

107TH CONGRESS  
1ST SESSION

# S. 8

To improve the economic security of workers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 22, 2001

Mr. DASCHLE (for himself, Mr. KENNEDY, Mr. DODD, Ms. MIKULSKI, Mr. WELLSTONE, Mrs. MURRAY, Mrs. CLINTON, Mr. AKAKA, Mr. BREAUX, Mrs. BOXER, Mr. CORZINE, Mr. DAYTON, Mr. DURBIN, Mr. KERRY, Mr. LEAHY, Mr. LIEBERMAN, Mr. ROCKEFELLER, Mr. SCHUMER, Mr. WYDEN, and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To improve the economic security of workers, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Enhancing Economic Security for America’s Working  
6 Families Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

Sec. 1. Short title; table of contents.

## TITLE I—MINIMUM WAGE

- Sec. 101. Short title.
- Sec. 102. Minimum wage increase.
- Sec. 103. Applicability of minimum wage to the Commonwealth of the Northern Mariana Islands.

## TITLE II—PAYCHECK FAIRNESS

- Sec. 201. Short title.
- Sec. 202. Findings.
- Sec. 203. Enhanced enforcement of equal pay requirements.
- Sec. 204. Training.
- Sec. 205. Research, education, and outreach.
- Sec. 206. Technical assistance and employer recognition program.
- Sec. 207. Establishment of the National Award for Pay Equity in the Workplace.
- Sec. 208. Collection of pay information by the Equal Employment Opportunity Commission.
- Sec. 209. Authorization of appropriations.

## TITLE III—LIFELONG LEARNING

- Sec. 301. Demonstration programs and projects to provide technical skills training for workers.

## TITLE IV—FAMILYCARE

- Sec. 401. Short title of title.
- Sec. 402. Renaming of title XXI program.
- Sec. 403. Familycare coverage of parents under the medicaid program and title XXI.
- Sec. 404. Automatic enrollment of children born to title XXI parents.
- Sec. 405. Optional coverage of legal immigrants under the medicaid program and title XXI.
- Sec. 406. Optional coverage of children through age 20 under the medicaid program and title XXI.
- Sec. 407. Application of simplified title XXI procedures under the medicaid program.
- Sec. 408. Improving welfare-to-work transition under the medicaid program.
- Sec. 409. Elimination of 100 hour rule and other AFDC-related eligibility restrictions.
- Sec. 410. State grant program for market innovation.
- Sec. 411. Limitations on conflicts of interest.
- Sec. 412. Increase in CHIP allotment for each of fiscal years 2002 through 2004.
- Sec. 413. Demonstration programs to improve medicaid and CHIP outreach to homeless individuals and families.
- Sec. 414. Technical and conforming amendments to authority to pay medicaid expansion costs from title XXI appropriation.

## TITLE V—TAX RELIEF FOR WORKING FAMILIES

- Sec. 501. Increased earned income tax credit for 2 or more qualifying children.
- Sec. 502. Simplification of definition of earned income.
- Sec. 503. Simplification of definition of child dependent.
- Sec. 504. Other modifications to earned income tax credit.

TITLE VI—RESTORING FOOD STAMPS FOR LEGAL IMMIGRANTS  
AND THEIR FAMILIES

Sec. 601. Restoration of food stamp benefits for aliens.

1           **TITLE I—MINIMUM WAGE**

2   **SEC. 101. SHORT TITLE.**

3           This title may be cited as the “Fair Minimum Wage  
4 Act of 2001”.

5   **SEC. 102. MINIMUM WAGE INCREASE.**

6           (a) WAGE.—Paragraph (1) of section 6(a) of the Fair  
7 Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is  
8 amended to read as follows:

9                   “(1) except as otherwise provided in this sec-  
10 tion, not less than—

11                           “(A) except as provided in subparagraphs  
12 (B) and (C), \$5.75 an hour beginning 30 days  
13 after the date of enactment of the Fair Min-  
14 imum Wage Act of 2001;

15                           “(B) \$6.25 an hour during the year begin-  
16 ning on January 1, 2002; and

17                           “(C) \$6.65 an hour beginning on January  
18 1, 2003;”.

19           (b) EFFECTIVE DATE.—The amendment made by  
20 subsection (a) takes effect on the earlier of—

21                   (1) 30 days after the date of enactment of this  
22 Act; and

23                   (2) January 1, 2002.

1 **SEC. 103. APPLICABILITY OF MINIMUM WAGE TO THE COM-**  
2 **MONWEALTH OF THE NORTHERN MARIANA**  
3 **ISLANDS.**

4 (a) IN GENERAL.—Subject to subsection (b), the pro-  
5 visions of section 6 of the Fair Labor Standards Act of  
6 1938 (29 U.S.C. 206) shall apply to the Commonwealth  
7 of the Northern Mariana Islands.

8 (b) TRANSITION.—

9 (1) IN GENERAL.—Notwithstanding subsection  
10 (a), the minimum wage applicable to the Common-  
11 wealth of the Northern Mariana Islands under sec-  
12 tion 6(a)(1) of the Fair Labor Standards Act of  
13 1938 (29 U.S.C. 206(a)(1)) shall be \$3.55 an hour  
14 beginning on the date that is 30 days after the date  
15 of enactment of this section.

16 (2) INCREASES IN MINIMUM WAGE.—

17 (A) IN GENERAL.—On the date that is 6  
18 months after the date of enactment of this Act,  
19 and every 6 months thereafter, the minimum  
20 wage applicable to the Commonwealth of the  
21 Northern Mariana Islands under section 6(a)(1)  
22 of the Fair Labor Standards Act of 1938 (29  
23 U.S.C. 206(a)(1)) shall be increased by \$0.50  
24 per hour (or such a lesser amount as may be  
25 necessary to equal the minimum wage under  
26 such section) until such time as the minimum

1 wage applicable to the Commonwealth of the  
2 Northern Mariana Islands under this subsection  
3 is equal to the minimum wage set forth in sec-  
4 tion 6(a)(1) of such Act for the date involved.

5 (B) FURTHER INCREASES.—With respect  
6 to dates beginning after the minimum wage ap-  
7 plicable to the Commonwealth of the Northern  
8 Mariana Islands is equal to the minimum wage  
9 set forth in section 6(a)(1) of the Fair Labor  
10 Standards Act of 1938 (29 U.S.C. 206(a)(1)),  
11 as provided in subparagraph (A), such applica-  
12 ble minimum wage shall be immediately in-  
13 creased so as to remain equal to the minimum  
14 wage set forth in section 6(a)(1) of such Act for  
15 the date involved.

## 16 **TITLE II—PAYCHECK FAIRNESS**

### 17 **SEC. 201. SHORT TITLE.**

18 This title may be cited as the “Paycheck Fairness  
19 Act”.

### 20 **SEC. 202. FINDINGS.**

21 Congress makes the following findings:

22 (1) Women have entered the workforce in  
23 record numbers.

24 (2) Even today, women earn significantly lower  
25 pay than men for work on jobs that require equal

1 skill, effort, and responsibility and that are per-  
2 formed under similar working conditions. These pay  
3 disparities exist in both the private and govern-  
4 mental sectors. In many instances, the pay dispari-  
5 ties can only be due to continued intentional dis-  
6 crimination or the lingering effects of past discrimi-  
7 nation.

8 (3) The existence of such pay disparities—

9 (A) depresses the wages of working fami-  
10 lies who rely on the wages of all members of the  
11 family to make ends meet;

12 (B) prevents the optimum utilization of  
13 available labor resources;

14 (C) has been spread and perpetuated,  
15 through commerce and the channels and instru-  
16 mentalities of commerce, among the workers of  
17 the several States;

18 (D) burdens commerce and the free flow of  
19 goods in commerce;

20 (E) constitutes an unfair method of com-  
21 petition in commerce;

22 (F) leads to labor disputes burdening and  
23 obstructing commerce and the free flow of  
24 goods in commerce;

1 (G) interferes with the orderly and fair  
2 marketing of goods in commerce; and

3 (H) in many instances, may deprive work-  
4 ers of equal protection on the basis of sex in  
5 violation of the 5th and 14th amendments.

6 (4)(A) Artificial barriers to the elimination of  
7 discrimination in the payment of wages on the basis  
8 of sex continue to exist more than 3 decades after  
9 the enactment of the Fair Labor Standards Act of  
10 1938 (29 U.S.C. 201 et seq.) and the Civil Rights  
11 Act of 1964 (42 U.S.C. 2000a et seq.).

12 (B) Elimination of such barriers would have  
13 positive effects, including—

14 (i) providing a solution to problems in the  
15 economy created by unfair pay disparities;

16 (ii) substantially reducing the number of  
17 working women earning unfairly low wages,  
18 thereby reducing the dependence on public as-  
19 sistance; and

20 (iii) promoting stable families by enabling  
21 all family members to earn a fair rate of pay;

22 (iv) remedying the effects of past discrimi-  
23 nation on the basis of sex and ensuring that in  
24 the future workers are afforded equal protection  
25 on the basis of sex; and

1 (v) ensuring equal protection pursuant to  
2 Congress' power to enforce the 5th and 14th  
3 amendments.

4 (5) With increased information about the provi-  
5 sions added by the Equal Pay Act of 1963 and wage  
6 data, along with more effective remedies, women will  
7 be better able to recognize and enforce their rights  
8 to equal pay for work on jobs that require equal  
9 skill, effort, and responsibility and that are per-  
10 formed under similar working conditions.

11 (6) Certain employers have already made great  
12 strides in eradicating unfair pay disparities in the  
13 workplace and their achievements should be recog-  
14 nized.

15 **SEC. 203. ENHANCED ENFORCEMENT OF EQUAL PAY RE-**  
16 **QUIREMENTS.**

17 (a) **REQUIRED DEMONSTRATION FOR AFFIRMATIVE**  
18 **DEFENSE.**—Section 6(d)(1) of the Fair Labor Standards  
19 Act of 1938 (29 U.S.C. 206(d)(1)) is amended by striking  
20 “(iv) a differential” and all that follows through the period  
21 and inserting the following: “(iv) a differential based on  
22 a bona fide factor other than sex, such as education, train-  
23 ing or experience, except that this clause shall apply only  
24 if—

1                   “(I) the employer demonstrates  
2                   that—

3                               “(aa) such factor—

4                                       “(AA) is job-related with re-  
5                                       spect to the position in question;  
6                                       or

7                                       “(BB) furthers a legitimate  
8                                       business purpose, except that this  
9                                       item shall not apply where the  
10                                      employee demonstrates that an  
11                                      alternative employment practice  
12                                      exists that would serve the same  
13                                      business purpose without pro-  
14                                      ducing such differential and that  
15                                      the employer has refused to  
16                                      adopt such alternative practice;  
17                                      and

18                                      “(bb) such factor was actually  
19                                      applied and used reasonably in light  
20                                      of the asserted justification; and

21                                      “(II) upon the employer succeeding  
22                                      under subclause (I), the employee fails to  
23                                      demonstrate that the differential produced  
24                                      by the reliance of the employer on such

1 factor is itself the result of discrimination  
2 on the basis of sex by the employer.

3 “An employer that is not otherwise in compliance  
4 with this paragraph may not reduce the wages of  
5 any employee in order to achieve such compliance.”.

6 (b) APPLICATION OF PROVISIONS.—Section 6(d)(1)  
7 of the Fair Labor Standards Act of 1938 (29 U.S.C.  
8 206(d)(1)) is amended by adding at the end the following:  
9 “The provisions of this subsection shall apply to applicants  
10 for employment if such applicants, upon employment by  
11 the employer, would be subject to any provisions of this  
12 section.”.

13 (c) ELIMINATION OF ESTABLISHMENT REQUIRE-  
14 MENT.—Section 6(d) of the Fair Labor Standards Act of  
15 1938 (29 U.S.C. 206(d)) is amended—

16 (1) by striking “, within any establishment in  
17 which such employees are employed,”; and

18 (2) by striking “in such establishment” each  
19 place it appears.

20 (d) NONRETALIATION PROVISION.—Section 15(a)(3)  
21 of the Fair Labor Standards Act of 1938 (29 U.S.C.  
22 215(a)(3)) is amended—

23 (1) by striking “or has” each place it appears  
24 and inserting “has”; and

1           (2) by inserting before the semicolon the fol-  
2           lowing: “, or has inquired about, discussed, or other-  
3           wise disclosed the wages of the employee or another  
4           employee, or because the employee (or applicant) has  
5           made a charge, testified, assisted, or participated in  
6           any manner in an investigation, proceeding, hearing,  
7           or action under section 6(d)”.

8           (e) ENHANCED PENALTIES.—Section 16(b) of the  
9           Fair Labor Standards Act of 1938 (29 U.S.C. 216(b)) is  
10          amended—

11           (1) by inserting after the first sentence the fol-  
12           lowing: “Any employer who violates section 6(d)  
13           shall additionally be liable for such compensatory or  
14           punitive damages as may be appropriate, except that  
15           the United States shall not be liable for punitive  
16           damages.”;

17           (2) in the sentence beginning “An action to”,  
18           by striking “either of the preceding sentences” and  
19           inserting “any of the preceding sentences of this  
20           subsection”;

21           (3) in the sentence beginning “No employees  
22           shall”, by striking “No employees” and inserting  
23           “Except with respect to class actions brought to en-  
24           force section 6(d), no employee”;

1           (4) by inserting after the sentence referred to  
2 in paragraph (3), the following: “Notwithstanding  
3 any other provision of Federal law, any action  
4 brought to enforce section 6(d) may be maintained  
5 as a class action as provided by the Federal Rules  
6 of Civil Procedure.”; and

7           (5) in the sentence beginning “The court in”—

8                 (A) by striking “in such action” and in-  
9 serting “in any action brought to recover the li-  
10 ability prescribed in any of the preceding sen-  
11 tences of this subsection”; and

12                 (B) by inserting before the period the fol-  
13 lowing: “, including expert fees”.

