

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1267

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 1995

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

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## A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

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

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

TITLE I—TIME-LIMITED TRANSITIONAL ASSISTANCE

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

TITLE II—MAKE WORK PAY

Subtitle A—Health Care

- Sec. 201. Transitional medicaid benefits.

Subtitle B—Earned Income Tax Credit

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

Subtitle C—Child Care

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

Subtitle D—AFDC Work Disregards

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

Subtitle E—AFDC Asset Limitations

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

TITLE III—THE WORK FIRST PROGRAM

- Sec. 301. Work first program.
- Sec. 302. Regulations.
- Sec. 303. Applicability to States.
- Sec. 304. Sense of the Congress relating to availability of work first program in rural areas.
- Sec. 305. Grants to community-based organizations.

TITLE IV—FAMILY RESPONSIBILITY AND IMPROVED CHILD SUPPORT ENFORCEMENT

Subtitle A—Eligibility and Other Matters Concerning Title IV-D Program Clients

- Sec. 401. State obligation to provide paternity establishment and child support enforcement services.
- Sec. 402. Distribution of payments.
- Sec. 403. Due process rights.
- Sec. 404. Privacy safeguards.

#### Subtitle B—Program Administration and Funding

- Sec. 411. Federal matching payments.
- Sec. 412. Performance-based incentives and penalties.
- Sec. 413. Federal and State reviews and audits.
- Sec. 414. Required reporting procedures.
- Sec. 415. Automated data processing requirements.
- Sec. 416. Director of CSE program; staffing study.
- Sec. 417. Funding for secretarial assistance to State programs.
- Sec. 418. Reports and data collection by the Secretary.

#### Subtitle C—Locate and Case Tracking

- Sec. 421. Central State and case registry.
- Sec. 422. Centralized collection and disbursement of support payments.
- Sec. 423. Amendments concerning income withholding.
- Sec. 424. Locator information from interstate networks.
- Sec. 425. Expanded Federal Parent Locator Service.
- Sec. 426. Use of social security numbers.

#### Subtitle D—Streamlining and Uniformity of Procedures

- Sec. 431. Adoption of uniform State laws.
- Sec. 432. Improvements to full faith and credit for child support orders.
- Sec. 433. State laws providing expedited procedures.

#### Subtitle E—Paternity Establishment

- Sec. 441. Sense of the Congress.
- Sec. 442. Availability of parenting social services for new fathers.
- Sec. 443. Cooperation requirement and good cause exception.
- Sec. 444. Federal matching payments.
- Sec. 445. Performance-based incentives and penalties.
- Sec. 446. State laws concerning paternity establishment.
- Sec. 447. Outreach for voluntary paternity establishment.

#### Subtitle F—Establishment and Modification of Support Orders

- Sec. 451. National Child Support Guidelines Commission.
- Sec. 452. Simplified process for review and adjustment of child support orders.

#### Subtitle G—Enforcement of Support Orders

- Sec. 461. Federal income tax refund offset.
- Sec. 462. Internal Revenue Service collection of arrears.
- Sec. 463. Authority to collect support from Federal employees.
- Sec. 464. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 465. Motor vehicle liens.
- Sec. 466. Voiding of fraudulent transfers.
- Sec. 467. State law authorizing suspension of licenses.
- Sec. 468. Reporting arrearages to credit bureaus.

- Sec. 469. Extended statute of limitation for collection of arrearages.
- Sec. 470. Charges for arrearages.
- Sec. 471. Denial of passports for nonpayment of child support.
- Sec. 472. International child support enforcement.
- Sec. 473. Seizure of lottery winnings, settlements, payouts, awards, and bequests, and sale of forfeited property, to pay child support arrearages.
- Sec. 474. Liability of grandparents for financial support of children of their minor children.
- Sec. 475. Sense of the Congress regarding programs for noncustodial parents unable to meet child support obligations.

#### Subtitle H—Medical Support

- Sec. 481. Technical correction to ERISA definition of medical child support order.
- Sec. 482. Extension of medicaid eligibility for families losing AFDC due to increased child support collections.

#### Subtitle I—Effect of Enactment

- Sec. 491. Effective dates.
- Sec. 492. Severability.

### TITLE V—TEEN PREGNANCY AND FAMILY STABILITY

#### Subtitle A—Federal Role

- Sec. 501. State option to deny AFDC for additional children.
- Sec. 502. Minors receiving AFDC required to live under responsible adult supervision.
- Sec. 503. National clearinghouse on adolescent pregnancy.
- Sec. 504. Incentive for teen parents to attend school.
- Sec. 505. State option to disregard 100-hour rule under AFDC-UP program.
- Sec. 506. State option to disregard 6-month limitation on AFDC-UP benefits.
- Sec. 507. Elimination of quarters of coverage requirement under AFDC-UP program for families in which both parents are teens.
- Sec. 508. Denial of Federal housing benefits to minors who bear children out-of-wedlock.
- Sec. 509. State option to deny AFDC to minor parents.

#### Subtitle B—State Role

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

### TITLE VI—PROGRAM SIMPLIFICATION

#### Subtitle A—Increased State Flexibility

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

#### Subtitle B—Coordination of AFDC and Food Stamp Programs

- Sec. 611. Amendments to part A of title IV of the Social Security Act.

Sec. 612. Amendments to the Food Stamp Act of 1977.

Subtitle C—Fraud Reduction

Sec. 631. Sense of the Congress in support of the efforts of the administration to address the problems of fraud and abuse in the supplemental security income program.

Sec. 632. Study on feasibility of single tamper-proof identification card to serve programs under both the Social Security Act and health reform legislation.

Subtitle D—Additional Provisions

Sec. 641. State options regarding unemployed parent program.

Sec. 642. Definition of essential person.

Sec. 643. “Fill-the-gap” budgeting.

Sec. 644. Repeal of requirement to make certain supplemental payments in States paying less than their needs standards.

Sec. 645. Collection of AFDC overpayments from Federal tax refunds.

Sec. 646. Territories.

Sec. 647. Disregard of student income.

Sec. 648. Lump-sum income.

TITLE VII—CHILD PROTECTION BLOCK GRANT PROGRAM

Sec. 701. Establishment of programs.

Sec. 702. Repeals and conforming amendments.

Sec. 703. Effective date.

TITLE VIII—SSI REFORM

Subtitle A—Eligibility of Children for Benefits

Sec. 801. Restrictions on eligibility.

Sec. 802. Continuing disability reviews for certain children.

Sec. 803. Disability review required for SSI recipients who are 18 years of age.

Sec. 804. Applicability.

Subtitle B—Denial of SSI Benefits by Reason of Disability to Drug Addicts and Alcoholics

Sec. 811. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.

TITLE IX—FINANCING

Subtitle A—Treatment of Aliens

Sec. 901. Extension of deeming of income and resources under AFDC, SSI, and food stamp programs.

Sec. 902. Requirements for sponsor’s affidavits of support.

Sec. 903. Extending requirement for affidavits of support to family-related and diversity immigrants.

Subtitle B—Limitation on Emergency Assistance Expenditures

Sec. 911. Limitation on expenditures for emergency assistance.

Subtitle C—Tax Provisions

- Sec. 921. Certain Federal assistance includible in gross income.
- Sec. 922. Earned income tax credit denied to individuals not authorized to be employed in the United States.
- Sec. 923. Phaseout of earned income credit for individuals having more than \$2,500 of taxable interest and dividends.
- Sec. 924. AFDC and food stamp benefits not taken into account for purposes of the earned income tax credit.

## TITLE X—FOOD ASSISTANCE REFORM

### Subtitle A—Food Stamp Program Integrity and Reform

- Sec. 1001. Authority to establish authorization periods.
- Sec. 1002. Specific period for prohibiting participation of stores based on lack of business integrity.
- Sec. 1003. Information for verifying eligibility for authorization.
- Sec. 1004. Waiting period for stores that initially fail to meet authorization criteria.
- Sec. 1005. Bases for suspensions and disqualifications.
- Sec. 1006. Authority to suspend stores violating program requirements pending administrative and judicial review.
- Sec. 1007. Disqualification of retailers who are disqualified from the WIC program.
- Sec. 1008. Permanent debarment of retailers who intentionally submit falsified applications.
- Sec. 1009. Expanded civil and criminal forfeiture for violations of the Food Stamp Act.
- Sec. 1010. Expanded authority for sharing information provided by retailers.
- Sec. 1011. Expanded definition of “coupon”.
- Sec. 1012. Doubled penalties for violating food stamp program requirements.
- Sec. 1013. Mandatory claims collection methods.
- Sec. 1014. Reduction of basic benefit level.
- Sec. 1015. Pro-rating benefits after interruptions in participation.
- Sec. 1016. Work requirement for able-bodied recipients.
- Sec. 1017. Extending current claims retention rates.
- Sec. 1018. Coordination of employment and training programs.
- Sec. 1019. Promoting expansion of electronic benefits transfer.
- Sec. 1020. One-year freeze of standard deduction.
- Sec. 1021. Nutrition assistance for Puerto Rico.
- Sec. 1022. Other amendments to the Food Stamp Act of 1977.

### Subtitle B—Commodity Distribution

- Sec. 1051. Short title.
- Sec. 1052. Availability of commodities.
- Sec. 1053. State, local and private supplementation of commodities.
- Sec. 1054. State plan.
- Sec. 1055. Allocation of commodities to States.
- Sec. 1056. Priority system for State distribution of commodities.
- Sec. 1057. Initial processing costs.
- Sec. 1058. Assurances; anticipated use.
- Sec. 1059. Authorization of appropriations.
- Sec. 1060. Commodity supplemental food program.
- Sec. 1061. Commodities not income.
- Sec. 1062. Prohibition against certain State charges.
- Sec. 1063. Definitions.

- Sec. 1064. Regulations.
- Sec. 1065. Finality of determinations.
- Sec. 1066. Relationship to other programs.
- Sec. 1067. Settlement and adjustment of claims.
- Sec. 1068. Repealers; amendments.

#### TITLE XI—DEFICIT REDUCTION

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

#### TITLE XII—EFFECTIVE DATE

- Sec. 1201. Effective date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **TITLE II—MAKE WORK PAY**

### **Subtitle A—Health Care**

#### **SEC. 201. TRANSITIONAL MEDICAID BENEFITS.**

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

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

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

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

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

(C) in paragraph (2)(B)(ii)—

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

11                           **TAX CREDIT AND DEPENDENT CARE TAX**

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

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

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

22                           **CREDIT THROUGH STATE DEMONSTRATION**

23                           **PROGRAMS.**

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

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

3 “(g) STATE DEMONSTRATIONS.—

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

11 “(2) DESIGNATIONS.—

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

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

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

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

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

14 “(ii) SPECIAL RULES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 “(A) AMOUNT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7                           “(ii) the sum of—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 19 **Subtitle C—Child Care**

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

23 (a) CREDIT TO BE REFUNDABLE.—

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

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

6 (2) TECHNICAL AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

“Sec. 36. Overpayments of tax.”.

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

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

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

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

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

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

9 (a) ELIMINATION OF CHILD CARE PROGRAMS.—

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

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

14 (B) CONFORMING AMENDMENTS.—

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

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

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

24 (II) by striking the 2nd sentence.

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

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

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

13          “**SEC. 2008. CHILD CARE.**

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

19           “(b) STATE PLANS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 “(c) SPECIAL ALLOTMENTS.—

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

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

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

18 and

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

21 “(d) PAYMENTS TO STATES.—

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

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

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

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

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

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

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

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

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

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

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

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

16           “(e) USE OF FUNDS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

25          “(6) CHILD CARE CERTIFICATES.—

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

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

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

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

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

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

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

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

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

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

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

11 “(C) professional or employee associations;

12 “(D) consortia of small businesses; and

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

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

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

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

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

5           “(f) REPORTING REQUIREMENTS.—

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

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

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

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

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

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

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

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

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

19           “(4) REPORTS BY THE SECRETARY.—

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

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

9           “(g) ADMINISTRATION AND ENFORCEMENT.—

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

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

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

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

22           “(2) ENFORCEMENT.—

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

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

5 “(B) NONCOMPLIANCE.—

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

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

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

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

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

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

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

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

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

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

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

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

8 “(a) CHILD CARE GUARANTEE.—

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

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

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

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

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

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

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

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

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

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

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

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

18                         “(2) the greater of—

19                                 “(A) 70 percent; or

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

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

## 1 **Subtitle D—AFDC Work Disregards**

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

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

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

7 and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (b) DISREGARD FROM INCOME.—

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

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

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

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

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

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

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

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

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

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

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

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

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



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

3           “(50) provide that the State—

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

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

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

13           “(B) has in effect and operation—

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

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

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

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

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

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

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

17 **“SEC. 481. ASSESSMENT.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 **“SEC. 485. PENALTIES.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 **“Part G—Work First Program**

14 **“Subpart 1—Federal Model**

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

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

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

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

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

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

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

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

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

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

13 “(7) CASE MANAGEMENT TEAMS.—

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

20 “(B) DEADLINE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13           “(10) ONE-STOP EMPLOYMENT SHOPS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 “(2) PAYMENTS.—

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

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

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

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

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

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

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

18 **“SEC. 495. MICROENTERPRISE.**

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

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

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

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

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

19 “(b) STATE FLEXIBILITY.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 “(1) 9 months; or

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

9 “(e) RULES OF INTERPRETATION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 “(a) PARTICIPATION RATES.—

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

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

5           “(2) PARTICIPATION RATE DEFINED.—

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

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

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

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

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

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

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

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

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

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

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

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

21           “(c) PERFORMANCE-BASED MEASURES.—

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

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

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

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

11 **“SEC. 499. STATE ROLE.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3           “(b) ANNUAL REPORTS.—

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

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

15       **“SEC. 500. FEDERAL ROLE.**

16          “(a) APPROVAL OF STATE PLANS.—

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

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

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

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

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

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

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

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

7 **“Part H—Workfare Program**

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

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

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

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

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

6       “(e) COMMUNITY SERVICE JOBS.—

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

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

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

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

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

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

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

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

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

25          “(g) WORK SUPPLEMENTATION PROGRAM.—

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

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

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

19           “(i) DURATION OF PARTICIPATION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (e) CONFORMING AMENDMENTS.—

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

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

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

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

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

18 (C) by striking clause (v).

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

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

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

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

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

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

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

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

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

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

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

11 **SEC. 302. REGULATIONS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (A) case management;

18 (B) job training;

19 (C) child care;

20 (D) housing;

21 (E) health care services;

22 (F) nutrition programs;

23 (G) life skills training; and

24 (H) parenting skills.

25 (d) AWARDING OF GRANTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (2) in paragraph (6)—

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

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

9 (B) in subparagraph (B)—

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

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

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

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

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

25 (c) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

20                 (1) in subparagraph (A)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (E) in subparagraph (A)(iii)—

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

2 and

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

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

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

8 (ii) by striking “such preceding fiscal  
9 year” both places it appears and inserting “the  
10 preceding fiscal year”; and

11 (iii) by striking “or (E)” the second place  
12 it appears.

13 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is  
14 amended—

15 (A) by striking subparagraph (A) and redesignating  
16 subparagraphs (B) and (C) as subparagraphs  
17 (A) and (B), respectively;

18 (B) in subparagraph (A), as redesignated, by  
19 striking “the percentage of children born out-of-wed-  
20 lock in the State” and inserting “the percentage of  
21 children in the State who are born out of wedlock  
22 or for whom support has not been established”; and

23 (C) in subparagraph (B), as redesignated—

1 (i) by inserting “and overall performance  
2 in child support enforcement” after “paternity  
3 establishment percentages”; and

4 (ii) by inserting “and securing support”  
5 before the period.

6 (e) REDUCTION OF PAYMENTS UNDER PART D OF  
7 TITLE IV.—

8 (1) NEW REQUIREMENTS.—Section 455 (42  
9 U.S.C. 655) is amended by inserting after sub-  
10 section (b) the following:

11 “(c)(1) If the Secretary finds, with respect to a State  
12 program under this part in a fiscal year beginning on or  
13 after October 1, 1997—

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

23 “(ii) on the basis of an audit or audits of such  
24 State data conducted pursuant to section  
25 452(a)(4)(C), that the State data submitted pursu-

1 ant to section 454(15)(B) is incomplete or unreli-  
2 able; and

3 “(B) that, with respect to the succeeding fiscal  
4 year—

5 “(i) the State failed to take sufficient cor-  
6 rective action to achieve the appropriate per-  
7 formance levels as described in subparagraph  
8 (A)(i) of this paragraph, or

9 “(ii) the data submitted by the State pur-  
10 suant to section 454(15)(B) is incomplete or  
11 unreliable,

12 the amounts otherwise payable to the State under this  
13 part for quarters following the end of such succeeding fis-  
14 cal year, prior to quarters following the end of the first  
15 quarter throughout which the State program is in compli-  
16 ance with such performance requirement, shall be reduced  
17 by the percentage specified in paragraph (2).

18 “(2) The reductions required under paragraph (1)  
19 shall be—

20 “(A) not less than 6 nor more than 8 percent,  
21 or

22 “(B) not less than 8 nor more than 12 percent,  
23 if the finding is the second consecutive finding made  
24 pursuant to paragraph (1), or

1           “(C) not less than 12 nor more than 15 per-  
2           cent, if the finding is the third or a subsequent con-  
3           secutive such finding.

