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106TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPT. 106–793, Part 1

CHILD SUPPORT DISTRIBUTION ACT OF 2000

JULY 26, 2000.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 4678]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 4678) to provide more child support money to families leaving welfare, to simplify the rules governing the assignment and distribution of child support collected by States on behalf of children, to improve the collection of child support, to promote marriage, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

79–006

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Child Support Distribution Act of 2000".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—DISTRIBUTION OF CHILD SUPPORT

Sec. 101. Distribution of child support collected by States on behalf of children receiving certain welfare benefits.

TITLE II—REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS

Sec. 201. Mandatory review and modification of child support orders for TANF recipients.

TITLE III—DEMONSTRATION OF EXPANDED INFORMATION AND ENFORCEMENT

Sec. 301. Guidelines for involvement of public non-IV-D child support enforcement agencies in child support enforcement.
Sec. 302. Demonstrations involving establishment and enforcement of child support obligations by public non-IV-D child support enforcement agencies.
Sec. 303. GAO report to Congress on private child support enforcement agencies.
Sec. 304. Effective date.

TITLE IV—EXPANDED ENFORCEMENT

Sec. 401. Decrease in amount of child support arrearage triggering passport denial.
Sec. 402. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.
Sec. 403. Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations.

TITLE V—FATHERHOOD PROGRAMS

Subtitle A—Fatherhood Grant Program

Sec. 501. Fatherhood grants.

Subtitle B—Fatherhood Projects of National Significance

Sec. 511. Fatherhood projects of national significance.

TITLE VI—MISCELLANEOUS

Sec. 601. Change dates for abstinence evaluation.
Sec. 602. Report on undistributed child support payments.
Sec. 603. Use of new hire information to assist in administration of unemployment compensation programs.
Sec. 604. Immigration provisions.
Sec. 605. Correction of errors in conforming amendments in the Welfare-To-Work and Child Support Amendments of 1999.
Sec. 606. Elimination of set-aside of welfare-to-work funds for successful performance bonus.
Sec. 607. Increase in payment rate to States for expenditures for short term training of staff of certain child welfare agencies.

TITLE VII—EFFECTIVE DATE

Sec. 701. Effective date.

TITLE I—DISTRIBUTION OF CHILD SUPPORT

SEC. 101. DISTRIBUTION OF CHILD SUPPORT COLLECTED BY STATES ON BEHALF OF CHILDREN RECEIVING CERTAIN WELFARE BENEFITS.

(a) MODIFICATION OF RULE REQUIRING ASSIGNMENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING TANF.—Section 408(a)(3) of the Social Security Act (42 U.S.C. 608(a)(3)) is amended to read as follows:

"(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrues during the period that the family receives assistance under the program.".

(b) INCREASING CHILD SUPPORT PAYMENTS TO FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBUTION RULES.—

(1) DISTRIBUTION RULES.—

(A) IN GENERAL.—Section 457(a) of such Act (42 U.S.C. 657(a)) is amended to read as follows:

"(a) IN GENERAL.—Subject to subsections (d) and (e), the amounts collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

"(B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

"(C) pay to the family any remaining amount.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT.—To the extent that the amount collected does not exceed the current support amount, the State shall pay the amount to the family.

"(B) ARREARAGES.—To the extent that the amount collected exceeds the current support amount, the State—

"(i) shall first pay to the family the excess amount, to the extent necessary to satisfy support arrearages not assigned pursuant to section 408(a)(3);

"(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall—

"(I) pay to the Federal Government, the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

"(II) retain, or pay to the family, the State share of the excess amount described in this clause, subject to paragraph (3)(B); and

"(iii) shall pay to the family any remaining amount.

"(3) LIMITATIONS.—

"(A) FEDERAL REIMBURSEMENTS.—The total of the amounts paid by the State to the Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

"(B) STATE REIMBURSEMENTS.—The total of the amounts retained by the State under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the State share of the amount assigned with respect to the family pursuant to section 408(a)(3).

"(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall pay the amount collected to the family.

"(5) FAMILIES UNDER CERTAIN AGREEMENTS.—Notwithstanding paragraphs (1) through (4), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.

"(6) STATE FINANCING OPTIONS.—To the extent that the State share of the amount payable to a family for a month pursuant to paragraph (2)(B) of this subsection exceeds the amount that the State estimates (under procedures approved by the Secretary) would have been payable to the family for the month pursuant to former section 457(a)(2) (as in effect for the State immediately before the date this subsection first applies to the State) if such former section had remained in effect, the State may elect to use the grant made to the State under section 403(a) to pay the amount, or to have the payment considered a qualified State expenditure for purposes of section 409(a)(7), but not both.".

(B) APPROVAL OF ESTIMATION PROCEDURES.—Not later than October 1, 2001, the Secretary of Health and Human Services, in consultation with the States (as defined for purposes of part D of title IV of the Social Security Act), shall establish the procedures to be used to make the estimate described in section 457(a)(6) of such Act.

(2) CURRENT SUPPORT AMOUNT DEFINED.—Section 457(c) of such Act (42 U.S.C. 657(c)) is amended by adding at the end the following:

"(5) CURRENT SUPPORT AMOUNT.—The term 'current support amount' means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support.".

(c) BAN ON RECOVERY OF MEDICAID COSTS FOR CERTAIN BIRTHS.—Section 454 of such Act (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (32);

(2) by striking the period at the end of paragraph (33) and inserting "; and"; and

(3) by inserting after paragraph (33) the following:

"(34) provide that the State shall not use the State program operated under this part to collect any amount owed to the State by reason of costs incurred under the State plan approved under title XIX for the birth of a child for whom support rights have been assigned pursuant to section 408(a)(3), 471(a)(17), or 1912.".

(d) CONFORMING AMENDMENTS.—

(1) Section 409(a)(7)(B)(i)(I)(aa) of such Act (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by striking "457(a)(1)(B)" and inserting "457(a)(1)".

(2) Section 404(a) of such Act (42 U.S.C. 604(a)) is amended—

(A) by striking "or" at the end of paragraph (1);

(B) by striking the period at the end of paragraph (2) and inserting "; or"; and

(C) by adding at the end the following:

"(3) to fund payment of an amount pursuant to section 457(a)(2)(B)(i), but only to the extent that the State properly elects under section 457(a)(6) to use the grant to fund the payment.".

(3) Section 409(a)(7)(B)(i) of such Act (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:

"(V) PORTIONS OF CERTAIN CHILD SUPPORT PAYMENTS COLLECTED ON BEHALF OF AND DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.—Any amount paid by a State pursuant to section 457(a)(2)(B)(i), but only to the extent that the State properly elects under section 457(a)(6) to have the payment considered a qualified State expenditure.".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 2005, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement such amendments (in the case of State programs operated under such part D) are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—In addition, a State may elect to have the amendments made by this section apply to the State and to amounts collected by the State, on and after such date as the State may select that is after the date of the enactment of this Act and before October 1, 2005.

TITLE II—REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS

SEC. 201. MANDATORY REVIEW AND MODIFICATION OF CHILD SUPPORT ORDERS FOR TANF RECIPIENTS.

(a) REVIEW EVERY 3 YEARS.—Section 466(a)(10)(A)(i) of the Social Security Act (42 U.S.C. 666(a)(10)(A)(i)) is amended—

(1) by striking "or," and inserting "or"; and

(2) by striking "upon the request of the State agency under the State plan or of either parent,".

(b) REVIEW UPON LEAVING TANF.—

(1) NOTICE OF CERTAIN FAMILIES LEAVING TANF.—Section 402(a) of such Act (42 U.S.C. 602(a)) is amended by adding at the end the following:

"(8) CERTIFICATION THAT THE CHILD SUPPORT ENFORCEMENT PROGRAM WILL BE PROVIDED NOTICE OF CERTAIN FAMILIES LEAVING TANF PROGRAM.—A certification by the chief executive officer of the State that the State has established procedures to ensure that the State agency administering the child support enforcement program under the State plan approved under part D will be provided notice of the impending discontinuation of assistance to an individual under the State program funded under this part if the individual has custody of a child whose other parent is alive and not living at home with the child.".

(2) REVIEW.—Section 466(a)(10) of such Act (42 U.S.C. 666(a)(10)) is amended—

(A) in the paragraph heading, by striking "UPON REQUEST";

(B) in subparagraph (C), by striking "this paragraph" and inserting "subparagraph (A) or (B)"; and

(C) by adding at the end the following:

"(D) REVIEW UPON LEAVING TANF.—On receipt of a notice issued pursuant to section 402(a)(8), the State child support enforcement agency shall—

"(i) examine the case file involved;

"(ii) determine what actions (if any) are needed to locate any non-custodial parent, establish paternity or a support order, or enforce a support order in the case;

"(iii) immediately take the actions; and

"(iv) if there is a support order in the case which the State has not reviewed during the 1-year period ending with receipt of the notice, notwithstanding subparagraph (B), review and, if appropriate, adjust the order in accordance with subparagraph (A).".

TITLE III—DEMONSTRATIONS OF EXPANDED INFORMATION AND ENFORCEMENT

SEC. 301. GUIDELINES FOR INVOLVEMENT OF PUBLIC NON-IV-D CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT ENFORCEMENT.

(a) IN GENERAL.—The Secretary, in consultation with States, local governments, and individuals or companies knowledgable about involving public non-IV-D child support enforcement agencies in child support enforcement, shall develop recommendations which address the participation of public non-IV-D child support enforcement agencies in the establishment and enforcement of child support obligations. The matters addressed by the recommendations shall include substantive and procedural rules which should be followed with respect to privacy safeguards, data security, due process rights, administrative compatibility with State and Federal automated systems, eligibility requirements (such as registration, licensing, and posting of bonds) for access to information and use of enforcement mechanisms, recovery of costs by charging fees, penalties for violations of the rules, treatment of collections for purposes of section 458 of such Act, and avoidance of duplication of effort.

(b) DEFINITIONS.—In this title:

(1) CHILD SUPPORT.—The term "child support" has the meaning given in section 459(i)(2) of the Social Security Act.

(2) PUBLIC NON-IV-D CHILD SUPPORT ENFORCEMENT AGENCY.—The term "public non-IV-D child support enforcement agency" means an agency, of a political subdivision of a State, which is principally responsible for the operation of a child support registry or for the establishment or enforcement of an obligation to pay child support other than pursuant to the State plan approved under part D of title IV of such Act, or a clerk of court office of a political subdivision of a State.

(3) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

(4) STATE.—The term "State" shall have the meaning given in section 1101(a)(1) of the Social Security Act for purposes of part D of title IV of such Act.

SEC. 302. DEMONSTRATIONS INVOLVING ESTABLISHMENT AND ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS BY PUBLIC NON-IV-D CHILD SUPPORT ENFORCEMENT AGENCIES.

(a) PURPOSE.—The purpose of this section is to determine the extent to which public non-IV-D child support enforcement agencies may contribute effectively to the establishment and enforcement of child support obligations.

(b) APPLICATIONS.—

(1) CONSIDERATION.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section.

(2) PREFERENCES.—In considering which applications to approve under this section, the Secretary shall give preference to applications submitted by States that have in effect laws and procedures that provide authority for public non-IV-D child support enforcement agencies to have access to child support information or enforcement mechanisms available to the State.

(3) APPROVAL.—

(A) TIMING; LIMITATION ON NUMBER OF PROJECTS.—On July 1, 2002, the Secretary may approve not more than 10 applications for projects providing for the participation of a public non-IV-D child support enforcement agency in the establishment and enforcement of child support obligations, and, if the Secretary receives at least 5 such applications that meet such requirements as the Secretary may establish, shall approve not less than 5 such applications.

(B) REQUIREMENTS.—The Secretary may not approve an application for a project unless—

(i) the applicant and the Secretary have entered into a written agreement which addresses at a minimum, privacy safeguards, data security, due process rights, automated systems, liability, oversight, and fees, and the applicant has made a commitment to conduct the project in accordance with the written agreement and such other requirements as the Secretary may establish;

(ii) the project includes a research plan (but such plan shall not be required to use random assignment) that is focused on assessing the costs and benefits of the project; and

(iii) the project appears likely to contribute significantly to the achievement of the purpose of this title.

(c) DEMONSTRATION AUTHORITY.—On approval of an application submitted by a State under this section—

(1) the State agency responsible for administering the State plan under part D of title IV of the Social Security Act may, subject to the privacy safeguards of section 454(26) of such Act, provide to any public non-IV-D child support enforcement agency participating in the demonstration project all information in the State Directory of New Hires and any information obtained through information comparisons under section 453(j)(3) of such Act about an individual with respect to whom the public non-IV-D agency is seeking to establish or enforce a child support obligation, if the public non-IV-D agency meets such requirements as the State may establish and has entered into an agreement with the State under which the public non-IV-D agency has made a binding commitment to carry out establishment and enforcement activities with respect to the child support obligation subject to the same data security, privacy protection, and due process requirements applicable to the State agency and in accordance with procedures approved by the head of the State agency;

(2) the State agency may charge and collect fees from any such public non-IV-D agency to recover costs incurred by the State agency in providing information and services to the public non-IV-D agency under the demonstration project;

(3) if a public non-IV-D child support enforcement agency has agreed to collect past-due support (as defined in section 464(c) of such Act) owed by a named individual, and the State agency has submitted a notice to the Secretary of the Treasury pursuant to section 464 of such Act on behalf of the public non-IV-D agency, then the Secretary of the Treasury shall consider the State agency to have agreed to collect such support for purposes of such section 464, and the State agency may collect from the public non-IV-D agency any fee which the State is required to pay for the cost of applying the offset procedure in the case;

(4) for so long as a public non-IV-D child support enforcement agency is participating in the demonstration project, the public non-IV-D agency shall be considered part of the State agency for purposes of section 469A of such Act; and

(5) for so long as a public non-IV-D child support enforcement agency is participating in the demonstration project, the public non-IV-D agency shall be considered part of the State agency for purposes of section 303(e) of such Act but only with respect to any child support obligation that the public non-IV-D agency has agreed to collect.

(d) WAIVER AUTHORITY.—The Secretary may waive or vary the applicability of any provision of section 303(e), 454(31), 464, 466(a)(7), 466(a)(17), and 469A of the Social Security Act relating to information-sharing to the extent necessary to enable the conduct of demonstration projects under this section, subject to the preservation of the data security, privacy protection, and due process requirements of part D of title IV of such Act.

(e) FEDERAL AUDIT.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct an audit of the demonstration projects conducted under this section for the purpose of examining and evaluating the manner in which information and enforcement tools are used by the public non-IV-D child support enforcement agencies participating in the projects.

(2) REPORT TO THE CONGRESS.—

(A) IN GENERAL.—The Comptroller General of the United States shall submit to the Congress a report on the audit required by paragraph (1).

(B) TIMING.—The report required by subparagraph (A) shall be so submitted not later than October 1, 2004.

(f) SECRETARIAL REPORT TO THE CONGRESS.—

(1) IN GENERAL.—The Secretary shall submit to the Congress a report on the demonstration projects conducted under this section, which shall include the results of any research or evaluation conducted pursuant to this title, and shall

include policy recommendations regarding the establishment and enforcement of child support obligations by the agencies involved.

(2) TIMING.—The report required by paragraph (1) shall be so submitted not later than October 1, 2005.

SEC. 303. GAO REPORT TO CONGRESS ON PRIVATE CHILD SUPPORT ENFORCEMENT AGENCIES.

(a) IN GENERAL.—Not later than October 1, 2001, the Comptroller General of the United States shall submit to the Congress a report on the activities of private child support enforcement agencies that shall be designed to help the Congress determine whether the agencies are providing a needed service in a fair manner using accepted debt collection practices and at a reasonable fee.

(b) MATTERS TO BE ADDRESSED.—Among the matters addressed by the report required by subsection (a) shall be the following:

(1) The number of private child support enforcement agencies.

(2) The types of debt collection activities conducted by the private agencies.

(3) The fees charged by the private agencies.

(4) The methods used by the private agencies to collect fees from custodial parents.

(5) The nature and degree of cooperation the private agencies receive from State agencies responsible for administering State plans under part D of title IV of the Social Security Act.

(6) The extent to which the conduct of the private agencies is subject to State or Federal regulation, and if so, the extent to which the regulations are effectively enforced.

(7) The amount of child support owed but uncollected and changes in this amount in recent years.

(8) The average period of time required for the completion of successful enforcement actions yielding collections of past-due child support by both the child support enforcement programs operated pursuant to State plans approved under part D of title IV of the Social Security Act and, to the extent known, by private child support enforcement agencies.

(9) The types of Federal and State child support enforcement remedies and resources currently available to private child support enforcement agencies, and the types of such remedies and resources now restricted to use by State agencies administering State plans referred to in paragraph (8).

(c) PRIVATE CHILD SUPPORT ENFORCEMENT AGENCY DEFINED.—In this section, the term "private child support enforcement agency" means a person or any other nonpublic entity which seeks to establish or enforce an obligation to pay child support (as defined in section 459(i)(2) of the Social Security Act).

SEC. 304. EFFECTIVE DATE.

This title shall take effect on the date of the enactment of this Act.

TITLE IV—EXPANDED ENFORCEMENT

SEC. 401. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.

Section 452(k) of the Social Security Act (42 U.S.C. 652(k)) is amended by striking "$5,000" and inserting "$2,500".

SEC. 402. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.

Section 464 of the Social Security Act (42 U.S.C. 664) is amended—

(1) in subsection (a)(2)(A), by striking "(as that term is defined for purposes of this paragraph under subsection (c))"; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking "(1) Except as provided in paragraph (2), as used in" and inserting "In"; and

(ii) by inserting "(whether or not a minor)" after "a child" each place it appears; and

(B) by striking paragraphs (2) and (3).

SEC. 403. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE CHILD SUPPORT OBLIGATIONS.

Section 459(h) of the Social Security Act (42 U.S.C. 659(h)) is amended—

(1) in paragraph (1)(A)(ii)(V), by striking all that follows "Armed Forces" and inserting a semicolon; and

(2) by adding at the end the following:

"(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:

"(A) Compensation described in paragraph (1)(A)(ii)(V) shall not be subject to withholding pursuant to this section—

"(i) for payment of alimony; or

"(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.

"(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.".

TITLE V—FATHERHOOD PROGRAMS

Subtitle A—Fatherhood Grant Program

SEC. 501. FATHERHOOD GRANTS.

(a) IN GENERAL.—Part A of title IV of the Social Security Act (42 U.S.C. 601–619) is amended by inserting after section 403 the following:

"SEC. 403A. FATHERHOOD PROGRAMS.

"(a) PURPOSE.—The purpose of this section is to make grants available to public and private entities for projects designed to—

"(1) promote marriage through counseling, mentoring, disseminating information about the advantages of marriage, enhancing relationship skills, teaching how to control aggressive behavior, disseminating information on the causes and treatment of domestic violence and child abuse, and other methods;

"(2) promote successful parenting through counseling, mentoring, disseminating information about good parenting practices including prepregnancy, family planning, training parents in money management, encouraging child support payments, encouraging regular visitation between fathers and their children, and other methods; and

"(3) help fathers and their families avoid or leave cash welfare provided by the program under part A and improve their economic status by providing work first services, job search, job training, subsidized employment, career-advancing education, job retention, job enhancement, and other methods.

"(b) FATHERHOOD GRANTS.—

"(1) APPLICATIONS.—An entity desiring a grant to carry out a project described in subsection (a) may submit to the Secretary an application that contains the following:

"(A) A description of the project and how the project will be carried out.

"(B) A description of how the project will address all three of the purposes of this section.

"(C) A written commitment by the entity that the project will allow an individual to participate in the project only if the individual is—

"(i) a father of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under this part;

"(ii) a father, including an expectant or married father, whose income (net of court-ordered child support) is less than 150 percent of the poverty line (as defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section, applicable to a family of the size involved); or

"(iii) a parent referred to in paragraph (3)(A)(iii).

"(D) A written commitment by the entity that the entity will provide for the project, from funds obtained from non-Federal sources, amounts (including in-kind contributions) equal in value to—

"(i) 20 percent of the amount of any grant made to the entity under this subsection; or

"(ii) such lesser percentage as the Secretary deems appropriate (which shall be not less than 10 percent) of such amount, if the application demonstrates that there are circumstances that limit the ability of the entity to raise funds or obtain resources.

"(E) A written commitment by the entity that the entity will make available to each individual participating in the project education about the causes of domestic violence and child abuse and local programs to prevent and treat abuse, education about alcohol, tobacco, and other drugs and the

effects of abusing such substances, and information about HIV/AIDS and its transmission.

"(2) CONSIDERATION OF APPLICATIONS BY INTERAGENCY PANEL.—

"(A) ESTABLISHMENT.—There is established a panel to be known as the 'Fatherhood Grants Recommendations Panel' (in this subparagraph referred to as the 'Panel').

"(B) MEMBERSHIP.—

"(i) IN GENERAL.—The Panel shall be composed of 10 members, as follows:

"(I) Two members of the Panel shall be appointed by the Secretary.

"(II) Two members of the Panel shall be appointed by the Secretary of Labor.

"(III) Two members of the Panel shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives.

"(IV) One member of the Panel shall be appointed by the ranking minority member of the Committee on Ways and Means of the House of Representatives.

"(V) Two members of the Panel shall be appointed by the Chairman of the Committee on Finance of the Senate.

"(VI) One member of the Panel shall be appointed by the ranking minority member of the Committee on Finance of the Senate.

"(ii) QUALIFICATIONS.—An individual shall not be eligible to serve on the Panel unless the individual has experience in programs for fathers, programs for the poor, programs for children, program administration, program research, or programs of domestic violence prevention and treatment.

"(iii) CONFLICTS OF INTEREST.—An individual shall not be eligible to serve on the Panel if such service would pose a conflict of interest for the individual.

"(iv) TIMING OF APPOINTMENTS.—The appointment of members to the Panel shall be completed not later than April 1, 2001.

"(C) DUTIES.—

"(i) REVIEW AND MAKE RECOMMENDATIONS ON PROJECT APPLICATIONS.—The Panel shall review all applications submitted pursuant to paragraph (1), and make recommendations to the Secretary regarding which applicants should be awarded grants under this subsection, with due regard for the provisions of paragraph (3), but shall not recommend that a project be awarded such a grant if the application describing the project does not attempt to meet the requirement of paragraph (1)(B).

"(ii) TIMING.—The Panel shall make such recommendations not later than October 1, 2001.

"(D) TERM OF OFFICE.—Each member appointed to the Panel shall serve for the life of the Panel.

"(E) PROHIBITION ON COMPENSATION.—Members of the Panel may not receive pay, allowances, or benefits by reason of their service on the Panel.

"(F) TRAVEL EXPENSES.—Each member of the Panel shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

"(G) MEETINGS.—The Panel shall meet as often as is necessary to complete the business of the Panel.

"(H) CHAIRPERSON.—The Chairperson of the Panel shall be designated by the Secretary at the time of appointment.

"(I) STAFF OF FEDERAL AGENCIES.—The Secretary may detail any personnel of the Department of Health and Human Services and the Secretary of Labor may detail any personnel of the Department of Labor to the Panel to assist the Panel in carrying out its duties under this paragraph.