14         (f) ACTION BY SECRETARY.—Section 16(c) of the  
15 Fair Labor Standards Act of 1938 (29 U.S.C. 216(c)) is  
16 amended—

17           (1) in the first sentence—

18                 (A) by inserting “or, in the case of a viola-  
19 tion of section 6(d), additional compensatory or  
20 punitive damages,” before “and the agree-  
21 ment”; and

22                 (B) by inserting before the period the fol-  
23 lowing: “, or such compensatory or punitive  
24 damages, as appropriate”;

1           (2) in the second sentence, by inserting before  
2 the period the following: “and, in the case of a viola-  
3 tion of section 6(d), additional compensatory or pu-  
4 nitive damages”;

5           (3) in the third sentence, by striking “the first  
6 sentence” and inserting “the first or second sen-  
7 tence”; and

8           (4) in the last sentence—

9                 (A) by striking “commenced in the case”  
10 and inserting “commenced—  
11 “(1) in the case”;

12                 (B) by striking the period and inserting  
13 “; or”; and

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

15           “(2) in the case of a class action brought to en-  
16 force section 6(d), on the date on which the indi-  
17 vidual becomes a party plaintiff to the class action”.

18 **SEC. 204. TRAINING.**

19         The Equal Employment Opportunity Commission  
20 and the Office of Federal Contract Compliance Programs,  
21 subject to the availability of funds appropriated under sec-  
22 tion 209(b), shall provide training to Commission employ-  
23 ees and affected individuals and entities on matters involv-  
24 ing discrimination in the payment of wages.

1 **SEC. 205. RESEARCH, EDUCATION, AND OUTREACH.**

2 The Secretary of Labor shall conduct studies and  
3 provide information to employers, labor organizations, and  
4 the general public concerning the means available to elimi-  
5 nate pay disparities between men and women, including—

6 (1) conducting and promoting research to de-  
7 velop the means to correct expeditiously the condi-  
8 tions leading to the pay disparities;

9 (2) publishing and otherwise making available  
10 to employers, labor organizations, professional asso-  
11 ciations, educational institutions, the media, and the  
12 general public the findings resulting from studies  
13 and other materials, relating to eliminating the pay  
14 disparities;

15 (3) sponsoring and assisting State and commu-  
16 nity informational and educational programs;

17 (4) providing information to employers, labor  
18 organizations, professional associations, and other  
19 interested persons on the means of eliminating the  
20 pay disparities;

21 (5) recognizing and promoting the achievements  
22 of employers, labor organizations, and professional  
23 associations that have worked to eliminate the pay  
24 disparities; and

1           (6) convening a national summit to discuss, and  
2           consider approaches for rectifying, the pay dispari-  
3           ties.

4 **SEC. 206. TECHNICAL ASSISTANCE AND EMPLOYER REC-**  
5 **OGNITION PROGRAM.**

6           (a) GUIDELINES.—

7           (1) IN GENERAL.—The Secretary of Labor shall  
8           develop guidelines to enable employers to evaluate  
9           job categories based on objective criteria such as  
10          educational requirements, skill requirements, inde-  
11          pendence, working conditions, and responsibility, in-  
12          cluding decisionmaking responsibility and de facto  
13          supervisory responsibility.

14          (2) USE.—The guidelines developed under  
15          paragraph (1) shall be designed to enable employers  
16          voluntarily to compare wages paid for different jobs  
17          to determine if the pay scales involved adequately  
18          and fairly reflect the educational requirements, skill  
19          requirements, independence, working conditions, and  
20          responsibility for each such job with the goal of  
21          eliminating unfair pay disparities between occupa-  
22          tions traditionally dominated by men or women.

23          (3) PUBLICATION.—The guidelines shall be de-  
24          veloped under paragraph (1) and published in the

1 Federal Register not later than 180 days after the  
2 date of enactment of this Act.

3 (b) EMPLOYER RECOGNITION.—

4 (1) PURPOSE.—It is the purpose of this sub-  
5 section to emphasize the importance of, encourage  
6 the improvement of, and recognize the excellence of  
7 employer efforts to pay wages to women that reflect  
8 the real value of the contributions of such women to  
9 the workplace.

10 (2) IN GENERAL.—To carry out the purpose of  
11 this subsection, the Secretary of Labor shall estab-  
12 lish a program under which the Secretary shall pro-  
13 vide for the recognition of employers who, pursuant  
14 to a voluntary job evaluation conducted by the em-  
15 ployer, adjust their wage scales (such adjustments  
16 shall not include the lowering of wages paid to men)  
17 using the guidelines developed under subsection (a)  
18 to ensure that women are paid fairly in comparison  
19 to men.

20 (3) TECHNICAL ASSISTANCE.—The Secretary of  
21 Labor may provide technical assistance to assist an  
22 employer in carrying out an evaluation under para-  
23 graph (2).

1 (c) REGULATIONS.—The Secretary of Labor shall  
2 promulgate such rules and regulations as may be nec-  
3 essary to carry out this section.

4 **SEC. 207. ESTABLISHMENT OF THE NATIONAL AWARD FOR**  
5 **PAY EQUITY IN THE WORKPLACE.**

6 (a) IN GENERAL.—There is established the Alexis  
7 Herman National Award for Pay Equity in the Workplace,  
8 which shall be evidenced by a medal bearing the inscrip-  
9 tion “Alexis Herman National Award for Pay Equity in  
10 the Workplace”. The medal shall be of such design and  
11 materials, and bear such additional inscriptions, as the  
12 Secretary of Labor may prescribe.

13 (b) CRITERIA FOR QUALIFICATION.—To qualify to  
14 receive an award under this section a business shall—

15 (1) submit a written application to the Sec-  
16 retary of Labor, at such time, in such manner, and  
17 containing such information as the Secretary may  
18 require, including at a minimum information that  
19 demonstrates that the business has made substantial  
20 effort to eliminate pay disparities between men and  
21 women, and deserves special recognition as a con-  
22 sequence; and

23 (2) meet such additional requirements and  
24 specifications as the Secretary of Labor determines  
25 to be appropriate.

1 (c) MAKING AND PRESENTATION OF AWARD.—

2 (1) AWARD.—After receiving recommendations  
3 from the Secretary of Labor, the President or the  
4 designated representative of the President shall an-  
5 nually present the award described in subsection (a)  
6 to businesses that meet the qualifications described  
7 in subsection (b).

8 (2) PRESENTATION.—The President or the des-  
9 ignated representative of the President shall present  
10 the award under this section with such ceremonies  
11 as the President or the designated representative of  
12 the President may determine to be appropriate.

13 (d) BUSINESS.—In this section, the term “business”  
14 includes—

15 (1)(A) a corporation, including a nonprofit cor-  
16 poration;

17 (B) a partnership;

18 (C) a professional association;

19 (D) a labor organization; and

20 (E) a business entity similar to an entity de-  
21 scribed in any of subparagraphs (A) through (D);

22 (2) an entity carrying out an education referral  
23 program, a training program, such as an apprentice-  
24 ship or management training program, or a similar  
25 program; and

1           (3) an entity carrying out a joint program,  
2           formed by a combination of any entities described in  
3           paragraph (1) or (2).

4 **SEC. 208. COLLECTION OF PAY INFORMATION BY THE**  
5                   **EQUAL EMPLOYMENT OPPORTUNITY COM-**  
6                   **MISSION.**

7           Section 709 of the Civil Rights Act of 1964 (42  
8 U.S.C. 2000e–8) is amended by adding at the end the fol-  
9           lowing:

10          “(f)(1) Not later than 18 months after the date of  
11          enactment of this subsection, the Commission shall—

12               “(A) complete a survey of the data that is cur-  
13               rently available to the Federal Government relating  
14               to employee pay information for use in the enforce-  
15               ment of Federal laws prohibiting pay discrimination  
16               and, in consultation with other relevant Federal  
17               agencies, identify additional data collections that will  
18               enhance the enforcement of such laws; and

19               “(B) based on the results of the survey and  
20               consultations under subparagraph (A), issue regula-  
21               tions to provide for the collection of pay information  
22               data from employers as described by the sex, race,  
23               and national origin of employees.

24          “(2) In implementing paragraph (1), the Commission  
25          shall have as its primary consideration the most effective

1 and efficient means for enhancing the enforcement of Fed-  
 2 eral laws prohibiting pay discrimination. For this purpose,  
 3 the Commission shall consider factors including the impo-  
 4 sition of burdens on employers, the frequency of required  
 5 reports (including which employers should be required to  
 6 prepare reports), appropriate protections for maintaining  
 7 data confidentiality, and the most effective format for the  
 8 data collection reports.”.

9 **SEC. 209. AUTHORIZATION OF APPROPRIATIONS.**

10 There are authorized to be appropriated such sums  
 11 as may be necessary to carry out this title.

12 **TITLE III—LIFELONG LEARNING**

13 **SEC. 301. DEMONSTRATION PROGRAMS AND PROJECTS TO**

14 **PROVIDE TECHNICAL SKILLS TRAINING FOR**  
 15 **WORKERS.**

16 (a) DEFINITIONS.—In this section:

17 (1) SECRETARY.—The term “Secretary” means  
 18 the Secretary of Labor.

19 (2) SMALL BUSINESS.—The term “small busi-  
 20 ness” means a business with not more than 100 em-  
 21 ployees.

22 (b) PROGRAMS AND PROJECTS.—The Secretary shall  
 23 carry out demonstration programs or projects to provide  
 24 technical skills training for workers, including both em-  
 25 ployed and unemployed workers.

1 (c) GRANTS.—In carrying out programs or projects  
2 described in subsection (b), the Secretary shall, in con-  
3 sultation with the Secretary of Commerce, make grants  
4 to eligible partnerships.

5 (d) ELIGIBLE PARTNERSHIPS.—

6 (1) IN GENERAL.—To be eligible to receive such  
7 a grant, a partnership shall be a local or regional  
8 public-private partnership consisting of at least—

9 (A) 1 local workforce investment board es-  
10 tablished under section 117 of the Workforce  
11 Investment Act of 1998 (29 U.S.C. 2832) (in-  
12 cluding a consortium of such boards in a re-  
13 gion);

14 (B) 1 institution of higher education (in-  
15 cluding a consortium of such institutions);

16 (C) 1 business (including a consortium of  
17 such businesses) or nonprofit employer; and

18 (D) 1 community-based organization, labor  
19 union, or trade association.

20 (2) DESIGNATION OF RESPONSIBLE FISCAL  
21 AGENTS.—Each partnership described in paragraph  
22 (1) shall designate a responsible fiscal agent to re-  
23 ceive and disburse grant funds under this section.

24 (e) TRAINING.—

1           (1) PARTICIPANTS.—A partnership that re-  
2           ceives a grant under subsection (c) shall provide  
3           training through a program or project described in  
4           subsection (b) to persons who are employed and who  
5           wish to obtain and upgrade skills and to persons  
6           who are unemployed.

7           (2) PREPARATION.—Such training shall not be  
8           limited to upgrading skills to levels commensurate  
9           with a baccalaureate degree, but shall, to the extent  
10          practicable, include the preparation of workers for a  
11          broad range of positions along a career ladder.

12          (f) START-UP ACTIVITIES.—

13           (1) IN GENERAL.—Except as provided in para-  
14           graph (2), not more than 5 percent, or \$75,000,  
15           whichever is less, of the funds made available  
16           through a single grant made under this section may  
17           be used toward the start-up costs of a partnership  
18           or training program or project.

19           (2) EXCEPTION.—In the case of partnerships  
20           consisting primarily of small businesses, not more  
21           than 10 percent, or \$150,000, whichever is less, of  
22           the funds made available through a single grant  
23           made under this section may be used toward the  
24           start-up costs of a partnership or training program  
25           or project.

1           (3) DURATION OF START-UP PERIOD.—For  
2 purposes of this subsection, a start-up period con-  
3 sists of a period of not more than 2 months, begin-  
4 ning on the first day of the grant period. At the end  
5 of the start-up period, training shall immediately  
6 begin and no further Federal funds may be used for  
7 start-up costs.

8           (g) APPLICATIONS.—

9           (1) IN GENERAL.—To be eligible to receive a  
10 grant under this section, a partnership shall submit  
11 an application to the Secretary at such time, in such  
12 manner, and containing such information as the Sec-  
13 retary may require.

14           (2) CONTENTS.—Each application for such a  
15 grant shall—

16           (A) provide evidence of the need for the  
17 training to be provided through the grant, by  
18 providing evidence of skill shortages as dem-  
19 onstrated through reliable regional, State, or  
20 local data;

21           (B) articulate the level of skills that work-  
22 ers will be trained for, the manner by which at-  
23 tainment of those skills will be measured, and  
24 the number of workers to be trained;

1 (C) include an agreement that the program  
2 or project will be subject to evaluation by the  
3 Secretary to measure the effectiveness of the  
4 program or project; and

5 (D) show how the training provided  
6 through the grant, and the learning that re-  
7 sults, will have an impact on how workers move  
8 up a career ladder and influence the competi-  
9 tiveness of a business involved in the partner-  
10 ship.

11 (3) MATCHING FUNDS.—Each application for a  
12 grant to carry out a program or project described in  
13 subsection (b) shall state the manner by which the  
14 partnership will—

15 (A) make available, with respect to the  
16 costs to be incurred by the partnership in car-  
17 rying out the program or project, non-Federal  
18 contributions (in cash or in kind) in an amount  
19 equal to not less than 50 percent of the Federal  
20 funds provided under the grant; and

21 (B) make the contributions available di-  
22 rectly or through donations from public or pri-  
23 vate entities, and ensure that at least  $\frac{1}{2}$  of the  
24 contributions will be from businesses or non-  
25 profit employers involved in the partnership.

