (not including amounts deducted for
12 supplementary coverage).

13 “(i) *DEFINITIONS.*—For purposes of this section—

14 “(1) *UNITED STATES.*—The term ‘United States’
15 includes any department, agency, or instrumentality
16 of the legislative, judicial, or executive branch of the
17 Federal Government, the United States Postal Serv-
18 ice, the Postal Rate Commission, any Federal cor-
19 poration created by an Act of Congress that is wholly
20 owned by the Federal Government, and the govern-
21 ments of the territories and possessions of the United
22 States.

23 “(2) *CHILD SUPPORT.*—The term ‘child support’,
24 when used in reference to the legal obligations of an
25 individual to provide such support, means amounts

1 *required to be paid under a judgment, decree, or*
2 *order, whether temporary, final, or subject to modi-*
3 *fication, issued by a court or an administrative agen-*
4 *cy of competent jurisdiction, for the support and*
5 *maintenance of a child, including a child who has at-*
6 *tained the age of majority under the law of the issu-*
7 *ing State, or a child and the parent with whom the*
8 *child is living, which provides for monetary support,*
9 *health care, arrearages or reimbursement, and which*
10 *may include other related costs and fees, interest and*
11 *penalties, income withholding, attorney’s fees, and*
12 *other relief.*

13 “(3) ALIMONY.—

14 “(A) IN GENERAL.—*The term ‘alimony’,*
15 *when used in reference to the legal obligations of*
16 *an individual to provide the same, means peri-*
17 *odic payments of funds for the support and*
18 *maintenance of the spouse (or former spouse) of*
19 *the individual, and (subject to and in accordance*
20 *with State law) includes separate maintenance,*
21 *alimony pendente lite, maintenance, and spousal*
22 *support, and includes attorney’s fees, interest,*
23 *and court costs when and to the extent that the*
24 *same are expressly made recoverable as such pur-*
25 *suant to a decree, order, or judgment issued in*

1 *accordance with applicable State law by a court*
2 *of competent jurisdiction.*

3 “(B) *EXCEPTIONS.*—*Such term does not in-*
4 *clude—*

5 “(i) *any child support; or*

6 “(ii) *any payment or transfer of prop-*
7 *erty or its value by an individual to the*
8 *spouse or a former spouse of the individual*
9 *in compliance with any community prop-*
10 *erty settlement, equitable distribution of*
11 *property, or other division of property be-*
12 *tween spouses or former spouses.*

13 “(4) *PRIVATE PERSON.*—*The term ‘private per-*
14 *son’ means a person who does not have sovereign or*
15 *other special immunity or privilege which causes the*
16 *person not to be subject to legal process.*

17 “(5) *LEGAL PROCESS.*—*The term ‘legal process’*
18 *means any writ, order, summons, or other similar*
19 *process in the nature of garnishment—*

20 “(A) *which is issued by—*

21 “(i) *a court or an administrative agen-*
22 *cy of competent jurisdiction in any State,*
23 *territory, or possession of the United States;*

24 “(ii) *a court or an administrative*
25 *agency of competent jurisdiction in any for-*

1 *foreign country with which the United States*
2 *has entered into an agreement which re-*
3 *quires the United States to honor the proc-*
4 *ess; or*

5 *“(iii) an authorized official pursuant*
6 *to an order of such a court or an adminis-*
7 *trative agency of competent jurisdiction or*
8 *pursuant to State or local law; and*

9 *“(B) which is directed to, and the purpose*
10 *of which is to compel, a governmental entity*
11 *which holds moneys which are otherwise payable*
12 *to an individual to make a payment from the*
13 *moneys to another party in order to satisfy a*
14 *legal obligation of the individual to provide child*
15 *support or make alimony payments.”.*

16 ***(b) CONFORMING AMENDMENTS.—***

17 ***(1) TO PART D OF TITLE IV.—Sections 461 and***
18 ***462 (42 U.S.C. 661 and 662) are repealed.***

19 ***(2) TO TITLE 5, UNITED STATES CODE.—Section***
20 ***5520a of title 5, United States Code, is amended, in***
21 ***subsections (h)(2) and (i), by striking “sections 459,***
22 ***461, and 462 of the Social Security Act (42 U.S.C.***
23 ***659, 661, and 662)” and inserting “section 459 of the***
24 ***Social Security Act (42 U.S.C. 659)”.***

25 ***(c) MILITARY RETIRED AND RETAINER PAY.—***

1 (1) *DEFINITION OF COURT.*—Section 1408(a)(1)
2 of title 10, United States Code, is amended—

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

5 (B) by striking the period at the end of sub-
6 paragraph (C) and inserting “; and”; and

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

9 “(D) any administrative or judicial tribu-
10 nal of a State competent to enter orders for sup-
11 port or maintenance (including a State agency
12 administering a program under a State plan ap-
13 proved under part D of title IV of the Social Se-
14 curity Act), and, for purposes of this subpara-
15 graph, the term ‘State’ includes the District of
16 Columbia, the Commonwealth of Puerto Rico, the
17 Virgin Islands, Guam, and American Samoa.”.

18 (2) *DEFINITION OF COURT ORDER.*—Section
19 1408(a)(2) of such title is amended—

20 (A) by inserting “or a support order, as de-
21 fined in section 453(p) of the Social Security Act
22 (42 U.S.C. 653(p)),” before “which—”;

23 (B) in subparagraph (B)(i), by striking
24 “(as defined in section 462(b) of the Social Secu-
25 rity Act (42 U.S.C. 662(b)))” and inserting “(as

1 *defined in section 459(i)(2) of the Social Secu-*
2 *urity Act (42 U.S.C. 659(i)(2))*”; and

3 (C) in subparagraph (B)(ii), by striking
4 “(as defined in section 462(c) of the Social Secu-
5 rity Act (42 U.S.C. 662(c))” and inserting “(as
6 defined in section 459(i)(3) of the Social Secu-
7 rity Act (42 U.S.C. 659(i)(3))”.

8 (3) *PUBLIC PAYEE*.—Section 1408(d) of such
9 title is amended—

10 (A) in the heading, by inserting “(OR FOR
11 BENEFIT OF)” before “SPOUSE OR”; and

12 (B) in paragraph (1), in the 1st sentence,
13 by inserting “(or for the benefit of such spouse
14 or former spouse to a State disbursement unit es-
15 tablished pursuant to section 454B of the Social
16 Security Act or other public payee designated by
17 a State, in accordance with part D of title IV of
18 the Social Security Act, as directed by court
19 order, or as otherwise directed in accordance
20 with such part D)” before “in an amount suffi-
21 cient”.

22 (4) *RELATIONSHIP TO PART D OF TITLE IV*.—
23 Section 1408 of such title is amended by adding at
24 the end the following new subsection:

1 “(j) *RELATIONSHIP TO OTHER LAWS.*—*In any case*
2 *involving an order providing for payment of child support*
3 *(as defined in section 459(i)(2) of the Social Security Act)*
4 *by a member who has never been married to the other par-*
5 *ent of the child, the provisions of this section shall not*
6 *apply, and the case shall be subject to the provisions of sec-*
7 *tion 459 of such Act.”.*

8 (d) *EFFECTIVE DATE.*—*The amendments made by this*
9 *section shall become effective 6 months after the date of the*
10 *enactment of this Act.*

11 **SEC. 2363. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
12 **TIONS OF MEMBERS OF THE ARMED FORCES.**

13 (a) *AVAILABILITY OF LOCATOR INFORMATION.*—

14 (1) *MAINTENANCE OF ADDRESS INFORMATION.*—
15 *The Secretary of Defense shall establish a centralized*
16 *personnel locator service that includes the address of*
17 *each member of the Armed Forces under the jurisdic-*
18 *tion of the Secretary. Upon request of the Secretary*
19 *of Transportation, addresses for members of the Coast*
20 *Guard shall be included in the centralized personnel*
21 *locator service.*

22 (2) *TYPE OF ADDRESS.*—

23 (A) *RESIDENTIAL ADDRESS.*—*Except as*
24 *provided in subparagraph (B), the address for a*
25 *member of the Armed Forces shown in the loca-*

1 *tor service shall be the residential address of that*
2 *member.*

3 (B) *DUTY ADDRESS.*—*The address for a*
4 *member of the Armed Forces shown in the loca-*
5 *tor service shall be the duty address of that mem-*
6 *ber in the case of a member—*

7 (i) *who is permanently assigned over-*
8 *seas, to a vessel, or to a routinely deployable*
9 *unit; or*

10 (ii) *with respect to whom the Secretary*
11 *concerned makes a determination that the*
12 *member's residential address should not be*
13 *disclosed due to national security or safety*
14 *concerns.*

15 (3) *UPDATING OF LOCATOR INFORMATION.*—
16 *Within 30 days after a member listed in the locator*
17 *service establishes a new residential address (or a new*
18 *duty address, in the case of a member covered by*
19 *paragraph (2)(B)), the Secretary concerned shall up-*
20 *date the locator service to indicate the new address of*
21 *the member.*

22 (4) *AVAILABILITY OF INFORMATION.*—*The Sec-*
23 *retary of Defense shall make information regarding*
24 *the address of a member of the Armed Forces listed*
25 *in the locator service available, on request, to the Fed-*

1 *eral Parent Locator Service established under section*
2 *453 of the Social Security Act.*

3 *(b) FACILITATING GRANTING OF LEAVE FOR ATTEND-*
4 *ANCE AT HEARINGS.—*

5 *(1) REGULATIONS.—The Secretary of each mili-*
6 *tary department, and the Secretary of Transportation*
7 *with respect to the Coast Guard when it is not operat-*
8 *ing as a service in the Navy, shall prescribe regula-*
9 *tions to facilitate the granting of leave to a member*
10 *of the Armed Forces under the jurisdiction of that*
11 *Secretary in a case in which—*

12 *(A) the leave is needed for the member to at-*
13 *tend a hearing described in paragraph (2);*

14 *(B) the member is not serving in or with a*
15 *unit deployed in a contingency operation (as de-*
16 *fin ed in section 101 of title 10, United States*
17 *Code); and*

18 *(C) the exigencies of military service (as de-*
19 *termin ed by the Secretary concerned) do not oth-*
20 *erwise require that such leave not be granted.*

21 *(2) COVERED HEARINGS.—Paragraph (1) ap-*
22 *plies to a hearing that is conducted by a court or*
23 *pursuant to an administrative process established*
24 *under State law, in connection with a civil action—*

1 (A) to determine whether a member of the
2 Armed Forces is a natural parent of a child; or

3 (B) to determine an obligation of a member
4 of the Armed Forces to provide child support.

5 (3) *DEFINITIONS.*—For purposes of this sub-
6 section—

7 (A) The term “court” has the meaning
8 given that term in section 1408(a) of title 10,
9 United States Code.

10 (B) The term “child support” has the mean-
11 ing given such term in section 459(i) of the So-
12 cial Security Act (42 U.S.C. 659(i)).

13 (c) *PAYMENT OF MILITARY RETIRED PAY IN COMPLI-*
14 *ANCE WITH CHILD SUPPORT ORDERS.*—

15 (1) *DATE OF CERTIFICATION OF COURT*
16 *ORDER.*—Section 1408 of title 10, United States Code,
17 as amended by section 2362(c)(4) of this Act, is
18 amended—

19 (A) by redesignating subsections (i) and (j)
20 as subsections (j) and (k), respectively; and

21 (B) by inserting after subsection (h) the fol-
22 lowing new subsection:

23 “(i) *CERTIFICATION DATE.*—It is not necessary that
24 the date of a certification of the authenticity or completeness
25 of a copy of a court order for child support received by the

1 *Secretary concerned for the purposes of this section be recent*
2 *in relation to the date of receipt by the Secretary.”.*

3 (2) *PAYMENTS CONSISTENT WITH ASSIGNMENTS*
4 *OF RIGHTS TO STATES.*—Section 1408(d)(1) of such
5 *title is amended by inserting after the 1st sentence the*
6 *following new sentence: “In the case of a spouse or*
7 *former spouse who, pursuant to section 408(a)(4) of*
8 *the Social Security Act (42 U.S.C. 608(a)(4)), assigns*
9 *to a State the rights of the spouse or former spouse*
10 *to receive support, the Secretary concerned may make*
11 *the child support payments referred to in the preced-*
12 *ing sentence to that State in amounts consistent with*
13 *that assignment of rights.”.*

14 (3) *ARREARAGES OWED BY MEMBERS OF THE*
15 *UNIFORMED SERVICES.*—Section 1408(d) of such title
16 *is amended by adding at the end the following new*
17 *paragraph:*

18 “(6) *In the case of a court order for which effective*
19 *service is made on the Secretary concerned on or after the*
20 *date of the enactment of this paragraph and which provides*
21 *for payments from the disposable retired pay of a member*
22 *to satisfy the amount of child support set forth in the order,*
23 *the authority provided in paragraph (1) to make payments*
24 *from the disposable retired pay of a member to satisfy the*
25 *amount of child support set forth in a court order shall*

1 *apply to payment of any amount of child support arrear-*
2 *ages set forth in that order as well as to amounts of child*
3 *support that currently become due.”.*

4 (4) *PAYROLL DEDUCTIONS.—The Secretary of*
5 *Defense shall begin payroll deductions within 30 days*
6 *after receiving notice of withholding, or for the 1st*
7 *pay period that begins after such 30-day period.*

8 **SEC. 2364. VOIDING OF FRAUDULENT TRANSFERS.**

9 *Section 466 (42 U.S.C. 666), as amended by section*
10 *2321 of this Act, is amended by adding at the end the fol-*
11 *lowing new subsection:*

12 “(g) *LAWS VOIDING FRAUDULENT TRANSFERS.—In*
13 *order to satisfy section 454(20)(A), each State must have*
14 *in effect—*

15 “(1)(A) *the Uniform Fraudulent Conveyance Act*
16 *of 1981;*

17 “(B) *the Uniform Fraudulent Transfer Act of*
18 *1984; or*

19 “(C) *another law, specifying indicia of fraud*
20 *which create a prima facie case that a debtor trans-*
21 *ferred income or property to avoid payment to a child*
22 *support creditor, which the Secretary finds affords*
23 *comparable rights to child support creditors; and*

24 “(2) *procedures under which, in any case in*
25 *which the State knows of a transfer by a child sup-*

1 *port debtor with respect to which such a prima facie*
2 *case is established, the State must—*

3 *“(A) seek to void such transfer; or*

4 *“(B) obtain a settlement in the best inter-*
5 *ests of the child support creditor.”.*

6 **SEC. 2365. WORK REQUIREMENT FOR PERSONS OWING**
7 **PAST-DUE CHILD SUPPORT.**

8 *(a) IN GENERAL.—Section 466(a) (42 U.S.C. 666(a)),*
9 *as amended by sections 2315, 2317(a), and 2323 of this Act,*
10 *is amended by inserting after paragraph (14) the following*
11 *new paragraph:*

12 *“(15) PROCEDURES TO ENSURE THAT PERSONS*
13 *OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN*
14 *FOR PAYMENT OF SUCH SUPPORT.—*

15 *“(A) IN GENERAL.—Procedures under which*
16 *the State has the authority, in any case in which*
17 *an individual owes past-due support with re-*
18 *spect to a child receiving assistance under a*
19 *State program funded under part A, to issue an*
20 *order or to request that a court or an adminis-*
21 *trative process established pursuant to State law*
22 *issue an order that requires the individual to—*

23 *“(i) pay such support in accordance*
24 *with a plan approved by the court, or, at*
25 *the option of the State, a plan approved by*

1 the State agency administering the State
2 program under this part; or

3 “(ii) if the individual is subject to such
4 a plan and is not incapacitated, participate
5 in such work activities (as defined in sec-
6 tion 407(d)) as the court, or, at the option
7 of the State, the State agency administering
8 the State program under this part, deems
9 appropriate.

10 “(B) *PAST-DUE SUPPORT DEFINED.*—For
11 purposes of subparagraph (A), the term ‘past-due
12 support’ means the amount of a delinquency, de-
13 termined under a court order, or an order of an
14 administrative process established under State
15 law, for support and maintenance of a child, or
16 of a child and the parent with whom the child
17 is living.”.

18 (b) *CONFORMING AMENDMENT.*—The flush paragraph
19 at the end of section 466(a) (42 U.S.C. 666(a)) is amended
20 by striking “and (7)” and inserting “(7), and (15)”.

21 **SEC. 2366. DEFINITION OF SUPPORT ORDER.**

22 Section 453 (42 U.S.C. 653) as amended by sections
23 2316 and 2345(b) of this Act, is amended by adding at the
24 end the following new subsection:

1 “(p) *SUPPORT ORDER DEFINED.*—As used in this
2 part, the term ‘support order’ means a judgment, decree,
3 or order, whether temporary, final, or subject to modifica-
4 tion, issued by a court or an administrative agency of com-
5 petent jurisdiction, for the support and maintenance of a
6 child, including a child who has attained the age of major-
7 ity under the law of the issuing State, or a child and the
8 parent with whom the child is living, which provides for
9 monetary support, health care, arrearages, or reimburse-
10 ment, and which may include related costs and fees, interest
11 and penalties, income withholding, attorneys’ fees, and
12 other relief.”.

13 **SEC. 2367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

14 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
15 to read as follows:

16 “(7) *REPORTING ARREARAGES TO CREDIT BU-*
17 *REAUS.*—

18 “(A) *IN GENERAL.*—Procedures (subject to
19 safeguards pursuant to subparagraph (B)) re-
20 quiring the State to report periodically to
21 consumer reporting agencies (as defined in sec-
22 tion 603(f) of the Fair Credit Reporting Act (15
23 U.S.C. 1681a(f)) the name of any noncustodial
24 parent who is delinquent in the payment of sup-

1 port, and the amount of overdue support owed by
2 such parent.