"(J) OBTAINING OFFICIAL DATA.—The Panel may secure directly from any department or agency of the United States information necessary to enable it to carry out this paragraph. On request of the Chairperson of the Panel, the head of the department or agency shall furnish that information to the Panel.

"(K) MAILS.—The Panel may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

"(L) TERMINATION.—The Panel shall terminate on October 1, 2001.

"(3) RULES GOVERNING GRANTS.—

"(A) GRANT AWARDS.—

"(i) IN GENERAL.—The Secretary shall award matching grants, on a competitive basis, among entities submitting applications therefor which meet the requirements of paragraph (1), in amounts that take into account the written commitments referred to in paragraph (1)(D).

"(ii) TIMING.—On October 1, 2001, the Secretary shall award not more than $140,000,000 in matching grants after considering the recommendations submitted pursuant to paragraph (2)(C)(i).

"(iii) NONDISCRIMINATION.—The provisions of this section shall be applied and administered so as to ensure that mothers, expectant mothers, and married mothers are eligible for benefits and services under projects awarded grants under this section on the same basis as fathers, expectant fathers, and married fathers.

"(B) PREFERENCES.—In determining which entities to which to award grants under this subsection, the Secretary shall give preference to an entity—

"(i) to the extent that the application submitted by the entity describes actions that the entity will take that are designed to encourage or facilitate the payment of child support, including but not limited to—

"(I) obtaining a written commitment by the agency responsible for administering the State plan approved under part D for the State in which the project is to be carried out that the State will voluntarily cancel child support arrearages owed to the State by the father as a result of the father providing various supports to the family such as maintaining a regular child support payment schedule or living with his children (unless the father has been convicted of a crime involving domestic violence or child abuse);

"(II) obtaining a written commitment by the entity that the entity will help participating fathers who cooperate with the agency in improving their credit rating; and

"(III) helping fathers arrange and maintain a consistent schedule of visits with their children, unless it would be unsafe;

"(ii) to the extent that the application includes written agreements of cooperation with other private and governmental agencies, including the State or local program funded under this part, the local Workforce Investment Board, the State or local program funded under part D, community-based domestic violence programs, and the State or local program funded under part E, which should include a description of the services each such agency will provide to fathers participating in the project described in the application;

"(iii) to the extent that the application describes a project that will enroll a high percentage of project participants within 6 months before or after the birth of the child; or

"(iv) to the extent that the application sets forth clear and practical methods by which fathers will be recruited to participate in the project.

"(C) MINIMUM PERCENTAGE OF RECIPIENTS OF GRANT FUNDS TO BE NONGOVERNMENTAL (INCLUDING FAITH-BASED) ORGANIZATIONS.—Not less than 75 percent of the entities awarded grants under this subsection in each fiscal year (other than entities awarded such grants pursuant to the preferences required by subparagraph (B)) shall be awarded to—

"(i) nongovernmental (including faith-based) organizations; or

"(ii) governmental organizations that pass through to organizations referred to in clause (i) at least 50 percent of the amount of the grant.

"(D) DIVERSITY OF PROJECTS.—

"(i) IN GENERAL.—In determining which entities to which to award grants under this subsection, the Secretary shall attempt to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban versus rural areas, and entities employing differing methods of achieving the purposes of this section.

"(ii) REPORT TO THE CONGRESS.—Within 90 days after each award of grants under subparagraph (A)(ii), the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a brief report on the diversity of projectes selected to receive funds under the grant program. The report shall include a comparison of funding for projects located in urban areas, projects located in suburban areas, and projects located in rural areas.

"(E) PAYMENT OF GRANT IN FOUR EQUAL ANNUAL INSTALLMENTS.—During the fiscal year in which a grant is awarded under this subsection and each

of the succeeding three fiscal years, the Secretary shall provide to the entity awarded the grant an amount equal to ¼ of the amount of the grant.

"(4) USE OF FUNDS.—

"(A) IN GENERAL.—Each entity to which a grant is made under this section shall use grant funds provided under this section in accordance with the application requesting the grant, the requirements of this section, and the regulations prescribed under this section, and may use grant funds to support community-wide initiatives to address the purposes of this section, but may not use grant funds for court proceedings on matters of child visitation or child custody or for legislative advocacy.

"(B) NONDISPLACEMENT.—

"(i) IN GENERAL.—An adult in a work activity described in section 407(d) which is funded, in whole or in part, by funds provided under this section shall not be employed or assigned—

"(I) when any other individual is on layoff from the same or any substantially equivalent job; or

"(II) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with such an adult.

"(ii) GRIEVANCE PROCEDURE.—

"(I) IN GENERAL.—Complaints alleging violations of clause (i) in a State may be resolved—

"(aa) if the State has established a grievance procedure under section 403(a)(5)(I)(iv), pursuant to the grievance procedure; or

"(bb) otherwise, pursuant to the grievance procedure established by the State under section 407(f)(3).

"(II) FORFEITURE OF GRANT IF GRIEVANCE PROCEDURE NOT AVAILABLE.—If a complaint referred to in subclause (I) is made against an entity to which a grant has been made under this section with respect to a project, and the complaint cannot be brought to, or cannot be resolved within 90 days after being brought, by a grievance procedure referred to in subclause (I), then the entity shall immediately return to the Secretary all funds provided to the entity under this section for the project, and the Secretary shall immediately rescind the grant.

"(C) RULE OF CONSTRUCTION.—This section shall not be construed to require the participation of a father in a project funded under this section to be discontinued by the project on the basis of changed economic circumstances of the father.

"(D) RULE OF CONSTRUCTION ON MARRIAGE.—This section shall not be construed to authorize the Secretary to define marriage for purposes of this section.

"(E) PENALTY FOR MISUSE OF GRANT FUNDS.—If the Secretary determines that an entity to which a grant is made under this subsection has used any amount of the grant in violation of subparagraph (A), the Secretary shall require the entity to remit to the Secretary an amount equal to the amount so used, plus all remaining grant funds, and the entity shall thereafter be ineligible for any grant under this subsection.

"(F) REMITTANCE OF UNUSED GRANT FUNDS.—Each entity to which a grant is awarded under this subsection shall remit to the Secretary all funds paid under the grant that remain at the end of the fifth fiscal year ending after the initial grant award.

"(5) AUTHORITY OF AGENCIES TO EXCHANGE INFORMATION.—Each agency administering a program funded under this part or a State plan approved under part D may share the name, address, telephone number, and identifying case number information in the State program funded under this part, of fathers for purposes of assisting in determining the eligibility of fathers to participate in projects receiving grants under this section, and in contacting fathers potentially eligible to participate in the projects, subject to all applicable privacy laws.

"(6) EVALUATION.—The Secretary, in consultation with the Secretary of Labor, shall, directly or by grant, contract, or interagency agreement, conduct an evaluation of projects funded under this section (other than under subsection (c)(1)). The evaluation shall assess, among other outcomes selected by the Secretary, effects of the projects on marriage, parenting, employment, earnings, payment of child support, and incidence of domestic violence and child abuse. In selecting projects for the evaluation, the Secretary should include projects that, in the Secretary's judgment, are most likely to impact the matters described in the

purposes of this section. In conducting the evaluation, random assignment should be used wherever possible.

"(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out this subsection.

"(8) LIMITATION ON APPLICABILITY OF OTHER PROVISIONS OF THIS PART.—Sections 404 through 410 shall not apply to this section or to amounts paid under this section, and shall not be applied to an entity solely by reason of receipt of funds pursuant to this section. A project shall not be considered a State program funded under this part solely by reason of receipt of funds paid under this section.

"(9) FUNDING.—

"(A) IN GENERAL.—

"(i) INTERAGENCY PANEL.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal year 2001, a total of $150,000 shall be made available for the interagency panel established by paragraph (2) of this subsection.

"(ii) GRANTS.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal years 2002 through 2005, a total of $140,000,000 shall be made available for grants under this subsection.

"(iii) EVALUATION.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal years 2001 through 2006, a total of $6,000,000 shall be made available for the evaluation required by paragraph (6) of this subsection.

"(B) AVAILABILITY.—

"(i) GRANT FUNDS.—The amounts made available pursuant to subparagraph (A)(ii) shall remain available until the end of fiscal year 2006.

"(ii) EVALUATION FUNDS.—The amounts made available pursuant to subparagraph (A)(iii) shall remain available until the end of fiscal year 2008.".

(b) FUNDING.—Section 403(a)(1)(E) of such Act (42 U.S.C. 603(a)(1)(E)) is amended by inserting ", and for fiscal years 2001 through 2007, such sums as are necessary to carry out section 403A" before the period.

(c) APPLICABILITY OF CHARITABLE CHOICE PROVISIONS OF WELFARE REFORM.—Section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (42 U.S.C. 604a) is amended by adding at the end the following:

"(l) Notwithstanding the preceding provisions of this section, this section shall apply to any entity to which funds have been provided under section 403A of the Social Security Act in the same manner in which this section applies to States, and, for purposes of this section, any project for which such funds are so provided shall be considered a program described in subsection (a)(2).".

Subtitle B—Fatherhood Projects of National Significance

SEC. 511. FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE.

Section 403A of the Social Security Act, as added by subtitle A of this title, is amended by adding at the end the following:

"(c) FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE.—

"(1) NATIONAL CLEARINGHOUSE.—The Secretary shall award a $5,000,000 grant to a nationally recognized, nonprofit fatherhood promotion organization with at least 4 years of experience in designing and disseminating a national public education campaign, including the production and successful placement of television, radio, and print public service announcements which promote the importance of responsible fatherhood, and with at least 4 years experience providing consultation and training to community-based organizations interested in implementing fatherhood outreach, support, or skill development programs with an emphasis on promoting married fatherhood as the ideal, to—

"(A) develop, promote, and distribute to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that encourages the appropriate involvement of both parents in the life of any child of the parents, and encourages such organizations to develope or sponsor programs that specifically address the issue of responsible fatherhood and the advantages conferred on children by marriage;

"(B) develop a national clearinghouse to assist States, communities, and private entities in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to all interested parties, information regarding media campaigns and fatherhood programs;

"(C) develop and distribute materials that are for use by entities described in subparagraph (A) or (B) and that help young adults manage their money, develop the knowledge and skills needed to promote successful marriages, plan for future expenditures and investments, and plan for retirement;

"(D) develop and distribute materials that are for use by entities described in subparagraphs (A) and (B) and that list all the sources of public support for education and training that are available to young adults, including government spending programs as well as benefits under Federal and State tax laws.

"(2) MULTICITY FATHERHOOD PROJECTS.—

"(A) IN GENERAL.—The Secretary shall award a $5,000,000 grant to each of two nationally recognized nonprofit fatherhood promotion organizations which meet the requirements of subparagraph (B), at least one of which organizations meets the requirement of subparagraph (C).

"(B) REQUIREMENTS.—The requirements of this subparagraph are the following:

"(i) The organization must have several years of experience in designing and conducting programs that meet the purposes described in paragraph (1).

"(ii) The organization must have experience in simultaneously conducting such programs in more than one major metropolitan area and in coordinating such programs with local government agencies and private, nonprofit agencies, including State or local agencies responsible for conducting the program under part D and Workforce Investment Boards.

"(iii) The organization must submit to the Secretary an application that meets all the conditions applicable to the organization under this section and that provides for projects to be conducted in three major metropolitan areas.

"(C) USE OF MARRIED COUPLES TO DELIVER SERVICES IN THE INNER CITY.—The requirement of this subparagraph is that the organization has extensive experience in using married couples to deliver program services in the inner city.

"(3) PAYMENT OF GRANTS IN FOUR EQUAL ANNUAL INSTALLMENTS.—During each of fiscal years 2002 through 2005, the Secretary shall provide to each entity awarded a grant under this subsection an amount equal to ¼ of the amount of the grant.

"(4) FUNDING.—

"(A) IN GENERAL.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section, $3,750,000 shall be made available for grants under this subsection for each of fiscal years 2002 through 2005.

"(B) AVAILABILITY.—The amounts made available pursuant to subparagraph (A) shall remain available until the end of fiscal year 2005.".

TITLE VI—MISCELLANEOUS

SEC. 601. CHANGE DATES FOR ABSTINENCE EVALUATION.

(a) IN GENERAL.—Section 403(a)(5)(G)(iii) of the Social Security Act (42 U.S.C. 603(a)(5)(G)(iii)), as amended by section 606(a) of this Act, is amended by striking "2001" and inserting "2005".

(b) INTERIM REPORT REQUIRED.—Section 403(a)(5)(G) of such Act (42 U.S.C. 603(a)(5)(G)), as so amended, is amended by adding at the end the following:

"(iv) INTERIM REPORT.—Not later than January 1, 2002, the Secretary shall submit to the Congress a interim report on the evaluations referred to in clause (i).".

SEC. 602. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed due to a change in

address. The report shall include an estimate of the total amount of such undistributed child support and the average length of time it takes for such child support to be distributed. The Secretary shall include in the report recommendations as to whether additional procedures should be established at the State or Federal level to expedite the payment of undistributed child support.

SEC. 603. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

(a) IN GENERAL.—Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end the following:

"(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

"(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name, address, and employer identification number of any putative employer of the individual, subject to this paragraph.

"(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

"(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2000.

SEC. 604. IMMIGRATION PROVISIONS.

(a) NONIMMIGRANT ALIENS INELIGIBLE TO RECEIVE VISAS AND EXCLUDED FROM ADMISSION FOR NONPAYMENT OF CHILD SUPPORT.—

(1) IN GENERAL.—Section 212(a)(10) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)) is amended by adding at the end the following:

"(F) NONPAYMENT OF CHILD SUPPORT.—

"(i) IN GENERAL.—Any nonimmigrant alien is inadmissible who is legally obligated under a judgment, decree, or order to pay child support (as defined in section 459(i) of the Social Security Act), and whose failure to pay such child support has resulted in an arrearage exceeding $2,500, until child support payments under the judgment, decree, or order are satisfied or the nonimmigrant alien is in compliance with an approved payment agreement.

"(ii) WAIVER AUTHORIZED.—The Attorney General may waive the application of clause (i) in the case of an alien, if the Attorney General—

"(I) has received a request for the waiver from the court or administrative agency having jurisdiction over the judgment, decree, or order obligating the alien to pay child support that is referred to in such clause; or

"(II) determines that there are prevailing humanitarian or public interest concerns.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect 180 days after the date of the enactment of this Act.

(b) AUTHORIZATION TO SERVE LEGAL PROCESS IN CHILD SUPPORT CASES ON CERTAIN ARRIVING ALIENS.—

(1) IN GENERAL.—Section 235(d) of the Immigration and Nationality Act (8 U.S.C. 1225(d)) is amended by adding at the end the following:

"(5) AUTHORITY TO SERVE PROCESS IN CHILD SUPPORT CASES.—

"(A) IN GENERAL.—To the extent consistent with State law, immigration officers are authorized to serve on any alien who is an applicant for admission to the United States legal process with respect to any action to enforce or establish a legal obligation of an individual to pay child support (as defined in section 459(i) of the Social Security Act).

"(B) DEFINITION.—For purposes of subparagraph (A), the term 'legal process' means any writ, order, summons or other similar process, which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States; or

"(ii) an authorized official pursuant to an order of such a court or agency or pursuant to State or local law.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to aliens applying for admission to the United States on or after 180 days after the date of the enactment of this Act.

(c) AUTHORIZATION TO SHARE CHILD SUPPORT ENFORCEMENT INFORMATION TO ENFORCE IMMIGRATION AND NATURALIZATION LAW.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 of the Social Security Act (42 U.S.C. 652) is amended by adding at the end the following:

"(m) If the Secretary receives a certification by a State agency, in accordance with section 454(35), that an individual who is a nonimmigrant alien (as defined in section 101(a)(15) of the Immigration and Nationality Act) owes arrearages of child support in an amount exceeding $2,500, the Secretary may, at the request of the State agency, the Secretary of State, or the Attorney General, or on the Secretary's own initiative, provide such certification to the Secretary of State and the Attorney General information in order to enable them to carry out their responsibilities under sections 212(a)(10) and 235(d) of such Act.".

(2) STATE AGENCY RESPONSIBILITY.—Section 454 of the Social Security Act (42 U.S.C. 654), as amended by section 101(c) of this Act, is amended—

(A) by striking "and" at the end of paragraph (33);

(B) by striking the period at the end of paragraph (34) and inserting "; and"; and

(C) by inserting after paragraph (34) the following:

"(35) provide that the State agency will have in effect a procedure for certifying to the Secretary, in such format and accompained by such supporting documentation as the Secretary may require, determinations that nonimmigrant aliens owe arrearages of child support in an amount exceeding $2,500.".

SEC. 605. CORRECTION OF ERRORS IN CONFORMING AMENDMENTS IN THE WELFARE-TO-WORK AND CHILD SUPPORT AMENDMENTS OF 1999.

The amendments made by section 2402 of Public Law 106–246 shall take effect as if included in the enactment of section 806 of H.R. 3424 of the 106th Congress by section 1000(a)(4) of Public Law 106–113.

SEC. 606. ELIMINATION OF SET-ASIDE OF WELFARE-TO-WORK FUNDS FOR SUCCESSFUL PERFORMANCE BONUS.

(a) IN GENERAL.—Section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) is amended by striking subparagraph (E) and redesignating subparagraphs (F) through (K) as subparagraphs (E) through (J), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 403(a)(5)(A)(i) of such Act (42 U.S.C. 603(a)(5)(A)(i)) is amended by striking "subparagraph (I)" and inserting "subparagraph (H)".

(2) Subclause (I) of each of subparagraphs (A)(iv) and (B)(v) of section 403(a)(5) of such Act (42 U.S.C. 603(a)(5)(A)(iv)(I) and (B)(v)(I)) is amended—

(A) in item (aa)—

(i) by striking "(I)" and inserting "(H)"; and

(ii) by striking "(G), and (H)" and inserting "and (G)"; and

(B) in item (bb), by striking "(F)" and inserting "(E)".

(3) Section 403(a)(5)(B)(v) of such Act (42 U.S.C. 603(a)(5)(B)) is amended in the matter preceding subclause (I) by striking "(I)" and inserting "(H)".

(4) Subparagraphs (E) and (F) of section 403(a)(5) of such Act (42 U.S.C. 603(a)(5)(F) and (G)), as so redesignated by subsection (a) of this section, are each amended by striking "(I)" and inserting "(H)".

(5) Section 412(a)(3)(A) of such Act (42 U.S.C. 612(a)(3)(A)) is amended by striking "403(a)(5)(I)" and inserting "403(a)(5)(H)".

(c) FUNDING.—Section 403(a)(5)(I)(i)(II) of such Act (42 U.S.C. 603(a)(5)(I)(i)(II)) is amended by striking "$1,450,000,000" and inserting "$1,400,000,000".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 607. INCREASE IN PAYMENT RATE TO STATES FOR EXPENDITURES FOR SHORT TERM TRAINING OF STAFF OF CERTAIN CHILD WELFARE AGENCIES.

Section 474(a)(3)(B) of the Social Security Act (42 U.S.C. 674(a)(3)(B)) is amended by inserting ", or State-licensed or State-approved child welfare agencies providing services," after "child care institutions".

TITLE VII—EFFECTIVE DATE

SEC. 701. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in sections 101(e), 304, 603(b), 605(b) and 606, and in subsection (b) of this section, this Act and the amendments made by

this Act shall take effect on October 1, 2001, and shall apply to payments under part D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement such amendments are promulgated by such date.

(b) DELAY PERMITTED IF STATE LEGISLATION REQUIRED.—In the case of a State plan approved under section 454 of the Social Security Act which requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the State plan shall not be regarded as failing to comply with the additional requirements solely on the basis of the failure of the plan to meet the additional requirements before the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

I. INTRODUCTION

A. PURPOSE AND SCOPE

The Child Support Distribution Act of 2000 is designed to provide more child support money to families leaving welfare, simplify the rules governing the assignment and distribution of child support collected by States, improve the collection of child support, implement a fatherhood grant program to promote marriage, encourage successful parenting, and help fathers find jobs and increase their earnings, and for other purposes.

B. BACKGROUND AND NEED FOR LEGISLATION

The Child Support Enforcement (CSE) program, created in 1975 and authorized under Title IV–D of the Social Security Act, is a State-Federal partnership developed to collect child support payments from parents who do not live with their children. In 1998, the most recent year for which data are available, the program collected nearly $14.4 billion in child support payments for single parents and their children, located 6.5 million noncustodial parents, established 848,000 paternities, and established 1.1 million child support orders. Collections by the CSE program have increased more than 60 percent since 1993.

The 1996 welfare reform law (P.L. 104–193) improved the CSE program by providing: immediate reporting of employer address and wages for every person hired in the United States; strong paternity establishment requirements; new mechanisms to collect child support payments such as revocation of hunting, fishing, and drivers licenses; and greater automation of the child support system. These provisions are widely believed to be the major reasons child support collections have improved so much in recent years. However, as the States work toward even more effective implementation of the welfare reform provisions, there are several issues that were not fully addressed by the 1996 legislation.

The most important question is whether the family or the Federal and State governments get to keep collections on past-due child support. When families are on welfare, the State retains all or most child support collections and shares them with the Federal government. Before 1996, when the family left welfare, States and the Federal government were able to retain and split all payments on past-due support, a total of well over $1 billion per year. However, the 1996 welfare reform law (P.L. 104–193) required States

and the Federal government to pay approximately half of collections on past-due support to mothers. Even so, government still retains approximately half of the collections on child support, about $500 million per year.

Since enactment of welfare reform in 1996, welfare rolls have declined substantially as about 1 million former welfare mothers left welfare for work. As was the case in 1995–96 when the Committee required half of the collections on past-due support to be paid to mothers, we are now intent on requiring that the other half be paid to mothers. Given the remarkable effort poor and low-income mothers are now making to stay off welfare, a crucial goal of public policy should be to assist them in every way possible. The $500 million per year the Committee bill will provide for these mothers when the provision is fully implemented is excellent public policy. Moreover, because this policy results in the maximum amount of the father's child support payments going to the mother and children, the father's commitment to the family is strengthened and made transparent to the mother and children.

In addition to these many advantages of the Committee's policy of sharing additional child support collections with families, the Committee bill also greatly simplifies the rules for assignment and distribution of child support. The current rules are exceedingly complex and make it all but impossible for State computer programs to correctly distribute collections. Many States have testified, written letters, or called the Committee to request that everything possible be done to simplify these complex distribution rules. The Committee bill responds to these requests and makes the rules of child support assignment and distribution simpler and more straightforward than they have ever been.

Increasing the number and percentage of American children living in two-parent families is vital if the nation is to make serious and permanent progress against poverty. Thus, public policy should aim to reduce the number of nonmarital births, promote marriage, and increase the employment prospects of low-income fathers. Title V of this bill, which contains the Fathers Court Act, is the Committee's response to creating Federal policy addressed to these goals.

So far, the goal of increasing personal responsibility by emphasizing more work and fewer births outside marriage has focused almost entirely on mothers. But single parenting, in addition to being associated with very difficult and stressful family life, will inevitably produce lots of financial hardship. Even with the impressive array of work services and income supplements that have increased dramatically in recent years, a significant fraction of single parent families will always face economic hardship. Moreover, a large and growing body of scientific research, which has been summarized by numerous witnesses at our hearings, shows that children reared in single-parent families are less likely to perform well in school, less likely to graduate, more likely to commit crimes, more likely to have children outside marriage, and more likely to be on welfare as adults than children reared in two-parent families.