4           “(3) For purposes of this subsection, section  
5 402(a)(27), and section 452(a)(4), a State which is deter-  
6 mined as a result of an audit to have submitted incomplete  
7 or unreliable data pursuant to section 454(15)(B), shall  
8 be determined to have submitted adequate data if the Sec-  
9 retary determines that the extent of the incompleteness  
10 or unreliability of the data is of a technical nature which  
11 does not adversely affect the determination of the level of  
12 the State’s performance.”.

13           (2) CONFORMING AMENDMENTS.—

14           (A) Section 403 (42 U.S.C. 603) is amend-  
15           ed by striking subsection (h).

16           (B) Section 452(a)(4) (42 U.S.C.  
17 652(a)(4)) is amended by striking “403(h)”  
18 each place such term appears and inserting  
19 “455(c)”.

20           (C) Subsections (d)(3)(A), (g)(1), and  
21 (g)(3)(A) of section 452 (42 U.S.C. 652) are  
22 each amended by striking “403(h)” and insert-  
23 ing “455(c)”.

24           (f) EFFECTIVE DATES.—

1           (1) INCENTIVE ADJUSTMENTS.—(A) The  
2 amendments made by subsections (a), (b), and (c)  
3 shall become effective October 1, 1997, except to the  
4 extent provided in subparagraph (B).

5           (B) Section 458 of the Social Security Act, as  
6 in effect prior to the enactment of this section, shall  
7 be effective for purposes of incentive payments to  
8 States for fiscal years prior to fiscal year 1999.

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

13           (B) The amendments made by subsection (e)  
14 shall become effective with respect to calendar quar-  
15 ters beginning on and after the date one year after  
16 the date of enactment of this Act.

17 **SEC. 413. FEDERAL AND STATE REVIEWS AND AUDITS.**

18           (a) STATE AGENCY ACTIVITIES.—Section 454 (42  
19 U.S.C. 654) is amended—

20           (1) in paragraph (14), by striking “(14)” and  
21 inserting “(14)(A)”;

22           (2) by redesignating paragraph (15) as sub-  
23 paragraph (B) of paragraph (14); and

24           (3) by inserting after paragraph (14) the fol-  
25 lowing new paragraph:

1 “(15) provide for—

2 “(A) a process for annual reviews of and  
3 reports to the Secretary on the State program  
4 under this part, which shall include such infor-  
5 mation as may be necessary to measure State  
6 compliance with Federal requirements for expe-  
7 dited procedures and timely case processing,  
8 using such standards and procedures as are re-  
9 quired by the Secretary, under which the State  
10 agency will determine the extent to which such  
11 program is in conformity with applicable re-  
12 quirements with respect to the operation of  
13 State programs under this part (including the  
14 status of complaints filed under the procedure  
15 required under paragraph (12)(B)); and

16 “(B) a process of extracting from the  
17 State automated data processing system and  
18 transmitting to the Secretary data and calcula-  
19 tions concerning the levels of accomplishment  
20 (and rates of improvement) with respect to ap-  
21 plicable performance indicators (including IV-D  
22 paternity establishment percentages and overall  
23 performance in child support enforcement) to  
24 the extent necessary for purposes of sections  
25 452(g) and 458.”.

1 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42  
2 U.S.C. 652(a)(4)) is amended to read as follows:

3 “(4)(A) review data and calculations transmit-  
4 ted by State agencies pursuant to section  
5 454(15)(B) on State program accomplishments with  
6 respect to performance indicators for purposes of  
7 section 452(g) and 458, and determine the amount  
8 (if any) of penalty reductions pursuant to section  
9 455(c) to be applied to the State;

10 “(B) review annual reports by State agencies  
11 pursuant to section 454(15)(A) on State program  
12 conformity with Federal requirements; evaluate any  
13 elements of a State program in which significant de-  
14 ficiencies are indicated by such report on the status  
15 of complaints under the State procedure under sec-  
16 tion 454(12)(B); and, as appropriate, provide to the  
17 State agency comments, recommendations for addi-  
18 tional or alternative corrective actions, and technical  
19 assistance; and

20 “(C) conduct audits, in accordance with the  
21 government auditing standards of the United States  
22 Comptroller General—

23 “(i) at least once every 3 years (or more  
24 frequently, in the case of a State which fails to  
25 meet requirements of this part, or of regula-

1 tions implementing such requirements, concern-  
2 ing performance standards and reliability of  
3 program data) to assess the completeness, reli-  
4 ability, and security of the data, and the accu-  
5 racy of the reporting systems, used for the cal-  
6 culations of performance indicators specified in  
7 subsection (g) and section 458;

8 “(ii) of the adequacy of financial manage-  
9 ment of the State program, including assess-  
10 ments of—

11 “(I) whether Federal and other funds  
12 made available to carry out the State pro-  
13 gram under this part are being appro-  
14 priately expended, and are properly and  
15 fully accounted for; and

16 “(II) whether collections and disburse-  
17 ments of support payments and program  
18 income are carried out correctly and are  
19 properly and fully accounted for; and

20 “(iii) for such other purposes as the Sec-  
21 retary may find necessary;”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall be effective with respect to calendar  
24 quarters beginning on or after the date one year after en-  
25 actment of this section.

1 **SEC. 414. REQUIRED REPORTING PROCEDURES.**

2 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.  
3 652(a)(5)) is amended by inserting “, and establish proce-  
4 dures to be followed by States for collecting and reporting  
5 information required to be provided under this part, and  
6 establish uniform definitions (including those necessary to  
7 enable the measurement of State compliance with the re-  
8 quirements of this part relating to expedited processes and  
9 timely case processing) to be applied in following such pro-  
10 cedures” before the semicolon.

11 (b) STATE PLAN REQUIREMENT.—Section 454 (42  
12 U.S.C. 654), as amended by section 404(a) of this Act,  
13 is amended—

14 (1) by striking “and” at the end of paragraph  
15 (24);

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

18 (3) by adding after paragraph (25) the follow-  
19 ing:

20 “(26) provide that the State shall use the defi-  
21 nitions established under section 452(a)(5) in col-  
22 lecting and reporting information as required under  
23 this part.”.

24 **SEC. 415. AUTOMATED DATA PROCESSING REQUIREMENTS.**

25 (a) REVISED REQUIREMENTS.—(1) Section 454(16)  
26 (42 U.S.C. 654(16)) is amended—

1 (A) by striking “, at the option of the State,”;

2 (B) by inserting “and operation by the State  
3 agency” after “for the establishment”;

4 (C) by inserting “meeting the requirements of  
5 section 454A” after “information retrieval system”;

6 (D) by striking “in the State and localities  
7 thereof, so as (A)” and inserting “so as”;

8 (E) by striking “(i)”; and

9 (F) by striking “(including” and all that follows  
10 and inserting a semicolon.

11 (2) Part D of title IV (42 U.S.C. 651–669) is amend-  
12 ed by inserting after section 454 the following new section:

13 “AUTOMATED DATA PROCESSING

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

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

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

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

6           “(c) CALCULATION OF PERFORMANCE INDICA-  
7           TORS.—In order to enable the Secretary to determine the  
8           incentive and penalty adjustments required by sections  
9           452(g) and 458, the State agency shall—

10           “(1) use the automated system—

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

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

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

24           “(d) INFORMATION INTEGRITY AND SECURITY.—The  
25           State agency shall have in effect safeguards on the integ-

1 rity, accuracy, and completeness of, access to, and use of  
2 data in the automated system required under this section,  
3 which shall include the following (in addition to such other  
4 safeguards as the Secretary specifies in regulations):

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

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

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

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

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

22           “(3) MONITORING OF ACCESS.—Routine mon-  
23 itoring of access to and use of the automated sys-  
24 tem, through methods such as audit trails and feed-

1 back mechanisms, to guard against and promptly  
2 identify unauthorized access or use.

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

11 “(5) PENALTIES.—The State agency shall have  
12 in effect administrative penalties (up to and includ-  
13 ing dismissal from employment) for unauthorized ac-  
14 cess to, or disclosure or use of, confidential data.”.

15 (3) REGULATIONS.—Section 452 (42 U.S.C. 652) is  
16 amended by adding at the end the following:

17 “(j) The Secretary shall prescribe final regulations  
18 for implementation of the requirements of section 454A  
19 not later than 2 years after the date of the enactment of  
20 this subsection.”.

21 (4) IMPLEMENTATION TIMETABLE.—Section  
22 454(24) (42 U.S.C. 654(24)), as amended by sections  
23 404(a)(2) and 414(b)(1) of this Act, is amended to read  
24 as follows:

1           “(24) provide that the State will have in effect  
2           an automated data processing and information re-  
3           trieval system—

4                   “(A) by October 1, 1995, meeting all re-  
5                   quirements of this part which were enacted on  
6                   or before the date of enactment of the Family  
7                   Support Act of 1988; and

8                   “(B) by October 1, 1999, meeting all re-  
9                   quirements of this part enacted on or before the  
10                  date of enactment of the Individual Responsibil-  
11                  ity Act of 1995 (but this provision shall not be  
12                  construed to alter earlier deadlines specified for  
13                  elements of such system), except that such  
14                  deadline shall be extended by 1 day for each  
15                  day (if any) by which the Secretary fails to  
16                  meet the deadline imposed by section 452(j);”.

17           (b) SPECIAL FEDERAL MATCHING RATE FOR DE-  
18           VELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section  
19           455(a) (42 U.S.C. 655(a)) is amended—

20                   (1) in paragraph (1)(B)—

21                           (A) by striking “90 percent” and inserting  
22                           “the percent specified in paragraph (3)”;

23                           (B) by striking “so much of”; and

24                           (C) by striking “which the Secretary” and  
25                           all that follows and inserting “, and”; and

1           (2) by adding at the end the following new  
2 paragraph:

3           “(3)(A) The Secretary shall pay to each State, for  
4 each quarter in fiscal year 1996, 90 percent of so much  
5 of State expenditures described in subparagraph (1)(B) as  
6 the Secretary finds are for a system meeting the require-  
7 ments specified in section 454(16), or meeting such re-  
8 quirements without regard to clause (D) thereof.

9           “(B)(i) The Secretary shall pay to each State, for  
10 each quarter in fiscal years 1997 through 2001, the per-  
11 centage specified in clause (ii) of so much of State expend-  
12 itures described in subparagraph (1)(B) as the Secretary  
13 finds are for a system meeting the requirements specified  
14 in section 454(16) and 454A, subject to clause (iii).

15           “(ii) The percentage specified in this clause, for pur-  
16 poses of clause (i), is the higher of—

17                   “(I) 80 percent, or

18                   “(II) the percentage otherwise applicable to  
19 Federal payments to the State under subparagraph  
20 (A) (as adjusted pursuant to section 458).”.

21           (c) CONFORMING AMENDMENT.—Section 123(c) of  
22 the Family Support Act of 1988 (102 Stat. 2352; Public  
23 Law 100–485) is repealed.

24           (d) ADDITIONAL PROVISIONS.—For additional provi-  
25 sions of section 454A, as added by subsection (a) of this

1 section, see the amendments made by sections 421,  
2 422(c), and 433(d) of this Act.

3 **SEC. 416. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.**

4 (a) REPORTING TO SECRETARY.—Section 452(a) (42  
5 U.S.C. 652(a)) is amended in the matter preceding para-  
6 graph (1) by striking “directly”.

7 (b) STAFFING STUDIES.—

8 (1) SCOPE.—The Secretary of Health and  
9 Human Services shall, directly or by contract, con-  
10 duct studies of the staffing of each State child sup-  
11 port enforcement program under part D of title IV  
12 of the Social Security Act. Such studies shall include  
13 a review of the staffing needs created by require-  
14 ments for automated data processing, maintenance  
15 of a central case registry and centralized collections  
16 of child support, and of changes in these needs re-  
17 sulting from changes in such requirements. Such  
18 studies shall examine and report on effective staffing  
19 practices used by the States and on recommended  
20 staffing procedures.

21 (2) FREQUENCY OF STUDIES.—The Secretary  
22 shall complete the first staffing study required under  
23 paragraph (1) by October 1, 1997, and may conduct  
24 additional studies subsequently at appropriate inter-  
25 vals.



1           “(C) operation of the Federal Parent Locator  
2           Service under section 453, to the extent such costs  
3           are not recovered through user fees.

4           “(2) The amount specified in this paragraph for a  
5           fiscal year is the amount equal to a percentage of the re-  
6           duction in Federal payments to States under part A on  
7           account of child support (including arrearages) collected  
8           in the preceding fiscal year on behalf of children receiving  
9           aid under such part A in such preceding fiscal year (as  
10          determined on the basis of the most recent reliable data  
11          available to the Secretary as of the end of the third cal-  
12          endar quarter following the end of such preceding fiscal  
13          year), equal to—

14           “(A) 1 percent, for the activities specified in  
15          subparagraphs (A) and (B) of paragraph (1); and

16           “(B) 2 percent, for the activities specified in  
17          subparagraph (C) of paragraph (1).”.

18       **SEC. 418. REPORTS AND DATA COLLECTION BY THE SEC-**

19                               **RETARY.**

20           (a) ANNUAL REPORT TO CONGRESS.—(1) Section  
21       452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

22           (A) by striking “this part;” and inserting “this  
23          part, including—”; and

24           (B) by adding at the end the following indented  
25          clauses:

1           “(i) the total amount of child support  
2           payments collected as a result of services  
3           furnished during such fiscal year to indi-  
4           viduals receiving services under this part;

5           “(ii) the cost to the States and to the  
6           Federal Government of furnishing such  
7           services to those individuals; and

8           “(iii) the number of cases involving  
9           families—

10                   “(I) who became ineligible for aid  
11                   under part A during a month in such  
12                   fiscal year; and

13                   “(II) with respect to whom a  
14                   child support payment was received in  
15                   the same month;”.

16           (2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C))  
17 is amended—

18           (A) in the matter preceding clause (i)—

19                   (i) by striking “with the data required  
20                   under each clause being separately stated for  
21                   cases” and inserting “separately stated for (1)  
22                   cases”;

23                   (ii) by striking “cases where the child was  
24                   formerly receiving” and inserting “or formerly  
25                   received”;

1 (iii) by inserting “or 1912” after  
2 “471(a)(17)”; and

3 (iv) by inserting “(2)” before “all other”;  
4 (B) in each of clauses (i) and (ii), by striking  
5 “, and the total amount of such obligations”;

6 (C) in clause (iii), by striking “described in”  
7 and all that follows and inserting “in which support  
8 was collected during the fiscal year.”;

9 (D) by striking clause (iv); and

10 (E) by redesignating clause (v) as clause (vii),  
11 and inserting after clause (iii) the following new  
12 clauses:

13 “(iv) the total amount of support col-  
14 lected during such fiscal year and distrib-  
15 uted as current support;

16 “(v) the total amount of support col-  
17 lected during such fiscal year and distrib-  
18 uted as arrearages;

19 “(vi) the total amount of support due  
20 and unpaid for all fiscal years; and”.

21 (3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G))  
22 is amended by striking “on the use of Federal courts  
23 and”.

24 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is  
25 amended by striking all that follows subparagraph (I).

1 (b) DATA COLLECTION AND REPORTING.—Section  
2 469 (42 U.S.C. 669) is amended—

3 (1) by striking subsections (a) and (b) and in-  
4 serting the following:

5 “(a) The Secretary shall collect and maintain, on a  
6 fiscal year basis, up-to-date statistics, by State, with re-  
7 spect to services to establish paternity and services to es-  
8 tablish child support obligations, the data specified in sub-  
9 section (b), separately stated, in the case of each such  
10 service, with respect to—

11 “(1) families (or dependent children) receiving  
12 aid under plans approved under part A (or E); and

13 “(2) families not receiving such aid.

14 “(b) The data referred to in subsection (a) are—

15 “(1) the number of cases in the caseload of the  
16 State agency administering the plan under this part  
17 in which such service is needed; and

18 “(2) the number of such cases in which the  
19 service has been provided.”; and

20 (2) in subsection (c), by striking “(a)(2)” and  
21 inserting “(b)(2)”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall be effective with respect to fiscal year  
24 1996 and succeeding fiscal years.

1           **Subtitle C—Locate and Case**  
2                           **Tracking**

3   **SEC. 421. CENTRAL STATE AND CASE REGISTRY.**

4           Section 454A, as added by section 415(a)(2) of this  
5 Act, is amended by adding at the end the following:

6           “(e) CENTRAL CASE REGISTRY.—(1) IN GEN-  
7 ERAL.—The automated system required under this section  
8 shall perform the functions, in accordance with the provi-  
9 sions of this subsection, of a single central registry con-  
10 taining records with respect to each case in which services  
11 are being provided by the State agency (including, on and  
12 after October 1, 1998, each order specified in section  
13 466(a)(12)), using such standardized data elements (such  
14 as names, social security numbers or other uniform identi-  
15 fication numbers, dates of birth, and case identification  
16 numbers), and containing such other information (such as  
17 information on case status) as the Secretary may require.

18           “(2) PAYMENT RECORDS.—Each case record in the  
19 central registry shall include a record of—

20                   “(A) the amount of monthly (or other periodic)  
21           support owed under the support order, and other  
22           amounts due or overdue (including arrears, interest  
23           or late payment penalties, and fees);

1           “(B) the date on which or circumstances under  
2           which the support obligation will terminate under  
3           such order;

4           “(C) all child support and related amounts col-  
5           lected (including such amounts as fees, late payment  
6           penalties, and interest on arrearages);

7           “(D) the distribution of such amounts collected;  
8           and

9           “(E) the birth date of the child for whom the  
10          child support order is entered.