3 “(B) *SAFEGUARDS.*—*Procedures ensuring*
4 *that, in carrying out subparagraph (A), infor-*
5 *mation with respect to a noncustodial parent is*
6 *reported—*

7 “(i) *only after such parent has been af-*
8 *forded all due process required under State*
9 *law, including notice and a reasonable op-*
10 *portunity to contest the accuracy of such in-*
11 *formation; and*

12 “(ii) *only to an entity that has fur-*
13 *nished evidence satisfactory to the State*
14 *that the entity is a consumer reporting*
15 *agency (as so defined).”.*

16 **SEC. 2368. LIENS.**

17 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
18 to read as follows:

19 “(4) *LIENS.*—*Procedures under which—*

20 “(A) *liens arise by operation of law against*
21 *real and personal property for amounts of over-*
22 *due support owed by a noncustodial parent who*
23 *resides or owns property in the State; and*

24 “(B) *the State accords full faith and credit*
25 *to liens described in subparagraph (A) arising in*

1 *another State, when the State agency, party, or*
2 *other entity seeking to enforce such a lien com-*
3 *plies with the procedural rules relating to record-*
4 *ing or serving liens that arise within the State,*
5 *except that such rules may not require judicial*
6 *notice or hearing prior to the enforcement of*
7 *such a lien.”.*

8 **SEC. 2369. STATE LAW AUTHORIZING SUSPENSION OF LI-**
9 **CENSES.**

10 *Section 466(a) (42 U.S.C. 666(a)), as amended by sec-*
11 *tions 2315, 2317(a), 2323, and 2365 of this Act, is amended*
12 *by inserting after paragraph (15) the following:*

13 “(16) *AUTHORITY TO WITHHOLD OR SUSPEND*
14 *LICENSES.—Procedures under which the State has*
15 *(and uses in appropriate cases) authority to withhold*
16 *or suspend, or to restrict the use of driver’s licenses,*
17 *professional and occupational licenses, and rec-*
18 *reational licenses of individuals owing overdue sup-*
19 *port or failing, after receiving appropriate notice, to*
20 *comply with subpoenas or warrants relating to pater-*
21 *nity or child support proceedings.”.*

22 **SEC. 2370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
23 **CHILD SUPPORT.**

24 *(a) HHS CERTIFICATION PROCEDURE.—*

1 (1) *SECRETARIAL RESPONSIBILITY.*—Section 452
2 (42 U.S.C. 652), as amended by section 2345 of this
3 Act, is amended by adding at the end the following
4 new subsection:

5 “(k)(1) *If the Secretary receives a certification by a*
6 *State agency in accordance with the requirements of section*
7 *454(31) that an individual owes arrearages of child support*
8 *in an amount exceeding \$5,000, the Secretary shall trans-*
9 *mit such certification to the Secretary of State for action*
10 *(with respect to denial, revocation, or limitation of pass-*
11 *ports) pursuant to paragraph (2).*

12 “(2) *The Secretary of State shall, upon certification*
13 *by the Secretary transmitted under paragraph (1), refuse*
14 *to issue a passport to such individual, and may revoke, re-*
15 *strict, or limit a passport issued previously to such individ-*
16 *ual.*

17 “(3) *The Secretary and the Secretary of State shall*
18 *not be liable to an individual for any action with respect*
19 *to a certification by a State agency under this section.”.*

20 (2) *STATE AGENCY RESPONSIBILITY.*—Section
21 454 (42 U.S.C. 654), as amended by sections 2301(b),
22 2303(a), 2312(b), 2313(a), 2333, and 2343(b) of this
23 Act, is amended—

24 (A) *by striking “and” at the end of para-*
25 *graph (29);*

1 (B) by striking the period at the end of
2 paragraph (30) and inserting “; and”; and

3 (C) by adding after paragraph (30) the fol-
4 lowing new paragraph:

5 “(31) provide that the State agency will have in
6 effect a procedure for certifying to the Secretary, for
7 purposes of the procedure under section 452(k), deter-
8 minations that individuals owe arrearages of child
9 support in an amount exceeding \$5,000, under which
10 procedure—

11 “(A) each individual concerned is afforded
12 notice of such determination and the con-
13 sequences thereof, and an opportunity to contest
14 the determination; and

15 “(B) the certification by the State agency is
16 furnished to the Secretary in such format, and
17 accompanied by such supporting documentation,
18 as the Secretary may require.”.

19 (b) *EFFECTIVE DATE.*—This section and the amend-
20 ments made by this section shall become effective October
21 1, 1997.

22 **SEC. 2371. INTERNATIONAL SUPPORT ENFORCEMENT.**

23 (a) *AUTHORITY FOR INTERNATIONAL AGREEMENTS.*—
24 Part D of title IV, as amended by section 2362(a) of this

1 *Act, is amended by adding after section 459 the following*
2 *new section:*

3 **“SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.**

4 *“(a) AUTHORITY FOR DECLARATIONS.—*

5 *“(1) DECLARATION.—The Secretary of State,*
6 *with the concurrence of the Secretary of Health and*
7 *Human Services, is authorized to declare any foreign*
8 *country (or a political subdivision thereof) to be a*
9 *foreign reciprocating country if the foreign country*
10 *has established, or undertakes to establish, procedures*
11 *for the establishment and enforcement of duties of*
12 *support owed to obligees who are residents of the*
13 *United States, and such procedures are substantially*
14 *in conformity with the standards prescribed under*
15 *subsection (b).*

16 *“(2) REVOCATION.—A declaration with respect*
17 *to a foreign country made pursuant to paragraph (1)*
18 *may be revoked if the Secretaries of State and Health*
19 *and Human Services determine that—*

20 *“(A) the procedures established by the for-*
21 *ign country regarding the establishment and en-*
22 *forcement of duties of support have been so*
23 *changed, or the foreign country’s implementation*
24 *of such procedures is so unsatisfactory, that such*

1 *procedures do not meet the criteria for such a*
2 *declaration; or*

3 “(B) *continued operation of the declaration*
4 *is not consistent with the purposes of this part.*

5 “(3) *FORM OF DECLARATION.—A declaration*
6 *under paragraph (1) may be made in the form of an*
7 *international agreement, in connection with an inter-*
8 *national agreement or corresponding foreign declara-*
9 *tion, or on a unilateral basis.*

10 “(b) *STANDARDS FOR FOREIGN SUPPORT ENFORCE-*
11 *MENT PROCEDURES.—*

12 “(1) *MANDATORY ELEMENTS.—Support enforce-*
13 *ment procedures of a foreign country which may be*
14 *the subject of a declaration pursuant to subsection*
15 *(a)(1) shall include the following elements:*

16 “(A) *The foreign country (or political sub-*
17 *division thereof) has in effect procedures, avail-*
18 *able to residents of the United States—*

19 “(i) *for establishment of paternity, and*
20 *for establishment of orders of support for*
21 *children and custodial parents; and*

22 “(ii) *for enforcement of orders to pro-*
23 *vide support to children and custodial par-*
24 *ents, including procedures for collection and*

1 *appropriate distribution of support pay-*
2 *ments under such orders.*

3 “(B) *The procedures described in subpara-*
4 *graph (A), including legal and administrative*
5 *assistance, are provided to residents of the Unit-*
6 *ed States at no cost.*

7 “(C) *An agency of the foreign country is*
8 *designated as a Central Authority responsible*
9 *for—*

10 “(i) *facilitating support enforcement in*
11 *cases involving residents of the foreign coun-*
12 *try and residents of the United States; and*

13 “(ii) *ensuring compliance with the*
14 *standards established pursuant to this sub-*
15 *section.*

16 “(2) *ADDITIONAL ELEMENTS.—The Secretary of*
17 *Health and Human Services and the Secretary of*
18 *State, in consultation with the States, may establish*
19 *such additional standards as may be considered nec-*
20 *essary to further the purposes of this section.*

21 “(c) *DESIGNATION OF UNITED STATES CENTRAL AU-*
22 *THORITY.—It shall be the responsibility of the Secretary of*
23 *Health and Human Services to facilitate support enforce-*
24 *ment in cases involving residents of the United States and*

1 residents of foreign countries that are the subject of a dec-
2 laration under this section, by activities including—

3 “(1) development of uniform forms and proce-
4 dures for use in such cases;

5 “(2) notification of foreign reciprocating coun-
6 tries of the State of residence of individuals sought for
7 support enforcement purposes, on the basis of infor-
8 mation provided by the Federal Parent Locator Serv-
9 ice; and

10 “(3) such other oversight, assistance, and coordi-
11 nation activities as the Secretary may find necessary
12 and appropriate.

13 “(d) *EFFECT ON OTHER LAWS.*—States may enter
14 into reciprocal arrangements for the establishment and en-
15 forcement of support obligations with foreign countries that
16 are not the subject of a declaration pursuant to subsection
17 (a), to the extent consistent with Federal law.”.

18 (b) *STATE PLAN REQUIREMENT.*—Section 454 (42
19 U.S.C. 654), as amended by sections 2301(b), 2303(a),
20 2312(b), 2313(a), 2333, 2343(b), and 2370(a)(2) of this Act,
21 is amended—

22 (1) by striking “and” at the end of paragraph
23 (30);

24 (2) by striking the period at the end of para-
25 graph (31) and inserting “; and”; and

1 (3) by adding after paragraph (31) the following
2 new paragraph:

3 “(32)(A) provide that any request for services
4 under this part by a foreign reciprocating country or
5 a foreign country with which the State has an ar-
6 rangement described in section 459A(d)(2) shall be
7 treated as a request by a State;

8 “(B) provide, at State option, notwithstanding
9 paragraph (4) or any other provision of this part, for
10 services under the plan for enforcement of a spousal
11 support order not described in paragraph (4)(B) en-
12 tered by such a country (or subdivision); and

13 “(C) provide that no applications will be re-
14 quired from, and no costs will be assessed for such
15 services against, the foreign reciprocating country or
16 foreign obligee (but costs may at State option be as-
17 sessed against the obligor).”.

18 **SEC. 2372. FINANCIAL INSTITUTION DATA MATCHES.**

19 Section 466(a) (42 U.S.C. 666(a)), as amended by sec-
20 tions 2315, 2317(a), 2323, 2365, and 2369 of this Act, is
21 amended by inserting after paragraph (16) the following
22 new paragraph:

23 “(17) **FINANCIAL INSTITUTION DATA MATCHES.**—

24 “(A) **IN GENERAL.**—Procedures under which
25 the State agency shall enter into agreements with

1 *financial institutions doing business in the*
2 *State—*

3 “(i) *to develop and operate, in coordi-*
4 *nation with such financial institutions, a*
5 *data match system, using automated data*
6 *exchanges to the maximum extent feasible,*
7 *in which each such financial institution is*
8 *required to provide for each calendar quar-*
9 *ter the name, record address, social security*
10 *number or other taxpayer identification*
11 *number, and other identifying information*
12 *for each noncustodial parent who maintains*
13 *an account at such institution and who*
14 *owes past-due support, as identified by the*
15 *State by name and social security number*
16 *or other taxpayer identification number;*
17 *and*

18 “(ii) *in response to a notice of lien or*
19 *levy, encumber or surrender, as the case*
20 *may be, assets held by such institution on*
21 *behalf of any noncustodial parent who is*
22 *subject to a child support lien pursuant to*
23 *paragraph (4).*

24 “(B) *REASONABLE FEES.—The State agen-*
25 *cy may pay a reasonable fee to a financial insti-*

1 *tution for conducting the data match provided*
2 *for in subparagraph (A)(i), not to exceed the ac-*
3 *tual costs incurred by such financial institution.*

4 “(C) *LIABILITY.*—*A financial institution*
5 *shall not be liable under any Federal or State*
6 *law to any person—*

7 *“(i) for any disclosure of information*
8 *to the State agency under subparagraph*
9 *(A)(i);*

10 *“(ii) for encumbering or surrendering*
11 *any assets held by such financial institution*
12 *in response to a notice of lien or levy issued*
13 *by the State agency as provided for in sub-*
14 *paragraph (A)(ii); or*

15 *“(iii) for any other action taken in*
16 *good faith to comply with the requirements*
17 *of subparagraph (A).*

18 “(D) *DEFINITIONS.*—*For purposes of this*
19 *paragraph—*

20 *“(i) FINANCIAL INSTITUTION.*—*The*
21 *term ‘financial institution’ has the meaning*
22 *given to such term by section 469A(d)(1).*

23 *“(ii) ACCOUNT.*—*The term ‘account’*
24 *means a demand deposit account, checking*
25 *or negotiable withdrawal order account,*

1 *savings account, time deposit account, or*
2 *money-market mutual fund account.”.*

3 **SEC. 2373. ENFORCEMENT OF ORDERS AGAINST PATERNAL**
4 **OR MATERNAL GRANDPARENTS IN CASES OF**
5 **MINOR PARENTS.**

6 *Section 466(a) (42 U.S.C. 666(a)), as amended by sec-*
7 *tions 2315, 2317(a), 2323, 2365, 2369, and 2372 of this*
8 *Act, is amended by inserting after paragraph (17) the fol-*
9 *lowing new paragraph:*

10 “(18) *ENFORCEMENT OF ORDERS AGAINST PA-*
11 *TERNAL OR MATERNAL GRANDPARENTS.—Procedures*
12 *under which, at the State’s option, any child support*
13 *order enforced under this part with respect to a child*
14 *of minor parents, if the custodial parent of such child*
15 *is receiving assistance under the State program under*
16 *part A, shall be enforceable, jointly and severally,*
17 *against the parents of the noncustodial parent of such*
18 *child.”.*

19 **SEC. 2374. NONDISCHARGEABILITY IN BANKRUPTCY OF**
20 **CERTAIN DEBTS FOR THE SUPPORT OF A**
21 **CHILD.**

22 *(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES*
23 *CODE.—Section 523(a) of title 11, United States Code, is*
24 *amended—*

1 (1) *by striking “or” at the end of paragraph*
2 *(16);*

3 (2) *by striking the period at the end of para-*
4 *graph (17) and inserting “; or”;*

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

6 “(18) *owed under State law to a State or mu-*
7 *nicipality that is—*

8 *“(A) in the nature of support, and*

9 *“(B) enforceable under part D of title IV of*
10 *the Social Security Act (42 U.S.C. 601 et seq.).”,*

11 *and*

12 (3) *in paragraph (5), by striking “section*
13 *402(a)(26)” and inserting “section 408(a)(4)”.*

14 (b) *AMENDMENT TO THE SOCIAL SECURITY ACT.—*
15 *Section 456(b) (42 U.S.C. 656(b)) is amended to read as*
16 *follows:*

17 “(b) *NONDISCHARGEABILITY.—A debt (as defined in*
18 *section 101 of title 11 of the United States Code) owed*
19 *under State law to a State (as defined in such section) or*
20 *municipality (as defined in such section) that is in the na-*
21 *ture of support and that is enforceable under this part is*
22 *not released by a discharge in bankruptcy under title 11*
23 *of the United States Code.”.*

24 (c) *APPLICATION OF AMENDMENTS.—The amendments*
25 *made by this section shall apply only with respect to cases*

1 *commenced under title 11 of the United States Code after*
2 *the date of the enactment of this Act.*

3 **SEC. 2375. CHILD SUPPORT ENFORCEMENT FOR INDIAN**
4 **TRIBES.**

5 *(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—*
6 *Section 454 (42 U.S.C. 654), as amended by sections*
7 *2301(b), 2303(a), 2312(b), 2313(a), 2333, 2343(b),*
8 *2370(a)(2), and 2371(b) of this Act is amended—*

9 *(1) by striking “and” at the end of paragraph*
10 *(31);*

11 *(2) by striking the period at the end of para-*
12 *graph (32) and inserting “; and”;*

13 *(3) by adding after paragraph (32) the following*
14 *new paragraph:*

15 *“(33) provide that a State that receives funding*
16 *pursuant to section 428 and that has within its bor-*
17 *ders Indian country (as defined in section 1151 of*
18 *title 18, United States Code) may enter into coopera-*
19 *tive agreements with an Indian tribe or tribal organi-*
20 *zation (as defined in subsections (e) and (l) of section*
21 *4 of the Indian Self-Determination and Education*
22 *Assistance Act (25 U.S.C. 450b)), if the Indian tribe*
23 *or tribal organization demonstrates that such tribe or*
24 *organization has an established tribal court system or*
25 *a Court of Indian Offenses with the authority to es-*

1 *tablish paternity, establish, modify, and enforce sup-*
2 *port orders, and to enter support orders in accordance*
3 *with child support guidelines established by such tribe*
4 *or organization, under which the State and tribe or*
5 *organization shall provide for the cooperative delivery*
6 *of child support enforcement services in Indian coun-*
7 *try and for the forwarding of all funding collected*
8 *pursuant to the functions performed by the tribe or*
9 *organization to the State agency, or conversely, by the*
10 *State agency to the tribe or organization, which shall*
11 *distribute such funding in accordance with such*
12 *agreement; and*

13 *(4) by adding at the end the following new sen-*
14 *tence: “Nothing in paragraph (33) shall void any*
15 *provision of any cooperative agreement entered into*
16 *before the date of the enactment of such paragraph,*
17 *nor shall such paragraph deprive any State of juris-*
18 *isdiction over Indian country (as so defined) that is*
19 *lawfully exercised under section 402 of the Act enti-*
20 *tled ‘An Act to prescribe penalties for certain acts of*
21 *violence or intimidation, and for other purposes’, ap-*
22 *proved April 11, 1968 (25 U.S.C. 1322).”.*

23 *(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES*
24 *AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C.*

1 655) is amended by adding at the end the following new
2 subsection:

3 “(b) The Secretary may, in appropriate cases, make
4 direct payments under this part to an Indian tribe or tribal
5 organization which has an approved child support enforce-
6 ment plan under this title. In determining whether such
7 payments are appropriate, the Secretary shall, at a mini-
8 mum, consider whether services are being provided to eligi-
9 ble Indian recipients by the State agency through an agree-
10 ment entered into pursuant to section 454(33).”.

11 (c) *COOPERATIVE ENFORCEMENT AGREEMENTS.*—
12 Paragraph (7) of section 454 (42 U.S.C. 654) is amended
13 by inserting “and Indian tribes or tribal organizations (as
14 defined in subsections (e) and (l) of section 4 of the Indian
15 Self-Determination and Education Assistance Act (25
16 U.S.C. 450b))” after “law enforcement officials”.

17 (d) *CONFORMING AMENDMENT.*—Subsection (c) of sec-
18 tion 428 (42 U.S.C. 628) is amended to read as follows:

19 “(c) For purposes of this section, the terms ‘Indian
20 tribe’ and ‘tribal organization’ shall have the meanings
21 given such terms by subsections (e) and (l) of section 4 of
22 the Indian Self-Determination and Education Assistance
23 Act (25 U.S.C. 450b)), respectively.”.

1 **Subchapter H—Medical Support**

2 **SEC. 2376. CORRECTION TO ERISA DEFINITION OF MEDICAL**
3 **CHILD SUPPORT ORDER.**

4 (a) *IN GENERAL.*—Section 609(a)(2)(B) of the *Em-*
5 *ployee Retirement Income Security Act of 1974 (29 U.S.C.*
6 *1169(a)(2)(B)) is amended—*

7 (1) *by striking “issued by a court of competent*
8 *jurisdiction”;*

9 (2) *by striking the period at the end of clause*
10 *(ii) and inserting a comma; and*

11 (3) *by adding, after and below clause (ii), the*
12 *following:*

13 *“if such judgment, decree, or order (I) is issued*
14 *by a court of competent jurisdiction or (II) is is-*
15 *ssued through an administrative process estab-*
16 *lished under State law and has the force and ef-*
17 *fect of law under applicable State law.”.*

18 (b) *EFFECTIVE DATE.*—

19 (1) *IN GENERAL.*—*The amendments made by*
20 *this section shall take effect on the date of the enact-*
21 *ment of this Act.*

22 (2) *PLAN AMENDMENTS NOT REQUIRED UNTIL*
23 *JANUARY 1, 1997.*—*Any amendment to a plan required*
24 *to be made by an amendment made by this section*

1 *shall not be required to be made before the 1st plan*
2 *year beginning on or after January 1, 1997, if—*

3 *(A) during the period after the date before*
4 *the date of the enactment of this Act and before*
5 *such 1st plan year, the plan is operated in ac-*
6 *cordance with the requirements of the amend-*
7 *ments made by this section; and*

8 *(B) such plan amendment applies retro-*
9 *actively to the period after the date before the*
10 *date of the enactment of this Act and before such*
11 *1st plan year.*

12 *A plan shall not be treated as failing to be operated*
13 *in accordance with the provisions of the plan merely*
14 *because it operates in accordance with this para-*
15 *graph.*

16 **SEC. 2377. ENFORCEMENT OF ORDERS FOR HEALTH CARE**
17 **COVERAGE.**

18 *Section 466(a) (42 U.S.C. 666(a)), as amended by sec-*
19 *tions 2315, 2317(a), 2323, 2365, 2369, 2372, and 2373 of*
20 *this Act, is amended by inserting after paragraph (18) the*
21 *following new paragraph:*

22 “(19) **HEALTH CARE COVERAGE.**—*Procedures*
23 *under which all child support orders enforced pursu-*
24 *ant to this part shall include a provision for the*
25 *health care coverage of the child, and in the case in*

1 pickup), and development of guidelines for visitation and
2 alternative custody arrangements.