Thus, the Committee is now following the 1996 welfare reforms with its next major step in creating a set of policies and programs aimed at reducing poverty and increasing child well being. More specifically, the Committee hopes by this legislation to increase marriage, improve parenting, and increase the income of fathers.

To achieve these goals, we want to encourage governmental and nongovernmental, including faith based, organizations to develop programs that help fathers significantly improve their contribution to family life by helping them improve their relations with their children and the children's mothers and by increasing their employment and earnings. Over the next six years, this legislation would fund a host of demonstration programs that would develop projects aimed at helping fathers in these ways. By carefully evaluating these new projects, we hope to learn how to design and implement effective programs for fathers and their families.

C. Legislative History

Committee bill

On June 27, 2000 the Subcommittee on Human Resources ordered favorably reported, with amendment, to the full Committee, H.R. 4678, the "Child Support Distribution Act of 2000", by recorded vote (7–6), with a quorum present. The full Committee on Ways and Means considered the Subcommittee reported bill on July 19, 2000 and ordered it favorably reported, as amended, on July 19, 2000, by voice vote.

Title V of H.R. 4678, as amended, contains provisions from the Fathers Count Act of 1999 (H.R. 3073). On November 10, 1999, H.R. 3073 passed the House on a vote of 328 to 93. On October 21, 1999 the Committee on Ways and Means reported the bill, as amended to the floor of the House of Representatives. On October 13, 1999 the Subcommittee on Human Resources ordered favorably reported to the full Committee, H.R. 3073, the "Fathers Count Act of 1999", by a voice vote, with a quorum present.

Legislative hearings

The Subcommittee on Human Resources held a hearing on May 18, 2000, to receive comments on H.R. 4469, the bill as originally introduced by Chairman Nancy Johnson. Testimony at the hearing was presented by the Administration, program administrators, advocates, researchers, and Members of the U.S. House of Representatives. The Subcommittee also conducted hearings on May 19, 1998 (Serial 105–89), September 23, 1999 (Serial 106–31), and October 5, 1999 (Serial 106–30) on child support enforcement issues, which included testimony from the Administration, child support administrators, officials of local child support programs that operate independently of the Federal-State program, academic witnesses, researchers, and advocacy groups. Testimony at these hearings concerned State implementation of the 1996 child support reforms, the current and potential role of child support enforcement outside the Federal-State program funded under Title IV–D of the Social Security Act, and the impact of domestic violence on child support enforcement. The Subcommittee also held a hearing on October 5, 1999 (Serial 106–30), to receive comments on H.R. 3073, the fatherhood legislation that is now Title V of H.R. 4678. Testimony at the hearing was presented by scholars, program administrators, foundation executives, and Members of the U.S. House of Representatives and the U.S. Senate. The Subcommittee also conducted hearings on April 27, 1999 and July 30, 1998 (Serial 105–78) on fatherhood programs, which included testimony from the Administration,

researchers, advocates, individuals who have designed and conducted programs for low-income fathers, and young fathers whose children are on welfare.

II. EXPLANATION OF PROVISIONS

1. Short Title

Present law

No provision.

Explanation of provision

This Act may be cited as the "Child Support Distribution Act of 2000".

Reason for change

Not applicable.

TITLE I. DISTRIBUTION OF CHILD SUPPORT

Sec. 101. Distribution of Child Support Collected by States on Behalf of Children Receiving Certain Welfare Benefits

1. Modification of Rule Requiring Assignment of Support Rights as a Condition of Receiving TANF

Present law

Federal law requires that as a condition of receiving Temporary Assistance for Needy Families (TANF) funds, the parent or caretaker relative must assign her rights to child support to the State. The assignment covers any child support that accrues (or had already accrued before the family enrolled in TANF) before the date the family leaves the TANF program. The assignment must not exceed the total amount of assistance paid to the family.

Explanation of provision

States must require adults receiving assistance from the Temporary Assistance for Needy Families (TANF) program to assign to the State any rights members of the family have to child support but only during the time the family receives TANF benefits. The amount of support assigned to the State cannot exceed the total amount of assistance provided to the family that accrues while the family receives assistance.

Reason for change

See (2)(b) below.

2. Increasing Child Support Payments to Families and Simplifying Child Support Distribution Rules

a. Distribution Rules

(1) Families Receiving Assistance

Present law

While the family receives TANF benefits, the State is permitted to retain any current child support payments and any assigned ar-

rearages it collects up to the cumulative amount of TANF benefits which have been paid to the family. The State can decide how much, if any, of the State share (some, all, none) of the child support payment collected on behalf of TANF families to send to the family. The State is required to pay the Federal government the Federal share of the child support collected, even if the State shares its collections with families.

Explanation of provision

Same as current law.

Reason for change

See (2)(b) below.

(2) Families That Formerly Received Assistance

(a) Current support

Present law

Current child support payments must be paid to the family if the family is no longer on TANF.

Explanation of provision

Same as current law.

Reason for change

See (2)(b) below.

(b) Arrearages

Present law

Since October 1, 1997, if the amount collected exceeds current support, child support arrearages (past-due support) that accrue after the family leaves TANF are required to be paid to the family before any monies may be retained by the State. (Arrearages that accrued before the family began receiving TANF do not have to be distributed to the family first.) Beginning October 1, 2000, if the amount collected exceeds current support, child support arrearages that accrued before the family began receiving TANF also are required to be distributed to the family first. If child support arrearages are collected through the Federal income tax refund offset program, the family does not have first claim on the arrearage payments. Such arrearage payments are retained by the State and the Federal government.

Explanation of provision

If the amount collected exceeds current support, the excess is paid first to the family until the family is paid all the child support arrearages that are owed. Once the family is completely repaid, the State retains collections, paying the Federal government its share, until the State has been repaid the amount of child support that accumulated while the family was on TANF or the amount of TANF benefits paid to the family, whichever is less. Any remaining amount is paid to the family.

Reason for change

The Committee pursued three goals in changing the law on assignment and distribution rules. First, since 1995, the Committee has supported the policy of giving all payments on child support arrearages to mothers. Providing these additional funds to mothers leaving welfare will both increase their incentive to leave welfare and increase the chances that they will be able to sustain themselves and their children without falling back on cash welfare. Second, testimony received by the Committee overwhelmingly indicated that the current child support distribution rules are nearly impossible to understand and even more difficult to translate into computer software so the States can operate their child support distribution programs efficiently. Third, the Committee strongly agrees with the view of experts on fatherhood programs and child advocates that sending more of the child support payments made by fathers to the mothers and children strengthens family bonds, provides fathers with the assurance that their money is being spent on their children, and reinforces for mothers and children the fathers' commitment to their well-being. The Committee bill greatly simplifies both the assignment rules and the distribution rules and substantially increases the amount of money being provided to families.

To a substantial degree, the Committee bill achieves all three of these goals by following a simple "on-off" principle with regard to both assignment and distribution rules. Thus, when families are on welfare, both the assignment of child support and any payments received during the period the family is on welfare (up to the amount of the support order or the amount of welfare payment, whichever is less) go to the State and are split with the Federal government. However, when the family is not on welfare, all child support that falls due and all child support payments, both on current support and arrearages, go to the family. If the family is no longer on welfare, and if all past-due support has been repaid to the family, then and only then can the State and Federal governments retain payments on past-due support.

(3) Limitations

(a) Federal reimbursements

Present law

The total amount paid by the State to the Federal government cannot exceed the Federal share of the amount of child support collected.

Explanation of provision

The total amount paid by the State to the Federal government cannot exceed the Federal share of the assignment that occurred while the family was receiving TANF.

Reason for change

This provision is consistent with current law in that it simply assures that the Federal government gets a share of collections while the family is on welfare. The principle that underlies this provision has been consistent since the enactment of the child sup-

port enforcement program in 1975; namely, that taxpayers should be reimbursed by noncustodial parents because their taxes provided the cash benefits that supported, in the absence of child support payments, the noncustodial parents' children.

(b) State reimbursements

Present law

The total amount retained by the State cannot exceed either the State share of the amount of child support collected, or the amount necessary to reimburse the State for cash assistance paid to the family.

Explanation of provision

The total amount retained by the State cannot exceed the State share of the assignment that occurred while the family was receiving TANF.

Reason for change

Again, as with the rules on Federal reimbursements, the Committee bill does not alter the current-law principle that government should be reimbursed for the cash welfare payments made out of funds provided by taxpayers.

(4) Families That Never Received Assistance

Present law

Child support payments must be paid to the family if the family never received TANF.

Explanation of provision

Same as current law.

Reason for change

Not applicable.

(5) Families Under Certain Agreements

Present law

Any State that has Indian country may enter into a cooperative agreement with an Indian tribe if the tribe demonstrates that it has an established tribal court system with several specific characteristics. The Secretary of HHS may make direct payments to Indian tribes that have approved child support enforcement plans. In the case of child support collected for a family under the cooperative agreement described above, the State must distribute the amount collected pursuant to the terms of the agreement.

Explanation of provision

Same as current law.

Reason for change

Not applicable.

(6) State Financing Options

Present law

The Federal government reimburses each State 66 percent (more for certain expenses) of all allowable expenditures on Child Support Enforcement activities. It also refunds to States 90 percent of the laboratory costs of establishing paternity and 80 percent of a capped amount for developing and improving statewide automated information systems. The Federal government also provides States with an incentive payment. In addition to the Federal matching and incentive payments, States can retain part of their collections in welfare and former welfare cases. The amount of child support collections that may be retained by the State is governed by the child support distribution rules. Federal law stipulates that any child support that is collected on behalf of TANF families and subsequently passed through to the families and disregarded in determining TANF benefits and eligibility may be counted toward the TANF Maintenance of Effort requirement.

Explanation of provision

If this legislation causes a State to retain less child support than the State was allowed to retain under previous law, the State may take either of two steps to offset the lost revenue. First, the State may count the difference toward the amount the State must spend under the Maintenance of Effort requirement in the TANF program. Second, the State may use TANF funds to reimburse itself for the difference. By October 1, 2001, the Secretary, in consultation with the States, must establish the procedures by which the difference between the State share of collections under previous law and this provision are to be calculated.

Reason for change

Based on testimony and data reported by States that was reviewed during the Committee hearings and during meetings between Committee staff and both Federal and State officials, many States are experiencing significant changes in financing their child support program. About 30 percent of the average State's funding of its child support program is the State share of child support collections from welfare cases. But welfare cases have declined by over 50 percent since 1994, thereby reducing the number of cases from which States can retain collections. This trend has been offset somewhat by the increased effectiveness and efficiency of State programs as a result of implementing the provisions of the child support amendments that were part of the 1996 welfare reform law. Even so, many States are having difficulty with financing. The Committee has been working with States to help them absorb the additional costs of the new distribution provisions of this bill. The negotiations have resulted in two changes from earlier versions of this bill. First, we have delayed mandatory implementation for 5 years. This will provide States with time to fully implement the 1996 amendments that should increase their collections and efficiency. The delay will also provide States with ample time to plan how they will absorb the additional costs of providing more child support collections to mothers leaving welfare. Second, the Committee bill allows States to cover some or all of their losses by ei-

ther counting such losses toward their required maintenance of effort spending in the Temporary Assistance for Needy Families (TANF) program or by using money from the TANF program to fund child support activities, but not both. In either case, the total amount of money cannot exceed the difference between the amount of child support collections in welfare cases the States would have been able to retain under previous law and the amount they will be able to retain under the Committee bill. States have the option of implementing some or all of the new rules at any time after October 1, 2000.

b. Current Support Amount Defined

Present law

No provision.

Explanation of provision

The term "current support amount" means the amount of support designated as the monthly support obligation of the noncustodial parent in a child support order.

Reason for change

Although current law contains no definition of "current support amount", the Committee's definition is consistent with the common meaning of this term as it is now used by the courts and by State child support programs.

3. Ban on Recovery of Medicaid Costs for Certain Births

Present law

Federal law requires States to implement procedures under which bills for pregnancy, child birth, and genetic testing constitute prima facie evidence of amounts incurred for such services or testing on behalf of the child.

Explanation of provision

States must not use the Child Support Enforcement program to collect money from noncustodial parents in the attempt to recoup the costs of births paid by the Medicaid program.

Reason for change

The Committee has a long history of concern for the financial plight of poor fathers, especially poor young fathers. Through testimony and discussions with HHS and the various Congressional agencies, we have discovered that some States require fathers to pay up to $1,000 to reimburse the State medicaid program for birth costs. There is wide agreement among child advocates, State officials, and experts that many young fathers are already saddled with big child support bills, which are increased to even greater amounts by the practice of charging fathers for the cost of birth. The Committee is intent on developing a child support system that puts both paternity orders and child support orders in place as soon after nonmarital births as possible so that child support payments, even if they are modest, can begin to flow before arrearages start piling up. Our goal is to reduce the current unfortunate situation of young fathers facing $5,000 or even $10,000 in child support

arrearages. Committee hearings have shown that this level of debt drives many poor fathers underground and prevents them from holding regular jobs. For this reason, we believe the additional burden of medicaid birth payments interferes with the overall policy of helping young fathers both get out of debt and begin making payments on current support. Thus, we are prohibiting States from using the child support system to collect money from fathers to cover birth costs.

4. Conforming Amendments

Present law

No provision.

Explanation of provision

Three conforming amendments are made to conform the provisions of this title with other provisions of Title IV (the Temporary Assistance for Needy Families program) of the Social Security Act.

Reason for change

These amendments are made simply to make other statutory provisions consistent with the ones we have amended.

5. Effective Date

Present law

No provision.

Explanation of provision

Unless otherwise noted, the effective date for provisions in this section is October 1, 2005 or earlier at State option.

Reason for change

The major provisions of this legislation have individual effective dates that are specified in statutory changes. For the remaining provisions, we have selected October 1, 2001 as a reasonable effective date because States would be provided with a minimum of 1 year to prepare for the changes. However, as is normal practice for the Committee, we are granting additional time for any provision that requires State legislation (other than legislation to simply appropriate money).

TITLE II. REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS

Sec. 201. Mandatory Review and Modification of Child Support Orders for TANF Recipients

1. Review Every 3 Years

Present law

States have the option of reviewing child support orders every 3 years and, if appropriate, adjusting orders that are being enforced by the State Child Support Enforcement program.

Explanation of provision

States are required to review and update child support orders that are being enforced by the State program every 3 years.

Reason for change

Child support orders become outdated on a regular basis. The factors that cause support amounts to become outdated include inflation, unemployment, promotions or job changes that result in increased or decreased income, marriage by either parent, disabilities, and a host of other changes. However, States must invest time and money to update orders. According to the Congressional Budget Office (CBO), both States and the Federal government would save money if child support orders were updated every 3 years. Thus, because updating orders, if done properly, always promotes fairness and because the CBO estimates show that updating would save money, the Committee feels it appropriate to require routine updates every 3 years.

2. Review Upon Leaving TANF

Present law

There is no identical provision in current law, but Federal law requires States to provide notice to parents once every 3 years informing them of their right to request a review and, if appropriate, an adjustment of their child support order.

Explanation of provision

The State TANF program is required to inform the State Child Support Enforcement program when a family leaves the TANF program if the parent has custody of a child whose other parent is not living with the child. When the State Child Support Enforcement agency receives the notice, the agency must examine the family's case file, determine what actions need to be taken to produce child support payments, take such actions immediately, and review and adjust the order as necessary if the order has not been updated during the previous 12 months.

Reason for change

For many years, under both Democratic and Republican majorities, the Committee has pursued the goal of helping mothers leave welfare and achieve self-support for themselves and their children. The reforms made by Title I of this legislation are another step toward helping mothers achieve independence because they would result in mothers receiving additional child support payments once they leave welfare. Given the potential importance of child support payments in helping mothers leave and stay off welfare, it makes sense to require States to focus their attention on the child support cases of mothers leaving welfare and to be certain that every action, including award updating, is being taken to maximize the amount of child support these mothers receive.

TITLE III. DEMONSTRATIONS OF EXPANDED INFORMATION AND ENFORCEMENT

Sec. 301. Guidelines for Involvement of Public Non-IV–D Child Support Enforcement Agencies in Child Support Enforcement

1. Issuance of Guidelines

Present law

No provision.

Explanation of provision

The Secretary, in consultation with States, local governments, and individuals or companies knowledgeable about child support collection by agencies other than the Federal-State Child Support Enforcement program, must develop a set of recommendations which address the participation of public non-IV–D child support enforcement agencies in child support enforcement. The recommendations must include substantive and procedural rules with respect to privacy safeguards, data security, due process rights, administrative compatibility with State and Federal automated systems, eligibility requirements such as licensing and posting of bonds in order to gain access to Federal and State child support information and enforcement mechanisms, recovery of costs by charging fees, and penalties for violations of rules. These recommendations are to be used by States in their role of overseeing child support enforcement by public non-IV–D agencies.

Reason for change

The Committee wants the Secretary to carefully review all the issues associated with sharing information and enforcement mechanisms with public non-IV–D agencies. In conducting the review, the Secretary should consult widely with individuals and organizations that have experience with debt collection, data security, legal issues associated with privacy, and so forth. We are granting the Secretary a full year to conduct this study and, based on her findings, issue recommendations to States that wish to conduct demonstrations on sharing information and enforcement mechanisms with either public or private agencies. Because the Secretary will be granted authority to approve the demonstrations, she has the ability to enforce the requirements that she believes to be necessary to conduct the demonstrations without violating privacy, without violating due process rights, without disrupting the effective enforcement mechanisms now in place, without imposing additional uncompensated costs on State or local IV–D programs, or without violating any other consideration the Secretary thinks important to successfully involving public non-IV–D agencies in child support enforcement.

2. Definitions

Present law

No provision.

Explanation of provision

Several definitions are included in this section to clarify the meaning of the statutory changes. The most important definitions are those for public non-IV–D child support enforcement agencies. A public non-IV–D child support enforcement agency is an agency of a political subdivision of a State which is principally responsible for the operation of a child support registry or for the establishment or enforcement of an obligation to pay child support other than pursuant to the State IV–D plan, or a clerk of court office of a political subdivision of a State.

Reason for change

The purpose of the definition of public non-IV–D child support enforcement agency is to clarify the types of agencies that may participate in the demonstration projects.

Sec. 302. Demonstrations Involving Establishment and Enforcement of Child Support Obligations by Public Non-IV–D Child Support Enforcement Agencies

1. Purpose

Present law

Federal law requires the Federal Parent Locator Services to obtain and provide to authorized persons (i.e., custodial parents or their attorney or agent) information on, or facilitating the discovery of, noncustodial parents. The authorized person must submit a request for FPLS information through the State Parent Locator Service established by the State Child Support Enforcement agency. Upon written request, the Federal Parent Locator Service will send the authorized person the Social Security number and address of the noncustodial parent, and the name of the noncustodial parent's employer and the employer's address. Public and private agencies not affiliated with the Child Support Enforcement program currently have access to a limited number of enforcement tools, such as wage withholding and property liens. They also may use a variety of interstate enforcement tools.

Explanation of provision

The purpose of the demonstrations authorized in this title is to determine the extent to which public non-IV–D child support enforcement agencies may contribute effectively to the establishment and enforcement of child support obligations on behalf of custodial parents who need services.

Reason for change

Years of hearings by our Committee have demonstrated that the Federal-State child support enforcement program authorized under Title IV–D of the Social Security Act is improving but still has major shortcomings. First, at least ⅓rd of all child support cases are operated outside the IV–D program. These cases include those that involve direct cooperation between parents who do not live together and those being enforced by private sector lawyers or child support collection agencies, or public non-IV–D child support agencies. These parents, lawyers, collection agencies, and non-IV–D

agencies do not now have access to information and enforcement mechanisms on the same basis as the IV–D program.

Second, of the 5.7 million welfare cases being enforced by the IV–D program in 1998, only 14 percent yielded any collections; of the 14.0 million non-welfare cases, only 22 percent yielded any collections. These and similar measures of the effectiveness of the IV–D program are reviewed in some detail in the Ways and Means Committee's *1998 Green Book* (see Section 8, pp. 545–657). In general, studies and data reviewed there show that although the IV–D program has been growing since its inception in 1978, overall national measures of child support performance have not improved very much. The Federal-State program already employs over 50,000 workers and costs nearly $4 billion per year. It is unlikely that either the Federal or State governments will soon appropriate the funds necessary to hire more workers and spend even more money to ensure services for those who do not now receive help. Thus, it would seem reasonable to conclude that the IV–D program could use help from sources such as non-IV–D public child support agencies.

Given that there are now millions of custodial parents who are not getting the help they need to collect child support, coupled with the fact that there are important issues about privacy, fees, due process, data security, and costs that might be imposed on the IV–D program, the Committee has determined that demonstrations involving public non-IV–D child support agencies are the best policy. In this way, the number of States exploring the expansion of child support information and enforcement mechanisms can be controlled, the Secretary can set strong rules and limits while providing oversight, and good evaluations can be conducted.

2. Applications

a. Preferences

Present law

No provision.

Explanation of provision

In considering applications for demonstrations, the Secretary must give preference to applications from States that have laws and procedures that provide authority for public enforcement agencies to have access to child support information or enforcement mechanisms.

Reason for change

Based on our Committee hearings and correspondence, it is clear that a few States have facilitated child support activities by public child support entities that operate outside the IV–D program. States that have a record of working cooperatively with such entities, as demonstrated by either statutory or regulatory provisions or administrative practices, should be the first ones considered for operating demonstration programs. Unless there are compelling reasons for not awarding a demonstration to these States, the Secretary should approve their applications.

b. Approval

Present law

No provision.

Explanation of provision

The Secretary is authorized to approve up to 10, and must approve at least 5 (if at least 5 applications are received), applications from States planning to conduct demonstrations involving public non-IV–D collection agencies. Before any application can be approved, the applicant State and the Secretary must enter into a written agreement which addresses privacy safeguards, data security, due process rights, automated systems, liability, oversight, fees, and any other topic specified by the Secretary. The application must also include a research plan that focuses on assessing the costs and benefits of the demonstration. Applications cannot be approved unless the Secretary judges them to be likely to contribute significantly to the achievement of the purpose of this title. Demonstrations on public agencies can be approved on or after July 1, 2002.

Reason for change

Because demonstrations involving public child support agencies are relatively noncontroversial, and because several States seem ready to conduct demonstrations, the Committee is authorizing up to 10 public demonstrations. The demonstrations must address the important issues, such as privacy, data security, and due process, that the Committee has identified through its hearing process and through extensive correspondence and face-to-face meetings with advocates and other interested parties. These issues will be spelled out in detail by the Secretary's report (see above). We are requiring research to be conducted and reported because the goal of the demonstrations is to increase our knowledge of the potential for public agencies to improve the nation's child support enforcement system.

3. Demonstration Authority

Present law

No provision.