1 (h) CONSIDERATIONS.—

2 (1) PROGRAMS AND PROJECTS WITH COMMIT-  
3 MENTS.—In making grants under this section, the  
4 Secretary shall give consideration to an applicant  
5 that provides a specific, measurable commitment—

6 (A) upon successful completion of a train-  
7 ing course by a participant—

8 (i) who is unemployed, to hire or ef-  
9 fectuate the hiring of the participant  
10 (where applicable);

11 (ii) who is an incumbent worker, to  
12 increase the wages or salary of the worker  
13 and to provide other benefits described by  
14 the applicant (where applicable); or

15 (iii) to provide skill certification to the  
16 participant;

17 (B) to provide training that is linked to in-  
18 dustry-accepted occupational skill standards,  
19 certificates, or licensing requirements; or

20 (C) to provide a program or project that  
21 will lead to attainment of baccalaureate and as-  
22 sociate degrees.

23 (2) EXPANDED AND COLLABORATIVE PRO-  
24 GRAMS AND PROJECTS.—In making grants under

1 this section, the Secretary shall give consideration  
2 to an applicant that proposes to use grant funds—

3 (A) to demonstrate a significant ability to  
4 expand a training program or project through  
5 such means as training more workers or offer-  
6 ing more courses;

7 (B) to carry out a training program or  
8 project resulting from a collaboration, especially  
9 with more than 1 small business or with an en-  
10 tity carrying out a labor-management training  
11 program or project.

12 (3) PARTNERSHIPS INVOLVING SMALL BUSI-  
13 NESSES.—In making grants under this section, the  
14 Secretary shall give consideration to an applicant  
15 that involves and directly benefits more than 1 small  
16 business.

17 (4) DONATIONS FROM PUBLIC OR PRIVATE EN-  
18 TITIES.—In making grants under this section, the  
19 Secretary shall give consideration to an applicant  
20 that provides a specific commitment that a portion  
21 of the non-Federal contribution described in sub-  
22 section (g)(3) will be made available through dona-  
23 tions from other public or private entities, so as to  
24 demonstrate the long-term sustainability of the pro-

1       gram or project after the expiration of the grant pe-  
2       riod involved.

3       (i) ADMINISTRATIVE COSTS.—A partnership that re-  
4       ceives a grant to carry out a program or project described  
5       in subsection (b) may not use more than 10 percent of  
6       the funds made available through the grant to pay for ad-  
7       ministrative costs associated with the program or project.

8       (j) AUTHORIZATION OF APPROPRIATIONS.—There  
9       are authorized to be appropriated to carry out this title  
10      \$100,000,000 for fiscal year 2002 and such sums as may  
11      be necessary for each subsequent fiscal year.

## 12                   **TITLE IV—FAMILYCARE**

### 13      **SEC. 401. SHORT TITLE OF TITLE.**

14      This title may be cited as the “FamilyCare Act of  
15      2001”.

### 16      **SEC. 402. RENAMING OF TITLE XXI PROGRAM.**

17      (a) IN GENERAL.—The heading of title XXI of the  
18      Social Security Act (42 U.S.C. 1397aa et seq.) is amended  
19      to read as follows:

20           “TITLE XXI—FAMILYCARE PROGRAM”.

21      (b) PROGRAM REFERENCES.—Any reference in any  
22      provision of Federal law or regulation to “SCHIP” or  
23      “State children’s health insurance program” under title  
24      XXI of the Social Security Act shall be deemed a reference  
25      to the FamilyCare program under such title.

1 **SEC. 403. FAMILYCARE COVERAGE OF PARENTS UNDER**  
 2 **THE MEDICAID PROGRAM AND TITLE XXI.**

3 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-  
 4 ERAGE.—

5 (1) UNDER MEDICAID.—

6 (A) ESTABLISHMENT OF NEW OPTIONAL  
 7 ELIGIBILITY CATEGORY.—Section  
 8 1902(a)(10)(A)(ii) of the Social Security Act  
 9 (42 U.S.C. 1396a(a)(10)(A)(ii)), as amended by  
 10 section 2(a)(1) of the Breast and Cervical Can-  
 11 cer Prevention and Treatment Act of 2000  
 12 (Public Law 106–354; 114 Stat. 1381), is  
 13 amended—

14 (i) by striking “or” at the end of sub-  
 15 clause (XVII);

16 (ii) by adding “or” at the end of sub-  
 17 clause (XVIII); and

18 (iii) by adding at the end the fol-  
 19 lowing:

20 “(XIX) who are parents de-  
 21 scribed in subsection (k)(1), but only  
 22 if the State meets the conditions de-  
 23 scribed in subsection (k)(2);”.

24 (B) CONDITIONS FOR COVERAGE.—Section  
 25 1902 of the Social Security Act is further

1           amended by inserting after subsection (j) the  
2           following:

3           “(k)(1)(A) Parents described in this paragraph are  
4 the parents of an individual who is under 19 years of age  
5 (or such higher age as the State may have elected under  
6 section 1902(l)(1)(D)) and who is eligible and enrolled for  
7 medical assistance under subsection (a)(10)(A), if—

8           “(i) such parents are not otherwise eligible for  
9           such assistance under such subsection; and

10           “(ii) the income of the family that includes such  
11 parents does not exceed an income level specified by  
12 the State consistent with paragraph (2)(B).

13           “(B) In this subsection, the term ‘parent’ has the  
14 meaning given the term ‘caretaker’ for purposes of car-  
15 rying out section 1931.

16           “(2) The conditions for a State to provide medical  
17 assistance under subsection (a)(10)(A)(ii)(XIX) are as fol-  
18 lows:

19           “(A) The State has a State child health plan  
20 under title XXI which (whether implemented under  
21 such title or under this title)—

22           “(i) has an income standard (or will estab-  
23           lish an income standard that is effective at the  
24           time additional allotments are available to the  
25           State under section 2104(d), as amended by the

1 FamilyCare Act of 2001) for children that is at  
2 least 200 percent of the poverty line; and

3 “(ii) does not limit the acceptance of appli-  
4 cations, does not use a waiting list for children  
5 who meet eligibility standards to qualify for as-  
6 sistance, and provides benefits to all children in  
7 the State who apply for and meet eligibility  
8 standards.

9 “(B) The income level specified under para-  
10 graph (1)(A)(ii) for parents in a family exceeds the  
11 income level applicable under section 1931 but does  
12 not exceed the highest income level applicable to a  
13 child in the family under this title. A State may not  
14 cover such parents with higher family income with-  
15 out covering parents with a lower family income.

16 “(3) In the case of a parent described in paragraph  
17 (1) who is also the parent of a child who is eligible and  
18 enrolled for child health assistance under title XXI, the  
19 State may elect (on a uniform basis) to cover all such par-  
20 ents under section 2111 or under subsection (a)(10)(A).”.

21 (C) ENHANCED MATCHING FUNDS AVAIL-  
22 ABLE.—Section 1905 of the Social Security Act  
23 (42 U.S.C. 1396d) is amended—

24 (i) in the fourth sentence of sub-  
25 section (b), by striking “or subsection

1 (u)(3)” and inserting “, (u)(3), or (u)(4)”;

2 and

3 (ii) in subsection (u)—

4 (I) by redesignating paragraph

5 (4) as paragraph (6), and

6 (II) by inserting after paragraph

7 (3) the following:

8 “(4) For purposes of subsection (b) and section  
9 2105(a)(1):

10 “(A) FAMILYCARE PARENTS.—The expendi-  
11 tures described in this subparagraph are the fol-  
12 lowing:

13 “(i) PARENTS.—Expenditures for medical  
14 assistance made available under section 1931,  
15 or under section 1902(a)(10)(A)(ii)(XIX) for  
16 parents described in section 1902(k)(1), in a  
17 family the income of which exceeds the income  
18 level applicable under such section 1931 to a  
19 family of the size involved as of January 1,  
20 2000.

21 “(ii) CERTAIN PREGNANT WOMEN.—Ex-  
22 penditures for medical assistance for pregnant  
23 women under section 1902(l)(1)(A) in a family  
24 the income of which exceeds the income level  
25 applicable under section 1902(l)(2)(A) to a

1 family of the size involved as of January 1,  
2 2000.”.

3 (D) APPROPRIATION FROM TITLE XXI AL-  
4 LOTMENT FOR CERTAIN MEDICAID EXPANSION  
5 COSTS.—Subparagraph (C) of section  
6 2105(a)(1) of the Social Security Act, as  
7 amended by section 414(a), is amended to read  
8 as follows:

9 “(C) FAMILYCARE PARENTS.—Expendi-  
10 tures for medical assistance that is attributable  
11 to expenditures described in section  
12 1905(u)(4)(A).”.

13 (E) ONLY COUNTING ENHANCED PORTION  
14 FOR COVERAGE OF ADDITIONAL PREGNANT  
15 WOMEN.—Section 1905 of the Social Security  
16 Act (42 U.S.C. 1396d) is amended—

17 (i) in the fourth sentence of sub-  
18 section (b), by inserting “(except in the  
19 case of expenditures described in sub-  
20 section (u)(5))” after “do not exceed”;

21 (ii) in subsection (u), by inserting  
22 after paragraph (4) (as inserted by sub-  
23 paragraph (C)), the following:

24 “(5) For purposes of the fourth sentence of sub-  
25 section (b) and section 2105(a), the following payments

1 under this title do not count against a State’s allotment  
2 under section 2104:

3           “(A) REGULAR FMAP FOR EXPENDITURES FOR  
4           PREGNANT WOMEN WITH INCOME ABOVE JANUARY  
5           1, 2000 INCOME LEVEL AND BELOW 185 PERCENT OF  
6           POVERTY.—The portion of the payments made for  
7           expenditures described in paragraph (4)(A)(ii) that  
8           represents the amount that would have been paid if  
9           the enhanced FMAP had not been substituted for  
10          the Federal medical assistance percentage.”.

11           (2) UNDER TITLE XXI.—

12           (A) FAMILYCARE COVERAGE.—Title XXI  
13           of the Social Security Act (42 U.S.C. 1397aa et  
14           seq.) is amended by adding at the end the fol-  
15           lowing:

16          **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**  
17           **ENTS OF TARGETED LOW-INCOME CHILDREN.**

18           “(a) OPTIONAL COVERAGE.—Notwithstanding any  
19           other provision of this title, a State child health plan may  
20           provide for coverage, through an amendment to its State  
21           child health plan under section 2102, of FamilyCare as-  
22           sistance for targeted low-income parents in accordance  
23           with this section, but only if—

24           “(1) the State meets the conditions described in  
25           section 1902(k)(2); and

1           “(2) the State elects to provide medical assist-  
2           ance under section 1902(a)(10)(A)(ii)(XIX) and  
3           elects an applicable income limit that is not lower  
4           than the limit described in subsection (b)(2)(A).

5           “(b) DEFINITIONS.—For purposes of this section:

6           “(1) FAMILYCARE ASSISTANCE.—The term  
7           ‘FamilyCare assistance’ has the meaning given the  
8           term child health assistance in section 2110(a) as if  
9           any reference to targeted low-income children were  
10          a reference to targeted low-income parents.

11          “(2) TARGETED LOW-INCOME PARENT.—The  
12          term ‘targeted low-income parent’ has the meaning  
13          given the term targeted low-income child in section  
14          2110(b) as if the reference to a child were deemed  
15          a reference to a parent (as defined in paragraph (3))  
16          of the child; except that in applying such section—

17                  “(A) there shall be substituted for the in-  
18                  come limit described in paragraph (1)(B)(ii)(I)  
19                  the applicable income limit in effect for a tar-  
20                  geted low-income child;

21                  “(B) in paragraph (3), January 1, 2000,  
22                  shall be substituted for July 1, 1997; and

23                  “(C) in paragraph (4), January 1, 2000,  
24                  shall be substituted for March 31, 1997.

1           “(3) PARENT.—The term ‘parent’ has the  
2 meaning given the term ‘caretaker’ for purposes of  
3 carrying out section 1931.

4           “(4) OPTIONAL TREATMENT OF PREGNANT  
5 WOMEN AS PARENTS.—A State child health plan  
6 may treat a pregnant woman who is not otherwise  
7 a parent as a targeted low-income parent for pur-  
8 poses of this section but only if the State has estab-  
9 lished an income level under section 1902(1)(2)(A)(i)  
10 for pregnant women that is at least 185 percent of  
11 the income official poverty line described in such sec-  
12 tion.

13          “(c) REFERENCES TO TERMS AND SPECIAL  
14 RULES.—In the case of, and with respect to, a State pro-  
15 viding for coverage of FamilyCare assistance to targeted  
16 low-income parents under subsection (a), the following  
17 special rules apply:

18           “(1) Any reference in this title (other than sub-  
19 section (b)) to a targeted low-income child is deemed  
20 to include a reference to a targeted low-income par-  
21 ent.

22           “(2) Any such reference to child health assist-  
23 ance with respect to such parents is deemed a ref-  
24 erence to FamilyCare assistance.

1           “(3) In applying section 2103(e)(3)(B) in the  
2 case of a family provided coverage under this sec-  
3 tion, the limitation on total annual aggregate cost-  
4 sharing shall be applied to the entire family.

5           “(4) In applying section 2110(b)(4), any ref-  
6 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-  
7 lected by a State)’ is deemed a reference to the in-  
8 come level applicable to parents under section 1931,  
9 or, in the case of a pregnant woman described in  
10 subsection (b)(4), the income level established under  
11 section 1902(l)(2)(A).”.