3 “(b) *AMOUNT OF GRANT.*—The amount of the grant
4 to be made to a State under this section for a fiscal year
5 (beginning with fiscal year 1998) shall be an amount equal
6 to the lesser of—

7 “(1) 90 percent of State expenditures during the
8 fiscal year for activities described in subsection (a); or

9 “(2) the allotment of the State under subsection
10 (c) for the fiscal year.

11 “(c) *ALLOTMENTS TO STATES.*—

12 “(1) *IN GENERAL.*—The allotment of a State for
13 a fiscal year is the amount that bears the same ratio
14 to \$10,000,000 for grants under this section for the
15 fiscal year as the number of children in the State liv-
16 ing with only 1 biological parent bears to the total
17 number of such children in all States.

18 “(2) *MINIMUM ALLOTMENT.*—The Administra-
19 tion for Children and Families shall adjust allotments
20 to States under paragraph (1) as necessary to ensure
21 that no State is allotted less than—

22 “(A) \$50,000 for fiscal year 1998 or 1999

23 or

24 “(B) \$100,000 for any succeeding fiscal
25 year.

1 “(d) *NO SUPPLANTATION OF STATE EXPENDITURES*
 2 *FOR SIMILAR ACTIVITIES.*—A State to which a grant is
 3 made under this section may not use the grant to supplant
 4 expenditures by the State for activities specified in sub-
 5 section (a), but shall use the grant to supplement such ex-
 6 penditures at a level at least equal to the level of such ex-
 7 penditures for fiscal year 1995.

8 “(e) *STATE ADMINISTRATION.*—Each State to which a
 9 grant is made under this section—

10 “(1) may administer State programs funded
 11 with the grant, directly or through grants to or con-
 12 tracts with courts, local public agencies, or nonprofit
 13 private entities;

14 “(2) shall not be required to operate such pro-
 15 grams on a statewide basis; and

16 “(3) shall monitor, evaluate, and report on such
 17 programs in accordance with regulations prescribed
 18 by the Secretary.”.

19 ***Subchapter J—Effective Dates and***
 20 ***Conforming Amendments***

21 ***SEC. 2391. EFFECTIVE DATES AND CONFORMING AMEND-***
 22 ***MENTS.***

23 “(a) *IN GENERAL.*—Except as otherwise specifically
 24 provided (but subject to subsections (b) and (c))—

1 (1) *the provisions of this chapter requiring the*
2 *enactment or amendment of State laws under section*
3 *466 of the Social Security Act, or revision of State*
4 *plans under section 454 of such Act, shall be effective*
5 *with respect to periods beginning on and after Octo-*
6 *ber 1, 1996; and*

7 (2) *all other provisions of this chapter shall be-*
8 *come effective upon the date of the enactment of this*
9 *Act.*

10 (b) *GRACE PERIOD FOR STATE LAW CHANGES.—The*
11 *provisions of this chapter shall become effective with respect*
12 *to a State on the later of—*

13 (1) *the date specified in this chapter, or*

14 (2) *the effective date of laws enacted by the legis-*
15 *lature of such State implementing such provisions,*

16 *but in no event later than the 1st day of the 1st calendar*
17 *quarter beginning after the close of the 1st regular session*
18 *of the State legislature that begins after the date of the en-*
19 *actment of this Act. For purposes of the previous sentence,*
20 *in the case of a State that has a 2-year legislative session,*
21 *each year of such session shall be deemed to be a separate*
22 *regular session of the State legislature.*

23 (c) *GRACE PERIOD FOR STATE CONSTITUTIONAL*
24 *AMENDMENT.—A State shall not be found out of compliance*
25 *with any requirement enacted by this chapter if the State*

1 *is unable to so comply without amending the State constitu-*
2 *tion until the earlier of—*

3 *(1) 1 year after the effective date of the necessary*
4 *State constitutional amendment; or*

5 *(2) 5 years after the date of the enactment of this*
6 *Act.*

7 *(d) CONFORMING AMENDMENTS.—*

8 *(1) The following provisions are amended by*
9 *striking “absent” each place it appears and inserting*
10 *“noncustodial”:*

11 *(A) Section 451 (42 U.S.C. 651).*

12 *(B) Subsections (a)(1), (a)(8), (a)(10)(E),*
13 *(a)(10)(F), (f), and (h) of section 452 (42 U.S.C.*
14 *652).*

15 *(C) Section 453(f) (42 U.S.C. 653(f)).*

16 *(D) Paragraphs (8), (13), and (21)(A) of*
17 *section 454 (42 U.S.C. 654).*

18 *(E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).*

19 *(F) Section 458(a) (42 U.S.C. 658(a)).*

20 *(G) Subsections (a), (b), and (c) of section*
21 *463 (42 U.S.C. 663).*

22 *(H) Subsections (a)(3)(A), (a)(3)(C), (a)(6),*
23 *and (a)(8)(B)(ii), the last sentence of subsection*
24 *(a), and subsections (b)(1), (b)(3)(B),*

1 (b)(3)(B)(i), (b)(6)(A)(i), (b)(8), (b)(9), and (e)
2 of section 466 (42 U.S.C. 666).

3 (2) *The following provisions are amended by*
4 *striking “an absent” each place it appears and insert-*
5 *ing “a noncustodial”:*

6 (A) *Paragraphs (2) and (3) of section*
7 *453(c) (42 U.S.C. 653(c)).*

8 (B) *Subparagraphs (B) and (C) of section*
9 *454(9) (42 U.S.C. 654(9)).*

10 (C) *Section 456(a)(3) (42 U.S.C.*
11 *656(a)(3)).*

12 (D) *Subsections (a)(3)(A), (a)(6),*
13 *(a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section*
14 *466 (42 U.S.C. 666).*

15 (E) *Paragraphs (2) and (4) of section*
16 *469(b) (42 U.S.C. 669(b)).*

17 **CHAPTER 4—RESTRICTING WELFARE AND**
18 **PUBLIC BENEFITS FOR ALIENS**

19 **SEC. 2400. STATEMENTS OF NATIONAL POLICY CONCERN-**
20 **ING WELFARE AND IMMIGRATION.**

21 *The Congress makes the following statements concern-*
22 *ing national policy with respect to welfare and immigra-*
23 *tion:*

1 (1) *Self-sufficiency has been a basic principle of*
2 *United States immigration law since this country's*
3 *earliest immigration statutes.*

4 (2) *It continues to be the immigration policy of*
5 *the United States that—*

6 (A) *aliens within the Nation's borders not*
7 *depend on public resources to meet their needs,*
8 *but rather rely on their own capabilities and the*
9 *resources of their families, their sponsors, and*
10 *private organizations, and*

11 (B) *the availability of public benefits not*
12 *constitute an incentive for immigration to the*
13 *United States.*

14 (3) *Despite the principle of self-sufficiency,*
15 *aliens have been applying for and receiving public*
16 *benefits from Federal, State, and local governments at*
17 *increasing rates.*

18 (4) *Current eligibility rules for public assistance*
19 *and unenforceable financial support agreements have*
20 *proved wholly incapable of assuring that individual*
21 *aliens not burden the public benefits system.*

22 (5) *It is a compelling government interest to*
23 *enact new rules for eligibility and sponsorship agree-*
24 *ments in order to assure that aliens be self-reliant in*
25 *accordance with national immigration policy.*

1 (6) *It is a compelling government interest to re-*
2 *move the incentive for illegal immigration provided*
3 *by the availability of public benefits.*

4 (7) *With respect to the State authority to make*
5 *determinations concerning the eligibility of qualified*
6 *aliens for public benefits in this chapter, a State that*
7 *chooses to follow the Federal classification in deter-*
8 *mining the eligibility of such aliens for public assist-*
9 *ance shall be considered to have chosen the least re-*
10 *strictive means available for achieving the compelling*
11 *governmental interest of assuring that aliens be self-*
12 *reliant in accordance with national immigration pol-*
13 *icy.*

14 ***Subchapter A—Eligibility for Federal Benefits***

15 ***SEC. 2401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-***
16 ***GIBLE FOR FEDERAL PUBLIC BENEFITS.***

17 (a) *IN GENERAL.*—*Notwithstanding any other provi-*
18 *sion of law and except as provided in subsection (b), an*
19 *alien who is not a qualified alien (as defined in section*
20 *2431) is not eligible for any Federal public benefit (as de-*
21 *finied in subsection (c)).*

22 (b) *EXCEPTIONS.*—

23 (1) *Subsection (a) shall not apply with respect*
24 *to the following Federal public benefits:*

1 (A) *Emergency medical services under title*
2 *XV or XIX of the Social Security Act.*

3 (B) *Short-term, non-cash, in-kind emer-*
4 *gency disaster relief.*

5 (C)(i) *Public health assistance for immuni-*
6 *zations.*

7 (ii) *Public health assistance for testing and*
8 *treatment of a communicable disease if the Sec-*
9 *retary of Health and Human Services deter-*
10 *mines that it is necessary to prevent the spread*
11 *of such disease.*

12 (D) *Programs, services, or assistance (such*
13 *as soup kitchens, crisis counseling and interven-*
14 *tion, and short-term shelter) specified by the At-*
15 *torney General, in the Attorney General's sole*
16 *and unreviewable discretion after consultation*
17 *with appropriate Federal agencies and depart-*
18 *ments, which (i) deliver in-kind services at the*
19 *community level, including through public or*
20 *private nonprofit agencies; (ii) do not condition*
21 *the provision of assistance, the amount of assist-*
22 *ance provided, or the cost of assistance provided*
23 *on the individual recipient's income or resources;*
24 *and (iii) are necessary for the protection of life*
25 *or safety.*

1 (E) *Programs for housing or community de-*
2 *velopment assistance or financial assistance ad-*
3 *ministered by the Secretary of Housing and*
4 *Urban Development, any program under title V*
5 *of the Housing Act of 1949, or any assistance*
6 *under section 306C of the Consolidated Farm*
7 *and Rural Development Act, to the extent that*
8 *the alien is receiving such a benefit on the date*
9 *of the enactment of this Act.*

10 (2) *Subsection (a) shall not apply to any benefit*
11 *payable under title II of the Social Security Act to*
12 *an alien who is lawfully present in the United States*
13 *as determined by the Attorney General, to any benefit*
14 *if nonpayment of such benefit would contravene an*
15 *international agreement described in section 233 of*
16 *the Social Security Act, to any benefit if nonpayment*
17 *would be contrary to section 202(t) of the Social Se-*
18 *curity Act, or to any benefit payable under title II of*
19 *the Social Security Act to which entitlement is based*
20 *on an application filed in or before the month in*
21 *which this Act becomes law.*

22 (c) *FEDERAL PUBLIC BENEFIT DEFINED.—*

23 (1) *Except as provided in paragraph (2), for*
24 *purposes of this chapter the term “Federal public ben-*
25 *efit” means—*

1 (A) any grant, contract, loan, professional
2 license, or commercial license provided by an
3 agency of the United States or by appropriated
4 funds of the United States; and

5 (B) any retirement, welfare, health, disabil-
6 ity, public or assisted housing, postsecondary
7 education, food assistance, unemployment bene-
8 fit, or any other similar benefit for which pay-
9 ments or assistance are provided to an individ-
10 ual, household, or family eligibility unit by an
11 agency of the United States or by appropriated
12 funds of the United States.

13 (2) Such term shall not apply—

14 (A) to any contract, professional license, or
15 commercial license for a nonimmigrant whose
16 visa for entry is related to such employment in
17 the United States; or

18 (B) with respect to benefits for an alien who
19 as a work authorized nonimmigrant or as an
20 alien lawfully admitted for permanent residence
21 under the Immigration and Nationality Act
22 qualified for such benefits and for whom the
23 United States under reciprocal treaty agreements
24 is required to pay benefits, as determined by the

1 *Attorney General, after consultation with the*
2 *Secretary of State.*

3 **SEC. 2402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR**
4 **CERTAIN FEDERAL PROGRAMS.**

5 *(a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL*
6 *PROGRAMS.—*

7 *(1) IN GENERAL.—Notwithstanding any other*
8 *provision of law and except as provided in paragraph*
9 *(2), an alien who is a qualified alien (as defined in*
10 *section 2431) is not eligible for any specified Federal*
11 *program (as defined in paragraph (3)).*

12 *(2) EXCEPTIONS.—*

13 *(A) TIME-LIMITED EXCEPTION FOR REFU-*
14 *GEES AND ASYLEES.—Paragraph (1) shall not*
15 *apply to an alien until 5 years after the date—*

16 *(i) an alien is admitted to the United*
17 *States as a refugee under section 207 of the*
18 *Immigration and Nationality Act;*

19 *(ii) an alien is granted asylum under*
20 *section 208 of such Act; or*

21 *(iii) an alien's deportation is withheld*
22 *under section 243(h) of such Act.*

23 *(B) CERTAIN PERMANENT RESIDENT*
24 *ALIENS.—Paragraph (1) shall not apply to an*
25 *alien who—*

1 (i) is lawfully admitted to the United
2 States for permanent residence under the
3 Immigration and Nationality Act; and

4 (ii)(I) has worked 40 qualifying quar-
5 ters of coverage as defined under title II of
6 the Social Security Act or can be credited
7 with such qualifying quarters as provided
8 under section 435, and (II) did not receive
9 any Federal means-tested public benefit (as
10 defined in section 2403(c)) during any such
11 quarter.

12 (C) VETERAN AND ACTIVE DUTY EXCEP-
13 TION.—Paragraph (1) shall not apply to an
14 alien who is lawfully residing in any State and
15 is—

16 (i) a veteran (as defined in section 101
17 of title 38, United States Code) with a dis-
18 charge characterized as an honorable dis-
19 charge and not on account of alienage,

20 (ii) on active duty (other than active
21 duty for training) in the Armed Forces of
22 the United States, or

23 (iii) the spouse or unmarried depend-
24 ent child of an individual described in
25 clause (i) or (ii).

1 (D) *TRANSITION FOR ALIENS CURRENTLY*
2 *RECEIVING BENEFITS.—*

3 (i) *SSI.—*

4 (I) *IN GENERAL.—With respect to*
5 *the specified Federal program described*
6 *in paragraph (3)(A), during the period*
7 *beginning on the date of the enactment*
8 *of this Act and ending on the date*
9 *which is 1 year after such date of en-*
10 *actment, the Commissioner of Social*
11 *Security shall redetermine the eligi-*
12 *bility of any individual who is receiv-*
13 *ing benefits under such program as of*
14 *the date of the enactment of this Act*
15 *and whose eligibility for such benefits*
16 *may terminate by reason of the provi-*
17 *sions of this subsection.*

18 (II) *REDETERMINATION CRI-*
19 *TERIA.—With respect to any redeter-*
20 *mination under subclause (I), the*
21 *Commissioner of Social Security shall*
22 *apply the eligibility criteria for new*
23 *applicants for benefits under such pro-*
24 *gram.*

1 (III) *GRANDFATHER PROVI-*
2 *SION.—The provisions of this sub-*
3 *section and the redetermination under*
4 *subclause (I), shall only apply with re-*
5 *spect to the benefits of an individual*
6 *described in subclause (I) for months*
7 *beginning on or after the date of the*
8 *redetermination with respect to such*
9 *individual.*

10 (IV) *NOTICE.—Not later than*
11 *January 1, 1997, the Commissioner of*
12 *Social Security shall notify an indi-*
13 *vidual described in subclause (I) of the*
14 *provisions of this clause.*

15 (ii) *FOOD STAMPS.—*

16 (I) *IN GENERAL.—With respect to*
17 *the specified Federal program described*
18 *in paragraph (3)(B), during the period*
19 *beginning on the date of enactment of*
20 *this Act and ending on the date which*
21 *is 1 year after the date of enactment,*
22 *the State agency shall, at the time of*
23 *the recertification, recertify the eligi-*
24 *bility of any individual who is receiv-*
25 *ing benefits under such program as of*

1 *the date of enactment of this Act and*
2 *whose eligibility for such benefits may*
3 *terminate by reason of the provisions*
4 *of this subsection.*

5 (II) *RECERTIFICATION CRI-*
6 *TERIA.—With respect to any recertifi-*
7 *cation under subclause (I), the State*
8 *agency shall apply the eligibility cri-*
9 *teria for applicants for benefits under*
10 *such program.*

11 (III) *GRANDFATHER PROVI-*
12 *SION.—The provisions of this sub-*
13 *section and the recertification under*
14 *subclause (I) shall only apply with re-*
15 *spect to the eligibility of an alien for*
16 *a program for months beginning on or*
17 *after the date of recertification, if on*
18 *the date of enactment of this Act the*
19 *alien is lawfully residing in any State*
20 *and is receiving benefits under such*
21 *program on such date of enactment.*

22 (3) *SPECIFIED FEDERAL PROGRAM DEFINED.—*
23 *For purposes of this chapter, the term “specified Fed-*
24 *eral program” means any of the following:*

1 (A) *SSI.*—*The supplemental security in-*
2 *come program under title XVI of the Social Se-*
3 *curity Act, including supplementary payments*
4 *pursuant to an agreement for Federal adminis-*
5 *tration under section 1616(a) of the Social Secu-*
6 *rity Act and payments pursuant to an agree-*
7 *ment entered into under section 212(b) of Public*
8 *Law 93–66.*

9 (B) *FOOD STAMPS.*—*The food stamp pro-*
10 *gram as defined in section 3(h) of the Food*
11 *Stamp Act of 1977.*

12 (b) *LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL*
13 *PROGRAMS.*—

14 (1) *IN GENERAL.*—*Notwithstanding any other*
15 *provision of law and except as provided in section*
16 *2403 and paragraph (2), a State is authorized to de-*
17 *termine the eligibility of an alien who is a qualified*
18 *alien (as defined in section 2431) for any designated*
19 *Federal program (as defined in paragraph (3)).*

20 (2) *EXCEPTIONS.*—*Qualified aliens under this*
21 *paragraph shall be eligible for any designated Federal*
22 *program.*

23 (A) *TIME-LIMITED EXCEPTION FOR REFU-*
24 *GEES AND ASYLEES.*—

1 (i) *An alien who is admitted to the*
2 *United States as a refugee under section*
3 *207 of the Immigration and Nationality*
4 *Act until 5 years after the date of an alien's*
5 *entry into the United States.*