Explanation of provision

States with approved demonstration applications are given the authority to share information and certain enforcement mechanisms with public child support agencies. The State agency may collect fees to recover the costs of providing information or access to enforcement mechanisms to public agencies. Public agencies in States participating in a demonstration are granted the authority to provide names for the Federal tax intercept program, the unemployment compensation intercept program, the passport denial program, the credit bureau reporting program, and the financial institution data match program.

Reason for change

The Committee wants to clarify the specific provisions of Federal child support statutes that States operating demonstrations and

public entities participating in demonstrations can ask to be waived.

4. Waiver Authority

Present law

No provision.

Explanation of provision

For purposes of this demonstration program, the Secretary is given the authority to waive statutory requirements for the unemployment compensation intercept program, for the passport intercept program, for the Federal tax intercept program, for the credit bureau reporting program, and for financial institution data match program, and for the information comparisons involving new hire data.

Reason for change

These are the specific information provisions and enforcement mechanisms the Committee wants to make available to public collection agencies to determine whether they can augment the efforts of the Federal-State IV–D program. Thus, we are providing the Secretary with the authority to waive these provisions.

5. Federal Audit

Present law

No provision.

Explanation of provision

The Comptroller General of the United States must conduct an audit of all demonstration projects to evaluate the manner in which information and enforcement mechanisms were used. The Comptroller's report on demonstrations involving public agencies is due on October 1, 2004.

Reason for change

The major reason the Committee is authorizing these demonstrations is to determine whether public agencies can contribute to the effective and efficient collection of child support without violating privacy, due process rights, and data security requirements and without imposing a burden on State and local IV–D programs. Because the Comptroller General is widely recognized as the watchdog agency of the Congress, it is to be expected that we would turn to him for a careful and detailed audit of how these demonstrations were conducted and the extent to which they achieved the goals Congress has set.

6. Secretarial Report to the Congress

Present law

No provision.

Explanation of provision

The Secretary must submit reports to Congress, based on the evaluation studies and other sources, on her findings from the dem-

onstrations. The Secretary must include policy recommendations on whether the demonstrations should continue or be expanded. The Secretary's report on the public demonstrations is due on October 1, 2005.

Reason for change

Again, the major reason the Committee is authorizing these demonstrations is to determine whether public agencies can contribute to the effective and efficient collection of child support without violating privacy, due process rights, and data security requirements and without imposing a burden on State and local IV–D programs. Because the Secretary will be the central actor in the demonstrations, Congress is requiring her to evaluate all the information available about the demonstrations, including the State evaluations and the Comptroller General reports, and present Congress with a summary of what has been learned along with her views on what subsequent course of action Congress should take.

Sec. 303. GAO Report to Congress on Private Child Support Enforcement Agencies

Present law

No provision.

Explanation of provision

Given all the claims and counterclaims about private child support agencies the Committee has heard in hearings, correspondence, and meetings, we are requiring the General Accounting Office (GAO) to review all the evidence available about these agencies and to prepare a report by October 1, 2001. The report must address the issue of whether private agencies are providing a needed service in a fair manner using accepted debt collection practices at a reasonable fee. The report also will include information on the amount of past-due child support, the time it takes to collect past-due support, and the types of enforcement remedies currently available to private child support agencies.

Reason for change

The Committee would like GAO to assess the need for additional entities outside the IV–D program to participate in child support enforcement. The Committee also wants to have a public report by an experienced and unbiased agency about whether private child support collection agencies as presently constituted are functioning effectively and fairly. Undoubtedly, the report will show that some agencies use questionable practices and charge high fees. But given all the conflicting claims, we want to know if on balance private entities are making a positive contribution and, to the extent that these are problems, whether the problems can be restricted by government action.

Sec. 304. Effective Date

Present law

No provision.

Explanation of provision

This title shall take effect on the date of the enactment of this Act.

Reason for change

Not applicable.

TITLE IV. EXPANDED ENFORCEMENT

Sec. 401. Decrease in Amount of Child Support Arrearage Triggering Passport Denial

Present law

The HHS Secretary is required to submit to the Secretary of State the names of noncustodial parents who have been certified by the State Child Support Enforcement agency as owing more than $5,000 in past-due child support. The Secretary of State is prohibited from issuing a passport to such noncustodial parents.

Explanation of provision

The amount of past-due child support that triggers passport revocation is reduced from $5,000 to $2,500.

Reason for change

The Committee seriously considered this proposal, which was originally introduced by Mr. Andrews of New Jersey, last year. However, as a result of meeting with the State Department about their efforts to implement the original $5,000 provision from the 1996 welfare reform law, we learned that the State Department and HHS had worked together to develop an effective procedure for transmitting information between the two Departments and for terminating passports. Because the Committee did not want to disrupt this new set of procedures that appeared to be working well, we asked HHS in consultation with the State Department to evaluate their procedures, estimate how many more cases would be brought into the system if Congress reduced the trigger from arrearages of $5,000 to arrearages of $2,500, and make recommendations to the Committee about whether HHS could handle the number of new cases. The report, which the Committee received in October 1999, recommended lowering the trigger. Thus, we are including the provision in this legislation because it will produce additional child support payments and thereby help more families.

Sec. 402. Use of Tax Refund Intercept Program To Collect Past-Due Child Support on Behalf of Children Who Are Not Minors

Present law

Federal law prohibits the use of the Federal income tax refund offset program to recover past-due child support on behalf of non-welfare cases in which the child is no longer a minor.

Explanation of provision

The Federal income tax refund offset program may be used to recover past-due child support on behalf of non-welfare cases in which the child is no longer a minor.

Reason for change

Current law prohibits past-due child support debts to be collected through the Federal tax intercept program on behalf of children over age 18 unless the children were on welfare. This policy violates equity by refusing a government service to children whose families were not on welfare. Congress appears to have adopted this restrictive policy because of concern that the Department of Treasury would be overrun with tax intercepts. However, now that the tax intercept program has been in operation for over two decades and intercepts more than one million tax returns each year, this modest expansion of the program is a minor burden for Treasury. Originally proposed by Representative Mike Castle (H.R. 4071), this provision promotes equal treatment of all child support debts, increases collections, and strengthens the important message that child support debts cannot be avoided by withholding payment until the child is no longer a minor.

Sec. 403. Garnishment of Compensation Paid to Veterans for Service-Connected Disabilities in Order To Enforce Child Support Obligations

Present law

The disability compensation benefits of veterans are treated differently than most forms of government payment for purposes of paying child support. Whereas most government payments are subject to being automatically withheld to pay child support, veterans disability compensation is not subject to intercept. The only exception occurs when veterans have elected to forego some of their retirement pay in order to collect additional disability payments. The advantage of veterans replacing retirement pay with disability pay is that the disability pay is not subject to taxation. With this exception, which occurs rarely, the only way to obtain child support payments from veterans' disability compensation is to request that the Secretary of the Veterans Administration intercept the disability compensation and make the child support payments.

Explanation of provision

The Committee provision allows veterans' disability compensation benefits to be intercepted and paid on a routine basis to the custodial parent if the veteran is 60 days or more in arrears on child support payments. This provision cannot be used to collect alimony and no more than half of any particular check can be intercepted.

Reason for change

The Committee, Federal child support officials, and State child support officials have long believed that veterans' disability compensation payments should be subject to withholding to pay child support. The Committee provision moves in this direction by allowing routine withholding once the veteran has been 60 days in arrears. Although this procedure still allows veterans' disability payments to be treated differently than most other government payments, the fact that veterans are receiving the payments because they were injured in the line of duty seems to justify special treatment.

TITLE V. FATHERHOOD PROGRAMS

SUBTITLE A—FATHERHOOD GRANT PROGRAM

Sec. 501. Fatherhood Grants

Present law

No provision.

Explanation of provision

The Fatherhood Grant Programs would be added to the Social Security Act as section 403A.

Reason for change

Based on extensive information, including testimony presented to the Committee in three hearings over a 2–year period, a major reason for poverty in the United States is the rising number of single-parent families, especially those created by nonmarital births. In addition, research presented in our hearings shows that marriage is good for both adults and children. Indeed, children reared in female-headed families are more likely to fail in school, be arrested, have children outside marriage, and go on welfare themselves. Thus, programs that work directly with poor fathers and that emphasize marriage, parenting, and employment may be able to have some impact on both the number of children being reared in single-parent families and, where marriage is not a possibility, to strengthen the relationship between single fathers and their children, including through the payment of child support. In drafting this legislation, the Committee also is aware that the welfare reform legislation of 1996, and indeed most Federal and State social programs, are aimed primarily at helping single mothers. The Fathers Count Act specifically extends a public commitment to low-income fathers by designing programs that attempt to help fathers improve their financial independence and strengthen their ability to support a family.

1. Purpose

Present law

No provision.

Explanation of provision

The purposes of the Fatherhood Grant Programs are to:

(1) Promote marriage through counseling, mentoring, disseminating information about the advantages of marriage, enhancing relationship skills, teaching how to control aggression, disseminating information on the causes and treatment of domestic violence and child abuse, and other methods;

(2) Promote successful parenting through counseling, mentoring, disseminating information about good parenting practices, training parents in money management, encouraging child support payments; encouraging regular visitation between fathers and their children, and other methods; and

(3) Help fathers and their families avoid or leave cash welfare by improving their economic status by providing work first services, job search assistance, job training, subsidized employ-

ment, career-advancing education, job retention, job enhancement, and other methods.

Reason for change

The approach taken by the Committee in this legislation is to fund demonstration projects to determine the extent to which model programs can help reverse the negative impacts of single-parent families on both adults and children. The most straightforward solution to these negative impacts is to increase the incidence of marriage. Whether marriage occurs or not, a second approach to reducing the problems associated with single-parent families is to promote the involvement of single fathers with their children. Even if fathers do not live with their children, they still have a responsibility to participate in the child's rearing and to work as a team with the mother to provide a solid foundation for the child's development. An important part of the father's responsibility is the provision of economic support. Since many poor fathers have a weak and sporadic connection to the labor force, programs should also aim to increase both the number of employed fathers and the work skills of employed fathers so they can qualify for higher paying jobs. The Committee selected these three goals—increased marriage, better parenting (including payment of child support), economic improvement—because they all can contribute in fundamental ways to solving the problems associated with single-parent families.

2. Fatherhood Grants

a. Applications

Present law

No provision.

Explanation of provision

An entity desiring to carry out a project may submit to the Secretary an application that contains the following:

(1) A description of the project and how the project will be carried out;

(2) A description of how the project will address all three purposes;

(3) A commitment that the project will enroll individuals who are the father of a child who is, or in the past 24 months has been, a recipient of benefits from the Temporary Assistance for Needy Families or the Welfare-to-Work programs or a father or expectant or married father with income below 150 percent of the poverty line after paying court-ordered child support; and

(4) A commitment that the project will obtain support from non-Federal sources (including in-kind contributions) equal in value to 20 percent of the grant. The Secretary may reduce the match requirement to as low as 10 percent if the project demonstrates it has limited ability to raise funds or obtain resources. States cannot use Federal dollars or State dollars counted toward their maintenance of effort requirement in the Temporary Assistance for Needy Families program as matching funds for the Fatherhood Program.

(5) A commitment that the project will make available to each participant education about domestic violence and child abuse treatment and prevention, alcohol, tobacco and other drugs and the effects of using such substances, and HIV/AIDS.

Reason for change

The Committee expects that entities wishing to conduct fatherhood projects will submit applications that provide thorough information on how many fathers (and in some cases, mothers) will be enrolled, how they will be recruited, how long they will be enrolled, the specific types of activities in which they will participate, the type of staff and facilities that will be required to conduct the project, the types of private and public organizations that will participate in the project, and other information deemed necessary by the Secretary. Sponsoring entities are expected to make a substantial commitment either in cash or in kind to the conduct of the project. However, we are aware that some sponsoring entities, especially those supported by community-based organizations in poor areas, may have difficulty raising money or resources to provide the required match. Thus, we are providing authority to the Secretary to reduce the match to as low as 10 percent if the entity sponsoring the project presents adequate justification in its application. Because projects can count in-kind contributions such as volunteer time (which should be valued at the typical wage for work of that type in the local area) and use of donated materials and facilities, we believe most projects should be able to accumulate the resources needed to provide the necessary match. Sponsoring entities are expected to make a commitment that projects will include information about domestic violence and child abuse treatment and prevention, alcohol, tobacco, and other drugs, and HIV/AIDS using a wide variety of methods and approaches to these topics.

b. Consideration of Applications by Interagency Panel

Present law

No provision.

Explanation of provision

A 10-member panel is established to review applications and make recommendations to the Secretary regarding which applicants should be awarded grants. The bipartisan panel is appointed by the Administration and by Congress. Panel members serve without compensation, and the Panel is terminated on October 1, 2001. Appointments for the panel are made by the Secretary (2 appointments), the Secretary of Labor (2), the Chairman of Ways and Means (2), the Ranking Member of Ways and Means (1), the Chairman of the Committee on Finance (2), and the Ranking Member of the Committee on Finance (1).

Reason for change

Given the bipartisan support for this legislation, and the substantial agreement on the purposes and methods that should be used to increase the involvement of poor fathers in the lives of their children and the children's mothers, the Committee is expecting that individuals selected to review project applications will

work together on a harmonious basis. Those in the Administration and Congress making the selections for members of the Panel should attempt to select individuals who have demonstrated the ability to work together with colleagues in a cooperative manner and who have knowledge or experience in one or more areas including fatherhood projects, programs for the poor, program administration, program research, or programs of domestic violence prevention and treatment.

c. Rules Governing Grants

(1) Timing and Nondiscrimination

Present law

No provision.

Explanation of provision

The Panel will be appointed by April 1, 2001 and will select projects to recommend to the Secretary for funding under the Title I Fatherhood Grant Program by October 1, 2001. The projects would begin on or after October 1, 2001 and would be funded at $140 million over four years. Mothers are eligible for services on the same basis as fathers under the Fatherhood Grant Program.

Reason for change

The Committee realizes that the Panel will be operating on a tight schedule. However, the gravity of the problems being addressed by the fatherhood projects should provide the motivation needed to ensure that Congress and the Administration make Panel appointments in a timely fashion and that the Secretary move expeditiously to bring the Panel together and to provide it with the support needed to function efficiently and effectively. The Panel will recommend $140 million in projects to the Secretary, but the number of projects funded and the amount of money per project is left entirely to the discretion of the Panel and the Secretary. The justification for this approach is that decisions will hinge in major part on the number and quality of project applications submitted. Only by examining the entire pool of applications can good decisions be made about which ones to fund and at what level. Congress intends to leave the Panel and the Secretary with a great deal of discretion over which projects to select, how many to select, and at what particular level of funding.

(2) Preferences

Present Law

No provision.

Explanation of provision

Preference must be given to projects:

(1) That include policies to encourage payment of child support such as having agreements with the State child support agency that the State will cancel child support arrearages owed by the father to the State in proportion to the length of time the father pays child support or resides with the child (unless the father has been convicted of a crime involving do-

mestic violence or child abuse), helping fathers improve their credit rating, and helping fathers arrange visitation (unless it would be unsafe);

(2) That have written agreements of cooperation with other agencies, including the State or local Temporary Assistance for Needy Families program, the Workforce Investment Board, and the State or local child support enforcement agency; community-based domestic violence programs, and the State or local child protection program;

(3) That enroll a high percentage of participants within 6 months before or after the child's birth;

(4) That have a clear and practical plan for how fathers will be recruited.

Reason for change

In earlier drafts of this legislation, we included more requirements and fewer preferences to guide the selection of projects. But based on testimony at our hearing and other communications provided to the Committee, we have moved away from all but one requirement (see below) and adopted instead the approach of requiring the Panel and the Secretary to provide a preference for projects that display any or all of four characteristics. The Committee agrees on a bipartisan basis that each of these characteristics are exceptionally important to the successful operation of fatherhood projects. However, we are concerned that requiring projects, or a certain percentage of projects, to meet these requirements has the potential to greatly reduce the number of projects that could qualify for participation. The Committee hopes to attract a wide variety of entities to submit applications, including community-based entities that may not have extensive experience in meeting Federal requirements. In short, we face a trade off between lots of requirements on the one hand and attracting many and varied entities able to meet the requirements. The compromise we reached is to convert requirements to preferences and rely on the Panel and the Secretary to use good judgment in selecting projects that will maximize both variety of sponsoring entities and projects that are consistent with Congressional preferences.

The four specific preferences we included reflect both research brought to the Committee's attention and testimony presented in our various hearings. In the past, child support enforcement agencies have functioned primarily to collect money from noncustodial parents, primarily fathers. Many of these agencies have adopted a very tough stance toward fathers who do not pay child support—a stance, we must point out, that is consistent with Federal child support statutes. But in recent years, a number of State and local child support agencies have started to work with fathers to help them solve problems that often interfered with their willingness and desire to pay child support. The 1996 welfare reform law facilitated this process by authorizing and funding Access and Visitation grants that are now being operated in every State. These projects have tried to help parents with custody and visitation issues by attempting to mediate agreements between mothers and fathers. Thus, the Committee wants the fatherhood projects to continue this movement toward cooperation between mothers, fathers, and child support agencies.

In addition, we have received extensive testimony that young poor fathers often have substantial child support arrearages by the time they are 20 or 21 years of age. If they enroll in a project at that time with the intent of playing a more responsible role in the life of their family, they are greatly handicapped by a child support debt that can be many thousands of dollars. Given the low income these poor fathers typically earn, it is often demoralizing to face such a large burden of debt. We have been pleasantly surprised that advocates for both mothers and fathers seem to agree that if fathers will begin paying child support on a regular basis, the non-payment of arrearages should not be a constant legal threat against the father. In fact, we strongly encourage projects that will actually forgive arrearages owed to the State in proportion to the length of time fathers pay child support or live with their children. The Committee strongly encourages applications that pursue additional methods of encouraging fathers to pay child support.

This emphasis on child support demonstrates the importance of funding entities that have working relationships with other agencies. Not only would it be advantageous for fatherhood projects to work with child support agencies, but it also would be useful to work with other private and government organizations that can help achieve the purposes of this legislation. Coordination with the Temporary Assistance for Needy Families (TANF) program and with local Workforce Investment Boards, for example, can help projects take advantage of programs that have a strong record of helping people get jobs and improve their job skills. In most cases, fathers participating in the fatherhood projects would qualify for work and training benefits under these other programs, thereby allowing the fatherhood project to use their own resources to achieve other purposes. Despite the many advantages of coordination with these organizations, the Committee was made aware through testimony and other means that community-based projects often have difficulty making contact with and then establishing a working relationship with other agencies. For this reason, we do not want to make coordination a requirement of funding and thereby reduce the number of local entities that could qualify for funds.

The third preference is for projects that begin near the time of the child's birth. Recent research, called to the attention of the Committee by many of our witnesses and summarized in the record of our April 27, 1999 Subcommittee on Human Resources hearing by Professor Sara McLanahan of Princeton University, shows that as many as half of the parents of children born outside marriage are living together at the time of the birth. Equally impressive, up to 80 percent of the parents say they are in a serious relationship that could lead to marriage. Given this surprising and encouraging situation, it seems to make great sense to try to work with these young couples to help them maintain and perhaps even improve their relationship by providing them with role models of marriage, helping them with finances and family planning, helping with parenting, and providing them with other types of assistance. A vital part of this approach would be to help the fathers improve their economic prospects so they can provide firm financial support to their family. The Committee has adopted the approach of encouraging projects to begin working with parents at the time of a non-

marital birth, but without imposing inflexible requirements on how many projects must adopt this strategy.

Finally, we heard repeatedly in testimony that fatherhood projects have had some difficulty in identifying and recruiting fathers. Thus, we want the Panel and the Secretary to carefully scrutinize the recruitment plan of entities submitting applications and favor projects that have a well conceived plan and a record of attracting fathers to their programs.

(3) Minimum Percentage of Recipients of Grant Funds to be Nongovernmental (Including Faith-Based) Organizations

Present law

No provision.

Explanation of provision

Of grant funds available for fatherhood matching grants, not less than 75 percent of the annual grant amount must be awarded to nongovernmental (including faith-based) organizations.

Reason for change

The requirement that 75 percent of the funds must be spent on nongovernmental, including faith-based, organizations is one requirement the Committee is retaining from previous versions of the bill. Members of the Committee strongly believe that local organizations that have their roots in the community are best situated to gain the trust of fathers. The fact is that fatherhood programs are in the business of producing substantial changes in the behavior of fathers. To achieve this end, it is a requirement to gain the trust of fathers and to design programs that are tailored to the problems, needs, and traditions of local communities. In many cases, it may be possible to gain the benefits of community-based organizations and larger, more resource rich, and more experienced governmental organizations by designing cooperative projects in which community organizations and government agencies join forces to prepare grant proposals and conduct integrated projects.

(4) Diversity of Projects

Present law

No provision.

Explanation of provision

In determining which applications are selected for funding, the Secretary must attempt to achieve balance among projects to be conducted by entities of different sizes, in differing geographical regions, in urban vs. rural areas, and in employing differing methods of achieving the purposes of this program.

Reason for change

The Committee wants to be certain that small, community-based organizations are not placed at a disadvantage in the competition for fatherhood funds under this legislation. Because large entities with big budgets and government agencies usually have an advantage in grant competitions, we want to take steps to be certain that a major portion of grant funds under this legislation supports com-

munity-based organizations. We are hopeful that prospective grantees will capture the advantages offered by both the smaller and less formal community organizations and those of bigger, better-connected, and more experienced governmental organizations by presenting collaborative projects. The Committee also believes it is important to have several projects that serve rural areas.

(5) Payment of Grant in Four Equal Annual Installments

Present law

No provision.

Explanation of provision

During the four fiscal years of each project awarded a grant, the Secretary must provide to each project an amount equal to ¼th of the grant amount.

Reason for change

Regular payments will ensure that projects can pay their bills in a planned and consistent fashion.

d. Use of Funds

(1) In General

Present law

No provision.

Explanation of provision

Projects must use funds in accord with the application request, the requirements of this section, and the regulations prescribed in this section. Funds may be used to support community-wide initiatives to achieve the purposes of this part. Funds may not be used for court proceedings on matters of child visitation or child custody or for legislative advocacy but may be used to provide general education or information about access and visitation issues.

Reason for change

All projects receiving funds under the fatherhood grant program must operate in accord with the provisions established by their grant proposal and by the statute and the regulations that govern this program. The Committee wants to emphasize that all projects must address all three purposes of the legislation. We do not expect that all projects will provide equal weight to all three purposes, but the activities described in their application and their actual use of resources must reflect the projects' commitment to achieving all three purposes.

(2) Nondisplacement

Present law

The Temporary Assistance for Needy Families program prohibits participants who are engaging in a work activity from filling a job vacancy if any individual is on layoff from the same or an equivalent job with that employer or if the employer has terminated the employment of any regular employee to create the vacancy.

Explanation of provision

The worker nondisplacement provision from the Temporary Assistance for Needy Families program, slightly modified, is applied to the Fatherhood Grant Program.

Reason for change

The purpose of including nondisplacement language is to ensure that current workers will not be replaced by workers participating in the fatherhood program.

(3) Rule of Construction

Present law

No provision.

Explanation of provision

Fathers participating in grant projects are not required by Federal law to leave the project if their economic circumstances change.