11          “(3) UPDATING AND MONITORING.—The State agen-  
12          cy shall promptly establish and maintain, and regularly  
13          monitor, case records in the registry required by this sub-  
14          section, on the basis of—

15                 “(A) information on administrative actions and  
16                 administrative and judicial proceedings and orders  
17                 relating to paternity and support;

18                 “(B) information obtained from matches with  
19                 Federal, State, or local data sources;

20                 “(C) information on support collections and dis-  
21                 tributions; and

22                 “(D) any other relevant information.

23          “(f) DATA MATCHES AND OTHER DISCLOSURES OF  
24          INFORMATION.—The automated system required under  
25          this section shall have the capacity, and be used by the

1 State agency, to extract data at such times, and in such  
2 standardized format or formats, as may be required by  
3 the Secretary, and to share and match data with, and re-  
4 ceive data from, other data bases and data matching serv-  
5 ices, in order to obtain (or provide) information necessary  
6 to enable the State agency (or Secretary or other State  
7 or Federal agencies) to carry out responsibilities under  
8 this part. Data matching activities of the State agency  
9 shall include at least the following:

10           “(1) DATA BANK OF CHILD SUPPORT OR-  
11           DERS.—Furnish to the Data Bank of Child Support  
12           Orders established under section 453(h) (and update  
13           as necessary, with information including notice of  
14           expiration of orders) minimal information (to be  
15           specified by the Secretary) on each child support  
16           case in the central case registry.

17           “(2) FEDERAL PARENT LOCATOR SERVICE.—  
18           Exchange data with the Federal Parent Locator  
19           Service for the purposes specified in section 453.

20           “(3) AFDC AND MEDICAID AGENCIES.—Ex-  
21           change data with State agencies (of the State and  
22           of other States) administering the programs under  
23           part A and title XIX, as necessary for the perform-  
24           ance of State agency responsibilities under this part  
25           and under such programs.

1           “(4) INTRA- AND INTERSTATE DATA  
2 MATCHES.—Exchange data with other agencies of  
3 the State, agencies of other States, and interstate  
4 information networks, as necessary and appropriate  
5 to carry out (or assist other States to carry out) the  
6 purposes of this part.”.

7 **SEC. 422. CENTRALIZED COLLECTION AND DISBURSEMENT**  
8 **OF SUPPORT PAYMENTS.**

9           (a) STATE PLAN REQUIREMENT.—Section 454 (42  
10 U.S.C. 654), as amended by sections 404(a) and 414(b)  
11 of this Act, is amended—

12           (1) by striking “and” at the end of paragraph  
13 (25);

14           (2) by striking the period at the end of para-  
15 graph (26) and inserting “; and”; and

16           (3) by adding after paragraph (26) the follow-  
17 ing new paragraph:

18           “(27) provide that the State agency, on and  
19 after October 1, 1998—

20           “(A) will operate a centralized, automated  
21 unit for the collection and disbursement of child  
22 support under orders being enforced under this  
23 part, in accordance with section 454B; and

24           “(B) will have sufficient State staff (con-  
25 sisting of State employees), and (at State op-



1 payments under support orders in all cases being en-  
2 forced by the State pursuant to section 454(4).

3 “(b) REQUIRED PROCEDURES.—The centralized col-  
4 lections unit shall use automated procedures, electronic  
5 processes, and computer-driven technology to the maxi-  
6 mum extent feasible, efficient, and economical, for the col-  
7 lection and disbursement of support payments, including  
8 procedures—

9 “(1) for receipt of payments from parents, em-  
10 ployers, and other States, and for disbursements to  
11 custodial parents and other obligees, the State agen-  
12 cy, and the State agencies of other States;

13 “(2) for accurate identification of payments;

14 “(3) to ensure prompt disbursement of the cus-  
15 todial parent’s share of any payment; and

16 “(4) to furnish to either parent, upon request,  
17 timely information on the current status of support  
18 payments.”.

19 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as  
20 added by section 415(a)(2) of this Act and as amended  
21 by section 421 of this Act, is amended by adding at the  
22 end the following new subsection:

23 “(g) CENTRALIZED COLLECTION AND DISTRIBUTION  
24 OF SUPPORT PAYMENTS.—The automated system re-  
25 quired under this section shall be used, to the maximum

1 extent feasible, to assist and facilitate collections and dis-  
2 bursement of support payments through the centralized  
3 collections unit operated pursuant to section 454B,  
4 through the performance of functions including at a mini-  
5 mum—

6           “(1) generation of orders and notices to em-  
7           ployers (and other debtors) for the withholding of  
8           wages (and other income)—

9                   “(A) within two working days after receipt  
10                   (from the directory of New Hires established  
11                   under section 453(i) or any other source) of no-  
12                   tice of and the income source subject to such  
13                   withholding; and

14                   “(B) using uniform formats directed by  
15                   the Secretary;

16           “(2) ongoing monitoring to promptly identify  
17           failures to make timely payment; and

18           “(3) automatic use of enforcement mechanisms  
19           (including mechanisms authorized pursuant to sec-  
20           tion 466(c)) where payments are not timely made.”.

21           (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall become effective on October 1, 1998.

1 **SEC. 423. AMENDMENTS CONCERNING INCOME WITHHOLD-**  
2 **ING.**

3 (a) MANDATORY INCOME WITHHOLDING.—(1) Sec-  
4 tion 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read  
5 as follows:

6 “(1) INCOME WITHHOLDING.—(A) UNDER OR-  
7 DERS ENFORCED UNDER THE STATE PLAN.—Proce-  
8 dures described in subsection (b) for the withholding  
9 from income of amounts payable as support in cases  
10 subject to enforcement under the State plan.

11 “(B) UNDER CERTAIN ORDERS PREDATING  
12 CHANGE IN REQUIREMENT.—Procedures under  
13 which all child support orders issued (or modified)  
14 before October 1, 1996, and which are not otherwise  
15 subject to withholding under subsection (b), shall be-  
16 come subject to withholding from wages as provided  
17 in subsection (b) if arrearages occur, without the  
18 need for a judicial or administrative hearing.”.

19 (2) Section 466(a)(8) (42 U.S.C. 666(a)(8)) is re-  
20 pealed.

21 (3) Section 466(b) (42 U.S.C. 666(b)) is amended—

22 (A) in the matter preceding paragraph (1), by  
23 striking “subsection (a)(1)” and inserting “sub-  
24 section (a)(1)(A)”;

25 (B) in paragraph (5), by striking all that fol-  
26 lows “administered by” and inserting “the State

1 through the centralized collections unit established  
2 pursuant to section 454B, in accordance with the re-  
3 quirements of such section 454B.”;

4 (C) in paragraph (6)(A)(i)—

5 (i) by inserting “, in accordance with time-  
6 tables established by the Secretary,” after  
7 “must be required”; and

8 (ii) by striking “to the appropriate agency”  
9 and all that follows and inserting “to the State  
10 centralized collections unit within 5 working  
11 days after the date such amount would (but for  
12 this subsection) have been paid or credited to  
13 the employee, for distribution in accordance  
14 with this part.”;

15 (D) in paragraph (6)(A)(ii), by inserting “be in  
16 a standard format prescribed by the Secretary, and”  
17 after “shall”; and

18 (E) in paragraph (6)(D)—

19 (i) by striking “employer who discharges”  
20 and inserting “employer who—(A) discharges”;

21 (ii) by relocating subparagraph (A), as des-  
22 ignated, as an indented subparagraph after and  
23 below the introductory matter;

24 (iii) by striking the period at the end; and

1 (iv) by adding after and below subpara-  
2 graph (A) the following new subparagraph:

3 “(B) fails to withhold support from wages,  
4 or to pay such amounts to the State centralized  
5 collections unit in accordance with this sub-  
6 section.”.

7 (b) CONFORMING AMENDMENT.—Section 466(c) (42  
8 U.S.C. 666(c)) is repealed.

9 (c) DEFINITION OF TERMS.—The Secretary shall  
10 promulgate regulations providing definitions, for purposes  
11 of part D of title IV of the Social Security Act, for the  
12 term “income” and for such other terms relating to in-  
13 come withholding under section 466(b) of such Act as the  
14 Secretary may find it necessary or advisable to define.

15 **SEC. 424. LOCATOR INFORMATION FROM INTERSTATE NET-**  
16 **WORKS.**

17 Section 466(a) (42 U.S.C. 666(a)), as amended by  
18 section 423(a)(2) of this Act, is amended by inserting  
19 after paragraph (7) the following:

20 “(8) LOCATOR INFORMATION FROM INTER-  
21 STATE NETWORKS.—Procedures ensuring that the  
22 State will neither provide funding for, nor use for  
23 any purpose (including any purpose unrelated to the  
24 purposes of this part), any automated interstate net-  
25 work or system used to locate individuals—

1           “(A) for purposes relating to the use of  
2           motor vehicles; or

3           “(B) providing information for law en-  
4           forcement purposes (where child support en-  
5           forcement agencies are otherwise allowed access  
6           by State and Federal law),

7           unless all Federal and State agencies administering  
8           programs under this part (including the entities es-  
9           tablished under section 453) have access to informa-  
10          tion in such system or network to the same extent  
11          as any other user of such system or network.”.

12 **SEC. 425. EXPANDED FEDERAL PARENT LOCATOR SERVICE.**

13          (a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS  
14 AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

15                 (1) in subsection (a), by striking all that follows  
16                 “subsection (c))” and inserting the following:

17                 “, for the purpose of establishing parentage, establishing,  
18                 setting the amount of, modifying, or enforcing child sup-  
19                 port obligations—

20                         “(1) information on, or facilitating the discov-  
21                         ery of, the location of any individual—

22                                 “(A) who is under an obligation to pay  
23                                 child support;

24                                 “(B) against whom such an obligation is  
25                                 sought; or

1           “(C) to whom such an obligation is owed,  
2 including such individual’s social security num-  
3 ber (or numbers), most recent residential ad-  
4 dress, and the name, address, and employer  
5 identification number of such individual’s em-  
6 ployer; and

7           “(2) information on the individual’s wages (or  
8 other income) from, and benefits of, employment (in-  
9 cluding rights to or enrollment in group health care  
10 coverage); and

11           “(3) information on the type, status, location,  
12 and amount of any assets of, or debts owed by or  
13 to, any such individual.”; and

14           (2) in subsection (b)—

15           (A) in the matter preceding paragraph (1),  
16 by striking “social security” and all that follows  
17 through “absent parent” and inserting “infor-  
18 mation specified in subsection (a)”;

19           (B) in paragraph (2), by inserting before  
20 the period “, or from any consumer reporting  
21 agency (as defined in section 603(f) of the Fair  
22 Credit Reporting Act (15 U.S.C. 1681a(f))”;

23           (3) in subsection (e)(1), by inserting before the  
24 period “, or by consumer reporting agencies”.

1 (b) REIMBURSEMENT FOR DATA FROM FEDERAL  
2 AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is  
3 amended in the fourth sentence by inserting before the  
4 period “in an amount which the Secretary determines to  
5 be reasonable payment for the data exchange (which  
6 amount shall not include payment for the costs of obtain-  
7 ing, compiling, or maintaining the data)”.

8 (c) ACCESS TO CONSUMER REPORTS UNDER FAIR  
9 CREDIT REPORTING ACT.—(1) Section 608 of the Fair  
10 Credit Reporting Act (15 U.S.C. 1681f) is amended—

11 (A) by striking “, limited to” and inserting “to  
12 a governmental agency (including the entire  
13 consumer report, in the case of a Federal, State, or  
14 local agency administering a program under part D  
15 of title IV of the Social Security Act, and limited  
16 to”; and

17 (B) by striking “employment, to a govern-  
18 mental agency” and inserting “employment, in the  
19 case of any other governmental agency)”.

20 (2) REIMBURSEMENT FOR REPORTS BY STATE  
21 AGENCIES AND CREDIT BUREAUS.—Section 453 (42  
22 U.S.C. 653) is amended by adding at the end the following  
23 new subsection:

24 “(g) The Secretary is authorized to reimburse costs  
25 to State agencies and consumer credit reporting agencies

1 the costs incurred by such entities in furnishing informa-  
2 tion requested by the Secretary pursuant to this section  
3 in an amount which the Secretary determines to be rea-  
4 sonable payment for the data exchange (which amount  
5 shall not include payment for the costs of obtaining, com-  
6 piling, or maintaining the data).”.

7 (d) DISCLOSURE OF TAX RETURN INFORMATION.—

8 (1) Section 6103(1)(6)(A)(ii) of the Internal Revenue  
9 Code of 1986 is amended by striking “, but only if” and  
10 all that follows and inserting a period.

11 (2) Section 6103(1)(8)(A) of the Internal Revenue  
12 Code of 1986 is amended by inserting “Federal,” before  
13 “State or local”.

14 (e) TECHNICAL AMENDMENTS.—

15 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),  
16 and 463(e) (42 U.S.C. 652(a)(9), 653(a), 653(b),  
17 663(a), and 663(e)) are each amended by inserting  
18 “Federal” before “Parent” each place it appears.

19 (2) Section 453 (42 U.S.C. 653) is amended in  
20 the heading by adding “FEDERAL” before “PAR-  
21 ENT”.

22 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.  
23 653), as amended by subsection (c)(2) of this section, is  
24 amended by adding at the end the following:

25 “(h) DATA BANK OF CHILD SUPPORT ORDERS.—

1           “(1) IN GENERAL.—Not later than October 1,  
2           1998, in order to assist States in administering their  
3           State plans under this part and parts A, F, and G,  
4           and for the other purposes specified in this section,  
5           the Secretary shall establish and maintain in the  
6           Federal Parent Locator Service an automated reg-  
7           istry to be known as the Data Bank of Child Sup-  
8           port Orders, which shall contain abstracts of child  
9           support orders and other information described in  
10          paragraph (2) on each case in each State central  
11          case registry maintained pursuant to section  
12          454A(e), as furnished (and regularly updated), pur-  
13          suant to section 454A(f), by State agencies admin-  
14          istering programs under this part.

15          “(2) CASE INFORMATION.—The information re-  
16          ferred to in paragraph (1), as specified by the Sec-  
17          retary, shall include sufficient information (including  
18          names, social security numbers or other uniform  
19          identification numbers, and State case identification  
20          numbers) to identify the individuals who owe or are  
21          owed support (or with respect to or on behalf of  
22          whom support obligations are sought to be estab-  
23          lished), and the State or States which have estab-  
24          lished or modified, or are enforcing or seeking to es-  
25          tablish, such an order.

1 “(i) DIRECTORY OF NEW HIRES.—

2 “(1) IN GENERAL.—Not later than October 1,  
3 1998, In order to assist States in administering  
4 their State plans under this part and parts A, F,  
5 and G, and for the other purposes specified in this  
6 section, the Secretary shall establish and maintain in  
7 the Federal Parent Locator Service an automated  
8 directory to be known as the directory of New Hires,  
9 containing—

10 “(A) information supplied by employers on  
11 each newly hired individual, in accordance with  
12 paragraph (2); and

13 “(B) information supplied by State agen-  
14 cies administering State unemployment com-  
15 pensation laws, in accordance with paragraph  
16 (3).

17 “(2) EMPLOYER INFORMATION.—

18 “(A) INFORMATION REQUIRED.—Subject  
19 to subparagraph (D), each employer shall fur-  
20 nish to the Secretary, for inclusion in the direc-  
21 tory established under this subsection, not later  
22 than 10 days after the date (on or after Octo-  
23 ber 1, 1998) on which the employer hires a new  
24 employee (as defined in subparagraph (C)), a  
25 report containing the name, date of birth, and

1 social security number of such employee, and  
2 the employer identification number of the em-  
3 ployer.

4 “(B) REPORTING METHOD AND FOR-  
5 MAT.—The Secretary shall provide for trans-  
6 mission of the reports required under subpara-  
7 graph (A) using formats and methods which  
8 minimize the burden on employers, which shall  
9 include—

10 “(i) automated or electronic trans-  
11 mission of such reports;

12 “(ii) transmission by regular mail;  
13 and

14 “(iii) transmission of a copy of the  
15 form required for purposes of compliance  
16 with section 3402 of the Internal Revenue  
17 Code of 1986.

18 “(C) EMPLOYEE DEFINED.—For purposes  
19 of this paragraph, the term ‘employee’ means  
20 any individual subject to the requirement of  
21 section 3402(f)(2) of the Internal Revenue Code  
22 of 1986.

23 “(D) PAPERWORK REDUCTION REQUIRE-  
24 MENT.—As required by the information re-  
25 sources management policies published by the

1 Director of the Office of Management and  
2 Budget pursuant to section 3504(b)(1) of title  
3 44, United States Code, the Secretary, in order  
4 to minimize the cost and reporting burden on  
5 employers, shall not require reporting pursuant  
6 to this paragraph if an alternative reporting  
7 mechanism can be developed that either relies  
8 on existing Federal or State reporting or en-  
9 ables the Secretary to collect the needed infor-  
10 mation in a more cost-effective and equally ex-  
11 peditious manner, taking into account the re-  
12 porting costs on employers.

13 “(E) CIVIL MONEY PENALTY ON NON-  
14 COMPLYING EMPLOYERS.—(i) Any employer  
15 that fails to make a timely report in accordance  
16 with this paragraph with respect to an individ-  
17 ual shall be subject to a civil money penalty, for  
18 each calendar year in which the failure occurs,  
19 of the lesser of \$500 or 1 percent of the wages  
20 or other compensation paid by such employer to  
21 such individual during such calendar year.