6 (ii) *An alien who is granted asylum*
7 *under section 208 of such Act until 5 years*
8 *after the date of such grant of asylum.*

9 (iii) *An alien whose deportation is*
10 *being withheld under section 243(h) of such*
11 *Act until 5 years after such withholding.*

12 (B) *CERTAIN PERMANENT RESIDENT*
13 *ALIENS.—An alien who—*

14 (i) *is lawfully admitted to the United*
15 *States for permanent residence under the*
16 *Immigration and Nationality Act; and*

17 (ii) *(I) has worked 40 qualifying quar-*
18 *ters of coverage as defined under title II of*
19 *the Social Security Act or can be credited*
20 *with such qualifying quarters as provided*
21 *under section 2435, and (II) did not receive*
22 *any Federal means-tested public benefit (as*
23 *defined in section 2403(c)) during any such*
24 *quarter.*

1 (C) *VETERAN AND ACTIVE DUTY EXCEP-*
2 *TION.—An alien who is lawfully residing in any*
3 *State and is—*

4 (i) *a veteran (as defined in section 101*
5 *of title 38, United States Code) with a dis-*
6 *charge characterized as an honorable dis-*
7 *charge and not on account of alienage,*

8 (ii) *on active duty (other than active*
9 *duty for training) in the Armed Forces of*
10 *the United States, or*

11 (iii) *the spouse or unmarried depend-*
12 *ent child of an individual described in*
13 *clause (i) or (ii).*

14 (D) *TRANSITION FOR THOSE CURRENTLY*
15 *RECEIVING BENEFITS.—An alien who on the date*
16 *of the enactment of this Act is lawfully residing*
17 *in any State and is receiving benefits under such*
18 *program on the date of the enactment of this Act*
19 *shall continue to be eligible to receive such bene-*
20 *fits until January 1, 1997.*

21 (3) *DESIGNATED FEDERAL PROGRAM DE-*
22 *FINED.—For purposes of this chapter, the term “des-*
23 *ignated Federal program” means any of the follow-*
24 *ing:*

1 (A) *TEMPORARY ASSISTANCE FOR NEEDY*
2 *FAMILIES.*—*The program of block grants to*
3 *States for temporary assistance for needy fami-*
4 *lies under part A of title IV of the Social Secu-*
5 *rity Act.*

6 (B) *SOCIAL SERVICES BLOCK GRANT.*—*The*
7 *program of block grants to States for social serv-*
8 *ices under title XX of the Social Security Act.*

9 (C) *MEDICAID.*—*The program of medical*
10 *assistance under title XV and XIX of the Social*
11 *Security Act.*

12 **SEC. 2403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**
13 ***ALIENS FOR FEDERAL MEANS-TESTED PUB-***
14 ***LIC BENEFIT.***

15 (a) *IN GENERAL.*—*Notwithstanding any other provi-*
16 *sion of law and except as provided in subsection (b), an*
17 *alien who is a qualified alien (as defined in section 2431)*
18 *and who enters the United States on or after the date of*
19 *the enactment of this Act is not eligible for any Federal*
20 *means-tested public benefit (as defined in subsection (c)) for*
21 *a period of five years beginning on the date of the alien's*
22 *entry into the United States with a status within the mean-*
23 *ing of the term "qualified alien".*

24 (b) *EXCEPTIONS.*—*The limitation under subsection (a)*
25 *shall not apply to the following aliens:*

1 (1) *EXCEPTION FOR REFUGEES AND ASYLEES.*—

2 (A) *An alien who is admitted to the United*
3 *States as a refugee under section 207 of the Im-*
4 *migration and Nationality Act.*

5 (B) *An alien who is granted asylum under*
6 *section 208 of such Act.*

7 (C) *An alien whose deportation is being*
8 *withheld under section 243(h) of such Act.*

9 (2) *VETERAN AND ACTIVE DUTY EXCEPTION.*—*An*
10 *alien who is lawfully residing in any State and is—*

11 (A) *a veteran (as defined in section 101 of*
12 *title 38, United States Code) with a discharge*
13 *characterized as an honorable discharge and not*
14 *on account of alienage,*

15 (B) *on active duty (other than active duty*
16 *for training) in the Armed Forces of the United*
17 *States, or*

18 (C) *the spouse or unmarried dependent*
19 *child of an individual described in subparagraph*
20 *(A) or (B).*

21 (c) *FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-*
22 *FINED.*—*Such term does not include the following:*

23 (1) *Emergency medical services under title XV or*
24 *XIX of the Social Security Act.*

1 (2) *Short-term, non-cash, in-kind emergency dis-*
2 *aster relief.*

3 (3) *Assistance or benefits under the National*
4 *School Lunch Act.*

5 (4) *Assistance or benefits under the Child Nutri-*
6 *tion Act of 1966.*

7 (5)(A) *Public health assistance for immuniza-*
8 *tions.*

9 (B) *Public health assistance for testing and*
10 *treatment of a communicable disease if the Secretary*
11 *of Health and Human Services determines that it is*
12 *necessary to prevent the spread of such disease.*

13 (6) *Payments for foster care and adoption assist-*
14 *ance under part E of title IV of the Social Security*
15 *Act for a child who would, in the absence of sub-*
16 *section (a), be eligible to have such payments made on*
17 *the child's behalf under such part, but only if the fos-*
18 *ter or adoptive parent or parents of such child are not*
19 *described under subsection (a).*

20 (7) *Programs, services, or assistance (such as*
21 *soup kitchens, crisis counseling and intervention, and*
22 *short-term shelter) specified by the Attorney General,*
23 *in the Attorney General's sole and unreviewable dis-*
24 *cretion after consultation with appropriate Federal*
25 *agencies and departments, which (i) deliver in-kind*

1 *services at the community level, including through*
2 *public or private nonprofit agencies; (ii) do not con-*
3 *dition the provision of assistance, the amount of as-*
4 *sistance provided, or the cost of assistance provided*
5 *on the individual recipient's income or resources; and*
6 *(iii) are necessary for the protection of life or safety.*

7 *(8) Programs of student assistance under titles*
8 *IV, V, IX, and X of the Higher Education Act of*
9 *1965, and titles III, VII, and VIII of the Public*
10 *Health Service Act.*

11 *(9) Means-tested programs under the Elementary*
12 *and Secondary Education Act of 1965.*

13 **SEC. 2404. NOTIFICATION AND INFORMATION REPORTING.**

14 *(a) NOTIFICATION.—Each Federal agency that admin-*
15 *isters a program to which section 2401, 2402, or 2403 ap-*
16 *plies shall, directly or through the States, post information*
17 *and provide general notification to the public and to pro-*
18 *gram recipients of the changes regarding eligibility for any*
19 *such program pursuant to this subchapter.*

20 *(b) INFORMATION REPORTING UNDER TITLE IV OF*
21 *THE SOCIAL SECURITY ACT.—Part A of title IV of the So-*
22 *cial Security Act, as amended by section 2103(a) of this*
23 *Act, is amended by inserting the following new section after*
24 *section 411:*

1 **“SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFOR-**
2 **MATION.**

3 *“Each State to which a grant is made under section*
4 *403 shall, at least 4 times annually and upon request of*
5 *the Immigration and Naturalization Service, furnish the*
6 *Immigration and Naturalization Service with the name*
7 *and address of, and other identifying information on, any*
8 *individual who the State knows is unlawfully in the United*
9 *States.”.*

10 *(c) SSI.—Section 1631(e) of such Act (42 U.S.C.*
11 *1383(e)) is amended—*

12 *(1) by redesignating the paragraphs (6) and (7)*
13 *inserted by sections 206(d)(2) and 206(f)(1) of the So-*
14 *cial Security Independence and Programs Improve-*
15 *ment Act of 1994 (Public Law 103–296; 108 Stat.*
16 *1514, 1515) as paragraphs (7) and (8), respectively;*
17 *and*

18 *(2) by adding at the end the following new para-*
19 *graph:*

20 *“(9) Notwithstanding any other provision of law, the*
21 *Commissioner shall, at least 4 times annually and upon*
22 *request of the Immigration and Naturalization Service*
23 *(hereafter in this paragraph referred to as the ‘Service’),*
24 *furnish the Service with the name and address of, and other*
25 *identifying information on, any individual who the Com-*
26 *missioner knows is unlawfully in the United States, and*

1 *shall ensure that each agreement entered into under section*
2 *1616(a) with a State provides that the State shall furnish*
3 *such information at such times with respect to any individ-*
4 *ual who the State knows is unlawfully in the United*
5 *States.”.*

6 (d) *INFORMATION REPORTING FOR HOUSING PRO-*
7 *GRAMS.—Title I of the United States Housing Act of 1937*
8 *(42 U.S.C. 1437 et seq.) is amended by adding at the end*
9 *the following new section:*

10 **“SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCE-**
11 **MENT AND OTHER AGENCIES.**

12 *“Notwithstanding any other provision of law, the Sec-*
13 *retary shall, at least 4 times annually and upon request*
14 *of the Immigration and Naturalization Service (hereafter*
15 *in this section referred to as the ‘Service’), furnish the Serv-*
16 *ice with the name and address of, and other identifying*
17 *information on, any individual who the Secretary knows*
18 *is unlawfully in the United States, and shall ensure that*
19 *each contract for assistance entered into under section 6 or*
20 *8 of this Act with a public housing agency provides that*
21 *the public housing agency shall furnish such information*
22 *at such times with respect to any individual who the public*
23 *housing agency knows is unlawfully in the United States.”.*

1 ***Subchapter B—Eligibility for State and Local***
2 ***Public Benefits Programs***

3 ***SEC. 2411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR***
4 ***NONIMMIGRANTS INELIGIBLE FOR STATE***
5 ***AND LOCAL PUBLIC BENEFITS.***

6 *(a) IN GENERAL.—Notwithstanding any other provi-*
7 *sion of law and except as provided in subsections (b) and*
8 *(d), an alien who is not—*

9 *(1) a qualified alien (as defined in section 2431),*
10 *(2) a nonimmigrant under the Immigration and*
11 *Nationality Act, or*

12 *(3) an alien who is paroled into the United*
13 *States under section 212(d)(5) of such Act for less*
14 *than one year,*

15 *is not eligible for any State or local public benefit (as de-*
16 *finied in subsection (c)).*

17 *(b) EXCEPTIONS.—Subsection (a) shall not apply with*
18 *respect to the following State or local public benefits:*

19 *(1) Emergency medical services under title XV or*
20 *XIX of the Social Security Act.*

21 *(2) Short-term, non-cash, in-kind emergency dis-*
22 *aster relief.*

23 *(3)(A) Public health assistance for immuniza-*
24 *tions.*

1 (B) *Public health assistance for testing and*
2 *treatment of a communicable disease if the Secretary*
3 *of Health and Human Services determines that it is*
4 *necessary to prevent the spread of such disease.*

5 (4) *Programs, services, or assistance (such as*
6 *soup kitchens, crisis counseling and intervention, and*
7 *short-term shelter) specified by the Attorney General,*
8 *in the Attorney General’s sole and unreviewable dis-*
9 *cretion after consultation with appropriate Federal*
10 *agencies and departments, which (A) deliver in-kind*
11 *services at the community level, including through*
12 *public or private nonprofit agencies; (B) do not con-*
13 *dition the provision of assistance, the amount of as-*
14 *sistance provided, or the cost of assistance provided*
15 *on the individual recipient’s income or resources; and*
16 *(C) are necessary for the protection of life or safety.*

17 *(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—*

18 (1) *Except as provided in paragraph (2), for*
19 *purposes of this subchapter the term “State or local*
20 *public benefit” means—*

21 (A) *any grant, contract, loan, professional*
22 *license, or commercial license provided by an*
23 *agency of a State or local government or by ap-*
24 *propriated funds of a State or local government;*
25 *and*

1 (B) any retirement, welfare, health, disabil-
2 ity, public or assisted housing, postsecondary
3 education, food assistance, unemployment bene-
4 fit, or any other similar benefit for which pay-
5 ments or assistance are provided to an individ-
6 ual, household, or family eligibility unit by an
7 agency of a State or local government or by ap-
8 propriated funds of a State or local government.

9 (2) Such term shall not apply—

10 (A) to any contract, professional license, or
11 commercial license for a nonimmigrant whose
12 visa for entry is related to such employment in
13 the United States; or

14 (B) with respect to benefits for an alien who
15 as a work authorized nonimmigrant or as an
16 alien lawfully admitted for permanent residence
17 under the Immigration and Nationality Act
18 qualified for such benefits and for whom the
19 United States under reciprocal treaty agreements
20 is required to pay benefits, as determined by the
21 Secretary of State, after consultation with the
22 Attorney General.

23 (d) *STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY*
24 *OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENE-*
25 *FITS.*—A State may provide that an alien who is not law-

1 *fully present in the United States is eligible for any State*
2 *or local public benefit for which such alien would otherwise*
3 *be ineligible under subsection (a) only through the enact-*
4 *ment of a State law after the date of the enactment of this*
5 *Act which affirmatively provides for such eligibility.*

6 **SEC. 2412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF**
7 **QUALIFIED ALIENS FOR STATE PUBLIC BENE-**
8 **FITS.**

9 *(a) IN GENERAL.—Notwithstanding any other provi-*
10 *sion of law and except as provided in subsection (b), a State*
11 *is authorized to determine the eligibility for any State pub-*
12 *lic benefits (as defined in subsection (c) of an alien who*
13 *is a qualified alien (as defined in section 2431), a non-*
14 *immigrant under the Immigration and Nationality Act, or*
15 *an alien who is paroled into the United States under section*
16 *212(d)(5) of such Act for less than one year.*

17 *(b) EXCEPTIONS.—Qualified aliens under this sub-*
18 *section shall be eligible for any State public benefits.*

19 *(1) TIME-LIMITED EXCEPTION FOR REFUGEES*
20 *AND ASYLEES.—*

21 *(A) An alien who is admitted to the United*
22 *States as a refugee under section 207 of the Im-*
23 *migration and Nationality Act until 5 years*
24 *after the date of an alien's entry into the United*
25 *States.*

1 (B) *An alien who is granted asylum under*
2 *section 208 of such Act until 5 years after the*
3 *date of such grant of asylum.*

4 (C) *An alien whose deportation is being*
5 *withheld under section 243(h) of such Act until*
6 *5 years after such withholding.*

7 (2) *CERTAIN PERMANENT RESIDENT ALIENS.—*

8 *An alien who—*

9 (A) *is lawfully admitted to the United*
10 *States for permanent residence under the Immi-*
11 *gration and Nationality Act; and*

12 (B)(i) *has worked 40 qualifying quarters of*
13 *coverage as defined under title II of the Social*
14 *Security Act or can be credited with such quali-*
15 *fying quarters as provided under section 2435,*
16 *and (ii) did not receive any Federal means-test-*
17 *ed public benefit (as defined in section 2403(c))*
18 *during any such quarter.*

19 (3) *VETERAN AND ACTIVE DUTY EXCEPTION.—An*
20 *alien who is lawfully residing in any State and is—*

21 (A) *a veteran (as defined in section 101 of*
22 *title 38, United States Code) with a discharge*
23 *characterized as an honorable discharge and not*
24 *on account of alienage,*

1 (B) on active duty (other than active duty
2 for training) in the Armed Forces of the United
3 States, or

4 (C) the spouse or unmarried dependent
5 child of an individual described in subparagraph
6 (A) or (B).

7 (4) *TRANSITION FOR THOSE CURRENTLY RECEIV-*
8 *ING BENEFITS.*—An alien who on the date of the en-
9 actment of this Act is lawfully residing in any State
10 and is receiving benefits on the date of the enactment
11 of this Act shall continue to be eligible to receive such
12 benefits until January 1, 1997.

13 ***Subchapter C—Attribution of Income and***
14 ***Affidavits of Support***

15 ***SEC. 2421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME***
16 ***AND RESOURCES TO ALIEN.***

17 (a) *IN GENERAL.*—Notwithstanding any other provi-
18 sion of law, in determining the eligibility and the amount
19 of benefits of an alien for any Federal means-tested public
20 benefits program (as defined in section 2403(c)), the income
21 and resources of the alien shall be deemed to include the
22 following:

23 (1) *The income and resources of any person who*
24 *executed an affidavit of support pursuant to section*

1 *213A of the Immigration and Nationality Act (as*
2 *added by section 2423) on behalf of such alien.*

3 *(2) The income and resources of the spouse (if*
4 *any) of the person.*

5 *(b) APPLICATION.—Subsection (a) shall apply with re-*
6 *spect to an alien until such time as the alien—*

7 *(1) achieves United States citizenship through*
8 *naturalization pursuant to chapter 2 of title III of*
9 *the Immigration and Nationality Act; or*

10 *(2)(A) has worked 40 qualifying quarters of cov-*
11 *erage as defined under title II of the Social Security*
12 *Act or can be credited with such qualifying quarters*
13 *as provided under section 2435, and (B) did not re-*
14 *ceive any Federal means-tested public benefit (as de-*
15 *fined in section 2403(c)) during any such quarter.*

16 *(c) REVIEW OF INCOME AND RESOURCES OF ALIEN*
17 *UPON REAPPLICATION.—Whenever an alien is required to*
18 *reapply for benefits under any Federal means-tested public*
19 *benefits program, the applicable agency shall review the in-*
20 *come and resources attributed to the alien under subsection*
21 *(a).*

22 *(d) APPLICATION.—*

23 *(1) If on the date of the enactment of this Act,*
24 *a Federal means-tested public benefits program at-*
25 *tributes a sponsor's income and resources to an alien*

1 *in determining the alien’s eligibility and the amount*
2 *of benefits for an alien, this section shall apply to any*
3 *such determination beginning on the day after the*
4 *date of the enactment of this Act.*

5 *(2) If on the date of the enactment of this Act,*
6 *a Federal means-tested public benefits program does*
7 *not attribute a sponsor’s income and resources to an*
8 *alien in determining the alien’s eligibility and the*
9 *amount of benefits for an alien, this section shall*
10 *apply to any such determination beginning 180 days*
11 *after the date of the enactment of this Act.*

12 **SEC. 2422. AUTHORITY FOR STATES TO PROVIDE FOR AT-**
13 **TRIBUTION OF SPONSORS INCOME AND RE-**
14 **SOURCES TO THE ALIEN WITH RESPECT TO**
15 **STATE PROGRAMS.**

16 *(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—*
17 *Except as provided in subsection (b), in determining the*
18 *eligibility and the amount of benefits of an alien for any*
19 *State public benefits (as defined in section 2412(c)), the*
20 *State or political subdivision that offers the benefits is au-*
21 *thorized to provide that the income and resources of the*
22 *alien shall be deemed to include—*

23 *(1) the income and resources of any individual*
24 *who executed an affidavit of support pursuant to sec-*
25 *tion 213A of the Immigration and Nationality Act*

1 *(as added by section 2423) on behalf of such alien,*
2 *and*

3 *(2) the income and resources of the spouse (if*
4 *any) of the individual.*

5 *(b) EXCEPTIONS.—Subsection (a) shall not apply with*
6 *respect to the following State public benefits:*

7 *(1) Emergency medical services.*

8 *(2) Short-term, non-cash, in-kind emergency dis-*
9 *aster relief.*

10 *(3) Programs comparable to assistance or bene-*
11 *fits under the National School Lunch Act.*

12 *(4) Programs comparable to assistance or bene-*
13 *fits under the Child Nutrition Act of 1966.*

14 *(5)(A) Public health assistance for immuniza-*
15 *tions.*

16 *(B) Public health assistance for testing and*
17 *treatment of a communicable disease if the appro-*
18 *priate chief State health official determines that it is*
19 *necessary to prevent the spread of such disease.*

20 *(6) Payments for foster care and adoption assist-*
21 *ance.*

22 *(7) Programs, services, or assistance (such as*
23 *soup kitchens, crisis counseling and intervention, and*
24 *short-term shelter) specified by the Attorney General*
25 *of a State, after consultation with appropriate agen-*

1 “(B) in which the sponsor agrees to financially
2 support the alien, so that the alien will not become
3 a public charge; and

4 “(C) in which the sponsor agrees to submit to the
5 jurisdiction of any Federal or State court for the pur-
6 pose of actions brought under subsection (e)(2).