12                           (B) ADDITIONAL ALLOTMENT FOR STATES  
13 PROVIDING FAMILYCARE.—

14                           (i) IN GENERAL.—Section 2104 of the  
15 Social Security Act (42 U.S.C. 1397dd), as  
16 amended by section 802(b) of the Medi-  
17 care, Medicaid, and SCHIP Benefits Im-  
18 provement and Protection Act of 2000 (as  
19 enacted into law by section 1(a)(6) of Pub-  
20 lic Law 106–554), is amended by inserting  
21 after subsection (c) the following:

22           “(d) ADDITIONAL ALLOTMENTS FOR STATE PRO-  
23 VIDING FAMILYCARE.—

24                           “(1) APPROPRIATION; TOTAL ALLOTMENT.—

25           For the purpose of providing additional allotments

1 to States electing to provide FamilyCare coverage  
 2 under section 2111, there is appropriated, out of any  
 3 money in the Treasury not otherwise appropriated—

4 “(A) for fiscal year 2002, \$2,000,000,000;

5 “(B) for fiscal year 2003, \$2,000,000,000;

6 “(C) for fiscal year 2004, \$3,000,000,000;

7 “(D) for fiscal year 2005, \$3,000,000,000;

8 “(E) for fiscal year 2006, \$6,000,000,000;

9 “(F) for fiscal year 2007, \$7,000,000,000;

10 “(G) for fiscal year 2008, \$8,000,000,000;

11 “(H) for fiscal year 2009, \$9,000,000,000;

12 “(I) for fiscal year 2010, \$10,000,000,000;

13 and

14 “(J) for fiscal year 2011 and each fiscal  
 15 year thereafter, the amount of the allotment  
 16 provided under this paragraph for the preceding  
 17 fiscal year increased by the percentage increase  
 18 (if any) in the medical care expenditure cat-  
 19 egory of the Consumer Price Index for All  
 20 Urban Consumers (United States city average).

21 “(2) STATE AND TERRITORIAL ALLOTMENTS.—

22 “(A) IN GENERAL.—In addition to the al-  
 23 lotments provided under subsections (b) and  
 24 (c), subject to paragraph (3), of the amount  
 25 available for the additional allotments under

1 paragraph (1) for a fiscal year, the Secretary  
2 shall allot to each State with a State child  
3 health plan approved under this title and which  
4 has elected to provide coverage under section  
5 2111 during the fiscal year—

6 “(i) in the case of such a State other  
7 than a commonwealth or territory de-  
8 scribed in clause (ii), the same proportion  
9 as the proportion of the State’s allotment  
10 under section 2104(b) (determined without  
11 regard to section 2104(f)) to 98.95 percent  
12 of the total amount of the allotments  
13 under such section for such States eligible  
14 for an allotment under this subparagraph  
15 for such fiscal year; and

16 “(ii) in the case of a commonwealth or  
17 territory described in section 2104(c)(3),  
18 the same proportion as the proportion of  
19 the commonwealth’s or territory’s allot-  
20 ment under section 2104(c) (determined  
21 without regard to section 2104(f)) to 1.05  
22 percent of the total amount of the allot-  
23 ments under such section for common-  
24 wealths and territories eligible for an allot-

1                   ment under this subparagraph for such fis-  
2                   cal year.

3                   “(B) REDISTRIBUTION OF UNUSED ALLOT-  
4                   MENTS.—In applying subsection (f) with re-  
5                   spect to additional allotments made available  
6                   under this subsection, the procedures estab-  
7                   lished under such subsection shall ensure such  
8                   additional allotments are only made available to  
9                   States which have elected to provide coverage  
10                  under section 2111.

11                  “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-  
12                  tional allotments provided under this subsection are  
13                  not available for amounts expended before October  
14                  1, 2001. Such amounts are available for amounts ex-  
15                  pended on or after such date for child health assist-  
16                  ance for targeted low-income children, as well as for  
17                  FamilyCare assistance.”.

18                  (ii) CONFORMING AMENDMENTS.—  
19                  Section 2104 of the Social Security Act  
20                  (42 U.S.C. 1397dd), as amended by sec-  
21                  tion 802(d)(3) of the Medicare, Medicaid,  
22                  and SCHIP Benefits Improvement and  
23                  Protection Act of 2000 (as enacted into  
24                  law by section 1(a)(6) of Public Law 106-  
25                  554), is amended—

1 (I) in subsection (a), by inserting  
 2 “subject to subsection (d),” after  
 3 “under this section,”;

4 (II) in subsection (b)(1), by in-  
 5 serting “and subsection (d)” after  
 6 “Subject to paragraph (4)”; and

7 (III) in subsection (c)(1), by in-  
 8 serting “subject to subsection (d),”  
 9 after “for a fiscal year.”.

10 (C) NO COST-SHARING FOR PREGNANCY-  
 11 RELATED BENEFITS.—Section 2103(e)(2) of  
 12 the Social Security Act (42 U.S.C.  
 13 1397cc(e)(2)) is amended—

14 (i) in the heading, by inserting “AND  
 15 PREGNANCY-RELATED SERVICES” after  
 16 “PREVENTIVE SERVICES”; and

17 (ii) by inserting before the period at  
 18 the end the following: “and for pregnancy-  
 19 related services”.

20 (3) EFFECTIVE DATE.—The amendments made  
 21 by this subsection apply to items and services fur-  
 22 nished on or after October 1, 2001.

23 (b) RULES FOR IMPLEMENTATION BEGINNING WITH  
 24 FISCAL YEAR 2006.—

1           (1) REQUIRED COVERAGE OF FAMILYCARE PAR-  
2           ENTS.—Section 1902(a)(10)(A)(i) of the Social Se-  
3           curity Act (42 U.S.C. 1396a(a)(10)(A)(i)) is  
4           amended—

5                   (A) by striking “or” at the end of sub-  
6           clause (VI);

7                   (B) by striking the semicolon at the end of  
8           subclause (VII) and insert “, or”; and

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

10                           “(VIII) who would be parents de-  
11                           scribed in subsection (k)(1) if the in-  
12                           come level specified in subsection  
13                           (k)(2)(B) were equal to at least 100  
14                           percent of the poverty line referred to  
15                           in such subsection;”.

16           (2) EXPANSION OF AVAILABILITY OF EN-  
17           HANCED MATCH UNDER MEDICAID FOR PRE-CHIP  
18           EXPANSIONS.—Paragraph (4) of section 1905(u) of  
19           the Social Security Act (42 U.S.C. 1396d(u)), as in-  
20           serted by subsection (a)(1)(C), is amended—

21                   (A) by amending clause (ii) of subpara-  
22           graph (A) to read as follows:

23                           “(ii) CERTAIN PREGNANT WOMEN.—Ex-  
24                           penditures for medical assistance for pregnant  
25                           women under section 1902(l)(1)(A) in a family

1           the income of which exceeds the 133 percent of  
2           the income official poverty line.”; and

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

4                   “(B) PARENTS WITH INCOME ABOVE 100 PER-  
5           CENT OF POVERTY BUT BELOW JANUARY 1, 2000 IN-  
6           COME LEVEL.—The expenditures described in this  
7           subparagraph are expenditures for medical assist-  
8           ance made available for any parents described in  
9           section 1902(a)(10)(A)(i)(VIII), whose income ex-  
10          ceeds 100 percent of the income official poverty line  
11          applicable to a family of the size involved but does  
12          not exceed the applicable income level established  
13          under this title (under section 1931 or otherwise) for  
14          a parent in a family of the size involved as of Janu-  
15          ary 1, 2000.

16                  “(C) CHILDREN IN FAMILIES WITH INCOME  
17          ABOVE MEDICAID MANDATORY LEVEL NOT PRE-  
18          VIOUSLY DESCRIBED.—The expenditures described  
19          in this subparagraph are expenditures (other than  
20          expenditures described in paragraph (2) or (3)) for  
21          medical assistance made available to any child who  
22          is eligible for assistance under section  
23          1902(a)(10)(A) and the income of whose family ex-  
24          ceeds the minimum income level required under sub-  
25          section 1902(l)(2) for a child of the age involved

1 (treating any child who is 19 or 20 years of age as  
2 being 18 years of age).”.

3 (3) OFFSET OF ADDITIONAL EXPENDITURES  
4 FOR ENHANCED MATCH FOR PRE-CHIP EXPANSION;  
5 ELIMINATION OF OFFSET FOR REQUIRED COVERAGE  
6 OF FAMILYCARE PARENTS.—

7 (A) IN GENERAL.—Section 1905(u)(5) of  
8 the Social Security Act (42 U.S.C.  
9 1396d(u)(5)), as added by subsection (a)(1)(E),  
10 is amended—

11 (i) by amending subparagraph (A) to  
12 read as follows:

13 “(A) REGULAR FMAP FOR EXPENDITURES FOR  
14 PREGNANT WOMEN WITH INCOME ABOVE 133 PER-  
15 CENT OF POVERTY.—The portion of the payments  
16 made for expenditures described in paragraph  
17 (4)(A)(ii) that represents the amount that would  
18 have been paid if the enhanced FMAP had not been  
19 substituted for the Federal medical assistance per-  
20 centage.”; and

21 (ii) by adding at the end the fol-  
22 lowing:

23 “(B) FAMILYCARE PARENTS UNDER 100 PER-  
24 CENT OF POVERTY.—Payments for expenditures de-  
25 scribed in paragraph (4)(A)(i) in the case of parents

1 whose income does not exceed 100 percent of the in-  
2 come official poverty line applicable to a family of  
3 the size involved.

4 “(C) REGULAR FMAP FOR EXPENDITURES FOR  
5 PARENTS WITH INCOME ABOVE 100 PERCENT OF  
6 POVERTY BUT BELOW JANUARY 1, 2000 INCOME  
7 LEVEL.—The portion of the payments made for ex-  
8 penditures described in paragraph (4)(B) that rep-  
9 resents the amount that would have been paid if the  
10 enhanced FMAP had not been substituted for the  
11 Federal medical assistance percentage.

12 “(D) REGULAR FMAP FOR EXPENDITURES FOR  
13 CERTAIN CHILDREN IN FAMILIES WITH INCOME  
14 ABOVE MEDICAID MANDATORY LEVEL.—The portion  
15 of the payments made for expenditures described in  
16 paragraph (4)(C) that represents the amount that  
17 would have been paid if the enhanced FMAP had  
18 not been substituted for the Federal medical assist-  
19 ance percentage.”.

20 (B) CONFORMING AMENDMENTS.—Sub-  
21 paragraph (C) of section 2105(a)(1) of the So-  
22 cial Security Act, as amended by section 414(a)  
23 and subsection (a)(1)(D), is amended to read as  
24 follows:

1           “(C) CERTAIN FAMILYCARE PARENTS AND  
2           OTHERS.—Expenditures for medical assistance  
3           that is attributable to expenditures described in  
4           section 1905(u)(4), except as provided in sec-  
5           tion 1905(u)(5).”.

6           (4) EFFECTIVE DATE.—The amendments made  
7           by this subsection apply as of October 1, 2005, to  
8           fiscal years beginning on or after such date and to  
9           expenditures under the State plan on and after such  
10          date.

11          (c) MAKING TITLE XXI BASE ALLOTMENTS PERMA-  
12          NENT.—Section 2104(a) of the Social Security Act (42  
13          U.S.C. 1397dd(a)) is amended—

14               (1) by striking “and” at the end of paragraph  
15               (9);

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

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

19               “(11) for fiscal year 2008 and each fiscal year  
20               thereafter, the amount of the allotment provided  
21               under this subsection for the preceding fiscal year  
22               increased by the percentage increase (if any) in the  
23               medical care expenditure category of the Consumer  
24               Price Index for All Urban Consumers (United States  
25               city average).”.

1 (d) OPTIONAL APPLICATION OF PRESUMPTIVE ELI-  
2 GIBILITY PROVISIONS TO PARENTS.—Section 1920A of  
3 the Social Security Act (42 U.S.C. 1396r–1a) is amended  
4 by adding at the end the following:

5 “(e) In accordance with regulations, a State may  
6 elect to apply the previous provisions of this section to pro-  
7 vide for a period of presumptive eligibility for medical as-  
8 sistance for a parent of a child with respect to whom such  
9 a period is provided under this section.”.

10 (e) CONFORMING AMENDMENTS.—

11 (1) ELIGIBILITY CATEGORIES.—Section  
12 1905(a) of the Social Security Act (42 U.S.C.  
13 1396d(a)), as amended by section 2(a)(4) of the  
14 Breast and Cervical Cancer Prevention and Treat-  
15 ment Act of 2000, is amended, in the matter before  
16 paragraph (1)—

17 (A) by striking “or” at the end of clause  
18 (xii);

19 (B) by inserting “or” at the end of clause  
20 (xiii); and

21 (C) by inserting after clause (xiii) the fol-  
22 lowing:

23 “(xiv) who are parents described (or treated as  
24 if described) in section 1902(k)(1),”.

1           (2) INCOME LIMITATIONS.—Section 1903(f)(4)  
 2 of the Social Security Act (42 U.S.C. 1396b(f)(4)),  
 3 as amended by section 702(a) of the Medicare, Med-  
 4 icaid, and SCHIP Benefits Improvement and Pro-  
 5 tection Act of 2000 (as enacted into law by section  
 6 1(a)(6) of Public Law 106–554), is amended—

7           (A) effective October 1, 2005, by inserting  
 8 “1902(a)(10)(A)(i)(VIII),” after  
 9 “1902(a)(10)(A)(i)(VII),”; and  
 10           (B) by inserting  
 11 “1902(a)(10)(A)(ii)(XIX),” after  
 12 “1902(a)(10)(A)(ii)(XVIII),”.

13           (3) CONFORMING AMENDMENT RELATING TO  
 14 NO WAITING PERIOD FOR CERTAIN WOMEN.—Section  
 15 2102(b)(1)(B) of the Social Security Act (42 U.S.C.  
 16 1397bb(b)(1)(B)) is amended—

17           (A) by striking “, and” at the end of  
 18 clause (i) and inserting a semicolon;

19           (B) by striking the period at the end of  
 20 clause (ii) and inserting “; and”; and

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

22           “(iii) may not apply a waiting period  
 23 (including a waiting period to carry out  
 24 paragraph (3)(C)) in the case of targeted  
 25 low-income women who are pregnant.”.