22 “(ii) Subject to clause (iii), the provisions  
23 of section 1128A (other than subsections (a)  
24 and (b) thereof) shall apply to a civil money  
25 penalty under clause (i) in the same manner as

1 they apply to a civil money penalty or proceed-  
2 ing under section 1128A(a).

3 “(iii) Any employer with respect to whom  
4 a penalty under this subparagraph is upheld  
5 after an administrative hearing shall be liable to  
6 pay all costs of the Secretary with respect to  
7 such hearing.

8 “(3) EMPLOYMENT SECURITY INFORMATION.—

9 “(A) REPORTING REQUIREMENT.—Each  
10 State agency administering a State unemploy-  
11 ment compensation law approved by the Sec-  
12 retary of Labor under the Federal Unemploy-  
13 ment Tax Act shall furnish to the Secretary of  
14 Health and Human Services extracts of the re-  
15 ports to the Secretary of Labor concerning the  
16 wages and unemployment compensation paid to  
17 individuals required under section 303(a)(6), in  
18 accordance with subparagraph (B).

19 “(B) MANNER OF COMPLIANCE.—The ex-  
20 tracts required under subparagraph (A) shall be  
21 furnished to the Secretary of Health and  
22 Human Services on a quarterly basis, with re-  
23 spect to calendar quarters beginning on and  
24 after October 1, 1996, by such dates, in such

1           format, and containing such information as re-  
2           quired by that Secretary in regulations.

3           “(j) DATA MATCHES AND OTHER DISCLOSURES.—

4           “(1) VERIFICATION BY SOCIAL SECURITY AD-  
5           MINISTRATION.—(A) The Secretary shall transmit  
6           data on individuals and employers maintained under  
7           this section to the Social Security Administration to  
8           the extent necessary for verification in accordance  
9           with subparagraph (B).

10           “(B) The Social Security Administration shall  
11           verify the accuracy of, correct or supply to the ex-  
12           tent necessary and feasible, and report to the Sec-  
13           retary, the following information in data supplied by  
14           the Secretary pursuant to subparagraph (A):

15           “(i) the name, social security number, and  
16           birth date of each individual; and

17           “(ii) the employer identification number of  
18           each employer.

19           “(2) CHILD SUPPORT LOCATOR MATCHES.—For  
20           the purpose of locating individuals for purposes of  
21           paternity establishment and establishment and en-  
22           forcement of child support, the Secretary shall—

23           “(A) match data in the directory of New  
24           Hires against the child support order abstracts

1 in the Data Bank of Child Support Orders not  
2 less often than every 2 working days; and

3 “(B) report information obtained from  
4 such a match to concerned State agencies oper-  
5 ating programs under this part not later than  
6 2 working days after such match.

7 “(3) DATA MATCHES AND DISCLOSURES OF  
8 DATA IN ALL REGISTRIES FOR TITLE IV PROGRAM  
9 PURPOSES.—The Secretary shall—

10 “(A) perform matches of data in each com-  
11 ponent of the Federal Parent Locator Service  
12 maintained under this section against data in  
13 each other such component (other than the  
14 matches required pursuant to paragraph (1)),  
15 and report information resulting from such  
16 matches to State agencies operating programs  
17 under this part and parts A, F, and G; and

18 “(B) disclose data in such registries to  
19 such State agencies,  
20 to the extent, and with the frequency, that the Sec-  
21 retary determines to be effective in assisting such  
22 States to carry out their responsibilities under such  
23 programs.

24 “(k) FEES.—

1           “(1) FOR SSA VERIFICATION.—The Secretary  
2 shall reimburse the Commissioner of Social Security,  
3 at a rate negotiated between the Secretary and the  
4 Commissioner, the costs incurred by the Commis-  
5 sioner in performing the verification services speci-  
6 fied in subsection (j).

7           “(2) FOR INFORMATION FROM SESAS.—The  
8 Secretary shall reimburse costs incurred by State  
9 employment security agencies in furnishing data as  
10 required by subsection (j)(3), at rates which the Sec-  
11 retary determines to be reasonable (which rates shall  
12 not include payment for the costs of obtaining, com-  
13 piling, or maintaining such data).

14           “(3) FOR INFORMATION FURNISHED TO STATE  
15 AND FEDERAL AGENCIES.—State and Federal agen-  
16 cies receiving data or information from the Secretary  
17 pursuant to this section shall reimburse the costs in-  
18 curred by the Secretary in furnishing such data or  
19 information, at rates which the Secretary determines  
20 to be reasonable (which rates shall include payment  
21 for the costs of obtaining, verifying, maintaining,  
22 and matching such data or information).

23           “(l) RESTRICTION ON DISCLOSURE AND USE.—Data  
24 in the Federal Parent Locator Service, and information

1 resulting from matches using such data, shall not be used  
2 or disclosed except as specifically provided in this section.

3 “(m) RETENTION OF DATA.—Data in the Federal  
4 Parent Locator Service, and data resulting from matches  
5 performed pursuant to this section, shall be retained for  
6 such period (determined by the Secretary) as appropriate  
7 for the data uses specified in this section.

8 “(n) INFORMATION INTEGRITY AND SECURITY.—The  
9 Secretary shall establish and implement safeguards with  
10 respect to the entities established under this section de-  
11 signed to—

12 “(1) ensure the accuracy and completeness of  
13 information in the Federal Parent Locator Service;  
14 and

15 “(2) restrict access to confidential information  
16 in the Federal Parent Locator Service to authorized  
17 persons, and restrict use of such information to au-  
18 thorized purposes.

19 “(o) LIMIT ON LIABILITY.—The Secretary shall not  
20 be liable to either a State or an individual for inaccurate  
21 information provided to a component of the Federal Par-  
22 ent Locator Service section and disclosed by the Secretary  
23 in accordance with this section.”.

24 (g) CONFORMING AMENDMENTS.—

1           (1) TO PART D OF TITLE IV OF THE SOCIAL SE-  
2           CURITY ACT.—Section 454(8)(B) (42 U.S.C.  
3           654(8)(B)) is amended to read as follows:

4                   “(B) the Federal Parent Locator Service  
5                   established under section 453;”.

6           (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—  
7           Section 3304(16) of the Internal Revenue Code of  
8           1986 is amended—

9                   (A) by striking “Secretary of Health, Edu-  
10                  cation, and Welfare” each place such term ap-  
11                  pears and inserting “Secretary of Health and  
12                  Human Services”;

13                  (B) in subparagraph (B), by striking  
14                  “such information” and all that follows and in-  
15                  serting “information furnished under subpara-  
16                  graph (A) or (B) is used only for the purposes  
17                  authorized under such subparagraph;”;

18                  (C) by striking “and” at the end of sub-  
19                  paragraph (A);

20                  (D) by redesignating subparagraph (B) as  
21                  subparagraph (C); and

22                  (E) by inserting after subparagraph (A)  
23                  the following new subparagraph:

24                   “(B) wage and unemployment compensa-  
25                   tion information contained in the records of

1 such agency shall be furnished to the Secretary  
2 of Health and Human Services (in accordance  
3 with regulations promulgated by such Sec-  
4 retary) as necessary for the purposes of the di-  
5 rectory of New Hires established under section  
6 453(i) of the Social Security Act, and”.

7 (3) TO STATE GRANT PROGRAM UNDER TITLE  
8 III OF THE SOCIAL SECURITY ACT.—Section 303(a)  
9 (42 U.S.C. 503(a)) is amended—

10 (A) by striking “and” at the end of para-  
11 graph (8);

12 (B) by striking the period at the end of  
13 paragraph (9) and inserting “; and”; and

14 (C) by adding after paragraph (9) the fol-  
15 lowing new paragraph:

16 “(10) The making of quarterly electronic re-  
17 ports, at such dates, in such format, and containing  
18 such information, as required by the Secretary of  
19 Health and Human Services under section 453(i)(3),  
20 and compliance with such provisions as such Sec-  
21 retary may find necessary to ensure the correctness  
22 and verification of such reports.”.

23 **SEC. 426. USE OF SOCIAL SECURITY NUMBERS.**

24 (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
25 U.S.C. 666(a)), as amended by section 401(a) of this Act,

1 is amended by inserting after paragraph (12) the follow-  
2 ing:

3 “(13) SOCIAL SECURITY NUMBERS RE-  
4 QUIRED.—Procedures requiring the recording of so-  
5 cial security numbers—

6 “(A) of both parties on marriage licenses  
7 and divorce decrees; and

8 “(B) of both parents, on birth records and  
9 child support and paternity orders.”.

10 (b) CLARIFICATION OF FEDERAL POLICY.—Section  
11 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended  
12 by striking the third sentence and inserting “This clause  
13 shall not be considered to authorize disclosure of such  
14 numbers except as provided in the preceding sentence.”.

15 **Subtitle D—Streamlining and**  
16 **Uniformity of Procedures**

17 **SEC. 431. ADOPTION OF UNIFORM STATE LAWS.**

18 Section 466(a) (42 U.S.C. 666(a)), as amended by  
19 sections 401(a) and 426(a) of this Act, is amended insert-  
20 ing after paragraph (13) the following:

21 “(14) INTERSTATE ENFORCEMENT.—(A) ADOP-  
22 TION OF UIFSA.—Procedures under which the State  
23 adopts in its entirety (with the modifications and ad-  
24 ditions specified in this paragraph) not later than  
25 January 1, 1997, and uses on and after such date,

1 the Uniform Interstate Family Support Act, as ap-  
2 proved by the National Conference of Commissioners  
3 on Uniform State Laws in August, 1992.

4 “(B) EXPANDED APPLICATION OF UIFSA.—The  
5 State law adopted pursuant to subparagraph (A)  
6 shall be applied to any case—

7 “(i) involving an order established or modi-  
8 fied in one State and for which a subsequent  
9 modification is sought in another State; or

10 “(ii) in which interstate activity is required  
11 to enforce an order.

12 “(C) JURISDICTION TO MODIFY ORDERS.—The  
13 State law adopted pursuant to subparagraph (A) of  
14 this paragraph shall contain the following provision  
15 in lieu of section 611(a)(1) of the Uniform Inter-  
16 state Family Support Act described in such subpara-  
17 graph (A):

18 ““(1) the following requirements are met:

19 ““(i) the child, the individual obligee, and  
20 the obligor—

21 ““(I) do not reside in the issuing  
22 State; and

23 ““(II) either reside in this State or  
24 are subject to the jurisdiction of this State  
25 pursuant to section 201; and

1           “(ii) (in any case where another State is  
2           exercising or seeks to exercise jurisdiction to  
3           modify the order) the conditions of section 204  
4           are met to the same extent as required for pro-  
5           ceedings to establish orders; or’.

6           “(D) SERVICE OF PROCESS.—The State law  
7           adopted pursuant to subparagraph (A) shall recog-  
8           nize as valid, for purposes of any proceeding subject  
9           to such State law, service of process upon persons  
10          in the State (and proof of such service) by any  
11          means acceptable in another State which is the initi-  
12          ating or responding State in such proceeding.

13          “(E) COOPERATION BY EMPLOYERS.—The  
14          State law adopted pursuant to subparagraph (A)  
15          shall provide for the use of procedures (including  
16          sanctions for noncompliance) under which all entities  
17          in the State (including for-profit, nonprofit, and gov-  
18          ernmental employers) are required to provide  
19          promptly, in response to a request by the State  
20          agency of that or any other State administering a  
21          program under this part, information on the employ-  
22          ment, compensation, and benefits of any individual  
23          employed by such entity as an employee or contrac-  
24          tor.’’.

1 **SEC. 432. IMPROVEMENTS TO FULL FAITH AND CREDIT**  
2 **FOR CHILD SUPPORT ORDERS.**

3 Section 1738B of title 28, United States Code, is  
4 amended—

5 (1) in subsection (a)(2), by striking “subsection  
6 (e)” and inserting “subsections (e), (f), and (i)”;

7 (2) in subsection (b), by inserting after the 2nd  
8 undesignated paragraph the following:

9 “‘child’s home State’ means the State in which  
10 a child lived with a parent or a person acting as par-  
11 ent for at least six consecutive months immediately  
12 preceding the time of filing of a petition or com-  
13 parable pleading for support and, if a child is less  
14 than six months old, the State in which the child  
15 lived from birth with any of them. A period of tem-  
16 porary absence of any of them is counted as part of  
17 the six-month period.”;

18 (3) in subsection (c), by inserting “by a court  
19 of a State” before “is made”;

20 (4) in subsection (c)(1), by inserting “and sub-  
21 sections (e), (f), and (g)” after “located”;

22 (5) in subsection (d)—

23 (A) by inserting “individual” before “con-  
24 testant”; and

25 (B) by striking “subsection (e)” and in-  
26 serting “subsections (e) and (f)”;

1           (6) in subsection (e), by striking “make a modi-  
2           fication of a child support order with respect to a  
3           child that is made” and inserting “modify a child  
4           support order issued”;

5           (7) in subsection (e)(1), by inserting “pursuant  
6           to subsection (i)” before the semicolon;

7           (8) in subsection (e)(2)—

8                 (A) by inserting “individual” before “con-  
9                 testant” each place such term appears; and

10                (B) by striking “to that court’s making the  
11                modification and assuming” and inserting “with  
12                the State of continuing, exclusive jurisdiction  
13                for a court of another State to modify the order  
14                and assume”;

15           (9) by redesignating subsections (f) and (g) as  
16           subsections (g) and (h), respectively;

17           (10) by inserting after subsection (e) the follow-  
18           ing:

19           “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—  
20           If one or more child support orders have been issued in  
21           this or another State with regard to an obligor and a child,  
22           a court shall apply the following rules in determining  
23           which order to recognize for purposes of continuing, exclu-  
24           sive jurisdiction and enforcement:

1           “(1) If only one court has issued a child sup-  
2           port order, the order of that court must be recog-  
3           nized.

4           “(2) If two or more courts have issued child  
5           support orders for the same obligor and child, and  
6           only one of the courts would have continuing, exclu-  
7           sive jurisdiction under this section, the order of that  
8           court must be recognized.

9           “(3) If two or more courts have issued child  
10          support orders for the same obligor and child, and  
11          only one of the courts would have continuing, exclu-  
12          sive jurisdiction under this section, an order issued  
13          by a court in the current home State of the child  
14          must be recognized, but if an order has not been is-  
15          sued in the current home State of the child, the  
16          order most recently issued must be recognized.

17          “(4) If two or more courts have issued child  
18          support orders for the same obligor and child, and  
19          none of the courts would have continuing, exclusive  
20          jurisdiction under this section, a court may issue a  
21          child support order, which must be recognized.

22          “(5) The court that has issued an order recog-  
23          nized under this subsection is the court having con-  
24          tinuing, exclusive jurisdiction.”;

25                 (11) in subsection (g) (as so redesignated)—

1 (A) by striking “PRIOR” and inserting  
2 “MODIFIED”; and

3 (B) by striking “subsection (e)” and in-  
4 serting “subsections (e) and (f)”;

5 (12) in subsection (h) (as so redesignated)—

6 (A) in paragraph (2), by inserting “includ-  
7 ing the duration of current payments and other  
8 obligations of support” before the comma; and

9 (B) in paragraph (3), by inserting “arrears  
10 under” after “enforce”; and

11 (13) by adding at the end the following:

12 “(i) REGISTRATION FOR MODIFICATION.—If there is  
13 no individual contestant or child residing in the issuing  
14 State, the party or support enforcement agency seeking  
15 to modify, or to modify and enforce, a child support order  
16 issued in another State shall register that order in a State  
17 with jurisdiction over the nonmovant for the purpose of  
18 modification.”.

19 **SEC. 433. STATE LAWS PROVIDING EXPEDITED PROCE-**  
20 **DURES.**

21 (a) STATE LAW REQUIREMENTS.—Section 466 (42  
22 U.S.C. 666) is amended—

23 (1) in subsection (a)(2), in the first sentence, to  
24 read as follows: “Expedited administrative and judi-  
25 cial procedures (including the procedures specified in

1 subsection (c) for establishing paternity and for es-  
2 tablishing, modifying, and enforcing support obliga-  
3 tions.”; and

4 (2) by adding after subsection (b) the following  
5 new subsection:

6 “(c) EXPEDITED PROCEDURES.—The procedures  
7 specified in this subsection are the following:

8 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-  
9 CY.—Procedures which give the State agency the au-  
10 thority (and recognize and enforce the authority of  
11 State agencies of other States), without the necessity  
12 of obtaining an order from any other judicial or ad-  
13 ministrative tribunal (but subject to due process  
14 safeguards, including (as appropriate) requirements  
15 for notice, opportunity to contest the action, and op-  
16 portunity for an appeal on the record to an inde-  
17 pendent administrative or judicial tribunal), to take  
18 the following actions relating to establishment or en-  
19 forcement of orders:

20 “(A) GENETIC TESTING.—To order genetic  
21 testing for the purpose of paternity establish-  
22 ment as provided in section 466(a)(5).

23 “(B) DEFAULT ORDERS.—To enter a de-  
24 fault order, upon a showing of service of proc-

1           ess and any additional showing required by  
2           State law—

3                   “(i) establishing paternity, in the case  
4                   of any putative father who refuses to sub-  
5                   mit to genetic testing; and

6                   “(ii) establishing or modifying a sup-  
7                   port obligation, in the case of a parent (or  
8                   other obligor or obligee) who fails to re-  
9                   spond to notice to appear at a proceeding  
10                  for such purpose.