7 “(2) A contract under paragraph (1) shall be enforce-
8 able with respect to benefits provided to the alien until such
9 time as the alien achieves United States citizenship through
10 naturalization pursuant to chapter 2 of title III.

11 “(b) FORMS.—Not later than 90 days after the date
12 of enactment of this section, the Attorney General, in con-
13 sultation with the Secretary of State and the Secretary of
14 Health and Human Services, shall formulate an affidavit
15 of support consistent with the provisions of this section.

16 “(c) REMEDIES.—Remedies available to enforce an af-
17 fidavit of support under this section include any or all of
18 the remedies described in section 3201, 3203, 3204, or 3205
19 of title 28, United States Code, as well as an order for spe-
20 cific performance and payment of legal fees and other costs
21 of collection, and include corresponding remedies available
22 under State law. A Federal agency may seek to collect
23 amounts owed under this section in accordance with the
24 provisions of subchapter II of chapter 37 of title 31, United
25 States Code.

1 “(d) *NOTIFICATION OF CHANGE OF ADDRESS.*—

2 “(1) *IN GENERAL.*—*The sponsor shall notify the*
3 *Attorney General and the State in which the spon-*
4 *sored alien is currently resident within 30 days of*
5 *any change of address of the sponsor during the pe-*
6 *riod specified in subsection (a)(2).*

7 “(2) *PENALTY.*—*Any person subject to the re-*
8 *quirement of paragraph (1) who fails to satisfy such*
9 *requirement shall be subject to a civil penalty of—*

10 “(A) *not less than \$250 or more than*
11 *\$2,000, or*

12 “(B) *if such failure occurs with knowledge*
13 *that the alien has received any means-tested pub-*
14 *lic benefit, not less than \$2,000 or more than*
15 *\$5,000.*

16 “(e) *REIMBURSEMENT OF GOVERNMENT EXPENSES.*—

17 (1)(A) *Upon notification that a sponsored alien has re-*
18 *ceived any benefit under any means-tested public benefits*
19 *program, the appropriate Federal, State, or local official*
20 *shall request reimbursement by the sponsor in the amount*
21 *of such assistance.*

22 “(B) *The Attorney General, in consultation with the*
23 *Secretary of Health and Human Services, shall prescribe*
24 *such regulations as may be necessary to carry out subpara-*
25 *graph (A).*

1 “(2) *If within 45 days after requesting reimbursement,*
2 *the appropriate Federal, State, or local agency has not re-*
3 *ceived a response from the sponsor indicating a willingness*
4 *to commence payments, an action may be brought against*
5 *the sponsor pursuant to the affidavit of support.*

6 “(3) *If the sponsor fails to abide by the repayment*
7 *terms established by such agency, the agency may, within*
8 *60 days of such failure, bring an action against the sponsor*
9 *pursuant to the affidavit of support.*

10 “(4) *No cause of action may be brought under this sub-*
11 *section later than 10 years after the alien last received any*
12 *benefit under any means-tested public benefits program.*

13 “(5) *If, pursuant to the terms of this subsection, a Fed-*
14 *eral, State, or local agency requests reimbursement from the*
15 *sponsor in the amount of assistance provided, or brings an*
16 *action against the sponsor pursuant to the affidavit of sup-*
17 *port, the appropriate agency may appoint or hire an indi-*
18 *vidual or other person to act on behalf of such agency acting*
19 *under the authority of law for purposes of collecting any*
20 *moneys owed. Nothing in this subsection shall preclude any*
21 *appropriate Federal, State, or local agency from directly*
22 *requesting reimbursement from a sponsor for the amount*
23 *of assistance provided, or from bringing an action against*
24 *a sponsor pursuant to an affidavit of support.*

1 “(f) *DEFINITION.*—For the purposes of this section the
2 term ‘sponsor’ means an individual who—

3 “(1) is a citizen or national of the United States
4 or an alien who is lawfully admitted to the United
5 States for permanent residence;

6 “(2) is 18 years of age or over;

7 “(3) is domiciled in any of the 50 States or the
8 District of Columbia; and

9 “(4) is the person petitioning for the admission
10 of the alien under section 204.

11 “(b) *CLERICAL AMENDMENT.*—The table of contents of
12 such Act is amended by inserting after the item relating
13 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

14 “(c) *EFFECTIVE DATE.*—Subsection (a) of section 213A
15 of the Immigration and Nationality Act, as inserted by sub-
16 section (a) of this section, shall apply to affidavits of sup-
17 port executed on or after a date specified by the Attorney
18 General, which date shall be not earlier than 60 days (and
19 not later than 90 days) after the date the Attorney General
20 formulates the form for such affidavits under subsection (b)
21 of such section.

22 “(d) *BENEFITS NOT SUBJECT TO REIMBURSEMENT.*—
23 Requirements for reimbursement by a sponsor for benefits
24 provided to a sponsored alien pursuant to an affidavit of

1 *support under section 213A of the Immigration and Na-*
2 *tionality Act shall not apply with respect to the following:*

3 (1) *Emergency medical services under title XV or*
4 *XIX of the Social Security Act.*

5 (2) *Short-term, non-cash, in-kind emergency dis-*
6 *aster relief.*

7 (3) *Assistance or benefits under the National*
8 *School Lunch Act.*

9 (4) *Assistance or benefits under the Child Nutri-*
10 *tion Act of 1966.*

11 (5)(A) *Public health assistance for immuniza-*
12 *tions.*

13 (B) *Public health assistance for testing and*
14 *treatment of a communicable disease if the Secretary*
15 *of Health and Human Services determines that it is*
16 *necessary to prevent the spread of such disease.*

17 (6) *Payments for foster care and adoption assist-*
18 *ance under part E of title IV of the Social Security*
19 *Act for a child, but only if the foster or adoptive par-*
20 *ent or parents of such child are not otherwise ineli-*
21 *gible pursuant to section 2403 of this Act.*

22 (7) *Programs, services, or assistance (such as*
23 *soup kitchens, crisis counseling and intervention, and*
24 *short-term shelter) specified by the Attorney General,*
25 *in the Attorney General's sole and unreviewable dis-*

1 cretion after consultation with appropriate Federal
2 agencies and departments, which (A) deliver in-kind
3 services at the community level, including through
4 public or private nonprofit agencies; (B) do not con-
5 dition the provision of assistance, the amount of as-
6 sistance provided, or the cost of assistance provided
7 on the individual recipient's income or resources; and
8 (C) are necessary for the protection of life or safety.

9 (8) Programs of student assistance under titles
10 IV, V, IX, and X of the Higher Education Act of
11 1965.

12 **Subchapter D—General Provisions**

13 **SEC. 2431. DEFINITIONS.**

14 (a) *IN GENERAL.*—Except as otherwise provided in
15 this chapter, the terms used in this chapter have the same
16 meaning given such terms in section 101(a) of the Immigra-
17 tion and Nationality Act.

18 (b) *QUALIFIED ALIEN.*—For purposes of this chapter,
19 the term “qualified alien” means an alien who, at the time
20 the alien applies for, receives, or attempts to receive a Fed-
21 eral public benefit, is—

22 (1) an alien who is lawfully admitted for perma-
23 nent residence under the Immigration and National-
24 ity Act,

1 (2) *an alien who is granted asylum under sec-*
2 *tion 208 of such Act,*

3 (3) *a refugee who is admitted to the United*
4 *States under section 207 of such Act,*

5 (4) *an alien who is paroled into the United*
6 *States under section 212(d)(5) of such Act for a pe-*
7 *riod of at least 1 year,*

8 (5) *an alien whose deportation is being withheld*
9 *under section 243(h) of such Act, or*

10 (6) *an alien who is granted conditional entry*
11 *pursuant to section 203(a)(7) of such Act as in effect*
12 *prior to April 1, 1980.*

13 **SEC. 2432. VERIFICATION OF ELIGIBILITY FOR FEDERAL**
14 **PUBLIC BENEFITS.**

15 (a) *IN GENERAL.*—*Not later than 18 months after the*
16 *date of the enactment of this Act, the Attorney General of*
17 *the United States, after consultation with the Secretary of*
18 *Health and Human Services, shall promulgate regulations*
19 *requiring verification that a person applying for a Federal*
20 *public benefit (as defined in section 2401(c)), to which the*
21 *limitation under section 2401 applies, is a qualified alien*
22 *and is eligible to receive such benefit. Such regulations*
23 *shall, to the extent feasible, require that information re-*
24 *quested and exchanged be similar in form and manner to*

1 *information requested and exchanged under section 1137 of*
2 *the Social Security Act.*

3 (b) *STATE COMPLIANCE.*—*Not later than 24 months*
4 *after the date the regulations described in subsection (a) are*
5 *adopted, a State that administers a program that provides*
6 *a Federal public benefit shall have in effect a verification*
7 *system that complies with the regulations.*

8 (c) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
9 *authorized to be appropriated such sums as may be nec-*
10 *essary to carry out the purpose of this section.*

11 **SEC. 2433. STATUTORY CONSTRUCTION.**

12 (a) *LIMITATION.*—

13 (1) *Nothing in this chapter may be construed as*
14 *an entitlement or a determination of an individual's*
15 *eligibility or fulfillment of the requisite requirements*
16 *for any Federal, State, or local governmental pro-*
17 *gram, assistance, or benefits. For purposes of this*
18 *chapter, eligibility relates only to the general issue of*
19 *eligibility or ineligibility on the basis of alienage.*

20 (2) *Nothing in this chapter may be construed as*
21 *addressing alien eligibility for a basic public edu-*
22 *cation as determined by the Supreme Court of the*
23 *United States under Plyler v. Doe (457 U.S.*
24 *202)(1982).*

1 (b) *NOT APPLICABLE TO FOREIGN ASSISTANCE.*—This
2 chapter does not apply to any Federal, State, or local gov-
3 ernmental program, assistance, or benefits provided to an
4 alien under any program of foreign assistance as deter-
5 mined by the Secretary of State in consultation with the
6 Attorney General.

7 (c) *SEVERABILITY.*—If any provision of this chapter
8 or the application of such provision to any person or cir-
9 cumstance is held to be unconstitutional, the remainder of
10 this chapter and the application of the provisions of such
11 to any person or circumstance shall not be affected thereby.

12 **SEC. 2434. COMMUNICATION BETWEEN STATE AND LOCAL**
13 **GOVERNMENT AGENCIES AND THE IMMIGRA-**
14 **TION AND NATURALIZATION SERVICE.**

15 Notwithstanding any other provision of Federal, State,
16 or local law, no State or local government entity may be
17 prohibited, or in any way restricted, from sending to or
18 receiving from the Immigration and Naturalization Service
19 information regarding the immigration status, lawful or
20 unlawful, of an alien in the United States.

21 **SEC. 2435. QUALIFYING QUARTERS.**

22 For purposes of this chapter, in determining the num-
23 ber of qualifying quarters of coverage under title II of the
24 Social Security Act an alien shall be credited with—

1 (1) *all of the qualifying quarters of coverage as*
 2 *defined under title II of the Social Security Act*
 3 *worked by a parent of such alien while the alien was*
 4 *under age 18 if the parent did not receive any Fed-*
 5 *eral means-tested public benefit (as defined in section*
 6 *2403(c)) during any such quarter, and*

7 (2) *all of the qualifying quarters worked by a*
 8 *spouse of such alien during their marriage if the*
 9 *spouse did not receive any Federal means-tested pub-*
 10 *lic benefit (as defined in section 2403(c)) during any*
 11 *such quarter and the alien remains married to such*
 12 *spouse or such spouse is deceased.*

13 ***Subchapter E—Conforming Amendments***

14 ***Relating to Assisted Housing***

15 ***SEC. 2441. CONFORMING AMENDMENTS RELATING TO AS-*** 16 ***SISTED HOUSING.***

17 (a) *LIMITATIONS ON ASSISTANCE.*—*Section 214 of the*
 18 *Housing and Community Development Act of 1980 (42*
 19 *U.S.C. 1436a) is amended—*

20 (1) *by striking “Secretary of Housing and*
 21 *Urban Development” each place it appears and in-*
 22 *serting “applicable Secretary”;*

23 (2) *in subsection (b), by inserting after “Na-*
 24 *tional Housing Act,” the following: “the direct loan*
 25 *program under section 502 of the Housing Act of*

1 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or
2 542 of such Act, subtitle A of title III of the Cranston-
3 Gonzalez National Affordable Housing Act,”;

4 (3) in paragraphs (2) through (6) of subsection
5 (d), by striking “Secretary” each place it appears
6 and inserting “applicable Secretary”;

7 (4) in subsection (d), in the matter following
8 paragraph (6), by striking “the term ‘Secretary’” and
9 inserting “the term ‘applicable Secretary’”; and

10 (5) by adding at the end the following new sub-
11 section:

12 “(h) For purposes of this section, the term ‘applicable
13 Secretary’ means—

14 “(1) the Secretary of Housing and Urban Devel-
15 opment, with respect to financial assistance adminis-
16 tered by such Secretary and financial assistance
17 under subtitle A of title III of the Cranston-Gonzalez
18 National Affordable Housing Act; and

19 “(2) the Secretary of Agriculture, with respect to
20 financial assistance administered by such Secretary.”.

21 (b) CONFORMING AMENDMENTS.—Section 501(h) of
22 the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

23 (1) by striking “(1)”;

24 (2) by striking “by the Secretary of Housing and
25 Urban Development”; and

1 (3) by striking paragraph (2).

2 ***Subchapter F—Earned Income Credit Denied***
 3 ***to Unauthorized Employees***

4 ***SEC. 2451. EARNED INCOME CREDIT DENIED TO INDIVID-***
 5 ***UALS NOT AUTHORIZED TO BE EMPLOYED IN***
 6 ***THE UNITED STATES.***

7 (a) *IN GENERAL.*—Section 32(c)(1) of the Internal
 8 *Revenue Code of 1986 (relating to individuals eligible to*
 9 *claim the earned income credit) is amended by adding at*
 10 *the end the following new subparagraph:*

11 “(F) *IDENTIFICATION NUMBER REQUIRE-*
 12 *MENT.*—The term ‘eligible individual’ does not
 13 include any individual who does not include on
 14 the return of tax for the taxable year—

15 “(i) such individual’s taxpayer identi-
 16 fication number, and

17 “(ii) if the individual is married
 18 (within the meaning of section 7703), the
 19 taxpayer identification number of such in-
 20 dividual’s spouse.”.

21 (b) *SPECIAL IDENTIFICATION NUMBER.*—Section 32 of
 22 *such Code is amended by adding at the end the following*
 23 *new subsection:*

24 “(l) *IDENTIFICATION NUMBERS.*—Solely for purposes
 25 *of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identi-*

1 *fication number means a social security number issued to*
2 *an individual by the Social Security Administration (other*
3 *than a social security number issued pursuant to clause (II)*
4 *(or that portion of clause (III) that relates to clause (II))*
5 *of section 205(c)(2)(B)(i) of the Social Security Act).”.*

6 (c) *EXTENSION OF PROCEDURES APPLICABLE TO*
7 *MATHEMATICAL OR CLERICAL ERRORS.—Section*
8 *6213(g)(2) of such Code (relating to the definition of mathe-*
9 *matical or clerical errors) is amended by striking “and’ at*
10 *the end of subparagraph (D), by striking the period at the*
11 *end of subparagraph (E) and inserting a comma, and by*
12 *inserting after subparagraph (E) the following new sub-*
13 *paragraphs:*

14 “(F) *an omission of a correct taxpayer*
15 *identification number required under section 32*
16 *(relating to the earned income tax credit) to be*
17 *included on a return, and*

18 “(G) *an entry on a return claiming the*
19 *credit under section 32 with respect to net earn-*
20 *ings from self-employment described in section*
21 *32(c)(2)(A) to the extent the tax imposed by sec-*
22 *tion 1401 (relating to self-employment tax) on*
23 *such net earnings has not been paid.”.*

1 (d) *EFFECTIVE DATE.*—The amendments made by this
2 section shall apply to taxable years beginning after Decem-
3 ber 31, 1995.

4 **CHAPTER 5—REFORM OF PUBLIC**
5 **HOUSING**

6 **SEC. 2501. FAILURE TO COMPLY WITH OTHER WELFARE**
7 **AND PUBLIC ASSISTANCE PROGRAMS.**

8 Title I of the United States Housing Act of 1937 (42
9 U.S.C. 1437 et seq.), as amended by section 2404(d) of this
10 Act, is amended by adding at the end the following new
11 section:

12 **“SEC. 28. FAILURE TO COMPLY WITH OTHER WELFARE AND**
13 **PUBLIC ASSISTANCE PROGRAMS.**

14 “(a) *IN GENERAL.*—If the benefits of a family are re-
15 duced under a Federal, State, or local law relating to wel-
16 fare or a public assistance program for the failure of any
17 member of the family to perform an action required under
18 the law or program, the family may not, for the duration
19 of the reduction, receive any increased assistance under this
20 Act as the result of a decrease in the income of the family
21 to the extent that the decrease in income is the result of
22 the benefits reduction.