Reason for change

Once fathers have enrolled in the fatherhood program, they should not be required to leave the program if their economic circumstances improve. Particularly because a major program goal is to increase fathers' employment and income, it would make little sense to reward successful fathers by dropping them from the program if they are no longer poor. In many cases, even fathers who have improved their income may need assistance with the other purposes of this project. In addition, fathers economic circumstances may fall just as quickly as they improved.

(4) Rule of Construction on Marriage

Present law

No provision.

Explanation of provision

The Secretary is not given the authority to define marriage for purposes of this section.

Reason for change

The Committee wishes to leave the definition of marriage to the States, localities, and individual projects.

(5) Penalty for Misuse of Grant Funds

Present law

No provision.

Explanation of provision

Projects that spend money for unauthorized purposes must forfeit all their remaining funds and remit to the Secretary an amount equal to the amount misused. In addition, the entity is ineligible for future grants.

Reason for change

There is no justification for misusing funds from the fatherhood grant program. Thus, any project that violates the Use of Funds requirements must repay all the money they misspent, remit all unused funds to the Secretary, and be ineligible for further participation in the program.

(6) Remittance of Unused Grant Funds

Present law

No provision.

Explanation of provision

Any funds remaining at the end of the 5th fiscal year ending after the initial grant award must be returned to the Secretary.

Reason for change

We are providing projects with four years of funding and a fifth year to spend any money that remains after the four years of project funding. It is our hope that entities funded by the fatherhood grant program may be able to use the fifth year as a transition to securing State, local, and private funds to continue their projects.

e. Authority of Agencies to Exchange Information

Present law

States must have in place a series of privacy protections in their child support enforcement program. These include safeguards against unauthorized disclosure of information, including the release of addresses of individuals involved in the child support enforcement program.

Explanation of provision

State and local agencies administering the TANF program, the Welfare-to-Work program, and the Child Support Enforcement program may share information on fathers to determine their eligibility to participate in programs and to contact eligible fathers (subject to applicable privacy laws).

Reason for change

The Committee has received extensive information from State and local agencies conducting Welfare-to-Work programs as well as from private entities conducting fatherhood programs that it is often difficult to obtain information from government agencies. For projects trying to work with fathers of children on welfare, a major goal is to identify and contact these children's fathers so they can be invited to participate. For this reason, the Committee is granting authority to the TANF program, the Welfare-to-Work program, and the Child Support Enforcement program to grant only the name, address, and telephone number of fathers for participation in projects under this legislation and under the Welfare-to-Work program. Thus, we are carefully limiting access to only the information needed to contact fathers and then only to programs that are working directly with fathers. Moreover, all applicable privacy

laws apply to this provision, thereby insuring that any government agency and any individual violating these terms is subject to penalties.

f. Evaluation

Present law

No provision.

Explanation of provision

The Secretary must reserve $6 million to conduct scientific evaluations of fatherhood projects funded under this title and under Subtitle B: Projects of National Significance. Evaluation funds can be spent throughout the 6 years of the fatherhood grants (2001–2005) plus one additional year (2006). The evaluation must assess, among other outcomes, effects of the projects on marriage, parenting, employment, earnings, payment of child support, and domestic violence.

Reason for change

A major goal of the fatherhood grant program is to discover whether high quality programs can increase marriage, improve parenting, and increase the employment or income of fathers. Thus, we are providing the Secretary with substantial resources to conduct a scientific evaluation of the best programs to determine whether they can in fact effect these and other outcomes of interest and, if so, what types of projects and activities are most likely to produce these outcomes. Funds for the evaluation begin the year before projects actually start in 2001 and can be spent throughout the life of both waves of fatherhood projects and then for one year afterward. It is the hope of the Committee that HHS or its contractor will proceed by studying fatherhood programs funded both by Subtitle A and Subtitle B of Title V of this legislation, selecting the best projects for evaluation, working with the projects to create random assignment studies where possible, and then collecting outcome information throughout the life of the project and perhaps even after fathers leave the project. This approach will ensure a maximum of information for Congress and others to determine whether the fatherhood projects have been effective.

g. Regulations

Present law

No provision.

Explanation of provision

The Secretary must prescribe such regulations as may be necessary to carry out this section.

Reason for change

If the Secretary deems that regulations are necessary to carry out the statutory provisions of this legislation, Congress provides her with the authority to create such regulations. Providing the Secretary with this authority is necessary to ensure the smooth implementation of social programs enacted by Congress.

h. Limitation on Applicability of Other Provisions of this Part

Present law

No provision.

Explanation of provision

Most provisions of the Temporary Assistance for Needy Families program, such as use of funds, administrative provisions, work requirements, and penalties, do not apply to fatherhood grant programs.

Reason for change

Although closely connected with the welfare provisions of the TANF block grant, of which the fatherhood program is a part, the Committee realizes that the fatherhood projects are very different than the TANF welfare program, especially in that the fatherhood program does not provide cash welfare benefits to its participants. Thus, we are granting substantial flexibility to the Secretary and to the individual projects in determining how the fatherhood program should operate.

i. Funding

Present law

No provision.

Explanation of provision

A total of $150,000 is appropriated in 2001 to pay for operation of the Interagency Panel. For the Fatherhood Grant Program, a total of $140 million is appropriated for fiscal years 2002 through 2005. For the evaluation, $6 million is made available for the years 2001 through 2006.

Reason for change

The Committee is allocating funds totaling $140 million for the fatherhood grant program. This amount is believed to be sufficient to mount several dozen projects throughout the nation, in both urban and rural areas, to determine which fatherhood programs and approaches are most effective in achieving the purposes of promoting marriage, improving parenting, and increasing fathers' employment and earnings. A total of $150,000 is set aside for the Panel, primarily to pay for travel expenses for the Panel to meet in some central location. The Committee believes the Panel should need one or two meetings to determine its recommendations to the Secretary. We assume that members of the Panel will be organized and provided with materials by the Secretary before meeting and that projects will be assigned to individual members of the Panel for review in order to facilitate efficient decisions about funding. The $6 million in funding set aside for the evaluation is assumed, based on similar evaluations in the past, to be adequate to conduct the type of evaluation outlined above.

j. Applicability of Charitable Choice Provision of Welfare Reform

Present law

Section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, often referred to as "charitable choice", authorizes States to administer and provide family assistance services through contracts with charitable, religious, or private organizations. Under this provision religious organizations are eligible on the same basis as any other private organization to provide assistance as contractors as long as their programs are implemented consistent with the Establishment Clause of the Constitution. A religious organization administering the program may not discriminate against beneficiaries on the basis of religious belief or refusal to participate in a religious practice. States must provide an alternative provider for a beneficiary who objects to the religious character of the designated organization.

Explanation of provision

The charitable choice provision of the 1996 welfare reform law applies to fatherhood programs funded under this section.

Reason for change

The Committee believes that religious organizations have an important role to play in the nation's social policy. We oppose any action that would provide an advantage in funding to faith-based organizations, but it seems unwise to eliminate them from the competition between entities that can design and conduct the best projects to promote marriage, promote better parenting, and help fathers increase their earnings. In fact, promoting marriage and better parenting, as well as solving some of the barriers to employment such as addictions, are issues that would seem to be reasonable for churches and other faith-based organizations to address. The goal of the Committee in adopting this provision is simply to level the playing field so that faith-based entities can have their applications considered on the same basis as secular entities.

SUBTITLE B. FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE

Sec. 511. Fatherhood Projects of National Significance

1. National Clearinghouse

Present law

No provision.

Explanation of provision

To establish a National Clearinghouse on Fatherhood, the Secretary must make a $5 million grant to a nationally recognized nonprofit fatherhood promotion organization with at least four years experience in disseminating a national public education campaign and in providing consultation and training to community based organizations interested in implementing fatherhood programs. The National Clearinghouse will:

(1) Develop a media campaign that encourages the appropriate involvement of both parents in the life of their children, and encourages responsible fatherhood and marriage;

(2) Collect, evaluate, and disseminate information to other States about media campaigns promoting marriage and fatherhood programs;

(3) Develop and disseminate materials to help young adults manage their money, plan for future expenditures; and

(4) Compile and distribute a list of all the sources of public support for education and training for young adults.

(5) Provide information on domestic violence and child abuse prevention and treatment.

Reason for change

The Committee hopes to establish a national movement of fatherhood projects addressed to helping young, especially poor, fathers become better husbands, parents, and providers. In addition to establishing a network of demonstration programs, it is our intent to initiate a national Clearinghouse that will produce, collect, and distribute information about fatherhood and fatherhood programs to State and local projects throughout the nation. Thus, we are providing funds for 4 years of operation for such a clearinghouse. In addition to collecting and distributing materials, we are directing the Clearinghouse to create a list of the education benefits provided by the State and Federal governments to young adults and adults paying for education and training beyond or in lieu of high school. The Committee has been impressed with the large number of programs that provide such education and training benefits, and with the near certainty that most young people do not know these benefits exist or how to gain access to them. Hence our requirement that the Clearinghouse produce and widely distribute the list. It is the expectation of the Committee that the Clearinghouse will provide most material free of charge to those who need it. However, it may be appropriate for some consumers of Clearinghouse material to pay fees. The Committee expects the Secretary to determine circumstances under which fees would be appropriate and the level of fees the Clearinghouse could charge.

2. Multicity Fatherhood Projects

a. In General

Present law

No provision.

Explanation of provision

The Secretary must award a $5 million grant to each of two nationally recognized nonprofit fatherhood promotion organizations to conduct projects aimed at achieving the purposes of this legislation (promoting marriage, promoting better parenting, and increasing fathers' income).

Reason for change

The Committee wants to ensure that some experienced and tested fatherhood organizations mount demonstration programs in major cities. Through our hearings and research, we have found that there are several organizations that have sponsored fatherhood programs in inner-city areas and that have experience working with child support enforcement and other government agencies.

We believe these organizations have the capacity and experience to design and conduct fatherhood programs that have a good chance of producing important outcomes. Thus, we are directing the Secretary to fund two such organizations to conduct model programs in three cities. The Committee also expects these model programs to provide information about their program to the Clearinghouse so that their programs and products can be disseminated throughout the nation.

b. Requirements

Present law

No provision.

Explanation of provision

To qualify for consideration, an entity submitting a grant application must have:

(1) Several years experience designing and conducting fatherhood programs;

(2) Experience simultaneously conducting fatherhood projects in more than one major city and in coordinating these programs with local government agencies and private, nonprofit agencies including State or local agencies responsible for child support enforcement and agencies responsible for employment services;

(3) A grant application that provides for projects to be conducted in three major cities; and

(4) At least one of these organizations must have extensive experience in using married couples to deliver their program in the inner-city.

Reason for change

To create the greatest chance of having projects that produce measurable impacts on marriage, parenting, or fathers income, we are establishing a fairly rigorous set of standards for projects that may submit an application and be approved by the Secretary. The Committee believes this set of standards will result in the selection of highly competent organizations.

3. Payment of Grants in Four Equal Annual Installments

Present law

No provision.

Explanation of provision

For each of fiscal years 2002 through 2005, the Secretary must provide to each project awarded a grant an amount equal to ¼th of the grant amount.

Reason for change

Paying the grant in four equal parts assures that projects can plan the flow of funds into their budget while reducing the likelihood that projects will spend most of their funds before the year ends. In addition, quarterly payments will allow the recovery of more money if projects should lose their grant because of unauthorized expenditures.

4. Funding

Present law

No provision.

Explanation of provision

For each of fiscal years 2002 through 2005, $3,750,000 is appropriated for grants for multicity projects.

Reason for change

Based on our understanding of the magnitude of the tasks at hand, as well as our review of the budget of some fatherhood projects, we assume that the national Clearinghouse can be operated for a little more than $1 million per year and each of the two multicity projects can be operated for a little more than $400,000 per city per year or about $1.25 million per project per year. The total cost of all three projects will be $3.75 million per year or $15 million over 4 years.

TITLE VI. MISCELLANEOUS

Sec. 601. Change Dates for Abstinence Evaluation

Present law

Federal law required that the HHS Secretary reserve $3 million for fiscal year 1998 and "the amount so specified" for fiscal year 1999 to evaluate Abstinence Education programs directly or through grants, contracts or interagency agreements. Funds must be spent by the end of fiscal year 2001.

Explanation of provision

Changes the date by which funds for the abstinence education evaluation must be spent from the end of fiscal year 2001 to the end of fiscal year 2005.

Reason for change

The abstinence education projects are now being implemented and HHS's evaluation contractor is in the final process of selecting sites to participate in the evaluation. Given that data collection is expected to begin in the spring and summer of 2000, allowing data collection for the evaluation to proceed until only 2001 would not allow the Committee and other interested parties to have information about long-term impacts of the abstinence education programs. Because long-term impacts on attitudes and sexual behavior is the most important information to come from the evaluation, the Committee is extending use of evaluation funds through 2005. However, no additional money is being authorized for the evaluation.

Sec. 602. Report on Undistributed Child Support Payments

Present law

No provision.

Explanation of provision

Within 6 months of enactment, the Secretary must submit to the Committees on Ways and Means and Finance a report on the pro-

cedures States use to locate custodial parents for whom child support has been collected but not yet distributed due to a change of address. The report must include an estimate of the amount of such undistributed child support payments. The Secretary must include recommendations on actions that should be taken at the State or Federal level to expedite the payment of undistributed child support.

Reason for change

The Committee has received both testimony and written correspondence about child support payments that should be distributed to mothers and children that are held by the State for long periods. Apparently, States hold this money because they do not have a current address. The Committee is greatly concerned about this problem because the major goal of the child support program is to provide money to custodial parents and their children. Thus, we are directing the Secretary to carefully examine this problem and its causes, to estimate the amount of money that is undistributed and the length of time for which it is undistributed, and to make recommendations about Federal or State policies that could be useful in attacking this problem.

Sec. 603. Use of New Hire Information to Assist in Administration of Unemployment Compensation Programs

Present law

The 1996 welfare reform law (P.L. 104–193) required all employers in the nation to report basic information on every newly-hired employee to the State. States were in turn required to collect all this information in the State Directory of New Hires, to use this information to locate noncustodial parents who owe child support and to send a wage withholding order to their employer, and to periodically (within 3 business days) report all information in their Directory of New Hires to the Federal government. Information in the State Directory of New Hires is used by State Employment Security Agencies (the agency that operates the State unemployment compensation program) to match against unemployment compensation records to determine whether people drawing unemployment compensation benefits are actually working.

Explanation of provision

State Employment Security Agencies are authorized to gain access to information in the Federal Directory of New Hires.

Reason for change

The Committee has been informed by numerous States that matching New Hire data against unemployment compensation records is very successful at detecting individuals who are both drawing unemployment compensation benefits and working. Because the New Hire data is reported to the State so quickly, and because the data matches are performed so quickly, work by individuals drawing unemployment compensation is quickly detected and payments are stopped, thereby saving considerable sums of public money. However, many States have residents who are drawing unemployment benefits from a previous job in their State but

then obtain work in an adjoining State. Because States have access to the New Hire data only in their own State, and not to the Federal Directory of New Hires, States are not able to detect these cases. According to the Congressional Budget Office, allowing States to have access to the National Directory of New Hires would allow this fraud to be detected and would save $60 million over 5 years.

Sec. 604. Immigration Provisions

1. Nonimmigrant Aliens Ineligible to Receive Visas and Excluded from Admission for Nonpayment of Child Support

Present law

No provision.

Explanation of provision

Any non-immigrant alien is inadmissable to the United States if he owes child support arrears in excess of $2,500 and he has not entered into an approved payment plan. This requirement can be waived if there is a request from the court or agency with jurisdiction over the order, or if the Attorney General determines humanitarian or public interests would be served by such a waiver.

Reason for change

Considering that United States citizens are subject to the suspension of their passports for the failure to pay court-ordered child support, the Committee believes a similar restriction should apply to non-citizens seeking access to the United States when they owe excessive child support arrears to U.S. citizens. Furthermore, the Committee does not believe that individuals from foreign nations should be allowed to benefit commercially in the United States while they refuse to live up to their moral and legal obligations to U.S. families. Therefore, the bill prevents certain immigrants entrance into the U.S. if they owe more than $2,500 in child support arrears (the same amount triggering passport suspension for U.S. citizens). This restriction does not apply to permanent legal residents, since for that population there may be more effective means to enforce child support orders, such as direct wage withholding from their American employers.

2. Authorization to Serve Legal Process in Child Support Cases on Certain Arriving Aliens

Present law

No provision.

Explanation of provision

Immigration officers are authorized to serve any alien who is applying for admission to the U.S. with court orders or summons regarding the applicant's obligation to pay child support.

Reason for change

In order to make the Committee's provision on child support payments by aliens effective, the alien must be presented with court documents that clarify his legal obligation at the earliest moment.

Because of the difficulty of serving papers on people who live in other countries, it is necessary to serve the papers as soon as the alien enters the U.S. Immigration officials are in a strong position to provide this service.

3. Authorization to Share Child Support Enforcement Information to Enforce Immigration and Naturalization Law

Present law

No provision.

Explanation of provision

When a State child support agency demonstrates that a non-immigrant alien owes in excess of $2,500 in child support arrears, the Secretary of HHS may alert the Secretary of State and the Attorney General so they can undertake enforcement activities.

Reason for change

The Committee's strategy for obtaining child support payments from aliens requires that States, which keep extensive information on child support payments, alert the Federal government when aliens fall more than $2,500 behind in their payments. Thus, we minimize confusion among the States by having them report these cases to the Secretary of HHS, the organization to which they routinely report child support data. The Secretary then alerts the State Department which in turn begins the process of rescinding or refusing to issue passports. The Attorney General and the Secretary of State may also learn about these cases in the course of carrying out other responsibilities. Thus, the Committee provision also authorizes them to report the cases the Secretary of HHS for action

Sec. 605. Correction of Errors in Conforming Amendments in the Welfare-to-Work and Child Support Amendments of 1999

Present law

Not applicable.

Explanation of provision

Two technical corrections are made in the statute authorizing funds for the Welfare-to-Work program.

Reason for change

The Committee is simply using this legislation as a vehicle to correct technical drafting mistakes in previous legislation.

Sec. 606. Elimination of Set-Aside of Welfare-to-Work Funds for Successful Performance Bonus

Present law

The Welfare-to-Work program includes a set-aside of $100 million from FY1999 welfare-to-work funds (to be awarded in fiscal year 2000) to provide a bonus to States with high performance. In 1999, Congress reduced the bonus fund from $100 million to $50 million.

Explanation of provision

The Welfare-to-Work high performance bonus fund is repealed.

Reason for change

The Welfare-to-Work program was enacted in 1997 to provide additional funds for States and localities to mount programs to help the most disadvantaged parents enter the workforce. However, because the definition of "disadvantaged" in the 1997 legislation was very restrictive, States and localities had a difficult time finding and enrolling participants. Thus, the Welfare-to-Work program got off to a shaky and uneven start. For this reason, and because the Temporary Assistance for Needy Families block grant of which the Welfare-to-Work program is a part, already has a $200 million per year performance bonus, in 1999 Congress decided to use $50 million of the $100 million performance bonus in the Welfare-to-Work program to provide States with funds to expand their programs for young adults leaving foster care. The Committee believes that the remaining $50 million can be more productively used to help finance this expansion of child support funds going to mothers leaving welfare.

Sec. 607. Increase in Payment Rate to States for Expenditures for Short Term Training of Staff of Certain Child Welfare Agencies

Present law

The Federal government provides an enhanced match rate of 75 percent for funds spent for child welfare training of personnel who work in the public sector and for personnel working in private agencies that provide institutional care. Private agencies that provide child protection services (other than institutional care) are not covered by the 75 percent rate.

Explanation of provision

The legislation extends the 75 percent Federal matching rate to personnel working in private agencies that provide child welfare services if the agencies are approved or licensed by the State.

Reason for change

There is nearly universal agreement that training of personnel is one of the most effective ways to improve the performance of child protection agencies in achieving the goals of improving child safety, improving the quality of services to children and families, and improving permanency of placements. Because so many states contract with private agencies to provide high quality child protection services, the Committee felt it imperative to encourage better and more extensive training of child protection workers employed by these private agencies.

TITLE VII. EFFECTIVE DATE

Sec. 701. Effective Date

Present law

No provision.

Explanation of provision

With some exceptions noted above, the provisions of this Act take effect on October 1, 2001. However, if a provision requires State legislation to be implemented (other than the appropriation of funds), the State is given additional time to implement the provision.

Reason for change

The date of October 1, 2001 will give Federal and State officials at least 1 year to prepare to implement selected provisions of this legislation. Most of the more complex provisions, especially those expected to have serious fiscal impact on the States, have effective dates after October 1, 2001. Given the fact that many State legislatures have short sessions each year, and that a few State legislatures meet only every second year, Congress traditionally extends effective dates if implementing a given provision would require State legislative action. The Committee continues that tradition in this bill, except for provisions that require only a State appropriation of money for implementation.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee on Ways and Means in its consideration of the bill, H.R. 4678.

MOTION TO REPORT THE BILL

The bill, H.R. 4678, as amended, was ordered favorably reported by voice vote on July 19, 2000, with a quorum present.

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the following statement is made:

The Committee agrees with the estimate prepared by the Congressional Budget office (CBO) which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the Committee bill results in direct spending of $733 million over 5 years and a decrease in revenues of $59 million over 5 years. This amount is accommodated by the allocation to the Committee under the Budget Resolution.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office (CBO), the follow report prepared by CBO is provided.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 4678—Child Support Distribution Act of 2000

Summary: H.R. 4678 would make several changes to the child support enforcement program, including requiring the distribution to families of more collections from child support payments and the periodic updating of child support orders. Other provisions would establish a program of grants to promote responsible fatherhood, eliminate the welfare-to-work performance bonus to states, increase the federal matching rate for certain foster care training activities, and improve fraud detection procedures in the unemployment compensation program.

CBO estimates that H.R. 4678 would reduce direct spending in 2001 and increase such spending in each year from 2002 to 2010. The estimated net cost would be $733 million over five years and $3.3 billion over 10 years. It would also cause a reduction in revenues from unemployment taxes totaling $59 million over five years and $144 million over the 10-year period. Consequently, CBO estimates that this bill would decrease the government's surplus by $792 million over the 2001–2005 period and $3.4 billion over the 2001–2010 period. Because the bill would affect direct spending and revenues, pay-as-you-go procedures would apply.

The bill's changes to the child support enforcement program may impose intergovernmental mandates on states because they may not have sufficient flexibility to alter their financial and programmatic responsibilities for that program to offset the costs of those changes. In total, losses to states as a result of the changes would exceed the annual threaholds established in the Unfunded Mandates Reform Act (UMRA)—$55 million in 2000, adjusted annually for inflation. Other provisions of the bill would also affect state budgets, but those provisions would not be mandates as defined by UMRA, and in some cases, would provide additional assistance to states. The bill contains no private-sector mandates as defined in UMRA.