1 **SEC. 404. AUTOMATIC ENROLLMENT OF CHILDREN BORN**  
 2 **TO TITLE XXI PARENTS.**

3 Section 2102(b)(1) of the Social Security Act (42  
 4 U.S.C. 1397bb(b)(1)) is amended by adding at the end  
 5 the following:

6 “(C) AUTOMATIC ELIGIBILITY OF CHIL-  
 7 DREN BORN TO A PARENT BEING PROVIDED  
 8 FAMILYCARE.—Such eligibility standards shall  
 9 provide for automatic coverage of a child born  
 10 to an individual who is provided assistance  
 11 under this title in the same manner as medical  
 12 assistance would be provided under section  
 13 1902(e)(4) to a child described in such sec-  
 14 tion.”.

15 **SEC. 405. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**  
 16 **UNDER THE MEDICAID PROGRAM AND TITLE**  
 17 **XXI.**

18 (a) MEDICAID PROGRAM.—Section 1903(v) of the  
 19 Social Security Act (42 U.S.C. 1396b(v)) is amended—

20 (1) in paragraph (1), by striking “paragraph  
 21 (2)” and inserting “paragraphs (2) and (4)”; and

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

23 “(4)(A) A State may elect (in a plan amendment  
 24 under this title) to provide medical assistance under this  
 25 title for aliens who are lawfully residing in the United  
 26 States (including battered aliens described in section

1 431(c) of the Personal Responsibility and Work Oppor-  
2 tunity Reconciliation Act of 1996) and who are otherwise  
3 eligible for such assistance, within any of the following eli-  
4 gibility categories:

5           “(i) PREGNANT WOMEN.—Women during preg-  
6 nancy (and during the 60-day period beginning on  
7 the last day of the pregnancy).

8           “(ii) CHILDREN.—Children (as defined under  
9 such plan), including optional targeted low-income  
10 children described in section 1905(u)(2)(B).

11           “(iii) PARENTS.—If the State has elected the  
12 eligibility category described in clause (ii), caretaker  
13 relatives who are parents (as defined by the State)  
14 of children (described in such clause or otherwise)  
15 who are eligible for medical assistance under the  
16 plan.

17           “(B)(i) In the case of a State that has elected to pro-  
18 vide medical assistance to a category of aliens under sub-  
19 paragraph (A), no debt shall accrue under an affidavit of  
20 support against any sponsor of such an alien on the basis  
21 of provision of assistance to such category and the cost  
22 of such assistance shall not be considered as an unreim-  
23 bursed cost.

24           “(ii) The provisions of sections 401(a), 402(b), 403,  
25 and 421 of the Personal Responsibility and Work Oppor-

1 tunity Reconciliation Act of 1996 shall not apply to a  
 2 State that makes an election under subparagraph (A).”.

3 (b) TITLE XXI.—Section 2107(e)(1) of the Social  
 4 Security Act (42 U.S.C. 1397gg(e)(1)), as amended by  
 5 section 803 of the Medicare, Medicaid, and SCHIP Bene-  
 6 fits Improvement and Protection Act of 2000 (as enacted  
 7 into law by section 1(a)(6) of Public Law 106–554), is  
 8 amended by adding at the end the following:

9 “(E) Section 1903(v)(4) (relating to op-  
 10 tional coverage of categories of permanent resi-  
 11 dent alien children and parents), but only, with  
 12 respect to an eligibility category under this title,  
 13 if the same eligibility category has been elected  
 14 under such section for purposes of title XIX.”.

15 (c) EFFECTIVE DATE.—The amendments made by  
 16 this section take effect on October 1, 2001, and apply to  
 17 medical assistance and child health assistance furnished  
 18 on or after such date.

19 **SEC. 406. OPTIONAL COVERAGE OF CHILDREN THROUGH**  
 20 **AGE 20 UNDER THE MEDICAID PROGRAM AND**  
 21 **TITLE XXI.**

22 (a) MEDICAID.—

23 (1) IN GENERAL.—Section 1902(l)(1)(D) of the  
 24 Social Security Act (42 U.S.C. 1396a(l)(1)(D)) is  
 25 amended by inserting “(or, at the election of a

1 State, 20 or 21 years of age)” after “19 years of  
2 age”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 1902(e)(3)(A) of the Social Se-  
5 curity Act (42 U.S.C. 1396a(e)(3)(A)) is  
6 amended by inserting “(or 1 year less than the  
7 age the State has elected under subsection  
8 (l)(1)(D))” after “18 years of age”.

9 (B) Section 1902(e)(12) of the Social Se-  
10 curity Act (42 U.S.C. 1396a(e)(12)) is amend-  
11 ed by inserting “or such higher age as the State  
12 has elected under subsection (l)(1)(D)” after  
13 “19 years of age”.

14 (C) Section 1902(l)(5) of the Social Secu-  
15 rity Act (42 U.S.C. 1396a(l)(5)), as added by  
16 section 407(a)(1)(B), is amended by inserting  
17 “(or such higher age as the State has elected  
18 under paragraph (1)(D))” after “19 years of  
19 age”.

20 (D) Section 1920A(b)(1) of the Social Se-  
21 curity Act (42 U.S.C. 1396r-1a(b)(1)) is  
22 amended by inserting “or such higher age as  
23 the State has elected under section  
24 1902(l)(1)(D))” after “19 years of age”.



1 (A) in paragraph (3), by inserting “subject  
2 to paragraph (5)”, after “Notwithstanding sub-  
3 section (a)(17),”; and

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

5 “(5) With respect to determining the eligibility of in-  
6 dividuals under 19 years of age (or such higher age as  
7 the State has elected under paragraph (1)(D)) for medical  
8 assistance under subsection (a)(10)(A) and, separately,  
9 with respect to determining the eligibility of individuals  
10 for medical assistance under subsection  
11 (a)(10)(A)(i)(VIII) or (a)(10)(A)(ii)(XIX), notwith-  
12 standing any other provision of this title, if the State has  
13 established a State child health plan under title XXI—

14 “(A) the State may not apply a resource stand-  
15 ard if the State does not apply such a standard  
16 under such child health plan with respect to such in-  
17 dividuals;

18 “(B) the State shall use the same simplified eli-  
19 gibility form (including, if applicable, permitting ap-  
20 plication other than in person) as the State uses  
21 under such State child health plan with respect to  
22 such individuals;

23 “(C) the State shall provide for initial eligibility  
24 determinations and redeterminations of eligibility  
25 using the same verification policies, forms, and fre-

1       quency as the State uses for such purposes under  
2       such State child health plan with respect to such in-  
3       dividuals; and

4               “(D) the State shall not require a face-to-face  
5       interview for purposes of initial eligibility determina-  
6       tions and redeterminations unless the State requires  
7       such an interview for such purposes under such child  
8       health plan with respect to such individuals.”.

9               (2) EFFECTIVE DATE.—The amendments made  
10      by paragraph (1) apply to determinations of eligi-  
11      bility made on or after the date that is 1 year after  
12      the date of the enactment of this Act.

13      (b) PRESUMPTIVE ELIGIBILITY.—

14              (1) IN GENERAL.—Section 1920A(b)(3)(A)(i) of  
15      the Social Security Act (42 U.S.C. 1396r-  
16      1a(b)(3)(A)(i)), as amended by section 708(a) of the  
17      Medicare, Medicaid, and SCHIP Benefits Improve-  
18      ment and Protection Act of 2000 (as enacted into  
19      law by section 1(a)(6) of Public Law 106–554), is  
20      amended by inserting “a child care resource and re-  
21      ferral agency,” after “a State or tribal child support  
22      enforcement agency,”.

23              (2) APPLICATION TO PRESUMPTIVE ELIGIBILITY  
24      FOR PREGNANT WOMEN UNDER MEDICAID.—Section  
25      1920(b) of the Social Security Act (42 U.S.C.

1 1396r-1(b)) is amended by adding at the end after  
2 and below paragraph (2) the following flush sen-  
3 tence:

4 “The term ‘qualified provider’ includes a qualified entity  
5 as defined in section 1920A(b)(3).”.

6 (3) APPLICATION UNDER TITLE XXI.—

7 (A) IN GENERAL.—Section 2107(e)(1)(D)  
8 of the Social Security Act (42 U.S.C.  
9 1397gg(e)(1)), as added by section 803 of the  
10 Medicare, Medicaid, and SCHIP Benefits Im-  
11 provement and Protection Act of 2000 (as en-  
12 acted into law by section 1(a)(6) of Public Law  
13 106-554), is amended to read as follows:

14 “(D) Sections 1920 and 1920A (relating to  
15 presumptive eligibility).”.

16 (B) EXCEPTION FROM LIMITATION ON AD-  
17 MINISTRATIVE EXPENSES.—Section 2105(c)(2)  
18 of the Social Security Act (42 U.S.C.  
19 1397ee(c)(2)) is amended by adding at the end  
20 the following:

21 “(C) EXCEPTION FOR PRESUMPTIVE ELI-  
22 GIBILITY EXPENDITURES.—The limitation  
23 under subparagraph (A) on expenditures shall  
24 not apply to expenditures attributable to the  
25 application of section 1920A (pursuant to sec-

1           tion 2107(e)(1)(D)), regardless of whether the  
2           child is determined to be ineligible for the pro-  
3           gram under this title or title XIX.”.

4           (c) AUTOMATIC REASSESSMENT OF ELIGIBILITY FOR  
5 TITLE XXI AND MEDICAID BENEFITS FOR CHILDREN  
6 LOSING MEDICAID OR TITLE XXI ELIGIBILITY.—

7           (1) LOSS OF MEDICAID ELIGIBILITY.—Section  
8           1902(a) of the Social Security Act (42 U.S.C.  
9           1396a(a)) is amended—

10           (A) by striking the period at the end of  
11           paragraph (65) and inserting “; and”, and

12           (B) by inserting after paragraph (65) the  
13           following:

14           “(66) provide, by not later than the first day of  
15           the first month that begins more than 1 year after  
16           the date of the enactment of this paragraph and in  
17           the case of a State with a State child health plan  
18           under title XXI, that before medical assistance to a  
19           child (or a parent of a child) is discontinued under  
20           this title, a determination of whether the child (or  
21           parent) is eligible for benefits under title XXI shall  
22           be made and, if determined to be so eligible, the  
23           child (or parent) shall be automatically enrolled in  
24           the program under such title without the need for a  
25           new application.”.

1           (2) LOSS OF TITLE XXI ELIGIBILITY.—Section  
2           2102(b)(3) (42 U.S.C. 1397bb(b)(3)) is amended by  
3           redesignating subparagraphs (D) and (E) as sub-  
4           paragraphs (E) and (F), respectively, and by insert-  
5           ing after subparagraph (C) the following:

6                   “(D) that before health assistance to a  
7           child (or a parent of a child) is discontinued  
8           under this title, a determination of whether the  
9           child (or parent) is eligible for benefits under  
10          title XIX is made and, if determined to be so  
11          eligible, the child (or parent) is automatically  
12          enrolled in the program under such title with-  
13          out the need for a new application;”.

14          (3) EFFECTIVE DATE.—The amendments made  
15          by paragraphs (1) and (2) apply to individuals who  
16          lose eligibility under the medicaid program under  
17          title XIX, or under a State child health insurance  
18          plan under title XXI, respectively, of the Social Se-  
19          curity Act on or after the date that is 60 days after  
20          the date of the enactment of this Act.

21          (d) PROVISION OF MEDICAID AND CHIP APPLICA-  
22          TIONS AND INFORMATION UNDER THE SCHOOL LUNCH  
23          PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell  
24          National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is  
25          amended—

1 (1) by striking “(B) Applications” and inserting  
 2 “(B)(i) Applications”; and

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

4 “(ii)(I) Applications for free and reduced price  
 5 lunches that are distributed pursuant to clause (i) to par-  
 6 ents or guardians of children in attendance at schools par-  
 7 ticipating in the school lunch program under this Act shall  
 8 also contain information on the availability of medical as-  
 9 sistance under title XIX of the Social Security Act (42  
 10 U.S.C. 1396 et seq.) (commonly referred to as the ‘med-  
 11 icaid program’) and of child health assistance under title  
 12 XXI of such Act (commonly referred to as ‘CHIP’), in-  
 13 cluding information on how to obtain an application for  
 14 assistance under such program.

15 “(II) Information on the medicaid program and  
 16 CHIP under subclause (I) shall be provided on a form sep-  
 17 arate from the application form for free and reduced price  
 18 lunches under clause (i).”.

19 **SEC. 408. IMPROVING WELFARE-TO-WORK TRANSITION**  
 20 **UNDER THE MEDICAID PROGRAM.**

21 (a) **MAKING PROVISION PERMANENT.**—

22 (1) **IN GENERAL.**—Subsection (f) of section  
 23 1925 of the Social Security Act (42 U.S.C. 1396r-  
 24 6) is repealed.

1           (2) CONFORMING AMENDMENT.—Section  
2           1902(e)(1) of the Social Security Act (42 U.S.C.  
3           1396a(e)(1)) is repealed.

4           (b) STATE OPTION OF INITIAL 12-MONTH ELIGI-  
5 BILITY.—Section 1925 of the Social Security Act (42  
6 U.S.C. 1396r-6) is amended—

7           (1) in subsection (a), by adding at the end the  
8           following:

9           “(5) OPTION OF 12-MONTH INITIAL ELIGIBILITY  
10          PERIOD.—A State may elect to treat any reference  
11          in this subsection to a 6-month period (or 6 months)  
12          as a reference to a 12-month period (or 12 months).  
13          In the case of such an election, subsection (b) shall  
14          not apply.”; and

15          (2) in subsection (b)(1), by inserting “and sub-  
16          section (a)(5)” after “paragraph (3)”.