23 “(b) *EXCEPTION.*—Subsection (a) shall not apply in
24 any case in which the benefits of a family are reduced be-
25 cause the welfare or public assistance program to which the

1 *Federal, State, or local law relates limits the period during*
2 *which benefits may be provided under the program.”.*

3 **SEC. 2502. FRAUD UNDER MEANS-TESTED WELFARE AND**
4 **PUBLIC ASSISTANCE PROGRAMS.**

5 (a) *IN GENERAL.*—*If an individual’s benefits under a*
6 *Federal, State, or local law relating to a means-tested wel-*
7 *fare or a public assistance program are reduced because of*
8 *an act of fraud by the individual under the law or program,*
9 *the individual may not, for the duration of the reduction,*
10 *receive an increased benefit under any other means-tested*
11 *welfare or public assistance program for which Federal*
12 *funds are appropriated as a result of a decrease in the in-*
13 *come of the individual (determined under the applicable*
14 *program) attributable to such reduction.*

15 (b) *WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR*
16 *WHICH FEDERAL FUNDS ARE APPROPRIATED.*—*For pur-*
17 *poses of subsection (a), the term “means-tested welfare or*
18 *public assistance program for which Federal funds are ap-*
19 *propriated” includes the food stamp program under the*
20 *Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any pro-*
21 *gram of public or assisted housing under title I of the Unit-*
22 *ed States Housing Act of 1937 (42 U.S.C. 1437 et seq.),*
23 *and State programs funded under part A of title IV of the*
24 *Social Security Act (42 U.S.C. 601 et seq.).*

1 **CHAPTER 6—TECHNICAL AMENDMENTS**
2 **RELATING TO CHILD PROTECTION**
3 **PROGRAMS**

4 **SEC. 2601. EXTENSION OF ENHANCED FUNDING FOR IMPLE-**
5 **MENTATION OF STATEWIDE AUTOMATED**
6 **CHILD WELFARE INFORMATION SYSTEMS.**

7 *Section 474(a)(3)(B) of the Social Security Act (42*
8 *U.S.C. 674(a)(3)(B)) is amended by inserting “(of, if the*
9 *quarter is in fiscal year 1997, 75 percent)” after “50 per-*
10 *cent” each place it appears.*

11 **SEC. 2602. REDESIGNATION OF SECTION 1123.**

12 *The Social Security Act is amended by redesignating*
13 *section 1123, the second place it appears (42 U.S.C. 1320a-*
14 *1a), as section 1123A.*

15 **SEC. 2603. KINSHIP CARE.**

16 *Section 471(a) of the Social Security Act (42 U.S.C.*
17 *671(a)) is amended—*

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

19 *(16);*

20 *(2) by striking the period at the end of para-*
21 *graph (17) and inserting “; and”; and*

22 *(3) by adding at the end the following new para-*
23 *graph:*

24 *“(18) provides that States shall give preference to*
25 *an adult relative over a non-related caregiver when*

1 *determining a placement for a child, provided that*
2 *the relative caregiver meets all relevant State child*
3 *protection standards.”.*

4 **CHAPTER 7—CHILD CARE**

5 **SEC. 2701. SHORT TITLE AND REFERENCES.**

6 (a) *SHORT TITLE.*—*This chapter may be cited as the*
7 *“Child Care and Development Block Grant Amendments of*
8 *1996”.*

9 (b) *REFERENCES.*—*Except as otherwise expressly pro-*
10 *vided, whenever in this chapter an amendment or repeal*
11 *is expressed in terms of an amendment to, or repeal of, a*
12 *section or other provision, the reference shall be considered*
13 *to be made to a section or other provision of the Child Care*
14 *and Development Block Grant Act of 1990 (42 U.S.C. 9858*
15 *et seq.).*

16 **SEC. 2802. GOALS.**

17 (a) *GOALS.*—*Section 658A (42 U.S.C. 9801 note) is*
18 *amended—*

19 (1) *in the section heading by inserting “AND*
20 *GOALS” after “TITLE”;*

21 (2) *by inserting “(a) SHORT TITLE.—” before*
22 *“This”; and*

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

24 *“(b) GOALS.—The goals of this subchapter are—*

1 “(1) to allow each State maximum flexibility in
2 developing child care programs and policies that best
3 suit the needs of children and parents within such
4 State;

5 “(2) to promote parental choice to empower
6 working parents to make their own decisions on the
7 child care that best suits their family’s needs;

8 “(3) to encourage States to provide consumer
9 education information to help parents make informed
10 choices about child care;

11 “(4) to assist States to provide child care to par-
12 ents trying to achieve independence from public as-
13 sistance; and

14 “(5) to assist States in implementing the health,
15 safety, licensing, and registration standards estab-
16 lished in State regulations.”.

17 **SEC. 2703. AUTHORIZATION OF APPROPRIATIONS AND EN-**
18 **TITLEMENT AUTHORITY.**

19 (a) *IN GENERAL.*—Section 658B (42 U.S.C. 9858) is
20 amended to read as follows:

21 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

22 *“There is authorized to be appropriated to carry out*
23 *this subchapter \$1,000,000,000 for each of the fiscal years*
24 *1996 through 2002.”.*

1 (b) *SOCIAL SECURITY ACT.*—*Part A of title IV of the*
2 *Social Security Act (42 U.S.C. 601 et seq.) is amended by*
3 *adding at the end the following:*

4 **“SEC. 418. FUNDING FOR CHILD CARE.**

5 “(a) *GENERAL CHILD CARE ENTITLEMENT.*—

6 “(1) *GENERAL ENTITLEMENT.*—*Subject to the*
7 *amount appropriated under paragraph (3), each*
8 *State shall, for the purpose of providing child care as-*
9 *sistance, be entitled to payments under a grant under*
10 *this subsection for a fiscal year in an amount equal*
11 *to—*

12 “(A) *the sum of the total amount required*
13 *to be paid to the State under former section 403*
14 *for fiscal year 1994 or 1995 (whichever is great-*
15 *er) with respect to amounts expended for child*
16 *care under section—*

17 “(i) *402(g) of this Act (as such section*
18 *was in effect before October 1, 1995); and*

19 “(ii) *402(i) of this Act (as so in effect);*

20 *or*

21 “(B) *the average of the total amounts re-*
22 *quired to be paid to the State for fiscal years*
23 *1992 through 1994 under the sections referred to*
24 *in subparagraph (A);*

25 *whichever is greater.*

1 “(2) *REMAINDER.*—

2 “(A) *GRANTS.*—*The Secretary shall use any*
3 *amounts appropriated for a fiscal year under*
4 *paragraph (3), and remaining after the reserva-*
5 *tion described in paragraph (4) and after grants*
6 *are awarded under paragraph (1), to make*
7 *grants to States under this paragraph.*

8 “(B) *AMOUNT.*—*Subject to subparagraph*
9 *(C), the amount of a grant awarded to a State*
10 *for a fiscal year under this paragraph shall be*
11 *based on the formula used for determining the*
12 *amount of Federal payments to the State under*
13 *section 403(n) (as such section was in effect be-*
14 *fore October 1, 1995).*

15 “(C) *MATCHING REQUIREMENT.*—*The Sec-*
16 *retary shall pay to each eligible State in a fiscal*
17 *year an amount, under a grant under subpara-*
18 *graph (A), equal to the Federal medical assist-*
19 *ance percentage for such State for fiscal year*
20 *1995 (as defined in section 1905(b)) of so much*
21 *of the expenditures by the State for child care in*
22 *such year as exceed the State set-aside for such*
23 *State under paragraph (1)(A) for such year and*
24 *the amount of State expenditures in fiscal year*
25 *1994 (or fiscal year 1995, whichever is greater)*

1 that equal the non-Federal share for the pro-
2 grams described in subparagraph (A) of para-
3 graph (1).

4 “(D) REDISTRIBUTION.—

5 “(i) IN GENERAL.—With respect to any
6 fiscal year, if the Secretary determines (in
7 accordance with clause (ii)) that amounts
8 under any grant awarded to a State under
9 this paragraph for such fiscal year will not
10 be used by such State during such fiscal
11 year for carrying out the purpose for which
12 the grant is made, the Secretary shall make
13 such amounts available in the subsequent
14 fiscal year for carrying out such purpose to
15 1 or more States which apply for such funds
16 to the extent the Secretary determines that
17 such States will be able to use such addi-
18 tional amounts for carrying out such pur-
19 pose. Such available amounts shall be redis-
20 tributed to a State pursuant to section
21 402(i) (as such section was in effect before
22 October 1, 1995) by substituting ‘the num-
23 ber of children residing in all States apply-
24 ing for such funds’ for ‘the number of chil-

1 *dren residing in the United States in the*
2 *second preceding fiscal year’.*

3 “(ii) *TIME OF DETERMINATION AND*
4 *DISTRIBUTION.—The determination of the*
5 *Secretary under clause (i) for a fiscal year*
6 *shall be made not later than the end of the*
7 *first quarter of the subsequent fiscal year.*
8 *The redistribution of amounts under clause*
9 *(i) shall be made as close as practicable to*
10 *the date on which such determination is*
11 *made. Any amount made available to a*
12 *State from an appropriation for a fiscal*
13 *year in accordance with this subparagraph*
14 *shall, for purposes of this part, be regarded*
15 *as part of such State’s payment (as deter-*
16 *mined under this subsection) for the fiscal*
17 *year in which the redistribution is made.*

18 “(3) *APPROPRIATION.—There are authorized to*
19 *be appropriated, and there are appropriated, to carry*
20 *out this section—*

21 “(A) *\$1,967,000,000 for fiscal year 1997;*

22 “(B) *\$2,067,000,000 for fiscal year 1998;*

23 “(C) *\$2,167,000,000 for fiscal year 1999;*

24 “(D) *\$2,367,000,000 for fiscal year 2000;*

1 “(E) \$2,567,000,000 for fiscal year 2001;

2 and

3 “(F) \$2,717,000,000 for fiscal year 2002.

4 “(4) INDIAN TRIBES.—The Secretary shall re-
5 serve not more than 1 percent of the aggregate
6 amount appropriated to carry out this section in each
7 fiscal year for payments to Indian tribes and tribal
8 organizations.

9 “(b) USE OF FUNDS.—

10 “(1) IN GENERAL.—Amounts received by a State
11 under this section shall only be used to provide child
12 care assistance. Amounts received by a State under a
13 grant under subsection (a)(1) shall be available for
14 use by the State without fiscal year limitation.

15 “(2) USE FOR CERTAIN POPULATIONS.—A State
16 shall ensure that not less than 70 percent of the total
17 amount of funds received by the State in a fiscal year
18 under this section are used to provide child care as-
19 sistance to families who are receiving assistance
20 under a State program under this part, families who
21 are attempting through work activities to transition
22 off of such assistance program, and families who are
23 at risk of becoming dependent on such assistance pro-
24 gram.

1 “(c) *APPLICATION OF CHILD CARE AND DEVELOPMENT*
2 *BLOCK GRANT ACT of 1990.*—Notwithstanding any other
3 *provision of law, amounts provided to a State under this*
4 *section shall be transferred to the lead agency under the*
5 *Child Care and Development Block Grant Act of 1990, inte-*
6 *grated by the State into the programs established by the*
7 *State under such Act, and be subject to requirements and*
8 *limitations of such Act.*

9 “(d) *DEFINITION.*—As used in this section, the term
10 ‘State’ means each of the 50 States or the District of Colum-
11 *bia.*”.

12 **SEC. 2704. LEAD AGENCY.**

13 *Section 658D(b) (42 U.S.C. 9858b(b)) is amended—*

14 *(1) in paragraph (1)—*

15 *(A) in subparagraph (A), by striking*
16 *“State” the first place that such appears and in-*
17 *serting “governmental or nongovernmental”; and*

18 *(B) in subparagraph (C), by inserting*
19 *“with sufficient time and Statewide distribution*
20 *of the notice of such hearing,” after “hearing in*
21 *the State”; and*

22 *(2) in paragraph (2), by striking the second sen-*
23 *tence.*

24 **SEC. 2705. APPLICATION AND PLAN.**

25 *Section 658E (42 U.S.C. 9858c) is amended—*

1 (1) *in subsection (b)—*

2 (A) *by striking “implemented—” and all*
3 *that follows through “(2)” and inserting “imple-*
4 *mented”;* and

5 (B) *by striking “for subsequent State*
6 *plans”;*

7 (2) *in subsection (c)—*

8 (A) *in paragraph (2)—*

9 (i) *in subparagraph (A)—*

10 (I) *in clause (i) by striking “,*
11 *other than through assistance provided*
12 *under paragraph (3)(C),”;* and

13 (II) *by striking “except” and all*
14 *that follows through “1992”, and in-*
15 *serting “and provide a detailed de-*
16 *scription of the procedures the State*
17 *will implement to carry out the re-*
18 *quirements of this subparagraph”;*

19 (ii) *in subparagraph (B)—*

20 (I) *by striking “Provide assur-*
21 *ances” and inserting “Certify”;* and

22 (II) *by inserting before the period*
23 *at the end “and provide a detailed de-*
24 *scription of such procedures”;*

25 (iii) *in subparagraph (C)—*

1 (I) by striking “Provide assur-
2 ances” and inserting “Certify”; and

3 (II) by inserting before the period
4 at the end “and provide a detailed de-
5 scription of how such record is main-
6 tained and is made available”;

7 (iv) by amending subparagraph (D) to
8 read as follows:

9 “(D) CONSUMER EDUCATION INFORMA-
10 TION.—Certify that the State will collect and
11 disseminate to parents of eligible children and
12 the general public, consumer education informa-
13 tion that will promote informed child care
14 choices.”;

15 (v) in subparagraph (E), to read as
16 follows:

17 “(E) COMPLIANCE WITH STATE LICENSING
18 REQUIREMENTS.—

19 “(i) IN GENERAL.—Certify that the
20 State has in effect licensing requirements
21 applicable to child care services provided
22 within the State, and provide a detailed de-
23 scription of such requirements and of how
24 such requirements are effectively enforced.
25 Nothing in the preceding sentence shall be

1 *construed to require that licensing require-*
2 *ments be applied to specific types of provid-*
3 *ers of child care services.*

4 “(i) *INDIAN TRIBES AND TRIBAL OR-*
5 *GANIZATIONS.—In lieu of any licensing and*
6 *regulatory requirements applicable under*
7 *State and local law, the Secretary, in con-*
8 *sultation with Indian tribes and tribal or-*
9 *ganizations, shall develop minimum child*
10 *care standards (that appropriately reflect*
11 *tribal needs and available resources) that*
12 *shall be applicable to Indian tribes and*
13 *tribal organizations receiving assistance*
14 *under this subchapter.”; and*

15 *(vi) by striking subparagraphs (H),*
16 *(I), and (J) and inserting the following:*

17 “(G) *MEETING THE NEEDS OF CERTAIN*
18 *POPULATIONS.—Demonstrate the manner in*
19 *which the State will meet the specific child care*
20 *needs of families who are receiving assistance*
21 *under a State program under part A of title IV*
22 *of the Social Security Act, families who are at-*
23 *tempting through work activities to transition off*
24 *of such assistance program, and families that are*

1 *at risk of becoming dependent on such assistance*
2 *program.”;*

3 *(B) in paragraph (3)—*

4 *(i) in subparagraph (A), by striking*
5 *“(B) and (C)” and inserting “(B) through*
6 *(D)”;*

7 *(ii) in subparagraph (B)—*

8 *(I) by striking “.—Subject to the*
9 *reservation contained in subparagraph*
10 *(C), the” and inserting “AND RELATED*
11 *ACTIVITIES.—The”;*

12 *(II) in clause (i) by striking “;*
13 *and” at the end and inserting a pe-*
14 *riod;*

15 *(III) by striking “for—” and all*
16 *that follows through “section*
17 *658E(c)(2)(A)” and inserting “for*
18 *child care services on sliding fee scale*
19 *basis, activities that improve the qual-*
20 *ity or availability of such services, and*
21 *any other activity that the State deems*
22 *appropriate to realize any of the goals*
23 *specified in paragraphs (2) through (5)*
24 *of section 658A(b)”;* and

25 *(IV) by striking clause (ii);*

1 (iii) by amending subparagraph (C) to
2 read as follows:

3 “(C) LIMITATION ON ADMINISTRATIVE
4 COSTS.—Not more than 5 percent of the aggregate
5 amount of funds available to the State to
6 carry out this subchapter by a State in each fiscal
7 year may be expended for administrative
8 costs incurred by such State to carry out all of
9 its functions and duties under this subchapter.
10 As used in the preceding sentence, the term ‘ad-
11 ministrative costs’ shall not include the costs of
12 providing direct services.”; and

13 (iv) by adding at the end thereof the
14 following:

15 “(D) ASSISTANCE FOR CERTAIN FAMI-
16 LIES.—A State shall ensure that a substantial
17 portion of the amounts available (after the State
18 has complied with the requirement of section
19 418(b)(2) of the Social Security Act with respect
20 to each of the fiscal years 1997 through 2002) to
21 the State to carry out activities under this sub-
22 chapter in each fiscal year is used to provide as-
23 sistance to low-income working families other
24 than families described in paragraph (2)(F).”;
25 and

1 (C) in paragraph (4)(A)—

2 (i) by striking “provide assurances”
3 and inserting “certify”;

4 (ii) in the first sentence by inserting
5 “and shall provide a summary of the facts
6 relied on by the State to determine that
7 such rates are sufficient to ensure such ac-
8 cess” before the period; and

9 (iii) by striking the last sentence.

10 **SEC. 2706. LIMITATION ON STATE ALLOTMENTS.**

11 Section 658F(b) (42 U.S.C. 9858d(b)) is amended—

12 (1) in paragraph (1), by striking “No” and in-
13 sserting “Except as provided for in section 658O(c)(6),
14 no”; and

15 (2) in paragraph (2), by striking “referred to in
16 section 658E(c)(2)(F)”.

17 **SEC. 2707. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
18 **CARE.**

19 Section 658G (42 U.S.C. 9858e) is amended to read
20 as follows:

21 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
22 **CHILD CARE.**

23 “A State that receives funds to carry out this sub-
24 chapter for a fiscal year, shall use not less than 4 percent
25 of the amount of such funds for activities that are designed

1 *to provide comprehensive consumer education to parents*
2 *and the public, activities that increase parental choice, and*
3 *activities designed to improve the quality and availability*
4 *of child care (such as resource and referral services).”.*

5 **SEC. 2708. REPEAL OF EARLY CHILDHOOD DEVELOPMENT**
6 **AND BEFORE- AND AFTER-SCHOOL CARE RE-**
7 **QUIREMENT.**

8 *Section 658H (42 U.S.C. 9858f) is repealed.*

9 **SEC. 2709. ADMINISTRATION AND ENFORCEMENT.**

10 *Section 658I(b) (42 U.S.C. 9858g(b)) is amended—*

11 *(1) in paragraph (1), by striking “, and shall*
12 *have” and all that follows through “(2)”;* and

13 *(2) in the matter following clause (ii) of para-*
14 *graph (2)(A), by striking “finding and that” and all*
15 *that follows through the period and inserting “finding*
16 *and shall require that the State reimburse the Sec-*
17 *retary for any funds that were improperly expended*
18 *for purposes prohibited or not authorized by this sub-*
19 *chapter, that the Secretary deduct from the adminis-*
20 *trative portion of the State allotment for the following*
21 *fiscal year an amount that is less than or equal to*
22 *any improperly expended funds, or a combination of*
23 *such options.”.*

1 **SEC. 2710. PAYMENTS.**

2 *Section 658J(c) (42 U.S.C. 9858h(c)) is amended by*
3 *striking “expended” and inserting “obligated”.*

4 **SEC. 2711. ANNUAL REPORT AND AUDITS.**

5 *Section 658K (42 U.S.C. 9858i) is amended—*

6 *(1) in the section heading by striking “ANNUAL*
7 *REPORT” and inserting “REPORTS”;*

8 *(2) in subsection (a), to read as follows:*

9 *“(a) REPORTS.—*

10 *“(1) COLLECTION OF INFORMATION BY*
11 *STATES.—*

12 *“(A) IN GENERAL.—A State that receives*
13 *funds to carry out this subchapter shall collect*
14 *the information described in subparagraph (B)*
15 *on a monthly basis.*

16 *“(B) REQUIRED INFORMATION.—The infor-*
17 *mation required under this subparagraph shall*
18 *include, with respect to a family unit receiving*
19 *assistance under this subchapter information*
20 *concerning—*

21 *“(i) family income;*

22 *“(ii) county of residence;*

23 *“(iii) the gender, race, and age of chil-*
24 *dren receiving such assistance;*

25 *“(iv) whether the family includes only*
26 *1 parent;*

1 “(v) the sources of family income, in-
2 cluding the amount obtained from (and sep-
3 arately identified)—

4 “(I) employment, including self-
5 employment;

6 “(II) cash or other assistance
7 under part A of title IV of the Social
8 Security Act;

9 “(III) housing assistance;

10 “(IV) assistance under the Food
11 Stamp Act of 1977; and

12 “(V) other assistance programs;

13 “(vi) the number of months the family
14 has received benefits;

15 “(vii) the type of child care in which
16 the child was enrolled (such as family child
17 care, home care, or center-based child care);

18 “(viii) whether the child care provider
19 involved was a relative;

20 “(ix) the cost of child care for such
21 families; and

22 “(x) the average hours per week of such
23 care;

24 during the period for which such information is
25 required to be submitted.