Estimated cost to the Federal Government: The estimated budgetry impact of H.R. 4678 is shown in Table 1. The costs of this legislation fall within budget functions 500 (education, training, employment, and social services), 550 (health), and 600 (income security).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 4678

	By fiscal year, in millions of dollars					
	2000	2001	2002	2003	2004	2005
	DIRECT SPENDING					
Spending Under Current Law:						
Child Support Administration	2,844	3,028	3,268	3,521	3,813	4,052
Child Support Collections	−845	−825	−820	−860	−915	−965
Food Stamps	18,557	19,176	20,064	20,767	21,522	22,260
TANF	15,700	16,400	17,000	17,400	17,750	18,050
Medicaid	115,145	124,254	134,118	145,081	158,181	172,418
Foster Care	5,171	5,625	6,074	6,514	6,962	7,436
Unemployment Compensation	21,522	22,726	24,258	26,539	28,804	30,587
Welfare-to-Work Grants	660	885	540	0	0	0
Fatherhood Grants	0	0	0	0	0	0

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 4678—Continued

	By fiscal year, in millions of dollars					
	2000	2001	2002	2003	2004	2005
Proposed Changes:						
Child Support Administration	0	0	37	56	51	49
Child Support Collections	0	0	64	93	124	129
Food Stamps	0	0	−11	−12	−13	−13
TANF	0	0	26	36	37	27
Medicaid	0	0	−5	−15	−20	−20
Foster Care	0	0	21	26	26	27
Unemployment Compensation	0	−7	−10	−12	−15	−16
Welfare-to-Work Grants	0	−25	−25	0	0	0
Fatherhood Grants	0	0	11	28	39	45
Total	0	−32	108	200	229	228
Spending Under H.R. 4678:						
Child Support Administration	2,844	3,028	3,305	3,577	3,864	4,101
Child Support Collections	−845	−825	−756	−767	−791	−836
Food Stamps	18,557	19,176	20,053	20,755	21,509	22,247
TANF	15,700	16,400	17,026	17,436	17,787	18,077
Medicaid	115,145	124,254	134,113	145,066	158,161	172,398
Foster Care	5,171	5,625	6,095	6,540	6,988	7,463
Unemployment Compensation	21,522	22,719	24,248	26,527	28,789	30,571
Welfare-to-Work Grants	660	860	515	0	0	0
Fatherhood Grants	0	0	11	28	39	45
	CHANGES IN REVENUES					
Estimated Revenues	0	0	−4	−17	−19	−19

Basis of estimate: The estimated budgetary impact of H.R. 4678, by provision, is shown in Table 2. Provisions with no estimated budgetary effect are excluded from the table. H.R. 4678 would be effective October 1, 2001, except where otherwise noted.

Distribution of More Child Support to Families.—Section 101 would require the federal and state governments to share more child support collections with current and former recipients of Temporary Assistance for Needy Families (TANF), reducing the amount the federal and state governments recoup from previous TANF benefit payments. The bill would require states to implement the new policy by October 1, 2005, but would give states the option of implementing the policy sooner. CBO estimates that states with 20 percent of child support collections would adopt the new policy in 2002, states with another 20 percent of collections would adopt it by 2005, and the remainder would have the policy in place in 2006.

Collections for Current TANF Recipients.—When a family applies for TANF, it assigns to the state any rights the family has to child support collections for the periods before and during the time it receives assistance. While the family receives assistance, the state uses any collections it receives to reimburse itself and the federal government for TANF payments.

The bill would limit the amount that the family assigns to the state to the child support payments due during the period the family receives assistance. CBO projects that under current law the states will collect $1.2 billion in 2002 and $1.7 billion in 2010 in child support payments on behalf of families receiving TANF assistance. H.R. 4678 would reduce those collections by 10 percent when fully implemented. Families would receive an additional $24 million in 2002, rising to $170 million in 2010.

Collections for Former TANF Recipients.—When a family ceases to receive public assistance, states continue to enforce the family's child support order. All amounts of child support collected on time are sent directly to the family. However, both the government and the family have a claim on collections of past-due child support: the government claims the support owed for the period when the family was on assistance, up to the amount of the assistance paid, and the family claims all other support. A set of distribution rules determines which claim is paid first when a collection is made. That order matters because, in many cases, past-due child support is never fully paid.

Under current law, with two exceptions, the state pays the family all past-due support that was owed to the family before reimbursing itself for TANF benefits paid. The first exception is if the support is collected through the federal tax refund offset program. The second exception is past-due support that was owed, but not paid, during the time the family was on assistance, to the extent that the support owed exceeded the TANF benefits paid. This bill would remove those two exceptions so that all past-due support owed to the family would be paid to the family before the government reimburses itself for any previous benefit payments.

These changes would give families more of the collections from the federal tax refund offset program. Under that program, the Internal Revenue Service intercepts tax refunds going to non-custodial parents who owe past-due child support, and pays them to custodial parents as child support. CBO projects that the government will collect $800 million from tax offsets on behalf of current and former welfare recipients in 2002 and that those collections will grow at about 7 percent a year. Based on data provided by federal and state child support officials, CBO estimates that two-thirds of those collections are on behalf of former recipients of assistance and that two-thirds of those collections would go to families, instead of the government, under the bill. Families would receive an additional $70 million in 2002, rising to $590 million in 2010.

H.R. 4678 would provide for the payment of other additional child support collections to certain families. Under current law, if a family has past-due child support from the period the family was on assistance that exceeds the total benefits paid to the family, then the family only receives those collections after the state has been fully reimbursed for welfare benefits paid. Giving those collections to families first would result in a 20 percent decline in the amount of collections the state retains on behalf of former recipients, after implementation of the tax offset policy. Based on 1999 report to the Congress by the Department of Health and Human Services, CBO estimates that families would receive an additional $30 million in 2002, rising to $180 million by 2010, as a result of this change.

Federal Share of Collections.—Total new collections to families from the new distribution policy would be $124 million in 2002, rising to $940 million by 2010. The federal share of child support collections is 56 percent on average. Therefore, CBO estimates that the policies would result in reduced federal collections of $70 million in 2002, rising to $530 million by 2010.

TABLE 2.—FEDERAL BUDGETARY EFFECTS OF H.R. 4678, BY PROVISION

	By fiscal year, in millions of dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
DIRECT SPENDING											
Section 101: Distribution of Child Support Distribution of More Child Support to Families:											
Child Support Collections:											
Estimated Budget Authority	0	0	70	110	150	160	415	440	470	500	530
Estimated Outlays	0	0	70	110	150	160	415	440	470	500	530
Food Stamps:											
Estimated Budget Authority	0	0	−5	−5	−5	−5	−15	−15	−15	−15	−20
Estimated Outlays	0	0	−5	−5	−5	−5	−15	−15	−15	−15	−20
TANF:											
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	25	35	35	25	30	20	10	0	0
Subtotal:											
Estimated Budget Authority	0	0	65	105	145	155	400	425	455	485	510
Estimated Outlays	0	0	90	140	180	180	430	445	465	485	510
Ban on Recovery of Birth Costs:											
Medicaid:											
Estimated Budget Authority	0	0	0	0	0	0	38	40	42	45	47
Estimated Outlays	0	0	0	0	0	0	38	40	42	45	47
Section 201: Review and Adjustment of Child Support Orders:											
Review of Orders of TANF Recipients:											
Child Support Administrative Costs:											
Estimated Budget Authority	0	0	19	24	24	25	26	26	27	28	28
Estimated Outlays	0	0	19	24	24	25	26	26	27	28	28
Child Support Collections:											
Estimated Budget Authority	0	0	−5	−15	−24	−29	−31	−32	−32	−33	−34
Estimated Outlays	0	0	−5	−15	−24	−29	−31	−32	−32	−33	−34
Food Stamps:											
Estimated Budget Authority	0	0	−1	−2	−3	−3	−3	−4	−4	−4	−4
Estimated Outlays	0	0	−1	−2	−3	−3	−3	−4	−4	−4	−4
Medicaid:											
Estimated Budget Authority	0	0	−5	−10	−15	−15	−15	−15	−15	−15	−20
Estimated Outlays	0	0	−5	−10	−15	−15	−15	−15	−15	−15	−20
Subtotal:											
Estimated Budget Authority	0	0	8	−3	−18	−22	−23	−25	−24	−24	−30
Estimated Outlays	0	0	8	−3	−18	−22	−23	−25	−24	−24	−30
Review of Orders of All Recipients that Leave TANF:											
Child Support Administrative Costs:											
Estimated Budget Authority	0	0	16	20	20	22	22	22	22	24	24
Estimated Outlays	0	0	16	20	20	22	22	22	22	24	24
Food Stamps:											
Estimated Budget Authority	0	0	−5	−5	−5	−5	−5	−5	−5	−5	−5
Estimated Outlays	0	0	−5	−5	−5	−5	−5	−5	−5	−5	−5

TABLE 2.—FEDERAL BUDGETARY EFFECTS OF H.R. 4678, BY PROVISION—Continued

	By fiscal year, in millions of dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Medicaid:											
Estimated Budget Authority	0	0	0	−5	−5	−5	−10	−10	−10	−10	−10
Estimated Outlays	0	0	0	−5	−5	−5	−10	−10	−10	−10	−10
Subtotal:											
Estimated Budget Authority	0	0	11	10	10	12	7	7	7	9	9
Estimated Outlays	0	0	11	10	10	12	7	7	7	9	9
Section 302: Demonstrations Involving Public Non-IV-D Child Support Agencies:											
Child Support Administrative Costs:											
Estimated Budget Authority	0	0	2	12	7	2	2	2	2	2	2
Estimated Outlays	0	0	2	12	7	2	2	2	2	2	2
Section 401: Denial of Passports:											
Child Support Collections:											
Estimated Budget Authority	0	0	−1	−2	−2	−2	−2	−2	−2	−2	−2
Estimated Outlays	0	0	−1	−2	−2	−2	−2	−2	−2	−2	−2
Section 501: Fatherhood Grants:											
Panels:											
Estimated Budget Authority	0	(1)	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	(1)	0	0	0	0	0	0	0	0	0
Grants:											
Estimated Budget Authority	0	0	35	35	35	35	0	0	0	0	0
Estimated Outlays	0	0	10	25	35	40	25	5	0	0	0
Evaluation:											
Estimated Budget Authority	0	0	6	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	1	1	1	1	1	2	0	0	0
Effect of Grant Program on TANF Spending:											
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	1	1	2	2	1	0	0	0	0
Subtotal:											
Estimated Budget Authority	0	0	41	35	35	35	0	0	0	0	0
Estimated Outlays	0	0	12	27	38	43	27	7	0	0	0
Section 511: Projects of National Significance:											
Estimated Budget Authority	0	0	4	4	4	4	0	0	0	0	0
Estimated Outlays	0	0	1	2	4	4	3	1	0	0	0
Section 603: Use of New Hire Information:											
Unemployment Compensation:											
Estimated Budget Authority	0	−7	−10	−12	−15	−16	−16	−16	−17	−17	−18
Estimated Outlays	0	−7	−10	−12	−15	−16	−16	−16	−17	−17	−18
Section 606: Elimination of Welfare-to-Work Performance Bonus:											
Welfare-to-Work Grants:											
Estimated Budget Authority	−50	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	−25	−25	0	0	0	0	0	0	0	0

TABLE 2.—FEDERAL BUDGETARY EFFECTS OF H.R. 4678, BY PROVISION—Continued

	By fiscal year, in millions of dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Section 607: Foster Care Training:											
Foster Care:											
Estimated Budget Authority	0	0	25	26	26	27	28	28	29	30	30
Estimated Outlays	0	0	21	26	26	27	27	28	29	30	30
Total:											
Estimated Budget Authority	−50	−7	144	175	192	195	434	459	492	528	548
Estimated Outlays	0	−32	108	200	229	228	494	487	502	528	548
REVENUES											
Section 603: Use of New Hire Information Revenues	0	0	−4	−17	−19	−19	−18	−16	−17	−17	−18
NET EFFECT ON SURPLUS											
Net Increase or Decrease (−) in Surplus	0	32	−112	−217	−248	−247	−512	−503	−519	−545	−566

[1]=Less than $500,000.

Notes: The estimate assumes enactment before October 1, 2000. Details may not add to totals due to rounding.

Food Stamps.—The new collections paid to former TANF recipients under H.R. 4678 would affect spending in the Food Stamp program. CBO expects that one-third of the former TANF recipients with increased child support income would participate in the Food Stamp program, and that benefits would be reduced by 30 cents for every extra dollar of income. Increased income from the tax offset, which is paid as a lump sum, would not count as income for determining Food Stamp benefits. For purposes of calculating Food Stamp benefits, incomes of former recipients would increase by $10 million in 2002, rising to $60 million in 2010. Food Stamp savings would be about $5 million in 2002, rising to about $20 million by 2010.

Temporary Assistance for Needy Families.—H.R. 4678 would allow states to count any increased state spending stemming from the new distribution policy towards their maintenance-of-effort requirement in the TANF program. (States are required to maintain spending on TANF at the 1994 level in order to receive federal TANF funding.) Many states have large unspent balances of federal TANF funds. Those states could reduce the amount of state money they spend on TANF by the amount that they could newly count as maintenance-of-effort spending. In order to meet the need for TANF assistance, those states could then accelerate spending of federal dollars.

CBO assumes that states with TANF surpluses would cover half of their additional costs by accelerating the use of federal TANF funds. Those costs would total $180 million over the 2001–2010 period.

Ban on the Recovery of Birth Costs.—Effective in 2006, section 101 would prohibit states from using their child support programs to recoup costs for the birth of a child that were paid by Medicaid. Based on a survey of states, CBO estimates that 40 percent of states now collect something from non-custodial parents to reimburse Medicaid and that collections totaled about $50 million in 1999. CBO expects those collections will grow at about five percent a year, a slightly slower rate than the average cost of a Medicaid

case. The federal government's share of Medicaid collections is 57 percent on average. As a result, CBO estimates the cost to the federal government would be $38 million in 2006 and $212 million over the 2006–2010 period.

Review and Adjustment of Child Support Orders.—Section 201 would require states to review child support orders of families on TANF every three years and when they leave TANF. When a state reviews a child support order, it obtains current financial information from the custodial and non-custodial parents and determines whether any adjustment in the amount of ordered child support is indicated. The state also may revise an order to require the non-custodial parent to provide health insurance. Under current law, states are required to review orders every three years upon the request of a parent; they may also do so without such a request. About one-third of states perform automatic reviews every three years.

CBO estimates that 220,000 more families on TANF and 190,000 families leaving TANF would have their orders reviewed annually under the proposal and that 18 percent of those orders would be adjusted. The average cost of a review would be about $160 in 2002 and would grow each year with inflation. The federal government pays 66 percent of such administrative costs. CBO expects the proposal would be 80 percent implemented in 2002 and fully implemented by 2003. The additional cost to the federal government would rise from $34 million in 2002 to $52 million in 2010.

The average adjustments to a child support order of a family on TANF would be $80 a month in 2002. CBO expects families leaving TANF would have slightly smaller increases, about $70 a month, because some of those orders may have been updated recently while the family was on TANF. Those adjustments would grow each year with inflation. CBO expects the increased collections for a family would continue for up to five years.

While a family remains on TANF, the state would keep all the increased collections to reimburse itself and the federal government for welfare payments. CBO estimates that the federal share of collections, 56 percent, would grow from $5 million in 2002 to $34 million in 2010.

The states would pay an increased collections stemming from reviews of child support orders to families once they leave assistance. CBO expects one-third of families leaving TANF would receive benefits under the Food Stamp program and their benefits would be reduced by 30 cents for every extra dollar of income. This would reduce federal payments in the Food Stamp program by $5 million to $10 million each year. This includes savings from families whose orders are reviewed while they are on assistance who subsequently leave assistance.

In addition, CBO expects some children would receive health insurance coverage from the non-custodial parent as a result of the new reviews. CBO estimates 40 percent of orders with a monetary adjustment would also be adjusted to include a requirement that the non-custodial parent provide health insurance for their child and that in about half of those cases such medical insurance would be provided. After the first few years. We assume newly provided medical insurance would decline by half, because many families would have already had medical insurance recently added to their

order. We expect the non-custodial parent would continue to provide health insurance for up to five years.

CBO expects all of the families still on TANF would participate in Medicaid. About half of the children in families that left TANF would still participate in Medicaid six months later, but only 20 percent would still participate three years later. When health insurance is provided by a third party, Medicaid no longer has to provide it, so Medicaid savings would result. CBO estimates that each medical support order would cover an average of 1.5 children and that federal savings would rise from about $1,000 per child in 2002 to about $1,800 per child in 2010. Based on the federal government's average share of Medicaid spending (57 percent), federal Medicaid savings would rise from $5 million in 2002 to $30 million in 2010.

The estimates of the costs of doing reviews and the impact of a review and adjustment on collections is based on a 1997 report by Meyer and Dworsky, a 1992 study by Caliber and Associates, and discussions with state officials.

Demonstrations Involving Public Non IV–D Child Support Agencies.—Section 302 would establish a demonstration program to determine the extent to which public child support enforcement agencies other then the IV–D agencies could contribute effectively to the establishment and enforcement of child support obligations.

Every state has an agency, designated the IV–D agency, that operates a child support enforcement program according to federal guidelines and with federal funding available at a 66-percent matching rate. Other public agencies in the state—for example, a county government or clerk of the court—may perform similar functions to the IV–D agency, but do not necessarily follow federal guidelines or claim federal funding. These other public agencies do not have full access to the same enforcement tools and information databases that are available to the IV–D agency. A family may choose to have its child support order enforced by a public agency other than the IV–D agency.

H.R. 4678 would authorize the Secretary of Health and Human Services to approve up to 10 states to participate in the demonstration starting in July 2002. Under the demonstration, the IV–D agency would provide access to enforcement tools and information in databases to other public child support agencies, upon request.

Based on information form state officials and the Department of Health and Human Services, CBO expects the demonstration program to increase administrative spending in the child support program. States would be required to hire new staff and reprogram computers to provide new services to other public child support agencies. CBO estimates that, on average, a state would spend $5 million in start-up costs and $500,000 per year in ongoing operational costs. The operational costs would grow with inflation. CBO expects five states would participate in the demonstration. Start up costs would be spread over the 2002–2004 period and the federal government would pay 66 percent of any administrative costs. Federal costs would total $33 million over the 2001–2010 period.

Denial of Passports.—Under current law, the State Department denies a request for a passport for a non-custodial parent if he or she owes more than $5,000 in past-due child support. Section 401 would lower that threshold and deny a passport to a non-custodial

parent owing $2,500 or more. Generally, when a non-custodial parent seeks to restore eligibility for a passport, he or she will arrange to pay the past-due amount down to the threshold level.

The State Department is currently denying about 8,750 passport requests annually. If noncustodial parents owing between $2,500 and $5,000 apply for passports at the same rate, the proposal would generate an additional 3,700 denials annually. Data from the Department of Health and Human Services shows there are 3.1 million non-custodial parents owing more than $5,000 in pat-due child support and an additional 1.3 million owing between $2,500 and $5,000.

CBO assumes that 50 percent of non-custodial parents who have a request for a passport denied would make a payment in order to get their passport rather than just doing without one. A non-custodial parent owing more than $5,000 would have a pay an additional $2,500 to receive a passport. The average parent owing between $2,500 and $5,000 would have to pay $1,250 to receive a passport. As a result, CBO estimates the policy would result in new payments of child support of about $13 million annually. About one-third of those payments would be on behalf of current and former welfare families and would be retained by the government as reimbursement for welfare benefits. The federal share of such collections, 56 percent, would be $2 million a year.

Fatherhood Grants.—Section 501 would establish a new program to make grants to public and private entities for projects designed to promote marriage, improve parenting, and help fathers and their families leave welfare.

An interagency panel, funded at $150,000 in 2001, would review applications and make recommendations to the Secretary of Health and Human Services. The Secretary would award $140 million in grants in 2002. The funding would be available to grantees in four equal annual installments, and grantees would have to commit $1 for every $5 of federal grant funding. Grantees could provide services to fathers with incomes below 150 percent of poverty or fathers whose children received funds from the TANF program within the most recent two-year period. CBO estimates that spending by grantees would initially be slow as the programs are phased in, but would speed up gradually in succeeding years. Spending would total $110 million over the 2001–2005 period and $140 million over the 2001–2010 period.

Evaluations.—The Secretary would conduct an evaluation of selected fatherhood projects. The bill would make $6 million available over the 2002–2010 period for that evaluation.

Effect of Grant Program on TANF Spending.—The fatherhood grant program would affect spending under the TANF program. Some of the fatherhood grant money would be spent by government entities on families eligible for TANF. This spending could count as maintenance-of-effort spending in the TANF program and would be in addition to TANF spending by those entities under current law. Consequently, CBO estimates that federal TANF outlays would increase by $5 for every $100 of fatherhood grant spending. The estimate assumes that entities contribute the 20-percent matching funds and that 25 percent of those funds would qualify as maintenance-of-effort spending. Additional spending would total $7 million over the 2001–2010 period.

Fatherhood Projects of National Significance.—Section 502 would establish a one-time grant of $5 million for a nonprofit organization to create a national clearinghouse to develop and distribute materials supporting marriage and responsible parenting. In addition, it would establish grants of $5 million for each of two nonprofits to establish multicity projects to promote marriage and successful parenting and help fathers and their families leave welfare. The grants would be awarded in four equal, annual installments starting in 2002. Spending would total $15 million over the 2001–2010 period.

Use of New Hire Information.—Section 603 would allow states to access information in the national database of new hires in order to help detect fraud in the unemployment compensation system. Currently, most states may access the information that they send to the national registry. However, without access to the national information, a state may not receive important data regarding recent hires by national corporations that may report in other states. Only a few states have examined potential savings that could be realized if they had access to the national data, and their estimates are small—about 0.1 percent of total outlays. Nevertheless, states generally believe that access to the national data would be a valuable tool in detecting fraud earlier, as the information on new hires is more current than that contained in quarterly wage reports, which many states rely on now.

A recent survey by the Interstate Conference of State Employment Security Agencies indicated that 19 states currently were using the state-reported information on new hires. Another 20 states reported that they hoped to make use of this information in the near future. For purposes of this estimate, CBO assumed that the states currently using their own information would make use of the national information in the year that it became available. The other interested states are assumed to take advantage of the national information within the next few years. CBO estimates that this proposal would result in a reduction of $144 million in spending for unemployment compensation over the 2001–2010 period. Because this reduction in spending would be fully offset by a reduction in unemployment taxes, CBO estimates that there would be no net effect on the federal budget over the 10-year period. The provision would take effect October 1, 2000.

Elimination of the Welfare-to-Work Performance Bonus.—Section 606 would eliminate the $50 million set-aside for Welfare-to-Work performance bonuses. These bonuses were to have been awarded by the end of fiscal year 2000, but states would not be able to draw down the funds from these bonuses until the beginning of fiscal year 2001. If these bonuses are not paid, CBO estimates that $50 million would be saved over the 2001–2010 period. The provision would be effective upon enactment of the bill.