11               “(C) SUBPOENAS.—To subpoena any fi-  
12               nancial or other information needed to estab-  
13               lish, modify, or enforce an order, and to sanc-  
14               tion failure to respond to any such subpoena.

15               “(D) ACCESS TO PERSONAL AND FINAN-  
16               CIAL INFORMATION.—To obtain access, subject  
17               to safeguards on privacy and information secu-  
18               rity, to the following records (including auto-  
19               mated access, in the case of records maintained  
20               in automated data bases):

21                   “(i) records of other State and local  
22                   government agencies, including—

23                           “(I) vital statistics (including  
24                           records of marriage, birth, and di-  
25                           vorce);

1           “(II) State and local tax and revenue records (including information  
2           on residence address, employer, income and assets);

3           “(III) records concerning real  
4           and titled personal property;

5           “(IV) records of occupational and  
6           professional licenses, and records concerning the ownership and control of  
7           corporations, partnerships, and other  
8           business entities;

9           “(V) employment security  
10           records;

11           “(VI) records of agencies administering public assistance programs;

12           “(VII) records of the motor vehicle department; and

13           “(VIII) corrections records; and

14           “(ii) certain records held by private  
15           entities, including—

16           “(I) customer records of public  
17           utilities and cable television companies; and

18           “(II) information (including information on assets and liabilities) on  
19

1 individuals who owe or are owed sup-  
2 port (or against or with respect to  
3 whom a support obligation is sought)  
4 held by financial institutions (subject  
5 to limitations on liability of such enti-  
6 ties arising from affording such ac-  
7 cess).

8 “(E) INCOME WITHHOLDING.—To order  
9 income withholding in accordance with sub-  
10 section (a)(1) and (b) of section 466.

11 “(F) CHANGE IN PAYEE.—(In cases where  
12 support is subject to an assignment under sec-  
13 tion 402(a)(26), 471(a)(17), or 1912, or to a  
14 requirement to pay through the centralized col-  
15 lections unit under section 454B) upon provid-  
16 ing notice to obligor and obligee, to direct the  
17 obligor or other payor to change the payee to  
18 the appropriate government entity.

19 “(G) SECURE ASSETS TO SATISFY ARREAR-  
20 AGES.—For the purpose of securing overdue  
21 support—

22 “(i) to intercept and seize any peri-  
23 odic or lump-sum payment to the obligor  
24 by or through a State or local government  
25 agency, including—

1           “(I) unemployment compensa-  
2           tion, workers’ compensation, and  
3           other benefits;

4           “(II) judgments and settlements  
5           in cases under the jurisdiction of the  
6           State or local government; and

7           “(III) lottery winnings;

8           “(ii) to attach and seize assets of the  
9           obligor held by financial institutions;

10           “(iii) to attach public and private re-  
11           tirement funds in appropriate cases, as de-  
12           termined by the Secretary; and

13           “(iv) to impose liens in accordance  
14           with paragraph (a)(4) and, in appropriate  
15           cases, to force sale of property and dis-  
16           tribution of proceeds.

17           “(H) INCREASE MONTHLY PAYMENTS.—  
18           For the purpose of securing overdue support, to  
19           increase the amount of monthly support pay-  
20           ments to include amounts for arrearages (sub-  
21           ject to such conditions or restrictions as the  
22           State may provide).

23           “(I) SUSPENSION OF DRIVERS’ LI-  
24           CENSES.—To suspend drivers’ licenses of indi-

1           viduals owing past-due support, in accordance  
2           with subsection (a)(16).

3           “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

4           The expedited procedures required under subsection  
5           (a)(2) shall include the following rules and author-  
6           ity, applicable with respect to all proceedings to es-  
7           tablish paternity or to establish, modify, or enforce  
8           support orders:

9                   “(A) LOCATOR INFORMATION; PRESUMP-  
10                   TIONS CONCERNING NOTICE.—Procedures  
11                   under which—

12                           “(i) the parties to any paternity or  
13                           child support proceedings are required  
14                           (subject to privacy safeguards) to file with  
15                           the tribunal before entry of an order, and  
16                           to update as appropriate, information on  
17                           location and identity (including Social Se-  
18                           curity number, residential and mailing ad-  
19                           dresses, telephone number, driver’s license  
20                           number, and name, address, and telephone  
21                           number of employer); and

22                           “(ii) in any subsequent child support  
23                           enforcement action between the same par-  
24                           ties, the tribunal shall be authorized, upon  
25                           sufficient showing that diligent effort has

1           been made to ascertain such party's cur-  
2           rent location, to deem due process require-  
3           ments for notice and service of process to  
4           be met, with respect to such party, by de-  
5           livery to the most recent residential or em-  
6           ployer address so filed pursuant to clause  
7           (i).

8           “(B) STATEWIDE JURISDICTION.—Proce-  
9           dures under which—

10           “(i) the State agency and any admin-  
11           istrative or judicial tribunal with authority  
12           to hear child support and paternity cases  
13           exerts statewide jurisdiction over the par-  
14           ties, and orders issued in such cases have  
15           statewide effect; and

16           “(ii) (in the case of a State in which  
17           orders in such cases are issued by local ju-  
18           risdictions) a case may be transferred be-  
19           tween jurisdictions in the State without  
20           need for any additional filing by the peti-  
21           tioner, or service of process upon the re-  
22           spondent, to retain jurisdiction over the  
23           parties.”.

1 (c) EXCEPTIONS FROM STATE LAW REQUIRE-  
2 MENTS.—Section 466(d) (42 U.S.C. 666(d)) is amend-  
3 ed—

4 (1) by striking “(d) If” and inserting the fol-  
5 lowing:

6 “(d) EXEMPTIONS FROM REQUIREMENTS.—

7 “(1) IN GENERAL.—Subject to paragraph (2),  
8 if”; and

9 (2) by adding at the end the following new  
10 paragraph:

11 “(2) NONEXEMPT REQUIREMENTS.—The Sec-  
12 retary shall not grant an exemption from the re-  
13 quirements of—

14 “(A) subsection (a)(5) (concerning proce-  
15 dures for paternity establishment);

16 “(B) subsection (a)(10) (concerning modi-  
17 fication of orders);

18 “(C) subsection (a)(12) (concerning re-  
19 cording of orders in the central State case reg-  
20 istry);

21 “(D) subsection (a)(13) (concerning re-  
22 cording of Social Security numbers);

23 “(E) subsection (a)(14) (concerning inter-  
24 state enforcement); or





1           “(B) will advise individuals, both orally  
2 and in writing, of the grounds for good cause  
3 exceptions to the requirement to cooperate with  
4 such efforts;

5           “(C) will take the best interests of the  
6 child into consideration in making the deter-  
7 mination whether such individual has good  
8 cause not to cooperate with such efforts;

9           “(D)(i) will make the initial determination  
10 as to whether an individual is cooperating (or  
11 has good cause not to cooperate) with efforts to  
12 establish paternity within 10 days after such in-  
13 dividual is referred to such State agency by the  
14 State agency administering the program under  
15 part A of title XIX;

16           “(ii) will make redeterminations as to co-  
17 operation or good cause at appropriate inter-  
18 vals; and

19           “(iii) will promptly notify the individual,  
20 and the State agencies administering such pro-  
21 grams, of each such determination and redeter-  
22 mination;

23           “(E) with respect to any child born on or  
24 after the date 10 months after enactment of  
25 this provision, will not determine (or redeter-

1 mine) the mother (or other custodial relative) of  
2 such child to be cooperating with efforts to es-  
3 tablish paternity unless such individual fur-  
4 nishes—

5 “(i) the name of the putative father  
6 (or fathers); and

7 “(ii) sufficient additional information  
8 to enable the State agency, if reasonable  
9 efforts were made, to verify the identity of  
10 the person named as the putative father  
11 (including such information as the putative  
12 father’s present address, telephone num-  
13 ber, date of birth, past or present place of  
14 employment, school previously or currently  
15 attended, and names and addresses of par-  
16 ents, friends, or relatives able to provide  
17 location information, or other information  
18 that could enable service of process on  
19 such person), and

20 “(F)(i) (where a custodial parent who was  
21 initially determined not to be cooperating (or to  
22 have good cause not to cooperate) is later deter-  
23 mined to be cooperating or to have good cause  
24 not to cooperate) will immediately notify the  
25 State agencies administering the programs

1 under part A of title XIX that this eligibility  
2 condition has been met; and

3 “(ii) (where a custodial parent was initially  
4 determined to be cooperating (or to have good  
5 cause not to cooperate)) will not later determine  
6 such individual not to be cooperating (or not to  
7 have good cause not to cooperate) until such in-  
8 dividual has been afforded an opportunity for a  
9 hearing.”.

10 (b) AFDC AMENDMENTS.—

11 (1) Section 402(a)(11) (42 U.S.C. 602(a)(11))  
12 is amended by striking “furnishing of” and inserting  
13 “application for”.

14 (2) Section 402(a)(26) (42 U.S.C. 602(a)(26))  
15 is amended—

16 (A) in each of subparagraphs (A) and (B),  
17 by redesignating clauses (i) and (ii) as  
18 subclauses (I) and (II);

19 (B) by indenting and redesignating sub-  
20 paragraphs (A), (B), and (C) as clauses (i), (ii),  
21 and (iv), respectively;

22 (C) in clause (ii), as redesignated—

23 (i) by striking “is claimed, or in ob-  
24 taining any other payments or property

1 due such applicant or such child,” and in-  
2 sserting “is claimed;”; and

3 (ii) by striking “unless” and all that  
4 follows through “aid is claimed; and”;

5 (D) by adding after clause (ii) the follow-  
6 ing new clause:

7 “(iii) to cooperate with the State in  
8 obtaining any other payments or property  
9 due such applicant or such child; and”;

10 (E) in the matter preceding clause (i) (as  
11 so redesignated) to read as follows:

12 “(26) provide—

13 “(A) that, as a condition of eligibility for  
14 aid, each applicant or recipient will be required  
15 (subject to subparagraph (C))—”;

16 (F) in subparagraph (A)(iv), as redesign-  
17 ated, by striking “, unless such individual”  
18 and all that follows through “individuals in-  
19 volved”;

20 (G) by adding at the end the following new  
21 subparagraphs:

22 “(B) that the State agency will imme-  
23 diately refer each applicant requiring paternity  
24 establishment services to the State agency ad-  
25 ministering the program under part D;

1           “(C) that an individual will not be required  
2 to cooperate with the State, as provided under  
3 subparagraph (A), if the individual is found to  
4 have good cause for refusing to cooperate, as  
5 determined in accordance with standards pre-  
6 scribed by the Secretary, which standards shall  
7 take into consideration the best interests of the  
8 child on whose behalf aid is claimed—

9           “(i) to the satisfaction of the State  
10 agency administering the program under  
11 part D, as determined in accordance with  
12 section 454(25), with respect to the re-  
13 quirements under clauses (i) and (ii) of  
14 subparagraph (A); and

15           “(ii) to the satisfaction of the State  
16 agency administering the program under  
17 this part, with respect to the requirements  
18 under clauses (iii) and (iv) of subpara-  
19 graph (A);

20           “(D) that (except as provided in subpara-  
21 graph (E)) an applicant requiring paternity es-  
22 tablishment services (other than an individual  
23 eligible for emergency assistance as defined in  
24 section 406(e)) shall not be eligible for any aid

1 under a State plan approved under this part  
2 until such applicant—

3 “(i) has furnished to the agency ad-  
4 ministering the State plan under part D  
5 the information specified in section  
6 454(25)(E); or

7 “(ii) has been determined by such  
8 agency to have good cause not to cooper-  
9 ate;

10 “(E) that the provisions of subparagraph  
11 (D) shall not apply—

12 “(i) if the State agency specified in  
13 such subparagraph has not, within 10 days  
14 after such individual was referred to such  
15 agency, provided the notification required  
16 by section 454(25)(D)(iii), until such noti-  
17 fication is received; and

18 “(ii) if such individual appeals a de-  
19 termination that the individual lacks good  
20 cause for noncooperation, until after such  
21 determination is affirmed after notice and  
22 opportunity for a hearing; and”;

23 (H)(i) by relocating and redesignating as  
24 subparagraph (F) the text at the end of sub-  
25 paragraph (A)(ii) beginning with “that, if the

1 relative” and all that follows through the semi-  
2 colon;

3 (ii) in subparagraph (F), as so redesign-  
4 nated and relocated, by striking “subpara-  
5 graphs (A) and (B) of this paragraph” and in-  
6 serting “subparagraph (A)”; and

7 (iii) by striking “and” at the end of sub-  
8 paragraph (a)(ii).

9 (c) MEDICAID AMENDMENTS.—Section 1912(a) (42  
10 U.S.C. 1396k(a)) is amended—

11 (1) in paragraph (1)(B), by inserting “(except  
12 as provided in paragraph (2))” after “to cooperate  
13 with the State”;

14 (2) in subparagraphs (B) and (C) of paragraph  
15 (1) by striking “, unless” and all that follows and  
16 inserting a semicolon; and

17 (3) by redesignating paragraph (2) as para-  
18 graph (5), and inserting after paragraph (1) the fol-  
19 lowing new paragraphs:

20 “(2) provide that the State agency will imme-  
21 diately refer each applicant or recipient requiring  
22 paternity establishment services to the State agency  
23 administering the program under part D of title IV;

24 “(3) provide that an individual will not be re-  
25 quired to cooperate with the State, as provided

1 under paragraph (1), if the individual is found to  
2 have good cause for refusing to cooperate, as deter-  
3 mined in accordance with standards prescribed by  
4 the Secretary, which standards shall take into con-  
5 sideration the best interests of the individuals in-  
6 volved—

7 “(A) to the satisfaction of the State agency  
8 administering the program under part D, as de-  
9 termined in accordance with section 454(25),  
10 with respect to the requirements to cooperate  
11 with efforts to establish paternity and to obtain  
12 support (including medical support) from a par-  
13 ent; and

14 “(B) to the satisfaction of the State agen-  
15 cy administering the program under this title,  
16 with respect to other requirements to cooperate  
17 under paragraph (1);

18 “(4) provide that (except as provided in para-  
19 graph (5)) an applicant requiring paternity estab-  
20 lishment services (other than an individual eligible  
21 for emergency assistance as defined in section  
22 406(e), or presumptively eligible pursuant to section  
23 1920) shall not be eligible for medical assistance  
24 under this title until such applicant—

1           “(i) has furnished to the agency admin-  
2           istering the State plan under part D of title IV  
3           the information specified in section 454(25)(E);  
4           or

5           “(ii) has been determined by such agency  
6           to have good cause not to cooperate; and

7           “(5) provide that the provisions of paragraph  
8           (4) shall not apply with respect to an applicant—

9           “(i) if such agency has not, within 10 days  
10           after such individual was referred to such agen-  
11           cy, provided the notification required by section  
12           454(25)(D)(iii), until such notification is re-  
13           ceived); and

14           “(ii) if such individual appeals a deter-  
15           mination that the individual lacks good cause  
16           for noncooperation, until after such determina-  
17           tion is affirmed after notice and opportunity for  
18           a hearing.”.

19           (d) EFFECTIVE DATE.—The amendments made by  
20           this section shall be effective with respect to applications  
21           filed in or after the first calendar quarter beginning 10  
22           months or more after the date of the enactment of this  
23           Act (or such earlier quarter as the State may select) for  
24           aid under a State plan approved under part A of title IV

1 or for medical assistance under a State plan approved  
2 under title XIX.

3 **SEC. 444. FEDERAL MATCHING PAYMENTS.**

4 (a) INCREASED BASE MATCHING RATE.—Section  
5 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as  
6 follows:

7 “(2) The applicable percent for a quarter for  
8 purposes of paragraph (1)(A) is—

9 “(A) for fiscal year 1996, 69 percent;

10 “(B) for fiscal year 1997, 72 percent; and

11 “(C) for fiscal year 1998 and succeeding  
12 fiscal years, 75 percent.”.

13 (b) MAINTENANCE OF EFFORT.—Section 455 (42  
14 U.S.C. 655) is amended—

15 (1) in subsection (a)(1), in the matter preced-  
16 ing subparagraph (A), by striking “From” and in-  
17 serting “Subject to subsection (c), from”; and

18 (2) by inserting after subsection (b) the follow-  
19 ing:

20 “(c) MAINTENANCE OF EFFORT.—Notwithstanding  
21 subsection (a), total expenditures for the State program  
22 under this part for fiscal year 1996 and each succeeding  
23 fiscal year, reduced by the percentage specified for such  
24 fiscal year under subparagraph (A), (B), or (C)(i) of para-

1 graph (2), shall not be less than such total expenditures  
2 for fiscal year 1995, reduced by 66 percent.”.

3 **SEC. 445. PERFORMANCE-BASED INCENTIVES AND PEN-**  
4 **ALTIES.**

5 (a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCH-  
6 ING RATE.—Section 458 (42 U.S.C. 658) is amended to  
7 read as follows:

8 “INCENTIVE ADJUSTMENTS TO MATCHING RATE

9 “SEC. 458. (a) INCENTIVE ADJUSTMENT.—

10 “(1) IN GENERAL.—In order to encourage and  
11 reward State child support enforcement programs  
12 which perform in an effective manner, the Federal  
13 matching rate for payments to a State under section  
14 455(a)(1)(A), for each fiscal year beginning on or  
15 after October 1, 1997, shall be increased by a factor  
16 reflecting the sum of the applicable incentive adjust-  
17 ments (if any) determined in accordance with regu-  
18 lations under this section with respect to Statewide  
19 paternity establishment and the overall performance  
20 of the State in child support enforcement.