1 “(C) *SUBMISSION TO SECRETARY.*—A State
2 described in subparagraph (A) shall, on a quar-
3 terly basis, submit the information required to be
4 collected under subparagraph (B) to the Sec-
5 retary.

6 “(D) *SAMPLING.*—The Secretary may dis-
7 approve the information collected by a State
8 under this paragraph if the State uses sampling
9 methods to collect such information.

10 “(2) *BIANNUAL REPORTS.*—Not later than De-
11 cember 31, 1997, and every 6 months thereafter, a
12 State described in paragraph (1)(A) shall prepare
13 and submit to the Secretary a report that includes ag-
14 gregate data concerning—

15 “(A) the number of child care providers that
16 received funding under this subchapter as sepa-
17 rately identified based on the types of providers
18 listed in section 658P(5);

19 “(B) the monthly cost of child care services,
20 and the portion of such cost that is paid for with
21 assistance provided under this subchapter, listed
22 by the type of child care services provided;

23 “(C) the number of payments made by the
24 State through vouchers, contracts, cash, and dis-

1 *regards under public benefit programs, listed by*
2 *the type of child care services provided;*

3 “(D) *the manner in which consumer edu-*
4 *cation information was provided to parents and*
5 *the number of parents to whom such information*
6 *was provided; and*

7 “(E) *the total number (without duplication)*
8 *of children and families served under this sub-*
9 *chapter;*

10 *during the period for which such report is required to*
11 *be submitted.”; and*

12 (2) *in subsection (b)—*

13 (A) *in paragraph (1) by striking “a appli-*
14 *cation” and inserting “an application”;*

15 (B) *in paragraph (2) by striking “any*
16 *agency administering activities that receive” and*
17 *inserting “the State that receives”;* and

18 (C) *in paragraph (4) by striking “entitles”*
19 *and inserting “entitled”.*

20 **SEC. 2712. REPORT BY THE SECRETARY.**

21 *Section 658L (42 U.S.C. 9858j) is amended—*

22 (1) *by striking “1993” and inserting “1997”;*

23 (2) *by striking “annually” and inserting “bien-*
24 *nially”;* and

1 (3) by striking “Education and Labor” and in-
2 serting “Economic and Educational Opportunities”.

3 **SEC. 2713. ALLOTMENTS.**

4 Section 658O (42 U.S.C. 9858m) is amended—

5 (1) in subsection (a)(1)—

6 (A) by striking “POSSESSIONS” and insert-
7 ing “POSSESSIONS”;

8 (B) by inserting “and” after “States,”; and

9 (C) by striking “, and the Trust Territory
10 of the Pacific Islands”;

11 (2) in subsection (c)—

12 (A) in paragraph (5) by striking “our” and
13 inserting “out”; and

14 (B) by adding at the end thereof the follow-
15 ing new paragraph:

16 “(6) CONSTRUCTION OR RENOVATION OF FACILI-
17 TIES.—

18 “(A) REQUEST FOR USE OF FUNDS.—An
19 Indian tribe or tribal organization may submit
20 to the Secretary a request to use amounts pro-
21 vided under this subsection for construction or
22 renovation purposes.

1 “(B) *DETERMINATION.*—*With respect to a*
2 *request submitted under subparagraph (A), and*
3 *except as provided in subparagraph (C), upon a*
4 *determination by the Secretary that adequate fa-*
5 *ilities are not otherwise available to an Indian*
6 *tribe or tribal organization to enable such tribe*
7 *or organization to carry out child care programs*
8 *in accordance with this subchapter, and that the*
9 *lack of such facilities will inhibit the operation*
10 *of such programs in the future, the Secretary*
11 *may permit the tribe or organization to use as-*
12 *sistance provided under this subsection to make*
13 *payments for the construction or renovation of*
14 *facilities that will be used to carry out such pro-*
15 *grams.*

16 “(C) *LIMITATION.*—*The Secretary may not*
17 *permit an Indian tribe or tribal organization to*
18 *use amounts provided under this subsection for*
19 *construction or renovation if such use will result*
20 *in a decrease in the level of child care services*
21 *provided by the tribe or organization as com-*
22 *pared to the level of such services provided by the*
23 *tribe or organization in the fiscal year preceding*
24 *the year for which the determination under sub-*
25 *paragraph (A) is being made.*

1 “(D) *UNIFORM PROCEDURES.*—*The Sec-*
2 *retary shall develop and implement uniform pro-*
3 *cedures for the solicitation and consideration of*
4 *requests under this paragraph.*”; and

5 (3) *in subsection (e), by adding at the end there-*
6 *of the following new paragraph:*

7 “(4) *INDIAN TRIBES OR TRIBAL ORGANIZA-*
8 *TIONS.*—*Any portion of a grant or contract made to*
9 *an Indian tribe or tribal organization under sub-*
10 *section (c) that the Secretary determines is not being*
11 *used in a manner consistent with the provision of this*
12 *subchapter in the period for which the grant or con-*
13 *tract is made available, shall be allotted by the Sec-*
14 *retary to other tribes or organizations that have sub-*
15 *mitted applications under subsection (c) in accord-*
16 *ance with their respective needs.*”.

17 **SEC. 2714. DEFINITIONS.**

18 *Section 658P (42 U.S.C. 9858n) is amended—*

19 (1) *in paragraph (2), in the first sentence by in-*
20 *serting “or as a deposit for child care services if such*
21 *a deposit is required of other children being cared for*
22 *by the provider” after “child care services”; and*

23 (2) *by striking paragraph (3);*

24 (3) *in paragraph (4)(B), by striking “75 per-*
25 *cent” and inserting “85 percent”;*

1 (4) in paragraph (5)(B)—

2 (A) by inserting “great grandchild, sibling
3 (if such provider lives in a separate residence),”
4 after “grandchild,”;

5 (B) by striking “is registered and”; and

6 (C) by striking “State” and inserting “ap-
7 plicable”.

8 (5) by striking paragraph (10);

9 (6) in paragraph (13)—

10 (A) by inserting “or” after “Samoa,”; and

11 (B) by striking “, and the Trust Territory
12 of the Pacific Islands”;

13 (7) in paragraph (14)—

14 (A) by striking “The term” and inserting
15 the following:

16 “(A) *IN GENERAL.*—The term”; and

17 (B) by adding at the end thereof the follow-
18 ing new subparagraph:

19 “(B) *OTHER ORGANIZATIONS.*—Such term
20 includes a Native Hawaiian Organization, as
21 defined in section 4009(4) of the Augustus F.
22 Hawkins-Robert T. Stafford Elementary and
23 Secondary School Improvement Amendments of
24 1988 (20 U.S.C. 4909(4)) and a private non-
25 profit organization established for the purpose of

1 *serving youth who are Indians or Native Hawai-*
2 *ians.”.*

3 **SEC. 2715. EFFECTIVE DATE.**

4 *(a) IN GENERAL.—Except as provided in subsection*
5 *(b), this chapter and the amendments made by this chapter*
6 *shall take effect on October 1, 1996.*

7 *(b) EXCEPTION.—The amendment made by section*
8 *2803(a) shall take effect on the date of enactment of this*
9 *Act.*

10 **CHAPTER 8—MISCELLANEOUS**

11 **SEC. 2801. APPROPRIATION BY STATE LEGISLATURES.**

12 *(a) IN GENERAL.—Any funds received by a State*
13 *under the provisions of law specified in subsection (b) shall*
14 *be subject to appropriation by the State legislature, consist-*
15 *ent with the terms and conditions required under such pro-*
16 *visions of law.*

17 *(b) PROVISIONS OF LAW.—The provisions of law speci-*
18 *fied in this subsection are the following:*

19 *(1) Part A of title IV of the Social Security Act*
20 *(relating to block grants for temporary assistance for*
21 *needy families).*

22 *(2) Section 27 of the Food Stamp Act of 1977*
23 *(relating to the optional State food assistance block*
24 *grant).*

1 (3) *The Child Care and Development Block*
2 *Grant Act of 1990 (relating to block grants for child*
3 *care).*

4 **SEC. 2802. SANCTIONING FOR TESTING POSITIVE FOR CON-**
5 **TROLLED SUBSTANCES.**

6 *Notwithstanding any other provision of law, States*
7 *shall not be prohibited by the Federal Government from*
8 *testing welfare recipients for use of controlled substances nor*
9 *from sanctioning welfare recipients who test positive for use*
10 *of controlled substances.*

11 **SEC. 2803. REDUCTION IN BLOCK GRANTS TO STATES FOR**
12 **SOCIAL SERVICES.**

13 (a) *IN GENERAL.*—*Section 2003(c) of the Social Secu-*
14 *urity Act (42 U.S.C. 1397b(c)) is amended—*

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

17 (2) *by striking paragraph (5) and inserting the*
18 *following:*

19 “(5) \$2,800,000,000 for each of the fiscal years
20 1990 through 1995;

21 “(6) \$2,381,000,000 for the fiscal year 1996;

22 “(7) \$2,240,000,000 for each of the fiscal years
23 1997 through 2002; *and*

24 “(8) \$2,800,000,000 for the fiscal year 2003 and
25 *each succeeding fiscal year.”.*

1 (b) *DEDICATION OF BLOCK GRANT SHARE.*—Section
2 *2001 of the Social Security Act (42 U.S.C. 1397) is amend-*
3 *ed—*

4 (1) *in the matter preceding paragraph (1), by*
5 *inserting “(a)” before “For”; and*

6 (2) *by adding at the end the following:*

7 “*(b) For any fiscal year in which a State receives an*
8 *allotment under section 2003, such State shall dedicate an*
9 *amount equal to 1 percent of such allotment to fund pro-*
10 *grams and services that teach minors to avoid out-of-wed-*
11 *lock pregnancies.”.*

12 **SEC. 2804. ELIMINATION OF HOUSING ASSISTANCE WITH**
13 **RESPECT TO FUGITIVE FELONS AND PROBA-**
14 **TION AND PAROLE VIOLATORS.**

15 (a) *ELIGIBILITY FOR ASSISTANCE.*—*The United States*
16 *Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—*

17 (1) *in section 6(l)—*

18 (A) *in paragraph (5), by striking “and” at*
19 *the end;*

20 (B) *in paragraph (6), by striking the period*
21 *at the end and inserting “; and”; and*

22 (C) *by inserting immediately after para-*
23 *graph (6) the following new paragraph:*

1 “(7) provide that it shall be cause for immediate
2 termination of the tenancy of a public housing tenant
3 if such tenant—

4 “(A) is fleeing to avoid prosecution, or cus-
5 tody or confinement after conviction, under the
6 laws of the place from which the individual flees,
7 for a crime, or attempt to commit a crime,
8 which is a felony under the laws of the place
9 from which the individual flees, or which, in the
10 case of the State of New Jersey, is a high mis-
11 demeanor under the laws of such State; or

12 “(2) is violating a condition of probation or pa-
13 role imposed under Federal or State law.”; and

14 (2) in section 8(d)(1)(B)—

15 (A) in clause (iii), by striking “and” at the
16 end;

17 (B) in clause (iv), by striking the period at
18 the end and inserting “; and”; and

19 (C) by adding after clause (iv) the following
20 new clause:

21 “(v) it shall be cause for termination of
22 the tenancy of a tenant if such tenant—

23 “(I) is fleeing to avoid prosecu-
24 tion, or custody or confinement after
25 conviction, under the laws of the place

1 *from which the individual flees, for a*
2 *crime, or attempt to commit a crime,*
3 *which is a felony under the laws of the*
4 *place from which the individual flees,*
5 *or which, in the case of the State of*
6 *New Jersey, is a high misdemeanor*
7 *under the laws of such State; or*

8 *“(II) is violating a condition of*
9 *probation or parole imposed under*
10 *Federal or State law;”.*

11 ***(b) PROVISION OF INFORMATION TO LAW ENFORCE-***
12 ***MENT AGENCIES.—Title I of the United States Housing Act***
13 ***of 1937 (42 U.S.C. 1437 et seq.), as amended by sections***
14 ***2404(d) and 2601 of this Act, is amended by adding at the***
15 ***end the following:***

16 **“SEC. 29. EXCHANGE OF INFORMATION WITH LAW EN-**
17 **FORCEMENT AGENCIES.**

18 *“Notwithstanding any other provision of law, each*
19 *public housing agency that enters into a contract for assist-*
20 *ance under section 6 or 8 of this Act with the Secretary*
21 *shall furnish any Federal, State, or local law enforcement*
22 *officer, upon the request of the officer, with the current ad-*
23 *dress, Social Security number, and photograph (if applica-*
24 *ble) of any recipient of assistance under this Act, if the offi-*
25 *cer—*

1 “(1) furnishes the public housing agency with the
2 name of the recipient; and

3 “(2) notifies the agency that—

4 “(A) such recipient—

5 “(i) is fleeing to avoid prosecution, or
6 custody or confinement after conviction,
7 under the laws of the place from which the
8 individual flees, for a crime, or attempt to
9 commit a crime, which is a felony under the
10 laws of the place from which the individual
11 flees, or which, in the case of the State of
12 New Jersey, is a high misdemeanor under
13 the laws of such State; or

14 “(ii) is violating a condition of proba-
15 tion or parole imposed under Federal or
16 State law; or

17 “(iii) has information that is necessary
18 for the officer to conduct the officer’s official
19 duties;

20 “(B) the location or apprehension of the re-
21 cipient is within such officer’s official duties;
22 and

23 “(C) the request is made in the proper exer-
24 cise of the officer’s official duties.”.

1 **SEC. 2805. SENSE OF THE SENATE REGARDING ENTERPRISE**

2 **ZONES.**

3 (a) *FINDINGS.—The Senate finds that:*

4 (1) *Many of the Nation's urban centers are*
5 *places with high levels of poverty, high rates of wel-*
6 *fare dependency, high crime rates, poor schools, and*
7 *joblessness;*

8 (2) *Federal tax incentives and regulatory re-*
9 *forms can encourage economic growth, job creation*
10 *and small business formation in many urban centers;*

11 (3) *Encouraging private sector investment in*
12 *America's economically distressed urban and rural*
13 *areas is essential to breaking the cycle of poverty and*
14 *the related ills of crime, drug abuse, illiteracy, welfare*
15 *dependency, and unemployment;*

16 (4) *The empowerment zones enacted in 1993*
17 *should be enhanced by providing incentives to in-*
18 *crease entrepreneurial growth, capital formation, job*
19 *creation, educational opportunities, and home owner-*
20 *ship in the designated communities and zones.*

21 (b) *SENSE OF THE SENATE.—Therefore, it is the Sense*
22 *of the Senate that the Congress should adopt enterprise zone*
23 *legislation in the One Hundred Fourth Congress, and that*
24 *such enterprise zone legislation provide the following incen-*
25 *tives and provisions:*

1 (1) *Federal tax incentives that expand access to*
2 *capital, increase the formation and expansion of*
3 *small businesses, and promote commercial revitaliza-*
4 *tion;*

5 (2) *Regulatory reforms that allow localities to*
6 *petition Federal agencies, subject to the relevant agen-*
7 *cies' approval, for waivers or modifications of regula-*
8 *tions to improve job creation, small business forma-*
9 *tion and expansion, community development, or eco-*
10 *nomical revitalization objectives of the enterprise zones;*

11 (3) *Home ownership incentives and grants to en-*
12 *courage resident management of public housing and*
13 *home ownership of public housing;*

14 (4) *School reform pilot projects in certain des-*
15 *ignated enterprise zones to provide low-income par-*
16 *ents with new and expanded educational options for*
17 *their children's elementary and secondary schooling.*

18 **SEC. 2806. SENSE OF THE SENATE REGARDING THE IN-**
19 **ABILITY OF THE NON-CUSTODIAL PARENT TO**
20 **PAY CHILD SUPPORT.**

21 *It is the sense of the Senate that—*

22 (a) *States should diligently continue their efforts*
23 *to enforce child support payments by the non-custo-*
24 *dial parent to the custodial parent, regardless of the*

1 *employment status or location of the non-custodial*
2 *parent; and*

3 *(b) States are encouraged to pursue pilot pro-*
4 *grams in which the parents of a non-adult, non-custo-*
5 *dial parent who refuses to or is unable to pay child*
6 *support must—*

7 *(1) pay or contribute to the child support*
8 *owed by the non-custodial parent; or*

9 *(2) otherwise fulfill all financial obligations*
10 *and meet all conditions imposed on the non-cus-*
11 *todial parent, such as participation in a work*
12 *program or other related activity.*

13 **SEC. 2807. ESTABLISHING NATIONAL GOALS TO PREVENT**
14 **TEENAGE PREGNANCIES.**

15 *(a) IN GENERAL.—Not later than January 1, 1997,*
16 *the Secretary of Health and Human Services shall establish*
17 *and implement a strategy for—*

18 *(1) preventing out-of-wedlock teenage preg-*
19 *nancies, and*

20 *(2) assuring that at least 25 percent of the com-*
21 *munities in the United States have teenage pregnancy*
22 *prevention programs in place.*

23 *(b) REPORT.—Not later than June 30, 1998, and an-*
24 *nually thereafter, the Secretary shall report to the Congress*
25 *with respect to the progress that has been made in meeting*

1 *the goals described in paragraphs (1) and (2) of subsection*
2 *(a).*

3 **SEC. 2808. SENSE OF THE SENATE REGARDING ENFORCE-**
4 **MENT OF STATUTORY RAPE LAWS.**

5 *(a) SENSE OF THE SENATE.—It is the sense of the Sen-*
6 *ate that States and local jurisdictions should aggressively*
7 *enforce statutory rape laws.*

8 *(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY*
9 *RAPE.—Not later than January 1, 1997, the Attorney Gen-*
10 *eral shall establish and implement a program that—*

11 *(1) studies the linkage between statutory rape*
12 *and teenage pregnancy, particularly by predatory*
13 *older men committing repeat offenses; and*