Foster Care Training.—Section 607 of the bill would allow states to claim more federal money for efforts they undertake to train staff of private, state-approved child welfare agencies in ways that provide support and assistance to foster and adoptive children. Under current law, states may claim $1 of federal funds for every dollar of state money spent on this type of training. The bill would allow states to receive a higher federal match of $3 for every dollar of state spending. Based on information from several states, CBO

estimates that enacting this section would increase federal spending by $21 million in fiscal year 2002 (the first year in which the enhanced match rate would become effective), and by $244 million over the 2001–2010 period.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal year, in millions of dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	−32	108	200	229	228	494	487	502	528	548
Changes in receipts	0	0	−4	−17	−19	−19	−18	−16	−17	−17	−18

Estimated impact on State, local, and tribal governments: H.R. 4678 would impose two new requirements on states with regard to their child support enforcement program that may constitute intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would reduce the amounts that states may retain from child support collections in order to reimburse themselves for public assistance spending, in particular for TANF. As a result, state would lose a total of about $55 million in 2002 and $2.2 billion over the 2002–2010 period. The bill would also require states to review child support orders of families on TANF every three years and when they leave TANF. State administrative costs would increase by $18 million in 2002 and by $220 million over the 2002–2010 period. (Those administrative costs would be alleviated somewhat by increased collections retained by the state totaling $4 million in 2002 and $185 million over the 2002–1010 period.) These requirements may be intergovernmental mandates as defined in UMRA because they would affect a large entitlement program in which states may not have sufficient flexibility to alter their financial and programmatic responsibilities to offset the costs of the requirements. States vary widely in how they operate and fund their child support programs, and CBO cannot determine the degree to which losses of this magnitude could be offset. In total, the annual losses to states would exceed the threshold established in UMRA ($55 million in 2000, adjusted annually for inflation).

Other provisions of H.R. 4678 would also affect state budgets, but those provisions would not be mandates as defined by UMRA, and in some cases, would provide for additional assistance to states. The bill would prohibit states from using the state child support program to recoup Medicaid costs for the birth of a child. This prohibition would result in a loss of revenues to states of about $30 million in 2006 and $160 million over the 2006–2010 period. In addition, the bill would eliminate the welfare-to-work performance bonus available to states for successfully individuals in jobs with income growth potential for extended periods of time. CBO estimates a reduction of $50 million in grants to states over the 2001–2010 period as a result of this elimination. However,

states would have sufficient flexibility in their programs to accommodate these reductions.

Section 302 would allow the Secretary to approve demonstration projects that would enable states to contract with public non-IV–D child support agencies for the enforcement of child support obligations. State participation in demonstration programs would be voluntary, and if they chose to participate, states could charge fees to the agencies for information and services associated with the demonstration projects. Up to 10 states could qualify for the demonstration projects, and CBO estimates that state spending for administrative costs would total $17 million over the 2002–2010 period.

Title V would authorize grants for fatherhood and parenting programs, particularly those designed to reduce dependence on welfare and to strengthen parenting skills. State, local, and tribal entities would be eligible for these grants, though preference would be given to public entities that pass funds through to private organizations. Approval of grants would also depend on the degree to which the prospective grantee could receive assurances from agencies responsible for enforcing child support obligations that they would cancel past due amounts owed by non-custodial parents. Cancellations of those amounts by those agencies and any participation in the fatherhood grant program by public entities would be voluntary.

Title VI would allow states to access national information about new hires to help them detect fraud in the unemployment compensation system. CBO estimates that states would be able to reduce spending for unemployment compensation by $144 million over the 2001–2010 period. Consequently, they would also be able to reduce state unemployment taxes by the same amount, for a net budgetary impact of zero.

The bill would increase the amount of federal matching funds that states could claim for some foster care training activities. The bill would allow states to claim $3 for every $1 of state spending rather than the $1 for $1 match under current law. As a result, CBO estimates that states would receive an additional $21 million in 2002 and $244 million over the 2001–2010 period.

Finally, the stricter requirements for child support payments in order to obtain a passport would result in additional collections, of which approximately $2 million annually would be retained by state governments as reimbursement for prior public assistance payments.

Estimated impact on the private sector: H.R. 4678 contains no private-sector mandates as defined in UMRA.

Estimate prepared by: Federal Costs: Child Support: Sheila Dacey; Unemployment Compensation, Welfare-to-Work and Foster Care: Christina Hawley Sadot; Medicaid: Eric Rollins and Jeanne De Sa; and Food Stamps: Valerie Baxter.

Impact on State, Local, and Tribal Governments: Leo Lex.

Impact on the Private Sector: Ralph Smith.

Estimate approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

V. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. Committee Oversight Findings and Recommendations

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports that the need for this legislation was confirmed by the oversight hearings of the Subcommittee on Human Resources. The hearings were as follows:

The Subcommittee on Human Resources held a hearing on May 18, 2000, to receive comments on H.R. 4469, the bill as originally introduced by Chairman Nancy Johnson. Testimony at the hearing was presented by the Administration, program administrators, advocates, researchers, and Members of the U.S. House of Representatives. The Subcommittee also conducted hearings on May 19, 1998 (Serial 105–89), September 23, 1999 (Serial 106–31), and October 5, 1999 (Serial 106–30) on child support enforcement issues, which included testimony from the Administration, child support administrators, officials of local child support programs that operate independently of the Federal-State program, academic witnesses, researchers, and advocacy groups. Testimony at these hearings concerned State implementation of the 1996 child support reforms, the current and potential role of child support enforcement outside the Federal-State program funded under Title IV–D of the Social Security Act, and the impact of domestic violence on child support enforcement. The Subcommittee also held a hearing on October 5, 1999 (Serial 106–30), to receive comments on H.R. 3073, the fatherhood legislation that is now Title V of H.R. 4678. Testimony at the hearing was presented by scholars, program administrators, foundation executives, and Members of the U.S. House of Representatives and the U.S. Senate. The Subcommittee also conducted hearings on April 27, 1999 and July 30, 1998 (Serial 105–78) on fatherhood programs, which included testimony from the Administration, researchers, advocates, individuals who have designed and conducted programs for low-income fathers, and young fathers whose children are on welfare.

B. Summary of Findings and Recommendations of the Government Reform Committee

In compliance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that no oversight findings or recommendations have been submitted to the Committee on Government Reform regarding the subject of the bill.

C. Constitutional Authority Statement

In compliance with clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for * * * the general Welfare of the United States * * *").

D. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with Section 423 of the Unfunded Mandates Reform Act of 1995 (P.L. 104–4). The Congressional Budget Office has indicated that this bill may impose intergovernmental mandates on states but it is not conclusive in its recommendation. The Committee bill provides resources to States by allowing States to cover costs incurred by this bill by either counting those expenditures toward their required maintenance of effort spending in the Temporary Assistance for Needy Families (TANF) program or by using money from the TANF program to fund child support activities. Therefore, the Committee believes the bill is in compliance with the requirements of the mandates statute.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * * * *

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES

* * * * * * *

PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

* * * * * * *

SEC. 402. ELIGIBLE STATES; STATE PLAN.

(a) IN GENERAL.—As used in this part, the term "eligible State" means, with respect to a fiscal year, a State that, during the 27-month period ending with the close of the 1st quarter of the fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

(1) * * *

* * * * * * *

(8) CERTIFICATION THAT THE CHILD SUPPORT ENFORCEMENT PROGRAM WILL BE PROVIDED NOTICE OF CERTAN FAMILIES LEAVING TANF PROGRAM.—A certification by the chief executive officer of the State that the State has established procedures to ensure that the State agency administering the child support enforcement program under the State plan approved under part D will be provided notice of the impending discontinuation of assistance to an individual under the State program funded

under this part if the individual has custody of a child whose other parent is alive and not living at home with the child.

* * * * * * *

SEC. 403. GRANTS TO STATES.

(a) GRANTS.—

(1) FAMILY ASSISTANCE GRANT.—

(A) * * *

* * * * * * *

(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 such sums as are necessary for grants under this paragraph*, and for fiscal years 2001 through 2007, such sums as are necessary to carry out section 403A*.

* * * * * * *

(5) WELFARE-TO-WORK GRANTS.—

(A) FORMULA GRANTS.—

(i) ENTITLEMENT.—A State shall be entitled to receive from the Secretary of Labor a grant for each fiscal year specified in subparagraph ❚(I)❚ *(H)* of this paragraph for which the State is a welfare-to-work State, in an amount that does not exceed the lesser of—

(I) * * *

* * * * * * *

(iv) AVAILABLE AMOUNT.—As used in this subparagraph, the term "available amount" means, for a fiscal year, the sum of—

(I) 75 percent of the sum of—

(aa) the amount specified in subparagraph ❚(I)❚ *(H)* for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (E), (F), ❚(G), and (H)❚ *and (G)* for the fiscal year; and

(bb) any amount reserved pursuant to subparagraph ❚(F)❚ *(E)* for the immediately preceding fiscal year that has not been obligated; and

* * * * * * *

(B) COMPETITIVE GRANTS.—

(i) * * *

* * * * * * *

(v) FUNDING.—For grants under this subparagraph for each fiscal year specified in subparagraph ❚(I)❚ *(H)*, there shall be available to the Secretary of Labor an amount equal to the sum of—

(I) 25 percent of the sum of—

(aa) the amount specified in subparagraph ❚(I)❚ *(H)* for the fiscal year, minus the total of the amounts reserved pursuant to subpara-

graphs (E), (F), [(G), and (H)] *and (G)* for the fiscal year; and

(bb) any amount reserved pursuant to subparagraph [(F)] *(E)* for the immediately preceding fiscal year that has not been obligated; and

* * * * * * *

[(E) SET-ASIDE FOR SUCCESSFUL PERFORMANCE BONUS.—

[(i) IN GENERAL.—The Secretary of Labor shall award a grant in accordance with this subparagraph to each successful performance State in fiscal year 2000, but shall not make any outlay to pay any such grant before October 1, 2000.

[(ii) AMOUNT OF GRANT.—The Secretary of Labor shall determine the amount of the grant payable under this subparagraph to a successful performance State, which shall be based on the score assigned to the State under clause (iv)(I)(aa) for such prior period as the Secretary of Labor deems appropriate.

[(iii) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of this paragraph, the Secretary of Labor, in consultation with the Secretary of Health and Human Services, the National Governors' Association, and the American Public Welfare Association, shall develop a formula for measuring—

[(I) the success of States in placing individuals in private sector employment or in any kind of employment, through programs operated with funds provided under subparagraph (A);

[(II) the duration of such placements;

[(III) any increase in the earnings of such individuals; and

[(IV) such other factors as the Secretary of Labor deems appropriate concerning the activities of the States with respect to such individuals.

The formula may take into account general economic conditions on a State-by-State basis.

[(iv) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—

[(I) IN GENERAL.—The Secretary of Labor shall—

[(aa) use the formula developed under clause (iii) to assign a score to each State that was a welfare-to-work State for fiscal years 1998 and 1999; and

[(bb) prescribe a performance threshold in such a manner so as to ensure that the total amount of grants to be made under this paragraph equals $50,000,000.

[(II) AVAILABILITY OF WELFARE-TO-WORK DATA SUBMITTED TO THE SECRETARY OF HHS.—The Secretary of Health and Human Services shall provide the Secretary of Labor with the data reported by States under this part with respect to pro-

grams operated with funds provided under subparagraph (A).

[(v) SUCCESSFUL PERFORMANCE STATE DEFINED.—As used in this subparagraph, the term "successful performance State" means a State whose score assigned pursuant to clause (iv)(I)(aa) equals or exceeds the performance threshold prescribed under clause (iv)(I)(bb).

[(vi) SET-ASIDE.—$50,000,000 of the amount specified in subparagraph (I) for fiscal year 1999 shall be reserved for grants under this subparagraph.]

[(F)] *(E)* FUNDING FOR INDIAN TRIBES.—1 percent of the amount specified in subparagraph [(I)] *(H)* for fiscal year 1998 and $15,000,000 of the amount so specified for fiscal year 1999 shall be reserved for grants to Indian tribes under section 412(a)(3).

[(G)] *(F)* FUNDING FOR EVALUATIONS OF WELFARE-TO-WORK PROGRAMS.—0.6 percent of the amount specified in subparagraph [(I)] *(H)* for fiscal year 1998 and $9,000,000 of the amount so specified for fiscal year 1999 shall be reserved for use by the Secretary to carry out section 413(j).

[(H)] *(G)* FUNDING FOR EVALUATION OF ABSTINENCE EDUCATION PROGRAMS.—

(i) * * *

* * * * * * *

(iii) DEADLINE FOR OUTLAYS.—Outlays from funds used pursuant to clause (i) for evaluation of programs under section 510 shall not be made after fiscal year [2001] *2005*.

(iv) INTERIM REPORT.—Not later than January 1, 2002, the Secretary shall submit to the Congress a interim report on the evaluations referred to in clause (i).

[(I)] *(H)* APPROPRIATIONS.—

(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for grants under this paragraph—

(I) $1,500,000,000 for fiscal year 1998; and

(II) [$1,450,000,000] *$1,400,000,000* for fiscal year 1999.

(ii) AVAILABILITY.—The amounts made available pursuant to clause (i) shall remain available for such period as is necessary to make the grants provided for in this paragraph.

[(J)] *(I)* WORKER PROTECTIONS.—

(i) NONDISPLACEMENT IN WORK ACTIVITIES.—

(I) * * *

* * * * * * *

[(K)] *(J)* INFORMATION DISCLOSURE.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing to a private industry council the names, addresses,

telephone numbers, and identifying case number information in the State program funded under this part, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under this paragraph.

* * * * * * *

SEC. 403A. FATHERHOOD PROGRAMS.

(a) PURPOSE.—The purpose of this section is to make grants available to public and private entities for projects designed to—

(1) promote marriage through counseling, mentoring, disseminating information about the advantages of marriage, enhancing relationship skills, teaching how to control aggressive behavior, disseminating information on the causes and treatment of domestic violence and child abuse, and other methods;

(2) promote successful parenting through counseling, mentoring, disseminating information about good parenting practices including prepregnancy, family planning, training parents in money management, encouraging child support payments, encouraging regular visitation between fathers and their children, and other methods; and

(3) help fathers and their families avoid or leave cash welfare provided by the program under part A and improve their economic status by providing work first services, job search, job training, subsidized employment, career-advancing education, job retention, job enhancement, and other methods.

(b) FATHERHOOD GRANTS.—

(1) APPLICATIONS.—An entity desiring a grant to carry out a project described in subsection (a) may submit to the Secretary an application that contains the following:

(A) A description of the project and how the project will be carried out.

(B) A description of how the project will address all three of the purposes of this section.

(C) A written commitment by the entity that the project will allow an individual to participate in the project only if the individual is—

(i) a father of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under this part;

(ii) a father, including an expectant or married father, whose income (net of court-ordered child support) is less than 150 percent of the poverty line (as defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section, applicable to a family of the size involved); or

(iii) a parent referred to in paragraph (3)(A)(iii).

(D) A written commitment by the entity that the entity will provide for the project, from funds obtained from non-Federal sources, amounts (including in-kind contributions) equal in value to—

(i) 20 percent of the amount of any grant made to the entity under this subsection; or

(ii) such lesser percentage as the Secretary deems appropriate (which shall be not less than 10 percent) of such amount, if the application demonstrates that there are circumstances that limit the ability of the entity to raise funds or obtain resources.

(E) A written commitment by the entity that the entity will make available to each individual participating in the project education about the causes of domestic violence and child abuse and local programs to prevent and treat abuse, education about alcohol, tobacco, and other drugs and the effects of abusing such substances, and information about HIV/AIDS and its transmission.

(2) CONSIDERATION OF APPLICATIONS BY INTERAGENCY PANEL.—

(A) ESTABLISHMENT.—There is established a panel to be known as the "Fatherhood Grants Recommendations Panel" (in this subparagraph referred to as the "Panel").

(B) MEMBERSHIP.—

(i) IN GENERAL.—The Panel shall be composed of 10 members, as follows:

(I) Two members of the Panel shall be appointed by the Secretary.

(II) Two members of the Panel shall be appointed by the Secretary of Labor.

(III) Two members of the Panel shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives.

(IV) One member of the Panel shall be appointed by the ranking minority member of the Committee on Ways and Means of the House of Representatives.

(V) Two members of the Panel shall be appointed by the Chairman of the Committee on Finance of the Senate.

(VI) One member of the Panel shall be appointed by the ranking minority member of the Committee on Finance of the Senate.

(ii) QUALIFICATIONS.—An individual shall not be eligible to serve on the Panel unless the individual has experience in programs for fathers, programs for the poor, programs for children, program administration, program research, or programs of domestic violence prevention and treatment.

(iii) CONFLICTS OF INTEREST.—An individual shall not be eligible to serve on the Panel if such service would pose a conflict of interest for the individual.

(iv) TIMING OF APPOINTMENTS.—The appointment of members to the Panel shall be completed not later than April 1, 2001.

(C) DUTIES.—

(i) REVIEW AND MAKE RECOMMENDATIONS ON PROJECT APPLICATIONS.—The Panel shall review all applications submitted pursuant to paragraph (1), and make recommendations to the Secretary regarding which applicants should be awarded grants under this

subsection, with due regard for the provisions of paragraph (3), but shall not recommend that a project be awarded such a grant if the application describing the project does not attempt to meet the requirement of paragraph (1)(B).

(ii) TIMING.—The Panel shall make such recommendations not later than October 1, 2001.

(D) TERM OF OFFICE.—Each member appointed to the Panel shall serve for the life of the Panel.

(E) PROHIBITION ON COMPENSATION.—Members of the Panel may not receive pay, allowances, or benefits by reason of their service on the Panel.

(F) TRAVEL EXPENSES.—Each member of the Panel shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(G) MEETINGS.—The Panel shall meet as often as is necessary to complete the business of the Panel.

(H) CHAIRPERSON.—The Chairperson of the Panel shall be designated by the Secretary at the time of appointment.

(I) STAFF OF FEDERAL AGENCIES.—The Secretary may detail any personnel of the Department of Health and Human Services and the Secretary of Labor may detail any personnel of the Department of Labor to the Panel to assist the Panel in carrying out its duties under this paragraph.

(J) OBTAINING OFFICIAL DATA.—The Panel may secure directly from any department or agency of the United States information necessary to enable it to carry out this paragraph. On request of the Chairperson of the Panel, the head of the department or agency shall furnish that information to the Panel.

(K) MAILS.—The Panel may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(L) TERMINATION.—The Panel shall terminate on October 1, 2001.

(3) RULES GOVERNING GRANTS.—

(A) GRANT AWARDS.—

(i) IN GENERAL.—The Secretary shall award matching grants, on a competitive basis, among entities submitting applications therefor which meet the requirements of paragraph (1), in amounts that take into account the written commitments referred to in paragraph (1)(D).

(ii) TIMING.—On October 1, 2001, the Secretary shall award not more than $140,000,000 in matching grants after considering the recommendations submitted pursuant to paragraph (2)(C)(i).

(iii) NONDISCRIMINATION.—The provisions of this section shall be applied and administered so as to ensure that mothers, expectant mothers, and married mothers are eligible for benefits and services under projects awarded grants under this section on the same basis as fathers, expectant fathers, and married fathers.

(B) PREFERENCES.—In determining which entities to which to award grants under this subsection, the Secretary shall give preference to an entity—

(i) to the extent that the application submitted by the entity describes actions that the entity will take that are designed to encourage or facilitate the payment of child support, including but not limited to—

(I) obtaining a written commitment by the agency responsible for administering the State plan approved under part D for the State in which the project is to be carried out that the State will voluntarily cancel child support arrearages owed to the State by the father as a result of the father providing various supports to the family such as maintaining a regular child support payment schedule or living with his children (unless the father has been convicted of a crime involving domestic violence or child abuse);

(II) obtaining a written commitment by the entity that the entity will help participating fathers who cooperate with the agency in improving their credit rating; and

(III) helping fathers arrange and maintain a consistent schedule of visits with their children, unless it would be unsafe;

(ii) to the extent that the application includes written agreements of cooperation with other private and governmental agencies, including the State or local program funded under this part, the local Workforce Investment Board, the State or local program funded under part D, community-based domestic violence programs, and the State or local program funded under part E, which should include a description of the services each such agency will provide to fathers participating in the project described in the application;

(iii) to the extent that the application describes a project that will enroll a high percentage of project participants within 6 months before or after the birth of the child; or

(iv) to the extent that the application sets forth clear and practical methods by which fathers will be recruited to participate in the project.

(C) MINIMUM PERCENTAGE OF RECIPIENTS OF GRANT FUNDS TO BE NONGOVERNMENTAL (INCLUDING FAITH-BASED) ORGANIZATIONS.—Not less than 75 percent of the entities awarded grants under this subsection in each fiscal year (other than entities awarded such grants pursuant to the preferences required by subparagraph (B)) shall be awarded to—

(i) nongovernmental (including faith-based) organizations; or

(ii) governmental organizations that pass through to organizations referred to in clause (i) at least 50 percent of the amount of the grant.

(D) DIVERSITY OF PROJECTS.—

(i) IN GENERAL.—In determining which entities to which to award grants under this subsection, the Secretary shall attempt to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban versus rural areas, and entities employing differing methods of achieving the purposes of this section.

(ii) REPORT TO THE CONGRESS.—Within 90 days after each award of grants under subparagraph (A)(ii), the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a brief report on the diversity of projects selected to receive funds under the grant program. The report shall include a comparison of funding for projects located in urban areas, projects located in suburban areas, and projects located in rural areas.

(E) PAYMENT OF GRANT IN FOUR EQUAL ANNUAL INSTALLMENTS.—During the fiscal year in which a grant is awarded under this subsection and each of the succeeding three fiscal years, the Secretary shall provide to the entity awarded the grant an amount equal to 1/4 of the amount of the grant.

(4) USE OF FUNDS.—

(A) IN GENERAL.—Each entity to which a grant is made under this section shall use grant funds provided under this section in accordance with the application requesting the grant, the requirements of this section, and the regulations prescribed under this section, and may use grant funds to support community-wide initiatives to address the purposes of this section, but may not use grant funds for court proceedings on matters of child visitation or child custody or for legislative advocacy.

(B) NONDISPLACEMENT.—

(i) IN GENERAL.—An adult in a work activity described in section 407(d) which is funded, in whole or in part, by funds provided under this section shall not be employed or assigned—

(I) when any other individual is on layoff from the same or any substantially equivalent job; or

(II) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with such an adult.

(ii) GRIEVANCE PROCEDURE.—

(I) IN GENERAL.—Complaints alleging violations of clause (i) in a State may be resolved—

(aa) if the State has established a grievance procedure under section 403(a)(5)(I)(iv), pursuant to the grievance procedure; or

(bb) otherwise, pursuant to the grievance procedure established by the State under section 407(f)(3).

(II) FORFEITURE OF GRANT IF GRIEVANCE PROCEDURE NOT AVAILABLE.—If a complaint referred to

in subclause (I) is made against an entity to which a grant has been made under this section with respect to a project, and the complaint cannot be brought to, or cannot be resolved within 90 days after being brought, by a grievance procedure referred to in subclause (I), then the entity shall immediately return to the Secretary all funds provided to the entity under this section for the project, and the Secretary shall immediately rescind the grant.

(C) RULE OF CONSTRUCTION.—This section shall not be construed to require the participation of a father in a project funded under this section to be discontinued by the project on the basis of changed economic circumstances of the father.

(D) RULE OF CONSTRUCTION ON MARRIAGE.—This section shall not be construed to authorize the Secretary to define marriage for purposes of this section.