17          (c) SIMPLIFICATION OPTIONS.—

18           (1) REMOVAL OF ADMINISTRATIVE REPORTING  
19          REQUIREMENTS FOR ADDITIONAL 6-MONTH EXTEN-  
20          SION.—Section 1925(b)(2) of the Social Security Act  
21          (42 U.S.C. 1396r-6(b)(2)) is amended—

22                   (A) by striking subparagraph (B);

23                   (B) in subparagraph (A)(i)—

24                           (i) by striking “(I)” and all that fol-  
25                           lows through “(II)” and inserting “(i)”;

1 (ii) by striking “, and (III)” and in-  
 2 serting “and (ii)”; and

3 (iii) by redesignating such subpara-  
 4 graph as subparagraph (A) (with appro-  
 5 priate indentation); and

6 (C) in subparagraph (A)(ii)—

7 (i) by striking “notify the family of  
 8 the reporting requirement under subpara-  
 9 graph (B)(ii) and” and inserting “provide  
 10 the family with notification of”; and

11 (ii) by redesignating such subpara-  
 12 graph as subparagraph (B) (with appro-  
 13 priate indentation).

14 (2) REMOVAL OF REQUIREMENT FOR PREVIOUS  
 15 RECEIPT OF MEDICAL ASSISTANCE.—Section  
 16 1925(a)(1) of the Social Security Act (42 U.S.C.  
 17 1396r–6(a)(1)) is amended—

18 (A) by redesignating the matter after “RE-  
 19 QUIREMENT.—” as a subparagraph (A) with  
 20 the heading “IN GENERAL.—” and with appro-  
 21 priate indentation; and

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

23 “(B) STATE OPTION TO WAIVE REQUIRE-  
 24 MENT FOR PREVIOUS RECEIPT OF MEDICAL AS-  
 25 SISTANCE.—A State may elect to apply sub-

1 paragraph (A) to any family whose eligibility  
 2 for assistance under section 1931 would other-  
 3 wise terminate because of hours of, or income  
 4 from, employment, without regard to the period  
 5 of previous receipt of assistance or aid.”.

6 (3) PERMITTING INCREASE OR WAIVER OF 185  
 7 PERCENT OF POVERTY EARNING LIMIT.—Section  
 8 1925(b)(3)(A)(iii)(III) of the Social Security Act (42  
 9 U.S.C. 1396r–6(b)(3)(A)(iii)(III)) is amended—

10 (A) by inserting “(at its option)” after  
 11 “the State”; and

12 (B) by inserting “(or such higher percent  
 13 as the State may specify)” after “185 percent”.

14 (4) EXEMPTION FOR STATES COVERING NEEDY  
 15 FAMILIES UP TO 185 PERCENT OF POVERTY.—Sec-  
 16 tion 1925 of the Social Security Act (42 U.S.C.  
 17 1396r–6), as amended by subsection (a), is  
 18 amended—

19 (A) in each of subsections (a)(1) and  
 20 (b)(1), by inserting “but subject to subsection  
 21 (f),” after “Notwithstanding any other provi-  
 22 sion of this title,”; and

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

24 “(f) EXEMPTION FOR STATE COVERING NEEDY  
 25 FAMILIES UP TO 185 PERCENT OF POVERTY.—

1           “(1) IN GENERAL.—At State option, the provi-  
2           sions of this section shall not apply to a State that  
3           uses       the       authority       under       section  
4           1902(a)(10)(A)(ii)(XIX) or 1931(b)(2)(C) to make  
5           medical assistance available under the State plan  
6           under this title to all individuals who are parents de-  
7           scribed in section 1902(k)(1), or all individuals de-  
8           scribed in section 1931(b)(1), and who are in fami-  
9           lies with gross incomes (determined without regard  
10          to work-related child care expenses of such individ-  
11          uals) at or below 185 percent of the income official  
12          poverty line (as defined by the Office of Manage-  
13          ment and Budget, and revised annually in accord-  
14          ance with section 673(2) of the Omnibus Budget  
15          Reconciliation Act of 1981) applicable to a family of  
16          the size involved.

17           “(2) APPLICATION TO OTHER PROVISIONS OF  
18          THIS TITLE.—The State plan of a State described in  
19          paragraph (1) shall be deemed to meet the require-  
20          ments of sections 1902(a)(10)(A)(i)(I) and  
21          1902(e)(1).”.

22          (d) EFFECTIVE DATE.—The amendments made by  
23          this section take effect on October 1, 2001.

1 **SEC. 409. ELIMINATION OF 100 HOUR RULE AND OTHER**  
2 **AFDC-RELATED ELIGIBILITY RESTRICTIONS.**

3 (a) IN GENERAL.—Section 1931(b)(1)(A)(ii) of the  
4 Social Security Act (42 U.S.C. 1396u–1(b)(1)(A)(ii)) is  
5 amended by inserting “other than the requirement that  
6 the child be deprived of parental support or care by reason  
7 of the death, continued absence from the home, incapacity,  
8 or unemployment of a parent,” after “section 407(a),”.

9 (b) CONFORMING AMENDMENT.—Section 1905(a) of  
10 the Social Security Act (42 U.S.C. 1396d(a)) is amended,  
11 in the matter before paragraph (1), in clause (ii), by strik-  
12 ing “if such child is (or would, if needy, be) a dependent  
13 child under part A of title IV”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section apply to eligibility determinations made on or  
16 after October 1, 2001.

17 **SEC. 410. STATE GRANT PROGRAM FOR MARKET INNOVA-**  
18 **TION.**

19 (a) IN GENERAL.—The Secretary of Health and  
20 Human Services (in this section referred to as the “Sec-  
21 retary”) shall establish a program (in this section referred  
22 to as the “program”) to award demonstration grants  
23 under this section to States to allow States to demonstrate  
24 the effectiveness of innovative ways to increase access to  
25 health insurance through market reforms and other inno-

1 vative means. Such innovative means may include any of  
2 the following:

3 (1) Alternative group purchasing or pooling ar-  
4 rangements, such as purchasing cooperatives for  
5 small businesses, reinsurance pools, or high risk  
6 pools.

7 (2) Individual or small group market reforms.

8 (3) Consumer education and outreach.

9 (4) Subsidies to individuals, employers, or both,  
10 in obtaining health insurance.

11 (b) SCOPE; DURATION.—The program shall be lim-  
12 ited to not more than 10 States and to a total period of  
13 5 years, beginning on the date the first demonstration  
14 grant is made.

15 (c) CONDITIONS FOR DEMONSTRATION GRANTS.—

16 (1) IN GENERAL.—The Secretary may not pro-  
17 vide for a demonstration grant to a State under the  
18 program unless the Secretary finds that under the  
19 proposed demonstration grant—

20 (A) the State will provide for demonstrated  
21 increase of access for some portion of the exist-  
22 ing uninsured population through a market in-  
23 novation (other than merely through a financial  
24 expansion of a program initiated before the  
25 date of the enactment of this Act);

1 (B) the State will comply with applicable  
2 Federal laws;

3 (C) the State will not discriminate among  
4 participants on the basis of any health status-  
5 related factor (as defined in section 2791(d)(9)  
6 of the Public Health Service Act (42 U.S.C.  
7 300gg-91(d)(9)), except to the extent a State  
8 wishes to focus on populations that otherwise  
9 would not obtain health insurance because of  
10 such factors; and

11 (D) the State will provide for such evalua-  
12 tion, in coordination with the evaluation re-  
13 quired under subsection (d), as the Secretary  
14 may specify.

15 (2) APPLICATION.—The Secretary shall not  
16 provide a demonstration grant under the program to  
17 a State unless—

18 (A) the State submits to the Secretary  
19 such an application, in such a form and man-  
20 ner, as the Secretary specifies;

21 (B) the application includes information  
22 regarding how the demonstration grant will ad-  
23 dress issues such as governance, targeted popu-  
24 lation, expected cost, and the continuation after

1 the completion of the demonstration grant pe-  
2 riod; and

3 (C) the Secretary determines that the dem-  
4 onstration grant will be used consistent with  
5 this section.

6 (3) FOCUS.—A demonstration grant proposal  
7 under this section need not cover all uninsured indi-  
8 viduals in a State or all health care benefits with re-  
9 spect to such individuals.

10 (d) EVALUATION.—The Secretary shall enter into a  
11 contract with an appropriate entity outside the Depart-  
12 ment of Health and Human Services to conduct an overall  
13 evaluation of the program at the end of the program pe-  
14 riod. Such evaluation shall include an analysis of improve-  
15 ments in access, costs, quality of care, or choice of cov-  
16 erage, under different demonstration grants.

17 (e) OPTION TO PROVIDE FOR INITIAL PLANNING  
18 GRANTS.—Notwithstanding the previous provisions of this  
19 section, under the program the Secretary may provide for  
20 a portion of the amounts appropriated under subsection  
21 (f) (not to exceed \$5,000,000) to be made available to any  
22 State for initial planning grants to permit States to de-  
23 velop demonstration grant proposals under the previous  
24 provisions of this section.

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
 2 are authorized to be appropriated \$100,000,000 for each  
 3 fiscal year to carry out this section. Amounts appropriated  
 4 under this subsection shall remain available until ex-  
 5 pended.

6 (g) STATE DEFINED.—In this section, the term  
 7 “State” has the meaning given such term for purposes of  
 8 title XIX of the Social Security Act (42 U.S.C. 1396 et  
 9 seq.).

10 **SEC. 411. LIMITATIONS ON CONFLICTS OF INTEREST.**

11 (a) LIMITATION ON CONFLICTS OF INTEREST IN  
 12 MARKETING ACTIVITIES.—

13 (1) TITLE XXI.—Section 2105(c) of the Social  
 14 Security Act (42 U.S.C. 300aa-5(c)) is amended by  
 15 adding at the end the following:

16 “(8) LIMITATION ON EXPENDITURES FOR MAR-  
 17 KETING ACTIVITIES.—Amounts expended by a State  
 18 for the use of an administrative vendor in marketing  
 19 health benefits coverage to low-income children  
 20 under this title shall not be considered, for purposes  
 21 of subsection (a)(2)(D), to be reasonable costs to ad-  
 22 minister the plan unless the following conditions are  
 23 met with respect to the vendor:

24 “(A) The vendor is independent of any en-  
 25 tity offering the coverage in the same area of

1 the State in which the vendor is conducting  
2 marketing activities.

3 “(B) No person who is an owner, em-  
4 ployee, consultant, or has a contract with the  
5 vendor either has any direct or indirect finan-  
6 cial interest with such an entity or has been ex-  
7 cluded from participation in the program under  
8 this title or title XVIII or XIX or debarred by  
9 any Federal agency, or subject to a civil money  
10 penalty under this Act.”.

11 (b) PROHIBITION OF AFFILIATION WITH DEBARRED  
12 INDIVIDUALS.—

13 (1) MEDICAID.—Section 1903(i) of the Social  
14 Security Act (42 U.S.C. 1396b(i))is amended—

15 (A) by striking the period at the end of  
16 paragraph (20) and inserting “; or”; and

17 (B) by inserting after paragraph (20) the  
18 following:

19 “(21) with respect to any amounts expended for  
20 an entity that receives payments under the plan  
21 unless—

22 “(A) no person with an ownership or con-  
23 trol interest (as defined in section 1124(a)(3))  
24 in the entity is a person that is debarred, sus-  
25 pended, or otherwise excluded from partici-

1           pating in procurement or non-procurement ac-  
2           tivities under the Federal Acquisition Regula-  
3           tion; and

4           “(B) such entity has not entered into an  
5           employment, consulting, or other agreement for  
6           the provision of items or services that are mate-  
7           rial to such entity’s obligations under the plan  
8           with a person described in subparagraph (A).”.

9           (2) TITLE XXI.—Section 2107(e)(1) of the So-  
10          cial Security Act (42 U.S.C. 1397gg(e)(1)), as  
11          amended by sections 405(b) and 407(b)(3), is fur-  
12          ther amended by adding at the end the following:

13                 “(F) Section 1902(a)(67) (relating to pro-  
14                 hibition of affiliation with debarred individ-  
15                 uals).”.

16          (c) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply to expenditures made on or after  
18          the date of the enactment of this Act.

19          **SEC. 412. INCREASE IN CHIP ALLOTMENT FOR EACH OF**  
20                         **FISCAL YEARS 2002 THROUGH 2004.**

21          Paragraphs (5), (6), and (7) of Section 2104(a) of  
22          the Social Security Act (42 U.S.C. 1397dd(a)) are amend-  
23          ed by striking “\$3,150,000,000” each place it appears and  
24          inserting “\$4,150,000,000”.

1 **SEC. 413. DEMONSTRATION PROGRAMS TO IMPROVE MED-**  
2 **ICAID AND CHIP OUTREACH TO HOMELESS**  
3 **INDIVIDUALS AND FAMILIES.**

4 (a) **AUTHORITY.**—The Secretary of Health and  
5 Human Services may award demonstration grants to not  
6 more than 7 States (or other qualified entities) to conduct  
7 innovative programs that are designed to improve out-  
8 reach to homeless individuals and families under the pro-  
9 grams described in subsection (b) with respect to enroll-  
10 ment of such individuals and families under such pro-  
11 grams and the provision of services (and coordinating the  
12 provision of such services) under such programs.

13 (b) **PROGRAMS FOR HOMELESS DESCRIBED.**—The  
14 programs described in this subsection are as follows:

15 (1) **MEDICAID.**—The program under title XIX  
16 of the Social Security Act (42 U.S.C. 1396 et seq.).

17 (2) **CHIP.**—The program under title XXI of  
18 the Social Security Act (42 U.S.C. 1397aa et seq.).

19 (3) **TANF.**—The program under part of A of  
20 title IV of the Social Security Act (42 U.S.C. 601  
21 et seq.).

22 (4) **SAMHSA BLOCK GRANTS.**—The program  
23 of grants under part B of title XIX of the Public  
24 Health Service Act (42 U.S.C. 300x–1 et seq.).

1           (5) FOOD STAMP PROGRAM.—The program  
2           under the Food Stamp Act of 1977 (7 U.S.C. 2011  
3           et seq.).

4           (6) WORKFORCE INVESTMENT ACT.—The pro-  
5           gram under the Workforce Investment Act of 1999  
6           (29 U.S.C. 2801 et seq.).