21 “(2) STANDARDS.—

22 “(A) IN GENERAL.—The Secretary shall  
23 specify in regulations—

24 “(i) the levels of accomplishment, and  
25 rates of improvement as alternatives to  
26 such levels, which States must attain to

1           qualify for incentive adjustments under  
2           this section; and

3           “(ii) the amounts of incentive adjust-  
4           ment that shall be awarded to States  
5           achieving specified accomplishment or im-  
6           provement levels, which amounts shall be  
7           graduated, ranging up to—

8                   “(I) 5 percentage points, in con-  
9                   nection with Statewide paternity es-  
10                  tablishment; and

11                  “(II) 10 percentage points, in  
12                  connection with overall performance in  
13                  child support enforcement.

14           “(B) LIMITATION.—In setting performance  
15           standards pursuant to subparagraph (A)(i) and  
16           adjustment amounts pursuant to subparagraph  
17           (A)(ii), the Secretary shall ensure that the ag-  
18           gregate number of percentage point increases as  
19           incentive adjustments to all States do not ex-  
20           ceed such aggregate increases as assumed by  
21           the Secretary in estimates of the cost of this  
22           section as of June 1994, unless the aggregate  
23           performance of all States exceeds the projected  
24           aggregate performance of all States in such cost  
25           estimates.

1           “(3) DETERMINATION OF INCENTIVE ADJUST-  
2           MENT.—

3           “(A) USE OF PERFORMANCE INDICA-  
4           TORS.—The Secretary shall, for fiscal year  
5           1998 and each succeeding fiscal year, determine  
6           the amount (if any) of incentive adjustment for  
7           each State on the basis of the data submitted  
8           by the State pursuant to section 454(15)(B)  
9           with respect to performance indicators estab-  
10          lished by the Secretary.

11          “(B) MINIMUM PERFORMANCE RE-  
12          QUIRED.—

13                 “(i) IN GENERAL.—The Secretary  
14                 shall not determine an incentive adjust-  
15                 ment for a State for a fiscal year if the  
16                 level of performance of the State for the  
17                 fiscal year with respect to such perform-  
18                 ance indicators is below the performance  
19                 threshold established by the Secretary for  
20                 the State for the fiscal year.

21                 “(ii) ESTABLISHMENT OF STATE PER-  
22                 FORMANCE THRESHOLD.—The perform-  
23                 ance threshold with respect to such per-  
24                 formance indicators for a State and a fis-

1 cal year shall be at or above the greater  
2 of—

3 “(I) the national average level of  
4 performance with respect to such indi-  
5 cators, as of the date of the enact-  
6 ment of this section; or

7 “(II) the level of performance of  
8 the State with respect to such indica-  
9 tors for the immediately preceding fis-  
10 cal year.

11 “(C) DEADLINE FOR ISSUANCE OF REGU-  
12 LATIONS.—Within 90 days after the date of the  
13 enactment of this section, the Secretary shall  
14 issue regulations setting forth the criteria for  
15 awarding incentive adjustments.

16 “(4) FISCAL YEAR SUBJECT TO INCENTIVE AD-  
17 JUSTMENT.—The total percentage point increase de-  
18 termined pursuant to this section with respect to a  
19 State program in a fiscal year shall apply as an ad-  
20 justment to the percent applicable under section  
21 455(a)(2) for payments to such State for the suc-  
22 ceeding fiscal year.

23 “(b) DEFINITIONS.—As used in subsection (a):

24 “(1) STATEWIDE PATERNITY ESTABLISHMENT  
25 PERCENTAGE.—The term ‘Statewide paternity estab-

1        lishment percentage’ means, with respect to a fiscal  
2        year, the ratio (expressed as a percentage) of—

3                “(A) the total number of out-of-wedlock  
4                children in the State under one year of age for  
5                whom paternity is established or acknowledged  
6                during the fiscal year, to

7                “(B) the total number of children born out  
8                of wedlock in the State during such fiscal year.

9                “(2) OVERALL PERFORMANCE OF THE STATE  
10                IN CHILD SUPPORT ENFORCEMENT.—The term  
11                ‘overall performance of the State in child support  
12                enforcement’ means a measure or measures of the  
13                effectiveness of the State agency in a fiscal year  
14                which takes into account factors including—

15                “(A) the percentage of cases requiring a  
16                child support order in which such an order was  
17                established;

18                “(B) the percentage of cases in which child  
19                support is being paid;

20                “(C) the ratio of child support collected to  
21                child support due; and

22                “(D) the cost-effectiveness of the State  
23                program, as determined in accordance with  
24                standards established by the Secretary in regu-  
25                lations.”.

1 (b) TITLE IV–D PAYMENT ADJUSTMENT.—Section  
2 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section  
3 415(a) of this Act, is amended—

4 (1) by striking the period at the end of sub-  
5 paragraph (C) and inserting a semicolon; and

6 (2) by adding after and below subparagraph  
7 (C), flush with the left margin of the subsection, the  
8 following:

9 “increased by the incentive adjustment factor (if any) de-  
10 termined by the Secretary pursuant to section 458.”.

11 (c) CONFORMING AMENDMENTS.—Section 454(22)  
12 (42 U.S.C. 654(22)) is amended—

13 (1) by striking “incentive payments” the 1st  
14 place such term appears and inserting “incentive ad-  
15 justments”; and

16 (2) by striking “any such incentive payments  
17 made to the State for such period” and inserting  
18 “any increases in Federal payments to the State re-  
19 sulting from such incentive adjustments”.

20 (d) CALCULATION OF IV–D PATERNITY ESTABLISH-  
21 MENT PERCENTAGE.—

22 (1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is  
23 amended in the matter preceding subparagraph (A)  
24 by inserting “its overall performance in child sup-  
25 port enforcement is satisfactory (as defined in sec-

1 tion 458(b) and regulations of the Secretary), and”  
2 after “1994,”.

3 (2) Section 452(g)(2)(A) (42 U.S.C.  
4 652(g)(2)(A)) is amended in the matter preceding  
5 clause (i)—

6 (A) by striking “paternity establishment  
7 percentage” and inserting “IV-D paternity es-  
8 tablishment percentage”; and

9 (B) by striking “(or all States, as the case  
10 may be)”.

11 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is  
12 amended—

13 (A) by striking subparagraph (A) and re-  
14 designating subparagraphs (B) and (C) as sub-  
15 paragraphs (A) and (B), respectively;

16 (B) in subparagraph (A) (as so redesign-  
17 ated), by striking “the percentage of children  
18 born out-of-wedlock in a State” and inserting  
19 “the percentage of children in a State who are  
20 born out of wedlock or for whom support has  
21 not been established”; and

22 (C) in subparagraph (B) (as so redesign-  
23 ated)—

1 (i) by inserting “and overall perform-  
2 ance in child support enforcement” after  
3 “paternity establishment percentages”; and

4 (ii) by inserting “and securing sup-  
5 port” before the period.

6 (e) TITLE IV–A PAYMENT REDUCTION.—Section  
7 403 (42 U.S.C. 603) is amended—

8 (1) in subsection (a), by striking “1958—” and  
9 inserting “1958—” (subject to subsection (h))—”;

10 (2) in subsection (h), by striking all that pre-  
11 cedes paragraph (3) and inserting the following:

12 “(h)(1) If the Secretary finds, with respect to a State  
13 program under this part in a fiscal year beginning on or  
14 after October 1, 1996—

15 “(A)(i) on the basis of data submitted by a  
16 State pursuant to section 454(15)(B), that the State  
17 program in such fiscal year failed to achieve the IV–  
18 D paternity establishment percentage (as defined in  
19 section 452(g)(2)(A)) or the appropriate level of  
20 overall performance in child support enforcement (as  
21 defined in section 458(b)(2)), or to meet other per-  
22 formance measures that may be established by the  
23 Secretary, or

24 “(ii) on the basis of an audit or audits of such  
25 State data conducted pursuant to section

1 452(a)(4)(C), that the State data submitted pursu-  
2 ant to section 454(15)(B) is incomplete or unreli-  
3 able; and

4 “(B) that, with respect to the succeeding fiscal  
5 year—

6 “(i) the State failed to take sufficient cor-  
7 rective action to achieve the appropriate per-  
8 formance levels as described in subparagraph  
9 (A)(i), or

10 “(ii) the data submitted by the State pur-  
11 suant to section 454(15)(B) is incomplete or  
12 unreliable,

13 the amounts otherwise payable to the State under this  
14 part for quarters following the end of such succeeding fis-  
15 cal year, prior to quarters following the end of the first  
16 quarter throughout which the State program is in compli-  
17 ance with such performance requirement, shall be reduced  
18 by the percentage specified in paragraph (2).

19 “(2) The reductions required under paragraph (1)  
20 shall be—

21 “(A) not less than 1 nor more than 2 percent,  
22 or

23 “(B) not less than 2 nor more than 3 percent,  
24 if the finding is the 2nd consecutive finding made  
25 pursuant to paragraph (1), or

1           “(C) not less than 3 nor more than 5 percent,  
2           if the finding is the 3rd or a subsequent consecutive  
3           such finding.”; and

4           (3) in subsection (h)(3), by striking “not in full  
5           compliance” and all that follows and inserting “de-  
6           termined as a result of an audit to have submitted  
7           incomplete or unreliable data pursuant to section  
8           454(15)(B), shall be determined to have submitted  
9           adequate data if the Secretary determines that the  
10          extent of the incompleteness or unreliability of the  
11          data is of a technical nature which does not ad-  
12          versely affect the determination of the level of the  
13          State’s performance.”.

14          (f) EFFECTIVE DATES.—

15                 (1) INCENTIVE ADJUSTMENTS.—(A) The  
16                 amendments made by subsections (a), (b), and (c)  
17                 shall become effective October 1, 1996, except to the  
18                 extent provided in subparagraph (B).

19                 (B) Section 458 of the Social Security Act, as  
20                 in effect immediately before the date of the enact-  
21                 ment of this section, shall be effective for purposes  
22                 of incentive payments to States for fiscal years be-  
23                 fore fiscal year 1998.

24                 (2) PENALTY REDUCTIONS.—(A) The amend-  
25                 ments made by subsection (d) shall become effective

1 with respect to calendar quarters beginning on and  
2 after the date of enactment of this Act.

3 (B) The amendments made by subsection (e)  
4 shall become effective with respect to calendar quar-  
5 ters beginning on and after the date that is 1 year  
6 after the date of enactment of this Act.

7 **SEC. 446. STATE LAWS CONCERNING PATERNITY ESTAB-**  
8 **LISHMENT.**

9 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42  
10 U.S.C. 666(a)(5)) is amended—

11 (1) by striking “(5)” and inserting the follow-  
12 ing:

13 “(5) PROCEDURES CONCERNING PATERNITY ES-  
14 TABLISHMENT.—”;

15 (2) in subparagraph (A)—

16 (A) by striking “(A)(i)” and inserting the  
17 following:

18 “(A) ESTABLISHMENT PROCESS AVAIL-  
19 ABLE FROM BIRTH UNTIL AGE EIGHTEEN.—  
20 (i)”;

21 (B) by indenting clauses (i) and (ii) so  
22 that the left margin of such clauses is 2 ems to  
23 the right of the left margin of paragraph (4);  
24 (3) in subparagraph (B)—

1 (A) by striking “(B)” and inserting the  
2 following:

3 “(B) PROCEDURES CONCERNING GENETIC  
4 TESTING.—(i)”;

5 (B) in clause (i), as redesignated, by in-  
6 serting before the period “, where such request  
7 is supported by a sworn statement (I) by such  
8 party alleging paternity setting forth facts es-  
9 tablishing a reasonable possibility of the req-  
10 uisite sexual contact of the parties, or (II) by  
11 such party denying paternity setting forth facts  
12 establishing a reasonable possibility of the  
13 nonexistence of sexual contact of the parties;”;

14 (C) by inserting after and below clause (i)  
15 (as redesignated) the following new clause:

16 “(ii) Procedures which require the State  
17 agency, in any case in which such agency orders  
18 genetic testing—

19 “(I) to pay costs of such tests, subject  
20 to recoupment (where the State so elects)  
21 from the putative father if paternity is es-  
22 tablished; and

23 “(II) to obtain additional testing in  
24 any case where an original test result is

1           disputed, upon request and advance pay-  
2           ment by the disputing party.”;

3           (4) by striking subparagraphs (C) and (D) and  
4           inserting the following:

5           “(C) PATERNITY ACKNOWLEDGMENT.—(i)  
6           Procedures for a simple civil process for volun-  
7           tarily acknowledging paternity under which the  
8           State must provide that, before a mother and a  
9           putative father can sign an acknowledgment of  
10          paternity, the putative father and the mother  
11          must be given notice, orally, in writing, and in  
12          a language that each can understand, of the al-  
13          ternatives to, the legal consequences of, and the  
14          rights (including, if 1 parent is a minor, any  
15          rights afforded due to minority status) and re-  
16          sponsibilities that arise from, signing the ac-  
17          knowledgment.

18          “(ii) Such procedures must include a hos-  
19          pital-based program for the voluntary acknowl-  
20          edgment of paternity focusing on the period im-  
21          mediately before or after the birth of a child.

22          “(iii) Such procedures must require the  
23          State agency responsible for maintaining birth  
24          records to offer voluntary paternity establish-  
25          ment services.

1           “(iv) The Secretary shall prescribe regula-  
2           tions governing voluntary paternity establish-  
3           ment services offered by hospitals and birth  
4           record agencies. The Secretary shall prescribe  
5           regulations specifying the types of other entities  
6           that may offer voluntary paternity establish-  
7           ment services, and governing the provision of  
8           such services, which shall include a requirement  
9           that such an entity must use the same notice  
10          provisions used by, the same materials used by,  
11          provide the personnel providing such services  
12          with the same training provided by, and evalu-  
13          ate the provision of such services in the same  
14          manner as, voluntary paternity establishment  
15          programs of hospitals and birth record agen-  
16          cies.

17          “(v) Such procedures must require the  
18          State and those required to establish paternity  
19          to use only the affidavit developed under section  
20          452(a)(7) for the voluntary acknowledgment of  
21          paternity, and to give full faith and credit to  
22          such an affidavit signed in any other State.

23          “(D) STATUS OF SIGNED PATERNITY AC-  
24          KNOWLEDGMENT.—(i) Procedures under which  
25          a signed acknowledgment of paternity is consid-

1           ered a legal finding of paternity, subject to the  
2           right of any signatory to rescind the acknowl-  
3           edgment within 60 days.

4           “(ii)(I) Procedures under which, after the  
5           60-day period referred to in clause (i), a signed  
6           acknowledgment of paternity may be challenged  
7           in court only on the basis of fraud, duress, or  
8           material mistake of fact, with the burden of  
9           proof upon the challenger, and under which the  
10          legal responsibilities (including child support  
11          obligations) of any signatory arising from the  
12          acknowledgment may not be suspended during  
13          the challenge, except for good cause shown.

14          “(II) Procedures under which, after the  
15          60-day period referred to in clause (i), a minor  
16          who signs an acknowledgment of paternity  
17          other than in the presence of a parent or court-  
18          appointed guardian ad litem may rescind the  
19          acknowledgment in a judicial or administrative  
20          proceeding, until the earlier of—

21                  “(aa) attaining the age of majority; or

22                  “(bb) the date of the first judicial or  
23                  administrative proceeding brought (after  
24                  the signing) to establish a child support  
25                  obligation, visitation rights, or custody

1 rights with respect to the child whose pa-  
2 ternity is the subject of the acknowledg-  
3 ment, and at which the minor is rep-  
4 resented by a parent, guardian ad litem, or  
5 attorney.”;

6 (5) by striking subparagraph (E) and inserting  
7 the following:

8 “(E) BAR ON ACKNOWLEDGMENT RATIFI-  
9 CATION PROCEEDINGS.—Procedures under  
10 which no judicial or administrative proceedings  
11 are required or permitted to ratify an unchal-  
12 lenged acknowledgment of paternity.”;

13 (6) by striking subparagraph (F) and inserting  
14 the following:

15 “(F) ADMISSIBILITY OF GENETIC TESTING  
16 RESULTS.—Procedures—

17 “(i) requiring that the State admit  
18 into evidence, for purposes of establishing  
19 paternity, results of any genetic test that  
20 is—

21 “(I) of a type generally acknowl-  
22 edged, by accreditation bodies des-  
23 igned by the Secretary, as reliable  
24 evidence of paternity; and

1                   “(II) performed by a laboratory  
2                   approved by such an accreditation  
3                   body;

4                   “(ii) that any objection to genetic  
5                   testing results must be made in writing not  
6                   later than a specified number of days be-  
7                   fore any hearing at which such results may  
8                   be introduced into evidence (or, at State  
9                   option, not later than a specified number  
10                  of days after receipt of such results); and

11                  “(iii) that, if no objection is made, the  
12                  test results are admissible as evidence of  
13                  paternity without the need for foundation  
14                  testimony or other proof of authenticity or  
15                  accuracy.”; and

16                  (7) by adding after subparagraph (H) the  
17                  following new subparagraphs:

18                  “(I) NO RIGHT TO JURY TRIAL.—Proce-  
19                  dures providing that the parties to an action to  
20                  establish paternity are not entitled to jury trial.