(E) PENALTY FOR MISUSE OF GRANT FUNDS.—If the Secretary determines that an entity to which a grant is made under this subsection has used any amount of the grant in violation of subparagraph (A), the Secretary shall require the entity to remit to the Secretary an amount equal to the amount so used, plus all remaining grant funds, and the entity shall thereafter be ineligible for any grant under this subsection.

(F) REMITTANCE OF UNUSED GRANT FUNDS.—Each entity to which a grant is awarded under this subsection shall remit to the Secretary all funds paid under the grant that remain at the end of the fifth fiscal year ending after the initial grant award.

(5) AUTHORITY OF AGENCIES TO EXCHANGE INFORMATION.—Each agency administering a program funded under this part or a State plan approved under part D may share the name, address, telephone number, and identifying case number information in the State program funded under this part, of fathers for purposes of assisting in determining the eligibility of fathers to participate in projects receiving grants under this section, and in contacting fathers potentially eligible to participate in the projects, subject to all applicable privacy laws.

(6) EVALUATION.—The Secretary, in consultation with the Secretary of Labor, shall, directly or by grant, contract, or interagency agreement, conduct an evaluation of projects funded under this section (other than under subsection (c)(1)). The evaluation shall assess, among other outcomes selected by the Secretary, effects of the projects on marriage, parenting, employment, earnings, payment of child support, and incidence of domestic violence and child abuse. In selecting projects for the evaluation, the Secretary should include projects that, in the Secretary's judgment, are most likely to impact the matters described in the purposes of this section. In conducting the evaluation, random assignment should be used wherever possible.

(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out this subsection.

(8) LIMITATION ON APPLICABILITY OF OTHER PROVISIONS OF THIS PART.—Sections 404 through 410 shall not apply to this section or to amounts paid under this section, and shall not be applied to an entity solely by reason of receipt of funds pursuant to this section. A project shall not be considered a State program funded under this part solely by reason of receipt of funds paid under this section.

(9) FUNDING.—

(A) IN GENERAL.—

(i) INTERAGENCY PANEL.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal year 2001, a total of $150,000 shall be made available for the interagency panel established by paragraph (2) of this subsection.

(ii) GRANTS.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal years 2002 through 2005, a total of $140,000,000 shall be made available for grants under this subsection.

(iii) EVALUATION.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal years 2001 through 2006, a total of $6,000,000 shall be made available for the evaluation required by paragraph (6) of this subsection.

(B) AVAILABILITY.—

(i) GRANT FUNDS.—The amounts made available pursuant to subparagraph (A)(ii) shall remain available until the end of fiscal year 2006.

(ii) EVALUATION FUNDS.—The amounts made available pursuant to subparagraph (A)(iii) shall remain available until the end of fiscal year 2008.

(c) FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE.—

(1) NATIONAL CLEARINGHOUSE.—The Secretary shall award a $5,000,000 grant to a nationally recognized, nonprofit fatherhood promotion organization with at least 4 years of experience in designing and disseminating a national public education campaign, including the production and successful placement of television, radio, and print public service announcements which promote the importance of responsible fatherhood, and with at least 4 years experience providing consultation and training to community-based organizations interested in implementing fatherhood outreach, support, or skill development programs with an emphasis on promoting married fatherhood as the ideal, to—

(A) develop, promote, and distribute to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that encourages the appropriate involvement of both parents in the life of any child of the parents, and encourages such organizations to develop or sponsor programs that specifically address the issue of responsible fatherhood and the advantages conferred on children by marriage;

(B) develop a national clearinghouse to assist States, communities, and private entities in efforts to promote and

support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to all interested parties, information regarding media campaigns and fatherhood programs;

(C) develop and distribute materials that are for use by entities described in subparagraph (A) or (B) and that help young adults manage their money, develop the knowledge and skills needed to promote successful marriages, plan for future expenditures and investments, and plan for retirement;

(D) develop and distribute materials that are for use by entities described in subparagraphs (A) and (B) and that list all the sources of public support for education and training that are available to young adults, including government spending programs as well as benefits under Federal and State tax laws.

(2) MULTICITY FATHERHOOD PROJECTS.—

(A) IN GENERAL.—The Secretary shall award a $5,000,000 grant to each of two nationally recognized nonprofit fatherhood promotion organizations which meet the requirements of subparagraph (B), at least one of which organizations meets the requirement of subparagraph (C).

(B) REQUIREMENTS.—The requirements of this subparagraph are the following:

(i) The organization must have several years of experience in designing and conducting programs that meet the purposes described in paragraph (1).

(ii) The organization must have experience in simultaneously conducting such programs in more than one major metropolitan area and in coordinating such programs with local government agencies and private, nonprofit agencies, including State or local agencies responsible for conducting the program under part D and Workforce Investment Boards.

(iii) The organization must submit to the Secretary an application that meets all the conditions applicable to the organization under this section and that provides for projects to be conducted in three major metropolitan areas.

(C) USE OF MARRIED COUPLES TO DELIVER SERVICES IN THE INNER CITY.—The requirement of this subparagraph is that the organization has extensive experience in using married couples to deliver program services in the inner city.

(3) PAYMENT OF GRANTS IN FOUR EQUAL ANNUAL INSTALLMENTS.—During each of fiscal years 2002 through 2005, the Secretary shall provide to each entity awarded a grant under this subsection an amount equal to 1/4 of the amount of the grant.

(4) FUNDING.—

(A) IN GENERAL.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section, $3,750,000 shall be made available for grants under this subsection for each of fiscal years 2002 through 2005.

(B) AVAILABILITY.—The amounts made available pursuant to subparagraph (A) shall remain available until the end of fiscal year 2005.

SEC. 404. USE OF GRANTS.

(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; [or]

(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995, or (at the option of the State) August 21, 1996[.]*; or*

(3) to fund payment of an amount pursuant to section 457(a)(2)(B)(i), but only to the extent that the State properly elects under section 457(a)(6) to use the grant to fund the payment.

* * * * * * *

SEC. 408. PROHIBITIONS; REQUIREMENTS.

(a) IN GENERAL.—

(1) * * *

* * * * * * *

[(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

[(A) IN GENERAL.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrue (or have accrued) before the date the family ceases to receive assistance under the program, which assignment, on and after such date, shall not apply with respect to any support (other than support collected pursuant to section 464) which accrued before the family received such assistance and which the State has not collected by—

[(i)(I) September 30, 2000, if the assignment is executed on or after October 1, 1997, and before October 1, 2000; or

[(II) the date the family ceases to receive assistance under the program, if the assignment is executed on or after October 1, 2000; or

[(ii) if the State elects to distribute collections under section 457(a)(6), the date the family ceases to receive assistance under the program, if the assignment is executed on or after October 1, 1998.

[(B) LIMITATION.—A State to which a grant is made under section 403 shall not require, as a condition of providing assistance to any family under the State program

funded under this part, that a member of the family assign to the State any rights to support described in subparagraph (A) which accrue after the date the family ceases to receive assistance under the program.]

* * * * * * *

(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrues during the period that the family receives assistance under the program.

* * * * * * *

SEC. 409. PENALTIES.

(a) IN GENERAL.—Subject to this section:

(1) * * *

* * * * * * *

(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

(A) * * *

(B) DEFINITIONS.—As used in this paragraph:

(i) QUALIFIED STATE EXPENDITURES.—

(I) IN GENERAL.—The term "qualified State expenditures" means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under all State programs, for any of the following with respect to eligible families:

(aa) Cash assistance, including any amount collected by the State as support pursuant to a plan approved under part D, on behalf of a family receiving assistance under the State program funded under this part, that is distributed to the family under section [457(a)(1)(B)] *457(a)(1)* and disregarded in determining the eligibility of the family for, and the amount of, such assistance.

* * * * * * *

(V) PORTIONS OF CERTAIN CHILD SUPPORT PAYMENTS COLLECTED ON BEHALF OF AND DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.—Any amount paid by a State pursuant to section 457(a)(2)(B)(i), but only to the extent that the State properly elects under section 457(a)(6) to have the payment considered a qualified State expenditure.

* * * * * * *

SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

(a) GRANTS FOR INDIAN TRIBES.—

(1) * * *

* * * * * * *

(3) WELFARE-TO-WORK GRANTS.—

(A) IN GENERAL.—The Secretary of Labor shall award a grant in accordance with this paragraph to an Indian tribe for each fiscal year specified in section [403(a)(5)(I)] *403(a)(5)(H)* for which the Indian tribe is a welfare-to-work tribe, in such amount as the Secretary of Labor deems appropriate, subject to subparagraph (B) of this paragraph.

* * * * * * *

PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

* * * * * * *

DUTIES OF THE SECRETARY

SEC. 452. (a) * * *

* * * * * * *

(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding [$5,000] *$2,500*, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

* * * * * * *

(m) If the Secretary receives a certification by a State agency, in accordance with section 454(35), that an individual who is a nonimmigrant alien (as defined in section 101(a)(15) of the Immigration and Nationality Act) owes arrearages of child support in an amount exceeding $2,500, the Secretary may, at the request of the State agency, the Secretary of State, or the Attorney General, or on the Secretary's own initiative, provide such certification to the Secretary of State and the Attorney General information in order to enable them to carry out their responsibilities under sections 212(a)(10) and 235(d) of such Act.

FEDERAL PARENT LOCATOR SERVICE

SEC. 453. (a) * * *

* * * * * * *

(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

(1) * * *

* * * * * * *

(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Di-

rectory of New Hires indicates that the individual may be employed, disclose to the State agency the name, address, and employer identification number of any putative employer of the individual, subject to this paragraph.

(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).

* * * * * * *

STATE PLAN FOR CHILD AND SPOUSAL SUPPORT

SEC. 454. A State plan for child and spousal support must—

(1) * * *

* * * * * * *

(32)(A) * * *

* * * * * * *

(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor); **[**and**]**

(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, or enforce support orders, or to enter support orders in accordance with child support guidelines established or adopted by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all collections pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such collections in accordance with such agreement**[**.**]***;*

(34) provide that the State shall not use the State program operated under this part to collect any amount owed to the State by reason of costs incurred under the State plan approved under title XIX for the birth of a child for whom support rights have been assigned pursuant to section 408(a)(3), 471(a)(17), or 1912; and

(35) provide that the State agency will have in effect a procedure for certifying to the Secretary, in such format and accompained by such supporting documentation as the Sec-

retary may require, determinations that nonimmigrant aliens owe arrearages of child support in an amount exceeding $2,500.

* * * * * * *

SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

[(a) IN GENERAL.—Subject to subsections (e) and (f), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

[(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

[(A) pay to the Federal Government the Federal share of the amount so collected; and

[(B) retain, or distribute to the family, the State share of the amount so collected.

In no event shall the total of the amounts paid to the Federal Government and retained by the State exceed the total of the amounts that have been paid to the family as assistance by the State.

[(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

[(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

[(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

[(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

[(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than subsection (b)(1) (as so in effect)) shall apply with respect to the distribution of support arrearages that—

[(aa) accrued after the family ceased to receive assistance, and

[(bb) are collected before October 1, 1997.

[(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

[(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

[(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

[(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

[(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

[(I) PRE-OCTOBER 2000.—Except as provided in subclause (II), the provisions of this section as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than subsection (b)(1) (as so in effect)) shall apply with respect to the distribution of support arrearages that—

[(aa) accrued before the family received assistance, and

[(bb) are collected before October 1, 2000.

[(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (5), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

[(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the family received assistance from the State.

[(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

[(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the

amount so collected, the State shall distribute the amount to the family.

[(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

[(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

[(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

[(I) To the period after the family ceased to receive assistance.

[(II) To the period before the family received assistance.

[(III) To the period while the family was receiving assistance.

[(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

[(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), distribute the amount so collected pursuant to the terms of the agreement.

[(5) STUDY AND REPORT.—Not later than October 1, 1999, the Secretary shall report to the Congress the Secretary's findings with respect to—

[(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

[(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

[(C) what the overall impact has been of the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

[(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

[(6) STATE OPTION FOR APPLICABILITY.—Notwithstanding any other provision of this subsection, a State may elect to apply the rules described in clauses (i)(II), (ii)(II), and (v) of paragraph (2)(B) to support arrearages collected on and after October 1, 1998, and, if the State makes such an election, shall apply the provisions of this section, as in effect and applied on the day before the date of enactment of section 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193, 110 Stat. 2200), other than subsection (b)(1) (as so in effect), to amounts collected before October 1, 1998.]

(a) IN GENERAL.—Subject to subsections (d) and (e), the amounts collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

(A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

(B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

(C) pay to the family any remaining amount.

(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

(A) CURRENT SUPPORT.—To the extent that the amount collected does not exceed the current support amount, the State shall pay the amount to the family.

(B) ARREARAGES.—To the extent that the amount collected exceeds the current support amount, the State—

(i) shall first pay to the family the excess amount, to the extent necessary to satisfy support arrearages not assigned pursuant to section 408(a)(3);

(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall—

(I) pay to the Federal Government, the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

(II) retain, or pay to the family, the State share of the excess amount described in this clause, subject to paragraph (3)(B); and

(iii) shall pay to the family any remaining amount.

(3) LIMITATIONS.—

(A) FEDERAL REIMBURSEMENTS.—The total of the amounts paid by the State to the Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

(B) STATE REIMBURSEMENTS.—The total of the amounts retained by the State under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the

State share of the amount assigned with respect to the family pursuant to section 408(a)(3).

(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall pay the amount collected to the family.

(5) FAMILIES UNDER CERTAIN AGREEMENTS.—Notwithstanding paragraphs (1) through (4), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.

(6) STATE FINANCING OPTIONS.—To the extent that the State share of the amount payable to a family for a month pursuant to paragraph (2)(B) of this subsection exceeds the amount that the State estimates (under procedures approved by the Secretary) would have been payable to the family for the month pursuant to former section 457(a)(2) (as in effect for the State immediately before the date this subsection first applies to the State) if such former section had remained in effect, the State may elect to use the grant made to the State under section 403(a) to pay the amount, or to have the payment considered a qualified State expenditure for purposes of section 409(a)(7), but not both.

* * * * * * *

(c) DEFINITIONS.—As used in subsection (a):

(1) * * *

* * * * * * *

(5) CURRENT SUPPORT AMOUNT.—The term "current support amount" means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support.

* * * * * * *

SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

(a) * * *

* * * * * * *

(h) MONEYS SUBJECT TO PROCESS.—

(1) IN GENERAL.—Subject to paragraph (2), moneys payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

(A) consist of—

(i) * * *

(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

(I) * * *

* * * * * * *

(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces [who is in receipt of retired or retainer pay if the former member has waived a portion of the

retired or retainer pay in order to receive such compensation**]**;

* * * * * * *

(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:

(A) Compensation described in paragraph (1)(A)(ii)(V) shall not be subject to withholding pursuant to this section—

(i) for payment of alimony; or

(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.

(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.

* * * * * * *

COLLECTION OF PAST-DUE SUPPORT FROM FEDERAL TAX REFUNDS

SEC. 464. (a)(1) * * *

(2)(A) Upon receiving notice from a State agency administering a plan approved under this part that a named individual owes past-due support **[**(as that term is defined for purposes of this paragraph under subsection (c))**]** which such State has agreed to collect under section 454(4)(A)(ii), and that the State agency has sent notice to such individual in accordance with paragraph (3)(A), the Secretary of the Treasury shall determine whether any amounts, as refunds of Federal taxes paid, are payable to such individual (regardless of whether such individual filed a tax return as a married or unmarried individual). If the Secretary of the Treasury finds that any such amount is payable, he shall withhold from such refunds an amount equal to such past-due support, and shall concurrently send notice to such individual that the withholding has been made, including in or with such notice a notification to any other person who may have filed a joint return with such individual of the steps which such other person may take in order to secure his or her proper share of the refund. The Secretary of the Treasury shall pay the amount withheld to the State agency, and the State shall pay to the Secretary of the Treasury any fee imposed by the Secretary of the Treasury to cover the costs of the withholding and any required notification. The State agency shall, subject to paragraph (3)(B), distribute such amount to or on behalf of the child to whom the support was owed in accordance with section 457. This subsection may be executed by the Secretary of the Department of the Treasury or his designee.

* * * * * * *

(c)**[**(1) Except as provided in paragraph (2), as used in**]** *In* this part the term "past-due support" means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child *(whether or not a minor)*, or of a child *(whether or not a minor)* and the parent with whom the child is living.

[(2) For purposes of subsection (a)(2), the term "past-due support" means only past-due support owed to or on behalf of a qualified child (or a qualified child and the parent with whom the child is living if the same support order includes support for the child and the parent).

[(3) For purposes of paragraph (2), the term "qualified child" means a child—

[(A) who is a minor; or

[(B)(i) who, while a minor, was determined to be disabled under title II or XVI; and

[(ii) for whom an order of support is in force.]

* * * * * * *

REQUIREMENT OF STATUTORILY PRESCRIBED PROCEDURES TO IMPROVE EFFECTIVENESS OF CHILD SUPPORT ENFORCEMENT

SEC. 466. (a) In order to satisfy section 454(20)(A), each State must have in effect laws requiring the use of the following procedures, consistent with this section and with regulations of the Secretary, to increase the effectiveness of the program which the State administers under this part:

(1) * * *

* * * * * * *

(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS [UPON REQUEST].—

(A) 3-YEAR CYCLE.—

(i) IN GENERAL.—Procedures under which every 3 years (or such shorter cycle as the State may determine), upon the request of either parent, [or,] *or* if there is an assignment under part A, [upon the request of the State agency under the State plan or of either parent,] the State shall with respect to a support order being enforced under this part, taking into account the best interests of the child involved—

(I) * * *

* * * * * * *

(C) NOTICE OF RIGHT TO REVIEW.—Procedures which require the State to provide notice not less than once every 3 years to the parents subject to the order informing the parents of their right to request the State to review and, if appropriate, adjust the order pursuant to [this paragraph] *subparagraph (A) or (B)*. The notice may be included in the order.

(D) REVIEW UPON LEAVING TANF.—On receipt of a notice issued pursuant to section 402(a)(8), the State child support enforcement agency shall—

(i) examine the case file involved;

(ii) determine what actions (if any) are needed to locate any noncustodial parent, establish paternity or a support order, or enforce a support order in the case;

(iii) immediately take the actions; and

(iv) if there is a support order in the case which the State has not reviewed during the 1-year period ending with receipt of the notice, notwithstanding subpara-

graph (B), review and, if appropriate, adjust the order in accordance with subparagraph (A).

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PART E—FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

* * * * * * *

PAYMENTS TO STATES; ALLOTMENTS TO STATES

SEC. 474. (a) For each quarter beginning after September 30, 1980, each State which has a plan approved under this part shall be entitled to a payment equal to the sum of—

(1) * * *

* * * * * * *

(3) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary for the provision of child placement services and for the proper and efficient administration of the State plan—

(A) * * *

(B) 75 percent of so much of such expenditures (including travel and per diem expenses) as are for the short-term training of current or prospective foster or adoptive parents and the members of the staff of State-licensed or State-approved child care institutions*, or State-licensed or State-approved child welfare agencies providing services,* providing care to foster and adopted children receiving assistance under this part, in ways that increase the ability of such current or prospective parents, staff members, and institutions to provide support and assistance to foster and adopted children, whether incurred directly by the State or by contract.

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SECTION 104 OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

SEC. 104. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) * * *

* * * * * * *

(l) Notwithstanding the preceding provisions of this section, this section shall apply to any entity to which funds have been provided under section 403A of the Social Security Act in the same manner in which this section applies to States, and, for purposes of this section, any project for which such funds are so provided shall be considered a program described in subsection (a)(2).

IMMIGRATION AND NATIONALITY ACT

TITLE II—IMMIGRATION

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CHAPTER 2—QUALIFICATIONS FOR ADMISSION OF ALIENS; TRAVEL CONTROL OF CITIZENS AND ALIENS

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GENERAL CLASSES OF ALIENS INELIGIBLE TO RECEIVE VISAS AND INELIGIBLE FOR ADMISSION; WAIVERS OF INADMISSIBILITY

SEC. 212. (a) CLASSES OF ALIENS INELIGIBLE FOR VISAS OR ADMISSION.—Except as otherwise provided in this Act, aliens who are inadmissible under the following paragraphs are ineligible to receive visas and ineligible to be admitted to the United States:

(1) * * *

* * * * * * *

(10) MISCELLANEOUS.—

(A) * * *

* * * * * * *

(F) NONPAYMENT OF CHILD SUPPORT.—

(i) IN GENERAL.—Any nonimmigrant alien is inadmissible who is legally obligated under a judgment, decree, or order to pay child support (as defined in section 459(i) of the Social Security Act), and whose failure to pay such child support has resulted in an arrearage exceeding $2,500, until child support payments under the judgment, decree, or order are satisfied or the nonimmigrant alien is in compliance with an approved payment agreement.

(ii) WAIVER AUTHORIZED.—The Attorney General may waive the application of clause (i) in the case of an alien, if the Attorney General—

(I) has received a request for the waiver from the court or administrative agency having jurisdiction over the judgment, decree, or order obligating the alien to pay child support that is referred to in such clause; or

(II) determines that there are prevailing humanitarian or public interest concerns.

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CHAPTER 4—INSPECTION, APPREHENSION, EXAMINATION, EXCLUSION, AND REMOVAL

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INSPECTION BY IMMIGRATION OFFICERS; EXPEDITED REMOVAL OF INADMISSIBLE ARRIVING ALIENS; REFERRAL FOR HEARING

SEC. 235. (a) * * *

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(d) AUTHORITY RELATING TO INSPECTIONS.—

(1) * * *

* * * * * * *

(5) AUTHORITY TO SERVE PROCESS IN CHILD SUPPORT CASES.—

(A) IN GENERAL.—To the extent consistent with State law, immigration officers are authorized to serve on any alien who is an applicant for admission to the United States legal process with respect to any action to enforce or establish a legal obligation of an individual to pay child support (as defined in section 459(i) of the Social Security Act).

(B) DEFINITION.—For purposes of subparagraph (A), the term "legal process" means any writ, order, summons or other similar process, which is issued by—

(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States; or

(ii) an authorized official pursuant to an order of such a court or agency or pursuant to State or local law.

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VII. LETTER FROM THE COMMITTEE ON THE JUDICIARY

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, July 21, 2000.

Hon. BILL ARCHER,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR CHAIRMAN ARCHER: I am writing to you concerning the bill H.R. 4678, the "Child Support Distribution Act of 2000."

As you know, this bill contains language which falls within the Rule X jurisdiction of this committee relating to the Immigration and Nationality Act's ability to deny passports if one owes $2,500 in child support arrearage, to deny any non-immigrant alien's admission or visa to the United States for non-payment of child support, to serve legal process on any alien who is an applicant for admission to the United States, and to share child support information to enforce immigration laws. I understand that you would like to proceed expeditiously to the floor on this matter. I am willing to waive our committee's right to mark up this bill. However, this, of course, does not waive our jurisdiction over the subject matter on this or similar legislation, or our desire to be conferees on this bill should it be subject to a House-Senate conference committee.

I would appreciate your placing this exchange of letters in the Congressional Record. Thank you for your cooperation on this matter.

Sincerely,

HENRY J. HYDE,
Chairman.

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