7           (7) WELFARE-TO-WORK.—The welfare-to-work  
8           program under section 403(a)(5) of the Social Secu-  
9           rity Act (42 U.S.C. 603(a)(5)).

10          (8) OTHER PROGRAMS.—Other public and pri-  
11          vate benefit programs that serve low-income individ-  
12          uals.

13          (c) APPROPRIATIONS.—For the purposes of carrying  
14          out this section, there is appropriated, out of any funds  
15          in the Treasury not otherwise appropriated, \$10,000,000,  
16          to remain available until expended.

17       **SEC. 414. TECHNICAL AND CONFORMING AMENDMENTS TO**  
18                               **AUTHORITY TO PAY MEDICAID EXPANSION**  
19                               **COSTS FROM TITLE XXI APPROPRIATION.**

20          (a) AUTHORITY TO PAY MEDICAID EXPANSION  
21          COSTS FROM TITLE XXI APPROPRIATION.—Section  
22          2105(a) of the Social Security Act (42 U.S.C. 1397ee(a))  
23          is amended to read as follows:

24          “(a) ALLOWABLE EXPENDITURES.—

1           “(1) IN GENERAL.—Subject to the succeeding  
2 provisions of this section, the Secretary shall pay to  
3 each State with a plan approved under this title,  
4 from its allotment under section 2104, an amount  
5 for each quarter equal to the enhanced FMAP (or,  
6 in the case of expenditures described in subpara-  
7 graph (B), the Federal medical assistance percent-  
8 age (as defined in the first sentence of section  
9 1905(b))) of the following expenditures in the quar-  
10 ter:

11           “(A) CHILD HEALTH ASSISTANCE UNDER  
12 MEDICAID.—Expenditures for child health as-  
13 sistance under the plan for targeted low-income  
14 children in the form of providing medical assist-  
15 ance for expenditures described in the fourth  
16 sentence of section 1905(b).

17           “(B) MEDICAID PRESUMPTIVE ELIGIBILITY  
18 FOR CHILDREN.—Expenditures for the provi-  
19 sion of medical assistance on behalf of a child  
20 during a presumptive eligibility period under  
21 section 1920A.

22           “(C) RESERVED.—[reserved].

23           “(D) CHILD HEALTH ASSISTANCE UNDER  
24 THIS TITLE.—Expenditures for child health as-  
25 sistance under the plan for targeted low-income

1 children in the form of providing health benefits  
2 coverage that meets the requirements of section  
3 2103.

4 “(E) ASSISTANCE AND ADMINISTRATIVE  
5 EXPENDITURES SUBJECT TO LIMIT.—Expendi-  
6 tures only to the extent permitted consistent  
7 with subsection (c)—

8 “(i) for other child health assistance  
9 for targeted low-income children;

10 “(ii) for expenditures for health serv-  
11 ices initiatives under the plan for improv-  
12 ing the health of children (including tar-  
13 geted low-income children and other low-  
14 income children);

15 “(iii) for expenditures for outreach ac-  
16 tivities as provided in section 2102(c)(1)  
17 under the plan; and

18 “(iv) for other reasonable costs in-  
19 curred by the State to administer the plan.

20 “(2) ORDER OF PAYMENTS.—Payments under a  
21 subparagraph of paragraph (1) from a State’s allot-  
22 ment for expenditures described in each such sub-  
23 paragraph shall be made on a quarterly basis in the  
24 order of such subparagraph in such paragraph.

1           “(3) NO DUPLICATIVE PAYMENT.—In the case  
2 of expenditures for which payment is made under  
3 paragraph (1), no payment shall be made under title  
4 XIX.”.

5 (b) CONFORMING AMENDMENTS.—

6           (1) SECTION 1905(u).—Section 1905(u)(1)(B)  
7 of the Social Security Act (42 U.S.C.  
8 1396d(u)(1)(B)), as amended by section 801(d)(2)  
9 of the Medicare, Medicaid, and SCHIP Benefits Im-  
10 provement and Protection Act of 2000 (as enacted  
11 into law by section 1(a)(6) of Public Law 106–554),  
12 is amended by inserting “and section 2105(a)(1)”  
13 after “subsection (b)”.

14           (2) SECTION 2105(c).—Section 2105(c) of the  
15 Social Security Act (42 U.S.C. 1397ee(c)), as  
16 amended by section 801(d)(4) of the Medicare, Med-  
17 icaid, and SCHIP Benefits Improvement and Pro-  
18 tection Act of 2000 (as enacted into law by section  
19 1(a)(6) of Public Law 106–554), is amended—

20                   (A) in paragraph (2)(A)—

21                           (i) by striking “paragraph (1)(D)”  
22 and inserting “paragraph (1)(E)”; and

23                           (ii) by striking “subparagraphs (A),  
24 (C), and (D) of paragraph (1) of such sub-  
25 section” and inserting “paragraph (1) of

1           such subsection (other than subparagraph  
2           (B))”; and

3           (B) in paragraph (2)(B), by striking “sub-  
4           section (a)(1)(D)” and inserting “subsection  
5           (a)(1)(E)”.

6           (3) SECTION 2110(a).—Section 2110(a) of the  
7           Social Security Act (42 U.S.C. 1397jj) is amended  
8           by striking “section 2105(a)(1)(D)(i)” and inserting  
9           “section 2105(a)(1)(E)(i)”.

10          (4) SECTION 802(c) OF BIPA.—Section 802(c) of  
11          the Medicare, Medicaid, and SCHIP Benefits Im-  
12          provement and Protection Act of 2000 (as enacted  
13          into law by section 1(a)(6) of Public Law 106–554)  
14          is amended by striking “subparagraph (C) or (D)”  
15          and inserting “subparagraph (D) or (E)”.

16          (c) EFFECTIVE DATE.—The amendments made by  
17          this section shall be effective as if included in the enact-  
18          ment of the Balanced Budget Act of 1997 (Public Law  
19          105–33; 111 Stat. 251).

**TITLE V—TAX RELIEF FOR  
WORKING FAMILIES**

**SEC. 501. INCREASED EARNED INCOME TAX CREDIT FOR 2  
OR MORE QUALIFYING CHILDREN.**

(a) IN GENERAL.—The table in section 32(b)(1)(A) of the Internal Revenue Code of 1986 (relating to percentages) is amended—

(1) in the second item—

(A) by striking “or more”, and

(B) by striking “21.06” and inserting “19.06”, and

(2) by inserting after the second item the following new item:

“3 or more qualifying children	45 .....	19.06”
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(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

**SEC. 502. SIMPLIFICATION OF DEFINITION OF EARNED INCOME.**

(a) IN GENERAL.—Section 32(c)(2)(A)(i) of the Internal Revenue Code of 1986 (defining earned income) is amended by inserting “, but only if such amounts are includible in gross income for the taxable year” after “other employee compensation”.

1 (b) CONFORMING AMENDMENT.—Section  
 2 32(c)(2)(B) of the Internal Revenue Code of 1986 is  
 3 amended by striking “and” at the end of clause (iv), by  
 4 striking the period at the end of clause (v) and inserting  
 5 “, and”, and by adding at the end the following new  
 6 clause:

7 “(vi) the requirement under subpara-  
 8 graph (A)(i) that an amount be includible  
 9 in gross income shall not apply if such  
 10 amount is exempt from tax under section  
 11 7873 or is derived directly from restricted  
 12 and allotted land under the Act of Feb-  
 13 ruary 8, 1887 (commonly known as the In-  
 14 dian General Allotment Act) (25 U.S.C.  
 15 331 et seq.) or from land held under Acts  
 16 or treaties containing an exception provi-  
 17 sion similar to the Indian General Allot-  
 18 ment Act.”

19 (c) EFFECTIVE DATE.—The amendment made by  
 20 this section shall apply to amounts received in taxable  
 21 years beginning after December 31, 2001.

22 **SEC. 503. SIMPLIFICATION OF DEFINITION OF CHILD DE-**  
 23 **PENDENT.**

24 (a) REMOVAL OF SUPPORT TEST FOR CERTAIN INDI-  
 25 VIDUALS.—Section 152(a) of the Internal Revenue Code

1 of 1986 (relating to definition of dependent) is amended  
2 to read as follows:

3 “(a) GENERAL DEFINITION.—For purposes of this  
4 subtitle—

5 “(1) DEPENDENT.—The term ‘dependent’  
6 means—

7 “(A) any individual described in paragraph  
8 (2) over half of whose support, for the calendar  
9 year in which the taxable year of the taxpayer  
10 begins, was received from the taxpayer (or is  
11 treated under subsection (c) as received from  
12 the taxpayer), or

13 “(B) any individual described in subsection  
14 (f).

15 “(2) INDIVIDUALS.—An individual is described  
16 in this paragraph if such individual is—

17 “(A) a brother, sister, stepbrother, or step-  
18 sister of the taxpayer,

19 “(B) the father or mother of the taxpayer,  
20 or an ancestor of either,

21 “(C) a stepfather or stepmother of the tax-  
22 payer,

23 “(D) a son or daughter of a brother or sis-  
24 ter of the taxpayer,

1           “(E) a brother or sister of the father or  
2           mother of the taxpayer,

3           “(F) a son-in-law, daughter-in-law, father-  
4           in-law, mother-in-law, brother-in-law, or sister-  
5           in-law of the taxpayer, or

6           “(G) an individual (other than an indi-  
7           vidual who at any time during the taxable year  
8           was the spouse, determined without regard to  
9           section 7703, of the taxpayer) who, for the tax-  
10          able year of the taxpayer, has as their principal  
11          place of abode the home of the taxpayer and is  
12          a member of the taxpayer’s household.”.

13          (b) OTHER MODIFICATIONS.—Section 152 of the In-  
14          ternal Revenue Code of 1986 is amended by adding at the  
15          end the following:

16          “(f) SUBSECTION (f) DEPENDENTS.—

17                 “(1) IN GENERAL.—An individual is described  
18                 in this subsection for the taxable year if such  
19                 individual—

20                         “(A) bears a relationship to the taxpayer  
21                         described in paragraph (2),

22                         “(B) except in the case of an eligible foster  
23                         child or as provided in subsection (e), has the  
24                         same principal place of abode as the taxpayer

1 for more than one-half of such taxable year,  
2 and

3 “(C)(i) has not attained the age of 19 at  
4 the close of the calendar year in which the tax-  
5 able year begins, or

6 “(ii) is a student (within the meaning of  
7 section 151(c)(4)) who has not attained the age  
8 of 24 at the close of such calendar year.

9 “(2) RELATIONSHIP TEST.—An individual bears  
10 a relationship to the taxpayer described in this para-  
11 graph if such individual is—

12 “(A) a son or daughter of the taxpayer, or  
13 a descendant of either, or

14 “(B) a stepson or stepdaughter of the tax-  
15 payer.

16 “(3) SPECIAL RULES.—

17 “(A) 2 OR MORE CLAIMING DEPENDENT.—  
18 Except as provided in subparagraph (B), if an  
19 individual may be claimed as a dependent by 2  
20 or more taxpayers (but for this subparagraph)  
21 for a taxable year beginning in the same cal-  
22 endar year, only the taxpayer with the highest  
23 adjusted gross income for such taxable year  
24 shall be allowed the deduction with respect to  
25 such individual.

1           “(B) RELEASE OF CLAIM TO EXEMP-  
2           TION.—Subparagraph (A) shall not apply with  
3           respect to an individual if—

4                   “(i) the taxpayer with the highest ad-  
5                   justed gross income under subparagraph  
6                   (A), for any calendar year signs a written  
7                   declaration (in such manner and form as  
8                   the Secretary may by regulations pre-  
9                   scribe) that such taxpayer will not claim  
10                  such individual as a dependent for any tax-  
11                  able year beginning in such calendar year,

12                   “(ii) the other taxpayer provides over  
13                   half of such individual’s support for the  
14                   calendar year in which the taxable year of  
15                   such other taxpayer begins, and

16                   “(iii) such other taxpayer attaches  
17                   such written declaration to such taxpayer’s  
18                   return for the taxable year beginning dur-  
19                   ing such calendar year.”.

20           (c) RULES RELATING TO FOSTER CHILD.—Section  
21 152(b)(2) (relating to rules relating to general definition)  
22 is amended by striking “a foster child” and all that follows  
23 through “individual” and inserting “an eligible foster  
24 child (as defined in section 32(c)(3)(B)(iii)) of an indi-  
25 vidual”.

1 (d) EXEMPTION FROM GROSS INCOME TEST.—Sec-  
 2 tion 151(c)(3) (relating to definition of child) is amended  
 3 by striking “or stepdaughter” and inserting “step-  
 4 daughter, or a descendant of such individual”.

5 (e) WAIVER OF DEDUCTION FOR DIVORCED PAR-  
 6 ENTS.—

7 (1) IN GENERAL.—So much of section 152(e)  
 8 as precedes paragraph (4) (relating to support test  
 9 in case of child of divorced parents, etc.) is amended  
 10 to read as follows:

11 “(e) SPECIAL RULES FOR CHILD OF DIVORCED PAR-  
 12 ENTS.—

13 “(1) RELEASE OF CLAIM TO EXEMPTION.—In  
 14 the case of a child (as defined in section 151(c)(3))  
 15 of parents—

16 “(A) who are divorced or legally separated  
 17 under a decree of divorce or separate mainte-  
 18 nance,

19 “(B) who are separated under a written  
 20 separation agreement, or

21 “(C) who live apart at all times during the  
 22 last 6 months of the calendar year,

23 the custodial parent who is entitled to the deduction  
 24 under section 151 for a taxable year with respect to

1 such child may release such deduction to the non-  
2 custodial parent.