21                  “(J) TEMPORARY SUPPORT ORDER BASED  
22                  ON PROBABLE PATERNITY IN CONTESTED  
23                  CASES.—Procedures which require that a tem-  
24                  porary order be issued, upon motion by a party,  
25                  requiring the provision of child support pending

1 an administrative or judicial determination of  
2 parentage, where there is clear and convincing  
3 evidence of paternity (on the basis of genetic  
4 tests or other evidence).

5 “(K) PROOF OF CERTAIN SUPPORT AND  
6 PATERNITY ESTABLISHMENT COSTS.—Proce-  
7 dures under which bills for pregnancy, child-  
8 birth, and genetic testing are admissible as evi-  
9 dence without requiring third-party foundation  
10 testimony, and shall constitute prima facie evi-  
11 dence of amounts incurred for such services and  
12 testing on behalf of the child.

13 “(L) WAIVER OF STATE DEBTS FOR CO-  
14 OPERATION.—At the option of the State, proce-  
15 dures under which the tribunal establishing pa-  
16 ternity and support has discretion to waive  
17 rights to all or part of amounts owed to the  
18 State (but not to the mother) for costs related  
19 to pregnancy, childbirth, and genetic testing  
20 and for public assistance paid to the family  
21 where the father cooperates or acknowledges  
22 paternity before or after genetic testing.

23 “(M) STANDING OF PUTATIVE FATHERS.—  
24 Procedures ensuring that the putative father

1           has a reasonable opportunity to initiate a pater-  
2           nity action.”.

3           (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-  
4   DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is  
5   amended by inserting “, and develop an affidavit to be  
6   used for the voluntary acknowledgment of paternity which  
7   shall include the social security account number of each  
8   parent” before the semicolon.

9           (c) TECHNICAL AMENDMENT.—Section 468 (42  
10   U.S.C. 668) is amended by striking “a simple civil process  
11   for voluntarily acknowledging paternity and”.

12   **SEC. 447. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**  
13                           **LISHMENT.**

14           (a) STATE PLAN REQUIREMENT.—Section 454(23)  
15   (42 U.S.C. 654(23)) is amended by adding at the end the  
16   following new subparagraph:

17                           “(C) publicize the availability and encour-  
18                           age the use of procedures for voluntary estab-  
19                           lishment of paternity and child support through  
20                           a variety of means, which—

21   “(i) include distribution of written  
22   materials at health care facilities (includ-  
23   ing hospitals and clinics), and other loca-  
24   tions such as schools;

1           “(ii) may include pre-natal programs  
2           to educate expectant couples on individual  
3           and joint rights and responsibilities with  
4           respect to paternity (and may require all  
5           expectant recipients of assistance under  
6           part A to participate in such pre-natal pro-  
7           grams, as an element of cooperation with  
8           efforts to establish paternity and child sup-  
9           port);

10           “(iii) include, with respect to each  
11           child discharged from a hospital after birth  
12           for whom paternity or child support has  
13           not been established, reasonable follow-up  
14           efforts (including at least one contact of  
15           each parent whose whereabouts are known,  
16           except where there is reason to believe  
17           such follow-up efforts would put mother or  
18           child at risk), providing—

19                   “(I) in the case of a child for  
20                   whom paternity has not been estab-  
21                   lished, information on the benefits of  
22                   and procedures for establishing pater-  
23                   nity; and

24                   “(II) in the case of a child for  
25                   whom paternity has been established

1 but child support has not been estab-  
2 lished, information on the benefits of  
3 and procedures for establishing a  
4 child support order, and an applica-  
5 tion for child support services;”.

6 (b) ENHANCED FEDERAL MATCHING.—Section  
7 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

8 (1) by inserting “(i)” before “laboratory costs”,  
9 and

10 (2) by inserting before the semicolon “, and (ii)  
11 costs of outreach programs designed to encourage  
12 voluntary acknowledgment of paternity”.

13 (c) EFFECTIVE DATES.—(1) The amendments made  
14 by subsection (a) shall become effective October 1, 1997.

15 (2) The amendments made by subsection (b) shall be  
16 effective with respect to calendar quarters beginning on  
17 and after October 1, 1996.

## 18 **Subtitle F—Establishment and** 19 **Modification of Support Orders**

### 20 **SEC. 451. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-** 21 **SION.**

22 (a) ESTABLISHMENT.—There is hereby established a  
23 commission to be known as the “National Child Support  
24 Guidelines Commission” (in this section referred to as the  
25 “Commission”).

1       (b) GENERAL DUTIES.—The Commission shall de-  
2 velop a national child support guideline for consideration  
3 by the Congress that is based on a study of various guide-  
4 line models, the benefits and deficiencies of such models,  
5 and any needed improvements.

6       (c) MEMBERSHIP.—

7           (1) NUMBER; APPOINTMENT.—

8           (A) IN GENERAL.—The Commission shall  
9 be composed of 12 individuals appointed jointly  
10 by the Secretary of Health and Human Services  
11 and the Congress, not later than January 15,  
12 1997, of which—

13           (i) 2 shall be appointed by the Chair-  
14 man of the Committee on Finance of the  
15 Senate, and 1 shall be appointed by the  
16 ranking minority member of the Commit-  
17 tee;

18           (ii) 2 shall be appointed by the Chair-  
19 man of the Committee on Ways and Means  
20 of the House of Representatives, and 1  
21 shall be appointed by the ranking minority  
22 member of the Committee; and

23           (iii) 6 shall be appointed by the Sec-  
24 retary of Health and Human Services.

1 (B) QUALIFICATIONS OF MEMBERS.—

2 Members of the Commission shall have exper-  
3 tise and experience in the evaluation and devel-  
4 opment of child support guidelines. At least 1  
5 member shall represent advocacy groups for  
6 custodial parents, at least 1 member shall rep-  
7 resent advocacy groups for noncustodial par-  
8 ents, and at least 1 member shall be the direc-  
9 tor of a State program under part D of title IV  
10 of the Social Security Act.

11 (2) TERMS OF OFFICE.—Each member shall be  
12 appointed for a term of 2 years. A vacancy in the  
13 Commission shall be filled in the manner in which  
14 the original appointment was made.

15 (d) COMMISSION POWERS, COMPENSATION, ACCESS  
16 TO INFORMATION, AND SUPERVISION.—The first sentence  
17 of subparagraph (C), the first and third sentences of sub-  
18 paragraph (D), subparagraph (F) (except with respect to  
19 the conduct of medical studies), clauses (ii) and (iii) of  
20 subparagraph (G), and subparagraph (H) of section  
21 1886(e)(6) of the Social Security Act shall apply to the  
22 Commission in the same manner in which such provisions  
23 apply to the Prospective Payment Assessment Commis-  
24 sion.

1 (e) REPORT.—Not later than 2 years after the ap-  
2 pointment of members, the Commission shall submit to  
3 the President, the Committee on Ways and Means of the  
4 House of Representatives, and the Committee on Finance  
5 of the Senate, a recommended national child support  
6 guideline and a final assessment of issues relating to such  
7 a proposed national child support guideline.

8 (f) TERMINATION.—The Commission shall terminate  
9 6 months after the submission of the report described in  
10 subsection (e).

11 **SEC. 452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**  
12 **MENT OF CHILD SUPPORT ORDERS.**

13 (a) IN GENERAL.—Section 466(a)(10) (42 U.S.C.  
14 666(a)(10)) is amended to read as follows:

15 “(10) PROCEDURES FOR MODIFICATION OF  
16 SUPPORT ORDERS.—

17 “(A)(i) Procedures under which—

18 “(I) every 3 years, at the request of  
19 either parent subject to a child support  
20 order, the State shall review and, as appro-  
21 priate, adjust the order in accordance with  
22 the guidelines established under section  
23 467(a) if the amount of the child support  
24 award under the order differs from the  
25 amount that would be awarded in accord-

1           ance with such guidelines, without a re-  
2           quirement for any other change in cir-  
3           cumstances; and

4           “(II) upon request at any time of ei-  
5           ther parent subject to a child support  
6           order, the State shall review and, as appro-  
7           priate, adjust the order in accordance with  
8           the guidelines established under section  
9           467(a) based on a substantial change in  
10          the circumstances of either such parent.

11          “(ii) Such procedures shall require both  
12          parents subject to a child support order to be  
13          notified of their rights and responsibilities pro-  
14          vided for under clause (i) at the time the order  
15          is issued and in the annual information ex-  
16          change form provided under subparagraph (B).

17          “(B) Procedures under which each child  
18          support order issued or modified in the State  
19          after the effective date of this subparagraph  
20          shall require the parents subject to the order to  
21          provide each other with a complete statement of  
22          their respective financial condition annually on  
23          a form which shall be established by the Sec-  
24          retary and provided by the State. The Secretary

1 shall establish regulations for the enforcement  
2 of such exchange of information.”.

### 3 **Subtitle G—Enforcement of** 4 **Support Orders**

#### 5 **SEC. 461. FEDERAL INCOME TAX REFUND OFFSET.**

6 (a) CHANGED ORDER OF REFUND DISTRIBUTION  
7 UNDER INTERNAL REVENUE CODE.—Section 6402(c) of  
8 the Internal Revenue Code of 1986 is amended by striking  
9 the 3rd sentence.

10 (b) ELIMINATION OF DISPARITIES IN TREATMENT  
11 OF ASSIGNED AND NON-ASSIGNED ARREARAGES.—(1)  
12 Section 464(a) (42 U.S.C. 664(a)) is amended—

13 (A) by striking “(a)” and inserting “(a) OFF-  
14 SET AUTHORIZED.—”;

15 (B) in paragraph (1)—

16 (i) in the first sentence, by striking “which  
17 has been assigned to such State pursuant to  
18 section 402(a)(26) or section 471(a)(17)”;

19 (ii) in the second sentence, by striking “in  
20 accordance with section 457 (b)(4) or (d)(3)”  
21 and inserting “as provided in paragraph (2)”;

22 (C) in paragraph (2), to read as follows:

23 “(2) The State agency shall distribute amounts  
24 paid by the Secretary of the Treasury pursuant to  
25 paragraph (1)—

1           “(A) in accordance with section 457 (a)(4)  
2           or (d)(3), in the case of past-due support as-  
3           signed to a State pursuant to section  
4           402(a)(26) or section 471(a)(17); and

5           “(B) to or on behalf of the child to whom  
6           the support was owed, in the case of past-due  
7           support not so assigned.”;

8           (D) in paragraph (3)—

9           (i) by striking “or (2)” each place it ap-  
10          pears; and

11          (ii) in subparagraph (B), by striking  
12          “under paragraph (2)” and inserting “on ac-  
13          count of past-due support described in para-  
14          graph (2)(B)”.

15          (2) Section 464(b) (42 U.S.C. 664(b)) is  
16          amended—

17                 (A) by striking “(b)(1)” and inserting “(b)  
18                 REGULATIONS.—”; and

19                 (B) by striking paragraph (2).

20          (3) Section 464(c) (42 U.S.C. 664(c)) is  
21          amended—

22                 (A) by striking “(c)(1) Except as provided  
23                 in paragraph (2), as” and inserting “(c) DEFINI-  
24                 TION.—As”; and

25                 (B) by striking paragraphs (2) and (3).

1 (c) TREATMENT OF LUMP-SUM TAX REFUND  
2 UNDER AFDC.—

3 (1) EXEMPTION FROM LUMP-SUM RULE.—Sec-  
4 tion 402(a)(17) (42 U.S.C. 602(a)(17)) is amended  
5 by adding at the end the following: “but this para-  
6 graph shall not apply to income received by a family  
7 that is attributable to a child support obligation  
8 owed with respect to a member of the family and  
9 that is paid to the family from amounts withheld  
10 from a Federal income tax refund otherwise payable  
11 to the person owing such obligation, to the extent  
12 that such income is placed in a qualified asset ac-  
13 count (as defined in section 406(j)) the total  
14 amounts in which, after such placement, does not  
15 exceed \$10,000;”.

16 (2) QUALIFIED ASSET ACCOUNT DEFINED.—  
17 Section 406 (42 U.S.C. 606), as amended by section  
18 402(g)(2) of this Act, is amended by adding at the  
19 end the following:

20 “(j)(1) The term ‘qualified asset account’ means a  
21 mechanism approved by the State (such as individual re-  
22 tirement accounts, escrow accounts, or savings bonds) that  
23 allows savings of a family receiving aid to families with  
24 dependent children to be used for qualified distributions.

1       “(2) The term ‘qualified distribution’ means a dis-  
2 tribution from a qualified asset account for expenses di-  
3 rectly related to 1 or more of the following purposes:

4               “(A) The attendance of a member of the family  
5 at any education or training program.

6               “(B) The improvement of the employability (in-  
7 cluding self-employment) of a member of the family  
8 (such as through the purchase of an automobile).

9               “(C) The purchase of a home for the family.

10              “(D) A change of the family residence.”.

11       (d) EFFECTIVE DATE.—The amendments made by  
12 this section shall become effective October 1, 1999.

13 **SEC. 462. INTERNAL REVENUE SERVICE COLLECTION OF**  
14 **ARREARS.**

15       (a) AMENDMENT TO INTERNAL REVENUE CODE.—  
16 Section 6305(a) of the Internal Revenue Code of 1986 is  
17 amended—

18               (1) in paragraph (1), by inserting “except as  
19 provided in paragraph (5)” after “collected”;

20               (2) by striking “and” at the end of paragraph  
21 (3);

22               (3) by striking the period at the end of para-  
23 graph (4) and inserting a comma;

24               (4) by adding after paragraph (4) the following  
25 new paragraph:

1           “(5) no additional fee may be assessed for ad-  
2           justments to an amount previously certified pursu-  
3           ant to such section 452(b) with respect to the same  
4           obligor.”; and

5           (5) by striking “Secretary of Health, Edu-  
6           cation, and Welfare” each place it appears and in-  
7           serting “Secretary of Health and Human Services”.

8           (b) EFFECTIVE DATE.—The amendments made by  
9           this section shall become effective October 1, 1997.

10 **SEC. 463. AUTHORITY TO COLLECT SUPPORT FROM FED-**  
11 **ERAL EMPLOYEES.**

12           (a) CONSOLIDATION AND STREAMLINING OF AU-  
13 THORITIES.—

14           (1) Section 459 (42 U.S.C. 659) is amended in  
15           the caption by inserting “INCOME WITHHOLDING,”  
16           before “GARNISHMENT”.

17           (2) Section 459(a) (42 U.S.C. 659(a)) is  
18           amended—

19           (A) by striking “(a)” and inserting “(a)  
20           CONSENT TO SUPPORT ENFORCEMENT.—

21           (B) by striking “section 207” and insert-  
22           ing “section 207 of this Act and 38 U.S.C.  
23           5301”; and

24           (C) by striking all that follows “a private  
25           person,” and inserting “to withholding in ac-

1 cordance with State law pursuant to subsections  
2 (a)(1) and (b) of section 466 and regulations of  
3 the Secretary thereunder, and to any other legal  
4 process brought, by a State agency administer-  
5 ing a program under this part or by an individ-  
6 ual obligee, to enforce the legal obligation of  
7 such individual to provide child support or ali-  
8 mony.”.

9 (3) Section 459(b) (42 U.S.C. 659(b)) is  
10 amended to read as follows:

11 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO  
12 PRIVATE PERSON.— Except as otherwise provided herein,  
13 each entity specified in subsection (a) shall be subject,  
14 with respect to notice to withhold income pursuant to sub-  
15 section (a)(1) or (b) of section 466, or to any other order  
16 or process to enforce support obligations against an indi-  
17 vidual (if such order or process contains or is accompanied  
18 by sufficient data to permit prompt identification of the  
19 individual and the moneys involved), to the same require-  
20 ments as would apply if such entity were a private per-  
21 son.”.

22 (4) Section 459(c) (42 U.S.C. 659(c)) is redес-  
23 igned and relocated as paragraph (2) of subsection  
24 (f), and is amended—

1 (A) by striking “responding to interro-  
2 gatories pursuant to requirements imposed by  
3 section 461(b)(3)” and inserting “taking ac-  
4 tions necessary to comply with the requirements  
5 of subsection (A) with regard to any individ-  
6 ual”; and

7 (B) by striking “any of his duties” and all  
8 that follows and inserting “such duties.”.

9 (5) Section 461 (42 U.S.C. 661) is amended by  
10 striking subsection (b), and section 459 (42 U.S.C.  
11 659) is amended by inserting after subsection (b)  
12 (as added by paragraph (3) of this subsection) the  
13 following:

14 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE  
15 OR PROCESS.—(1) The head of each agency subject to the  
16 requirements of this section shall—

17 “(A) designate an agent or agents to receive or-  
18 ders and accept service of process; and

19 “(B) publish (i) in the appendix of such regula-  
20 tions, (ii) in each subsequent republication of such  
21 regulations, and (iii) annually in the Federal Reg-  
22 ister, the designation of such agent or agents, identi-  
23 fied by title of position, mailing address, and tele-  
24 phone number.”.