14 *(2) educates State and local criminal law en-*
15 *forcement officials on the prevention and prosecution*
16 *of statutory rape, focusing in particular on the com-*
17 *mission of statutory rape by predatory older men*
18 *committing repeat offenses, and any links to teenage*
19 *pregnancy.*

20 *(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The At-*
21 *torney General shall ensure that the Department of Justice's*
22 *Violence Against Women initiative addresses the issue of*
23 *statutory rape, particularly the commission of statutory*
24 *rape by predatory older men committing repeat offenses.*

1 **SEC. 2809. PROVISIONS TO ENCOURAGE ELECTRONIC BEN-**
2 **EFIT TRANSFER SYSTEMS.**

3 *Section 904 of the Electronic Fund Transfer Act (15*
4 *U.S.C. 1693b) is amended—*

5 *(1) by striking “(d) In the event” and inserting*
6 *“(d) APPLICABILITY TO SERVICE PROVIDERS OTHER*
7 *THAN CERTAIN FINANCIAL INSTITUTIONS.—*

8 *“(1) IN GENERAL.—In the event”; and*

9 *(2) by adding at the end the following new para-*
10 *graph:*

11 *“(2) STATE AND LOCAL GOVERNMENT ELEC-*
12 *TRONIC BENEFIT TRANSFER PROGRAMS.—*

13 *“(A) EXEMPTION GENERALLY.—The disclo-*
14 *tures, protections, responsibilities, and remedies*
15 *established under this title, and any regulation*
16 *prescribed or order issued by the Board in ac-*
17 *cordance with this title, shall not apply to any*
18 *electronic benefit transfer program established*
19 *under State or local law or administered by a*
20 *State or local government.*

21 *“(B) EXCEPTION FOR DIRECT DEPOSIT INTO*
22 *RECIPIENT’S ACCOUNT.—Subparagraph (A) shall*
23 *not apply with respect to any electronic funds*
24 *transfer under an electronic benefit transfer pro-*
25 *gram for deposits directly into a consumer ac-*
26 *count held by the recipient of the benefit.*

1 “(C) *RULE OF CONSTRUCTION.*—No provi-
2 sion of this paragraph may be construed as—

3 “(i) *affecting or altering the protec-*
4 *tions otherwise applicable with respect to*
5 *benefits established by Federal, State, or*
6 *local law; or*

7 “(ii) *otherwise superseding the appli-*
8 *cation of any State or local law.*

9 “(D) *ELECTRONIC BENEFIT TRANSFER PRO-*
10 *GRAM DEFINED.*—For purposes of this para-
11 graph, the term ‘*electronic benefit transfer pro-*
12 *gram*’—

13 “(i) *means a program under which a*
14 *government agency distributes needs-tested*
15 *benefits by establishing accounts to be*
16 *accessed by recipients electronically, such as*
17 *through automated teller machines, or*
18 *point-of-sale terminals; and*

19 “(ii) *does not include employment-re-*
20 *lated payments, including salaries and pen-*
21 *sion, retirement, or unemployment benefits*
22 *established by Federal, State, or local gov-*
23 *ernments.”.*

1 **SEC. 2810. RULES RELATING TO DENIAL OF EARNED IN-**
2 **COME CREDIT ON BASIS OF DISQUALIFIED IN-**
3 **COME.**

4 (a) *REDUCTION IN DISQUALIFIED INCOME THRESH-*
5 *OLD.—*

6 (1) *IN GENERAL.—*Paragraph (1) of section 32(i)
7 *of the Internal Revenue Code of 1986 (relating to de-*
8 *denial of credit for individuals having excessive invest-*
9 *ment income) is amended by striking “\$2,350” and*
10 *inserting “\$2,200”.*

11 (2) *ADJUSTMENT FOR INFLATION.—*Subsection
12 *(j) of section 32 of such Code is amended to read as*
13 *follows:*

14 *“(j) INFLATION ADJUSTMENTS.—*

15 *“(1) IN GENERAL.—*In the case of any taxable
16 *year beginning after 1996, each of the dollar amounts*
17 *in subsections (b)(2)(A) and (i)(1) shall be increased*
18 *by an amount equal to—*

19 *“(A) such dollar amount, multiplied by*

20 *“(B) the cost-of-living adjustment deter-*
21 *mined under section 1(f)(3) for the calendar year*
22 *in which the taxable year begins, determined by*
23 *substituting ‘calendar year 1995’ for ‘calendar*
24 *year 1992’ in subparagraph (B) thereof.*

25 *“(2) ROUNDING.—*

1 “(A) *IN GENERAL.*—If any dollar amount
2 in subsection (b)(2), after being increased under
3 paragraph (1), is not a multiple of \$10, such
4 dollar amount shall be rounded to the nearest
5 multiple of \$10.

6 “(B) *DISQUALIFIED INCOME THRESHOLD*
7 *AMOUNT.*—If the dollar amount in subsection
8 (i)(1), after being increased under paragraph
9 (1), is not a multiple of \$50, such amount shall
10 be rounded to the next lowest multiple of \$50.”.

11 (3) *CONFORMING AMENDMENTS.*—The table con-
12 tained in section 32(b)(2)(A) of the Internal Revenue
13 Code of 1986 is amended—

14 (1) by striking “\$6,000” and inserting “\$6,330”,

15 (2) by striking “\$11,000” both places it appears
16 and inserting “\$11,610”,

17 (3) by striking “\$8,425” and inserting “\$8,890”,

18 (4) by striking “\$4,000” and inserting “\$4,220”,

19 and

20 (5) by striking “\$5,000” and inserting “\$5,280”.

21 (b) *DEFINITION OF DISQUALIFIED INCOME.*—Para-
22 graph (2) of section 32(i) of such Code (defining disquali-
23 fied income) is amended by striking “and” at the end of
24 subparagraph (B), by striking the period at the end of sub-

1 paragraph (C) and inserting a comma, and by adding at
2 the end the following new subparagraphs:

3 “(D) the capital gain net income (as de-
4 fined in section 1222) of the taxpayer for such
5 taxable year, and

6 “(E) the excess (if any) of—

7 “(i) the aggregate income from all pas-
8 sive activities for the taxable year (deter-
9 mined without regard to any amount in-
10 cluded in earned income under subsection
11 (c)(2) or described in a preceding subpara-
12 graph), over

13 “(ii) the aggregate losses from all pas-
14 sive activities for the taxable year (as so de-
15 termined).

16 For purposes of subparagraph (E), the term ‘passive
17 activity’ has the meaning given such term by section
18 469.”.

19 (c) EFFECTIVE DATES.—

20 (1) IN GENERAL.—Except as provided in para-
21 graph (2), the amendments made by this section shall
22 apply to taxable years beginning after December 31,
23 1995.

24 (2) ADVANCE PAYMENT INDIVIDUALS.—In the
25 case of any individual who on or before June 26,

1 1996, has in effect an earned income eligibility cer-
 2 tificate for the individual's taxable year beginning in
 3 1996, the amendments made by this section shall
 4 apply to taxable years beginning after December 31,
 5 1996.

6 **SEC. 2811. MODIFICATION OF ADJUSTED GROSS INCOME**

7 **DEFINITION FOR EARNED INCOME CREDIT.**

8 (a) *IN GENERAL.*—Subsections (a)(2)(B), (c)(1)(C),
 9 and (f)(2)(B) of section 32 of the Internal Revenue Code
 10 of 1986 are each amended by striking “adjusted gross in-
 11 come” each place it appears and inserting “modified ad-
 12 justed gross income”.

13 (b) *MODIFIED ADJUSTED GROSS INCOME DEFINED.*—
 14 Section 32(c) of such Code (relating to definitions and spe-
 15 cial rules) is amended by adding at the end the following
 16 new paragraph:

17 “(5) *MODIFIED ADJUSTED GROSS INCOME.*—

18 “(A) *IN GENERAL.*—The term ‘modified ad-
 19 justed gross income’ means adjusted gross in-
 20 come—

21 “(i) increased by the sum of the
 22 amounts described in subparagraph (B),
 23 and

24 “(ii) determined without regard to the
 25 amounts described in subparagraph (C).

1 “(B) *NONTAXABLE INCOME TAKEN INTO AC-*
2 *COUNT.—Amounts described in this subpara-*
3 *graph are—*

4 “(i) *interest received or accrued during*
5 *the taxable year which is exempt from tax*
6 *imposed by this chapter, and*

7 “(ii) *amounts received as a pension or*
8 *annuity, and any distributions or payments*
9 *received from an individual retirement*
10 *plan, by the taxpayer during the taxable*
11 *year to the extent not included in gross in-*
12 *come.*

13 *Clause (ii) shall not include any amount which*
14 *is not includible in gross income by reason of*
15 *section 402(c), 403(a)(4), 403(b)(8), 408(d) (3),*
16 *(4), or (5), or 457(e)(10).*

17 “(C) *CERTAIN AMOUNTS DISREGARDED.—*
18 *An amount is described in this subparagraph if*
19 *it is—*

20 “(i) *the amount of losses from sales or*
21 *exchanges of capital assets in excess of gains*
22 *from such sales or exchanges to the extent*
23 *such amount does not exceed the amount*
24 *under section 1211(b)(1),*

1 “(ii) the net loss from estates and
2 trusts,

3 “(iii) the excess (if any) of amounts
4 described in subsection (i)(2)(C)(ii) over the
5 amounts described in subsection (i)(2)(C)(i)
6 (relating to nonbusiness rents and royal-
7 ties), and

8 “(iv) the net loss from the carrying on
9 of trades or businesses, computed separately
10 with respect to—

11 “(I) trades or businesses (other
12 than farming) conducted as sole pro-
13 prietorships,

14 “(II) trades or businesses of farm-
15 ing conducted as sole proprietorships,
16 and

17 “(III) other trades or businesses.

18 For purposes of clause (iv), there shall not be
19 taken into account items which are attributable
20 to a trade or business which consists of the per-
21 formance of services by the taxpayer as an em-
22 ployee.”.

23 (c) *EFFECTIVE DATES.*—

24 (1) *IN GENERAL.*—Except as provided in para-
25 graph (2), the amendments made by this section shall

1 *apply to taxable years beginning after December 31,*
2 *1995.*

3 (2) *ADVANCE PAYMENT INDIVIDUALS.*—*In the*
4 *case of any individual who on or before June 26,*
5 *1996, has in effect an earned income eligibility cer-*
6 *tificate for the individual's taxable year beginning in*
7 *1996, the amendments made by this section shall*
8 *apply to taxable years beginning after December 31,*
9 *1996.*

10 **SEC. 2812. SUSPENSION OF INFLATION ADJUSTMENTS FOR**
11 **INDIVIDUALS WITH NO QUALIFYING CHIL-**
12 **DREN.**

13 (a) *IN GENERAL.*—*Subsection (j) of section 32 of the*
14 *Internal Revenue Code of 1986, as amended by section*
15 *2911(a)(2) of this Act, is amended by adding at the end*
16 *the following new paragraph:*

17 “(3) *NO ADJUSTMENT FOR INDIVIDUALS WITH NO*
18 *QUALIFYING CHILDREN.*—*This subsection shall not*
19 *apply to each dollar amount contained in subsection*
20 *(b)(2)(A) with respect to individuals with no qualify-*
21 *ing children.”.*

22 (b) *EFFECTIVE DATE.*—*The amendment made by this*
23 *section shall apply to taxable years beginning after Decem-*
24 *ber 31, 1996.*

1 **SEC. 2813. REFUNDABLE CREDIT FOR ADOPTION EXPENSES.**

2 (a) *IN GENERAL.*—Subpart C of part IV of subchapter
3 *A* of chapter 1 of the Internal Revenue Code of 1986 (relat-
4 *ing to refundable credits*) is amended by redesignating sec-
5 *tion 35 as section 36 and by inserting after section 34 the*
6 *following new section:*

7 **“SEC. 35. ADOPTION EXPENSES.**

8 “(a) *ALLOWANCE OF CREDIT.*—*In the case of an indi-*
9 *vidual, there shall be allowed as a credit against the tax*
10 *imposed by this subtitle for the taxable year the amount*
11 *of the qualified adoption expenses paid or incurred by the*
12 *taxpayer during such taxable year.*

13 “(b) *LIMITATIONS.*—

14 “(1) *DOLLAR LIMITATION.*—*The aggregate*
15 *amount of qualified adoption expenses which may be*
16 *taken into account under subsection (a) with respect*
17 *to the adoption of a child shall not exceed \$5,000.*

18 “(2) *INCOME LIMITATION.*—*The amount allow-*
19 *able as a credit under subsection (a) for any taxable*
20 *year shall be reduced (but not below zero) by an*
21 *amount which bears the same ratio to the amount so*
22 *allowable (determined without regard to this para-*
23 *graph but with regard to paragraph (1)) as—*

24 “(A) *the amount (if any) by which the tax-*
25 *payer’s adjusted gross income exceeds \$60,000,*
26 *bears to*

1 “(B) \$40,000.

2 “(3) DENIAL OF DOUBLE BENEFIT.—

3 “(A) IN GENERAL.—No credit shall be al-
4 lowed under subsection (a) for any expense for
5 which a deduction or credit is allowable under
6 any other provision of this chapter.

7 “(B) GRANTS.—No credit shall be allowed
8 under subsection (a) for any expense to the ex-
9 tent that funds for such expense are received
10 under any Federal, State, or local program.

11 “(c) QUALIFIED ADOPTION EXPENSES.—For purposes
12 of this section, the term ‘qualified adoption expenses’ means
13 reasonable and necessary adoption fees, court costs, attorney
14 fees, and other expenses which are directly related to the
15 legal and finalized adoption of a child by the taxpayer and
16 which are not incurred in violation of State or Federal law
17 or in carrying out any surrogate parenting arrangement.
18 The term ‘qualified adoption expenses’ shall not include any
19 expenses in connection with the adoption by an individual
20 of a child who is the child of such individual’s spouse.

21 “(d) MARRIED COUPLES MUST FILE JOINT RE-
22 TURNS.—Rules similar to the rules of paragraphs (2), (3),
23 and (4) of section 21(e) shall apply for purposes of this sec-
24 tion.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Paragraph (2) of section 1324(b) of title 31,
2 United States Code, is amended by inserting before
3 the period “, or from section 35 of such Code”.

4 (2) The table of sections for subpart C of part IV
5 of subchapter A of chapter 1 of the Internal Revenue
6 Code of 1986 is amended by striking the last item and
7 inserting the following:

“Sec. 35. Adoption expenses.
“Sec. 36. Overpayments of tax.”.

8 (c) *EFFECTIVE DATE.*—The amendments made by this
9 section shall apply to taxable years beginning after Decem-
10 ber 31, 1996.

11 **SEC. 2814. EXCLUSION OF ADOPTION ASSISTANCE.**

12 (a) *IN GENERAL.*—Part III of subchapter B of chapter
13 1 of the Internal Revenue Code of 1986 (relating to items
14 specifically excluded from gross income) is amended by re-
15 designating section 137 as section 138 and by inserting
16 after section 136 the following new section:

17 **“SEC. 137. ADOPTION ASSISTANCE.**

18 “(a) *IN GENERAL.*—Gross income of an employee does
19 not include employee adoption assistance benefits, or mili-
20 tary adoption assistance benefits, received by the employee
21 with respect to the employee’s adoption of a child.

22 “(b) *DEFINITIONS.*—For purposes of this section—

23 “(1) *EMPLOYEE ADOPTION ASSISTANCE BENE-*
24 *FITS.*—The term ‘employee adoption assistance bene-

1 *fits’ means payment by an employer of qualified*
2 *adoption expenses with respect to an employee’s adop-*
3 *tion of a child, or reimbursement by the employer of*
4 *such qualified adoption expenses paid or incurred by*
5 *the employee in the taxable year.*

6 “(2) *EMPLOYER AND EMPLOYEE.*—*The terms*
7 *‘employer’ and ‘employee’ have the respective mean-*
8 *ings given such terms by section 127(c).*

9 “(3) *MILITARY ADOPTION ASSISTANCE BENE-*
10 *FITS.*—*The term ‘military adoption assistance bene-*
11 *fits’ means benefits provided under section 1052 of*
12 *title 10, United States Code, or section 514 of title 14,*
13 *United States Code.*

14 “(4) *QUALIFIED ADOPTION EXPENSES.*—*The*
15 *term ‘qualified adoption expenses’ means reasonable*
16 *and necessary adoption fees, court costs, attorney fees,*
17 *and other expenses which are directly related to the*
18 *legal and finalized adoption of a child by the tax-*
19 *payer and which are not incurred in violation of*
20 *State or Federal law or in carrying out any surrogate*
21 *parenting arrangement. The term ‘qualified adoption*
22 *expenses’ shall not include any expenses in connection*
23 *with the adoption by an individual of a child who is*
24 *the child of such individual’s spouse.*

1 “(c) *COORDINATION WITH OTHER PROVISIONS.*—The
 2 *Secretary shall issue regulations to coordinate the applica-*
 3 *tion of this section with the application of any other provi-*
 4 *sion of this title which allows a credit or deduction with*
 5 *respect to qualified adoption expenses.”.*

6 (b) *CLERICAL AMENDMENT.*—The table of sections for
 7 *part III of subchapter B of chapter 1 of such Code is amend-*
 8 *ed by striking the item relating to section 137 and inserting*
 9 *the following new items:*

 “Sec. 137. *Adoption assistance.*

 “Sec. 138. *Cross references to other Acts.”.*

10 (c) *EFFECTIVE DATE.*—The amendments made this
 11 *section shall apply to taxable years beginning after Decem-*
 12 *ber 31, 1996.*

13 **SEC. 2815. WITHDRAWAL FROM IRA FOR ADOPTION EX-**
 14 **PENSES.**

15 (a) *IN GENERAL.*—Subsection (d) of section 408 of the
 16 *Internal Revenue Code of 1986 (relating to tax treatment*
 17 *of distributions) is amended by adding at the end the fol-*
 18 *lowing new paragraph:*

19 “(8) *QUALIFIED ADOPTION EXPENSES.*—

20 “(A) *IN GENERAL.*—Any amount which is
 21 *paid or distributed out of an individual retire-*
 22 *ment plan of the taxpayer, and which would (but*
 23 *for this paragraph) be includible in gross in-*

1 *come, shall be excluded from gross income to the*
2 *extent that—*

3 “(i) *such amount exceeds the sum of—*

4 “(I) *the amount excludable under*
5 *section 137, and*

6 “(II) *any amount allowable as a*
7 *credit under this title with respect to*
8 *qualified adoption expenses; and*

9 “(ii) *such amount does not exceed the*
10 *qualified adoption expenses paid or in-*
11 *curring by the taxpayer during the taxable*
12 *year.*

13 “(B) *QUALIFIED ADOPTION EXPENSES.—*
14 *For purposes of this paragraph, the term ‘quali-*
15 *fied adoption expenses’ has the meaning given*
16 *such term by section 137.”.*

17 (b) *EFFECTIVE DATE.—The amendment made by this*
18 *section shall apply to taxable years beginning after Decem-*
19 *ber 31, 1996.*

Attest:

Secretary.

104TH CONGRESS
2^D SESSION

H. R. 3734

AMENDMENT

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