3 “(2) PROCEDURE.—The noncustodial parent  
4 may claim a child described in paragraph (1) as a  
5 dependent for the taxable year if—

6 “(A) the custodial parent signs a written  
7 declaration (in such manner and form as the  
8 Secretary may by regulations prescribe) that  
9 such custodial parent will not claim such child  
10 as a dependent for any taxable year beginning  
11 in such calendar year,

12 “(B) the custodial parent and the non-  
13 custodial parent provide over half of such  
14 child’s support for the calendar year in which  
15 the taxable years of such parents begin, and

16 “(C) the noncustodial parent attaches such  
17 written declaration to such noncustodial par-  
18 ent’s return for the taxable year beginning dur-  
19 ing such calendar year.

20 “(3) DEFINITIONS.—For purposes of this  
21 subsection—

22 “(A) CUSTODIAL PARENT.—The term ‘cus-  
23 todial parent’ means, with regard to an indi-  
24 vidual, a parent who has custody of such indi-

1           vidual for a greater portion of the calendar year  
2           than the noncustodial parent.

3           “(B) NONCUSTODIAL PARENT.—The term  
4           ‘noncustodial parent’ means the parent who is  
5           not the custodial parent.”.

6           (2)       PRE-1985       INSTRUMENTS.—Section  
7           152(e)(4)(A) of such Code is amended by striking  
8           “A child” and all that follows through “noncustodial  
9           parent” and inserting “A noncustodial parent de-  
10          scribed in paragraph (1) shall be entitled to the de-  
11          duction under section 151 for a taxable year with re-  
12          spect to a child if”.

13          (f) CONFORMING AMENDMENTS.—

14               (1) Section 1(g)(5)(A) of the Internal Revenue  
15               Code of 1986 is amended by inserting “as in effect  
16               on the day before the date of the enactment of the  
17               Enhancing Economic Security for America’s Work-  
18               ing Families Act” after “152(e)”.

19               (2) Section 2(b)(1)(A)(i) of such Code is  
20               amended by striking “paragraph (2) or (4) of”.

21               (3) Section 2(b)(3)(B)(i) of such Code is  
22               amended by striking “paragraph (9)” and inserting  
23               “paragraph (2)(G)”.

24               (4) Section 21(e)(5)(A) of such Code is amend-  
25               ed by striking “paragraph (2) or (4) of”.

1           (5) Section 21(e)(5) of such Code is amended  
2           in the matter following subclause (B) by inserting  
3           “as in effect on the day before the date of the enact-  
4           ment of the Enhancing Economic Security for Amer-  
5           ica’s Working Families Act” after “152(e)(1)”.

6           (6) Section 32(c)(1)(G) of such Code is amend-  
7           ed by striking “(3)(D).” and inserting “(1)(C). An  
8           individual whose qualifying child or qualifying chil-  
9           dren are not taken into account under subsection (b)  
10          solely by reason of paragraph (3)(D) shall be treated  
11          as an eligible individual if such individual otherwise  
12          meets the requirements of subparagraph (A)(ii).”.

13          (7) Section 32(c)(3)(B)(ii) of such Code is  
14          amended by striking “paragraph (2) or (4) of”.

15          (8) Section 51(i)(1)(C) of such Code is amend-  
16          ed by striking “152(a)(9)” and inserting  
17          “152(a)(2)(G)”.

18          (9) Section 152(b) of such Code is amended by  
19          striking “specified in subsection (a)” and inserting  
20          “specified in subsection (a)(2) or (f)(2)”.

21          (10) Section 152(c) of such Code is amended by  
22          striking “(a)” and inserting “(a)(1)”.

23          (11) Section 7703(b)(1) of such Code is amend-  
24          ed by striking “paragraph (2) or (4) of”.

1           (12) The following provisions of such Code are  
2 each amended by striking “paragraphs (1) through  
3 (8) of section 152(a)” and inserting “subparagraphs  
4 (A) through (F) of subsection (a)(2) or subsection  
5 (f)(2) of section 152”:

6                   (A) Section 170(g)(3).

7                   (B) Subparagraphs (A) and (B) of section  
8 51(i)(1).

9                   (C) The second sentence of section  
10 213(d)(11).

11                   (D) Section 529(e)(2)(B).

12                   (E) Section 7702B(f)(2)(C)(iii).

13           (g) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2001.

16 **SEC. 504. OTHER MODIFICATIONS TO EARNED INCOME TAX**  
17 **CREDIT.**

18           (a) MODIFICATION OF JOINT RETURN REQUIRE-  
19 MENT.—Subsection (d) of section 32 of the Internal Rev-  
20 enue Code of 1986 is amended to read as follows:

21                   “(d) MARRIED INDIVIDUALS.—

22                           “(1) IN GENERAL.—If the taxpayer is married  
23 at the close of the taxable year, the credit shall be  
24 allowed under subsection (a) only if the taxpayer

1 and his spouse file a joint return for the taxable  
2 year.

3 “(2) MARITAL STATUS.—For purposes of para-  
4 graph (1), an individual legally separated from his  
5 spouse under a decree of divorce or of separate  
6 maintenance shall not be considered as married.

7 “(3) CERTAIN MARRIED INDIVIDUALS LIVING  
8 APART.—For purposes of paragraph (1), if—

9 “(A) an individual —

10 “(i) is married and files a separate re-  
11 turn, and

12 “(ii) has a qualifying child who is a  
13 son, daughter, stepson, or stepdaughter of  
14 such individual, and

15 “(B) during the last 6 months of such tax-  
16 able year, such individual and such individual’s  
17 spouse do not have the same principal place of  
18 abode,

19 such individual shall not be considered as married.”

20 (b) MODIFICATION OF RULE WHERE THERE ARE 2  
21 OR MORE ELIGIBLE INDIVIDUALS.—Subparagraph (C) of  
22 section 32(c)(1) of such Code is amended to read as fol-  
23 lows:

24 “(C) 2 OR MORE ELIGIBLE INDIVIDUALS.—

1           “(i) IN GENERAL.—Except as pro-  
2           vided in clause (ii), if 2 or more individuals  
3           would (but for this subparagraph and after  
4           application of subparagraph (B)) be treat-  
5           ed as eligible individuals with respect to  
6           the same qualifying child for taxable years  
7           beginning in the same calendar year, only  
8           the individual with the highest modified  
9           adjusted gross income for such taxable  
10          years shall be treated as an eligible indi-  
11          vidual with respect to such qualifying  
12          child.

13          “(ii) EXCEPTION FOR CERTAIN PAR-  
14          ENTS.—An otherwise eligible individual  
15          who is not treated under clause (i) as the  
16          only eligible individual with respect to any  
17          qualifying child shall be treated as an eligi-  
18          ble individual with respect to such child  
19          if—

20                  “(I) such child is the son, daugh-  
21                  ter, stepson, or stepdaughter of such  
22                  individual,

23                  “(II) such child is not taken into  
24                  account under subsection (b) by any  
25                  other individual, and

1                   “(III) the limitation under sub-  
2                   section (a)(2) for the individual who  
3                   would (but for this clause) be treated  
4                   under clause (i) as the only eligible in-  
5                   dividual with respect to such child  
6                   would be greater than zero (deter-  
7                   mined as if such individual had 2  
8                   qualifying children).”

9           (c) EXPANSION OF MATHEMATICAL ERROR AUTHOR-  
10   ITY.—Paragraph (2) of section 6213(g) of such Code is  
11   amended by striking “and” at the end of subparagraph  
12   (K), by striking the period at the end of subparagraph  
13   (L) and inserting “, and”, and by inserting after subpara-  
14   graph (L) the following new subparagraph:

15                   “(M) the entry on the return claiming the  
16                   credit under section 32 with respect to a child  
17                   if, according to the Federal Case Registry of  
18                   Child Support Orders established under section  
19                   453(h) of the Social Security Act, the taxpayer  
20                   is a noncustodial parent of such child.”

21           (d) EFFECTIVE DATE.—The amendments made by  
22   this section shall apply to taxable years beginning after  
23   December 31, 2001.

1 **TITLE VI—RESTORING FOOD**  
2 **STAMPS FOR LEGAL IMMI-**  
3 **GRANTS AND THEIR FAMI-**  
4 **LIES**

5 **SEC. 601. RESTORATION OF FOOD STAMP BENEFITS FOR**  
6 **ALIENS.**

7 (a) LIMITED ELIGIBILITY OF QUALIFIED ALIENS  
8 FOR CERTAIN FEDERAL PROGRAMS.—

9 (1) IN GENERAL.—Section 402(a) of the Per-  
10 sonal Responsibility and Work Opportunity Rec-  
11 onciliation Act of 1996 (8 U.S.C. 1612(a)) is  
12 amended—

13 (A) in paragraph (2)—

14 (i) in subparagraph (A), by striking  
15 “Federal programs” and inserting “Fed-  
16 eral program”;

17 (ii) in subparagraph (D)—

18 (I) by striking clause (ii); and

19 (II) in clause (i)—

20 (aa) by striking “(i)  
21 SSI.—” and all that follows  
22 through “paragraph (3)(A)” and  
23 inserting the following:

1           “(i) IN GENERAL.—With respect to  
2 the specified Federal program described in  
3 paragraph (3)”;

4                   (bb) by redesignating sub-  
5 clauses (II) through (IV) as  
6 clauses (ii) through (iv) and in-  
7 denting appropriately;

8                   (cc) by striking “subclause  
9 (I)” each place it appears and in-  
10 sserting “clause (i)”;

11                   (dd) in clause (iv) (as redesi-  
12 gnated by item (bb)), by striking  
13 “this clause” and inserting “this  
14 subparagraph”;

15           (iii) in subparagraph (E), by striking  
16 “paragraph (3)(A) (relating to the supple-  
17 mental security income program)” and in-  
18 sserting “paragraph (3)”;

19           (iv) in subparagraph (F);

20                   (I) by striking “Federal pro-  
21 grams” and inserting “Federal pro-  
22 gram”;

23                   (II) in clause (ii)(I)—

24                           (aa) by striking “(I) in the  
25 case of the specified Federal pro-

1                   gram described in paragraph  
2                   (3)(A),” and

3                   (bb) by striking “; and” and  
4                   inserting a period; and

5                   (III) by striking subclause (II);

6                   (v) in subparagraph (G), by striking  
7                   “Federal programs” and inserting “Fed-  
8                   eral program”;

9                   (vi) in subparagraph (H), by striking  
10                  “paragraph (3)(A) (relating to the supple-  
11                  mental security income program)” and in-  
12                  serting “paragraph (3)”; and

13                  (vii) by striking subparagraphs (I),  
14                  (J), and (K); and

15                  (B) in paragraph (3)—

16                  (i) by striking “means any” and all  
17                  that follows through “The supplemental”  
18                  and inserting “means the supplemental”;  
19                  and

20                  (ii) by striking subparagraph (B).

21                  (2) CONFORMING AMENDMENT.—Section  
22                  402(b)(2)(F) of the Personal Responsibility and  
23                  Work Opportunity Reconciliation Act of 1996 (8  
24                  U.S.C. 1612(b)(2)(F)) is amended by striking “sub-  
25                  section (a)(3)(A)” and inserting “subsection (a)(3)”.

1 (b) FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED  
2 ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BEN-  
3 EFIT.—Section 403 of the Personal Responsibility and  
4 Work Opportunity Reconciliation Act of 1996 (8 U.S.C.  
5 1613) is amended—

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

8 “(L) Assistance or benefits under the Food  
9 Stamp Act of 1977 (7 U.S.C. 2011 et seq.)”;  
10 and

11 (2) in subsection (d)—

12 (A) by striking “not apply” and all that  
13 follows through “(1) an individual” and insert-  
14 ing “not apply to an individual”; and

15 (B) by striking “; or” and all that follows  
16 through “402(a)(3)(B)”.

17 (c) AUTHORITY FOR STATES TO PROVIDE FOR AT-  
18 TRIBUTION OF SPONSOR’S INCOME AND RESOURCES TO  
19 THE ALIEN WITH RESPECT TO STATE PROGRAMS.—Sec-  
20 tion 422(b) of the Personal Responsibility and Work Op-  
21 portunity Reconciliation Act of 1996 (8 U.S.C. 1632(b))  
22 is amended by adding at the end the following:

23 “(8) Programs comparable to assistance or ben-  
24 efits under the Food Stamp Act of 1977 (7 U.S.C.  
25 2011 et seq.)”.

1 (d) REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF  
2 SUPPORT.—Section 423(d) of the Personal Responsibility  
3 and Work Opportunity Reconciliation Act of 1996 (8  
4 U.S.C. 1183a note; Public Law 104–193) is amended by  
5 adding at the end the following:

6 “(12) Benefits under the Food Stamp Act of  
7 1977 (7 U.S.C. 2011 et seq.), if a sponsor is unable  
8 to make the reimbursement because the sponsor ex-  
9periences hardship (including bankruptcy, disability,  
10 and indigence) or if the sponsor experiences severe  
11 circumstances beyond the control of the sponsor, as  
12 determined by the Secretary of Agriculture.”.

13 (e) DERIVATIVE ELIGIBILITY FOR BENEFITS.—Sec-  
14 tion 436 of the Personal Responsibility and Work Oppor-  
15 tunity Reconciliation Act of 1996 (8 U.S.C. 1646) is re-  
16 pealed.

17 (f) APPLICATION.—

18 (1) IN GENERAL.—Except as provided in para-  
19 graph (2), this section and the amendments made by  
20 this section shall apply to assistance or benefits pro-  
21 vided under the Food Stamp Act of 1977 (7 U.S.C.  
22 2011 et seq.) for months beginning on or after Octo-  
23 ber 1, 2001.

24 (2) REFUGEES AND ASYLEES.—In the case of  
25 an alien described in section 402(a)(2)(A) of the

1       Personal Responsibility and Work Opportunity Rec-  
2       onciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)),  
3       this section and the amendments made by this sec-  
4       tion shall apply to assistance or benefits provided  
5       under the Food Stamp Act of 1977 (7 U.S.C. 2011  
6       et seq.) for months beginning on or after April 1,  
7       2000.

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