1           (6) Section 459 (42 U.S.C. 659) is amended by  
2 striking subsection (d) and by inserting after sub-  
3 section (c)(1) (as added by paragraph (5) of this  
4 subsection) the following:

5           “(2) Whenever an agent designated pursuant to para-  
6 graph (1) receives notice pursuant to subsection (a)(1) or  
7 (b) of section 466, or is effectively served with any order,  
8 process, or interrogatories, with respect to an individual’s  
9 child support or alimony payment obligations, such agent  
10 shall—

11           “(A) as soon as possible (but not later than fif-  
12 teen days) thereafter, send written notice of such no-  
13 tice or service (together with a copy thereof) to such  
14 individual at his duty station or last-known home  
15 address;

16           “(B) within 30 days (or such longer period as  
17 may be prescribed by applicable State law) after re-  
18 ceipt of a notice pursuant to subsection (a)(1) or (b)  
19 of section 466, comply with all applicable provisions  
20 of such section 466; and

21           “(C) within 30 days (or such longer period as  
22 may be prescribed by applicable State law) after ef-  
23 fective service of any other such order, process, or  
24 interrogatories, respond thereto.”.

1           (7) Section 461 (42 U.S.C. 661) is amended by  
2 striking subsection (c), and section 459 (42 U.S.C.  
3 659) is amended by inserting after subsection (c) (as  
4 added by paragraph (5) and amended by paragraph  
5 (6) of this subsection) the following:

6           “(d) PRIORITY OF CLAIMS.—In the event that a gov-  
7 ernmental entity receives notice or is served with process,  
8 as provided in this section, concerning amounts owed by  
9 an individual to more than one person—

10           “(1) support collection under section 466(b)  
11 must be given priority over any other process, as  
12 provided in section 466(b)(7);

13           “(2) allocation of moneys due or payable to an  
14 individual among claimants under section 466(b)  
15 shall be governed by the provisions of such section  
16 466(b) and regulations thereunder; and

17           “(3) such moneys as remain after compliance  
18 with subparagraphs (A) and (B) shall be available to  
19 satisfy any other such processes on a first-come,  
20 first-served basis, with any such process being satis-  
21 fied out of such moneys as remain after the satisfac-  
22 tion of all such processes which have been previously  
23 served.”.

1           (8) Section 459(e) (42 U.S.C. 659(e)) is  
2 amended by striking “(e)” and inserting the follow-  
3 ing:

4           “(e) NO REQUIREMENT TO VARY PAY CYCLES.—”.

5           (9) Section 459(f) (42 U.S.C. 659(f)) is amend-  
6 ed by striking “(f)” and inserting the following:

7           “(f) RELIEF FROM LIABILITY.—(1)”.

8           (10) Section 461(a) (42 U.S.C. 661(a)) is re-  
9 designated and relocated as section 459(g), and is  
10 amended—

11           (A) by striking “(g)” and inserting the fol-  
12 lowing:

13           “(g) REGULATIONS.—”; and

14           (B) by striking “section 459” and insert-  
15 ing “this section”.

16           (11) Section 462 (42 U.S.C. 662) is amended  
17 by striking subsection (f), and section 459 (42  
18 U.S.C. 659) is amended by inserting the following  
19 after subsection (g) (as added by paragraph (10) of  
20 this subsection):

21           “(h) MONEYS SUBJECT TO PROCESS.—(1) Subject to  
22 subsection (i), moneys paid or payable to an individual  
23 which are considered to be based upon remuneration for  
24 employment, for purposes of this section—

25           “(A) consist of—

1           “(i) compensation paid or payable for per-  
2           sonal services of such individual, whether such  
3           compensation is denominated as wages, salary,  
4           commission, bonus, pay, allowances, or other-  
5           wise (including severance pay, sick pay, and in-  
6           centive pay);

7           “(ii) periodic benefits (including a periodic  
8           benefit as defined in section 228(h)(3)) or other  
9           payments—

10                   “(I) under the insurance system es-  
11                   tablished by title II;

12                   “(II) under any other system or fund  
13                   established by the United States which  
14                   provides for the payment of pensions, re-  
15                   tirement or retired pay, annuities, depend-  
16                   ents’ or survivors’ benefits, or similar  
17                   amounts payable on account of personal  
18                   services performed by the individual or any  
19                   other individual;

20                   “(III) as compensation for death  
21                   under any Federal program;

22                   “(IV) under any Federal program es-  
23                   tablished to provide ‘black lung’ benefits;  
24                   or

1           “(V) by the Secretary of Veterans Af-  
2           fairs as pension, or as compensation for a  
3           service-connected disability or death (ex-  
4           cept any compensation paid by such Sec-  
5           retary to a former member of the Armed  
6           Forces who is in receipt of retired or re-  
7           tainer pay if such former member has  
8           waived a portion of his retired pay in order  
9           to receive such compensation); and

10           “(iii) worker’s compensation benefits paid  
11           under Federal or State law; but

12           “(B) do not include any payment—

13           “(i) by way of reimbursement or otherwise,  
14           to defray expenses incurred by such individual  
15           in carrying out duties associated with his em-  
16           ployment; or

17           “(ii) as allowances for members of the uni-  
18           formed services payable pursuant to chapter 7  
19           of title 37, United States Code, as prescribed  
20           by the Secretaries concerned (defined by section  
21           101(5) of such title) as necessary for the effi-  
22           cient performance of duty.”.

23           (12) Section 462(g) (42 U.S.C. 662(g)) is re-  
24           designated and relocated as section 459(i) (42  
25           U.S.C. 659(i)).

1           (13)(A) Section 462 (42 U.S.C. 662) is amend-  
2       ed—

3           (i) in subsection (e)(1), by redesignating  
4       subparagraphs (A), (B), and (C) as clauses (i),  
5       (ii), and (iii); and

6           (ii) in subsection (e), by redesignating  
7       paragraphs (1) and (2) as subparagraphs (A)  
8       and (B).

9           (B) Section 459 (42 U.S.C. 659) is amended by  
10      adding at the end the following:

11      “(j) DEFINITIONS.—For purposes of this sec-  
12      tion—”.

13           (C) Subsections (a) through (e) of section 462  
14      (42 U.S.C. 662), as amended by subparagraph (A)  
15      of this paragraph, are relocated and redesignated as  
16      paragraphs (1) through (4), respectively of section  
17      459(j) (as added by subparagraph (B) of this para-  
18      graph, (42 U.S.C. 659(j))), and the left margin of  
19      each of such paragraphs (1) through (4) is indented  
20      2 ems to the right of the left margin of subsection  
21      (i) (as added by paragraph (12) of this subsection).

22      (b) CONFORMING AMENDMENTS.—

23           (1) TO PART D OF TITLE IV.—Sections 461 and  
24      462 (42 U.S.C. 661), as amended by subsection (a)  
25      of this section, are repealed.

1           (2) TO TITLE 5, UNITED STATES CODE.—Sec-  
2           tion 5520a of title 5, United States Code, is amend-  
3           ed, in subsections (h)(2) and (i), by striking “sec-  
4           tions 459, 461, and 462 of the Social Security Act  
5           (42 U.S.C. 659, 661, and 662)” and inserting “sec-  
6           tion 459 of the Social Security Act (42 U.S.C.  
7           659)”.

8           (c) MILITARY RETIRED AND RETAINER PAY.—(1)  
9           DEFINITION OF COURT.—Section 1408(a)(1) of title 10,  
10          United States Code, is amended—

11           (A) by striking “and” at the end of subpara-  
12          graph (B);

13           (B) by striking the period at the end of sub-  
14          paragraph (C) and inserting “; and”; and

15           (C) by adding after subparagraph (C) the fol-  
16          lowing new paragraph:

17           “(D) any administrative or judicial tribu-  
18          nal of a State competent to enter orders for  
19          support or maintenance (including a State  
20          agency administering a State program under  
21          part D of title IV of the Social Security Act).”;

22          (2) DEFINITION OF COURT ORDER.—Section  
23          1408(a)(2) of such title is amended by inserting “or a  
24          court order for the payment of child support not included

1 in or accompanied by such a decree or settlement,” before  
2 “which—”.

3 (3) PUBLIC PAYEE.—Section 1408(d) of such title is  
4 amended—

5 (A) in the heading, by striking “to spouse” and  
6 inserting “to (or for benefit of)”; and

7 (B) in paragraph (1), in the first sentence, by  
8 inserting “(or for the benefit of such spouse or  
9 former spouse to a State central collections unit or  
10 other public payee designated by a State, in accord-  
11 ance with part D of title IV of the Social Security  
12 Act, as directed by court order, or as otherwise di-  
13 rected in accordance with such part D)” before “in  
14 an amount sufficient”.

15 (4) RELATIONSHIP TO PART D OF TITLE IV.—Sec-  
16 tion 1408 of such title is amended by adding at the end  
17 the following new subsection:

18 “(j) RELATIONSHIP TO OTHER LAWS.—In any case  
19 involving a child support order against a member who has  
20 never been married to the other parent of the child, the  
21 provisions of this section shall not apply, and the case  
22 shall be subject to the provisions of section 459 of the  
23 Social Security Act.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall become effective 6 months after the date  
3 of the enactment of this Act.

4 **SEC. 464. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**  
5 **TIONS OF MEMBERS OF THE ARMED FORCES.**

6 (a) AVAILABILITY OF LOCATOR INFORMATION.—

7 (1) MAINTENANCE OF ADDRESS INFORMA-  
8 TION.—The Secretary of Defense shall establish a  
9 centralized personnel locator service that includes  
10 the address of each member of the Armed Forces  
11 under the jurisdiction of the Secretary. Upon re-  
12 quest of the Secretary of Transportation, addresses  
13 for members of the Coast Guard shall be included in  
14 the centralized personnel locator service.

15 (2) TYPE OF ADDRESS.—

16 (A) RESIDENTIAL ADDRESS.—Except as  
17 provided in subparagraph (B), the address for  
18 a member of the Armed Forces shown in the lo-  
19 cator service shall be the residential address of  
20 that member.

21 (B) DUTY ADDRESS.—The address for a  
22 member of the Armed Forces shown in the loca-  
23 tor service shall be the duty address of that  
24 member in the case of a member—

1 (i) who is permanently assigned over-  
2 seas, to a vessel, or to a routinely  
3 deployable unit; or

4 (ii) with respect to whom the Sec-  
5 retary concerned makes a determination  
6 that the member's residential address  
7 should not be disclosed due to national se-  
8 curity or safety concerns.

9 (3) UPDATING OF LOCATOR INFORMATION.—  
10 Within 30 days after a member listed in the locator  
11 service establishes a new residential address (or a  
12 new duty address, in the case of a member covered  
13 by paragraph (2)(B)), the Secretary concerned shall  
14 update the locator service to indicate the new ad-  
15 dress of the member.

16 (4) AVAILABILITY OF INFORMATION.—The Sec-  
17 retary of Defense shall make information regarding  
18 the address of a member of the Armed Forces listed  
19 in the locator service available, on request, to the  
20 Federal Parent Locator Service.

21 (b) FACILITATING GRANTING OF LEAVE FOR AT-  
22 TENDANCE AT HEARINGS.—

23 (1) REGULATIONS.—The Secretary of each  
24 military department, and the Secretary of Transpor-  
25 tation with respect to the Coast Guard when it is

1 not operating as a service in the Navy, shall pre-  
2 scribe regulations to facilitate the granting of leave  
3 to a member of the Armed Forces under the juris-  
4 diction of that Secretary in a case in which—

5 (A) the leave is needed for the member to  
6 attend a hearing described in paragraph (2);

7 (B) the member is not serving in or with  
8 a unit deployed in a contingency operation (as  
9 defined in section 101 of title 10, United States  
10 Code); and

11 (C) the exigencies of military service (as  
12 determined by the Secretary concerned) do not  
13 otherwise require that such leave not be  
14 granted.

15 (2) COVERED HEARINGS.—Paragraph (1) ap-  
16 plies to a hearing that is conducted by a court or  
17 pursuant to an administrative process established  
18 under State law, in connection with a civil action—

19 (A) to determine whether a member of the  
20 Armed Forces is a natural parent of a child; or

21 (B) to determine an obligation of a mem-  
22 ber of the Armed Forces to provide child sup-  
23 port.

24 (3) DEFINITIONS.—For purposes of this sub-  
25 section:

1 (A) The term “court” has the meaning  
2 given that term in section 1408(a) of title 10,  
3 United States Code.

4 (B) The term “child support” has the  
5 meaning given such term in section 462 of the  
6 Social Security Act (42 U.S.C. 662).

7 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-  
8 PLIANCE WITH CHILD SUPPORT ORDERS.—

9 (1) DATE OF CERTIFICATION OF COURT  
10 ORDER.—Section 1408 of title 10, United States  
11 Code, is amended—

12 (A) by redesignating subsection (i) as sub-  
13 section (j); and

14 (B) by inserting after subsection (h) the  
15 following new subsection (i):

16 “(i) CERTIFICATION DATE.—It is not necessary that  
17 the date of a certification of the authenticity or complete-  
18 ness of a copy of a court order or an order of an adminis-  
19 trative process established under State law for child sup-  
20 port received by the Secretary concerned for the purposes  
21 of this section be recent in relation to the date of receipt  
22 by the Secretary.”.

23 (2) PAYMENTS CONSISTENT WITH ASSIGN-  
24 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)  
25 of such title is amended by inserting after the first

1 sentence the following: “In the case of a spouse or  
2 former spouse who, pursuant to section 402(a)(26)  
3 of the Social Security Act (42 U.S.C. 602(26)), as-  
4 signs to a State the rights of the spouse or former  
5 spouse to receive support, the Secretary concerned  
6 may make the child support payments referred to  
7 in the preceding sentence to that State in amounts  
8 consistent with that assignment of rights.”.

9 (3) ARREARAGES OWED BY MEMBERS OF THE  
10 UNIFORMED SERVICES.—Section 1408(d) of such  
11 title is amended by adding at the end the following  
12 new paragraph:

13 “(6) In the case of a court order or an order of an  
14 administrative process established under State law for  
15 which effective service is made on the Secretary concerned  
16 on or after the date of the enactment of this paragraph  
17 and which provides for payments from the disposable re-  
18 tired pay of a member to satisfy the amount of child sup-  
19 port set forth in the order, the authority provided in para-  
20 graph (1) to make payments from the disposable retired  
21 pay of a member to satisfy the amount of child support  
22 set forth in a court order or an order of an administrative  
23 process established under State law shall apply to payment  
24 of any amount of child support arrearages set forth in that

1 order as well as to amounts of child support that currently  
2 become due.”.

3 **SEC. 465. MOTOR VEHICLE LIENS.**

4 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amend-  
5 ed—

6 (1) by striking “(4) Procedures” and inserting  
7 the following:

8 “(4) LIENS.—

9 “(A) IN GENERAL.—Procedures”; and

10 (2) by adding at the end the following new sub-  
11 paragraph:

12 “(B) MOTOR VEHICLE LIENS.—Procedures  
13 for placing liens for arrears of child support on  
14 motor vehicle titles of individuals owing such  
15 arrears equal to or exceeding two months of  
16 support, under which—

17 “(i) any person owed such arrears  
18 may place such a lien;

19 “(ii) the State agency administering  
20 the program under this part shall system-  
21 atically place such liens;

22 “(iii) expedited methods are provided  
23 for—

24 “(I) ascertaining the amount of  
25 arrears;

1                   “(II) affording the person owing  
2                   the arrears or other titleholder to con-  
3                   test the amount of arrears or to ob-  
4                   tain a release upon fulfilling the sup-  
5                   port obligation;

6                   “(iv) such a lien has precedence over  
7                   all other encumbrances on a vehicle title  
8                   other than a purchase money security in-  
9                   terest; and

10                   “(v) the individual or State agency  
11                   owed the arrears may execute on, seize,  
12                   and sell the property in accordance with  
13                   State law.”.

14 **SEC. 466. VOIDING OF FRAUDULENT TRANSFERS.**

15                   Section 466(a) (42 U.S.C. 666(a)), as amended by  
16                   sections 401(a), 426(a), 431, and 442 of this Act, is  
17                   amended by inserting after paragraph (15) the following:

18                   “(16) FRAUDULENT TRANSFERS.—Procedures  
19                   under which—

20                   “(A) the State has in effect—

21                   “(i) the Uniform Fraudulent Convey-  
22                   ance Act of 1981,

23                   “(ii) the Uniform Fraudulent Trans-  
24                   fer Act of 1984, or

1           “(iii) another law, specifying indicia of  
2           fraud which create a prima facie case that  
3           a debtor transferred income or property to  
4           avoid payment to a child support creditor,  
5           which the Secretary finds affords com-  
6           parable rights to child support creditors;  
7           and

8           “(B) in any case in which the State knows  
9           of a transfer by a child support debtor with re-  
10          spect to which such a prima facie case is estab-  
11          lished, the State must—

12                   “(i) seek to void such transfer; or

13                   “(ii) obtain a settlement in the best  
14                   interests of the child support creditor.”.

15 **SEC. 467. STATE LAW AUTHORIZING SUSPENSION OF LI-**  
16 **CENSES.**

17          Section 466(a) (42 U.S.C. 666(a)), as amended by  
18          sections 401(a), 426(a), 431, 442, and 466 of this Act,  
19          is amended by inserting after paragraph (16) the follow-  
20          ing:

21                   “(17) AUTHORITY TO WITHHOLD OR SUSPEND  
22          LICENSES.—Procedures under which the State has  
23          (and uses in appropriate cases) authority (subject to  
24          appropriate due process safeguards) to withhold or  
25          suspend, or to restrict the use of driver’s licenses,

1 and professional and occupational licenses of individ-  
2 uals owing overdue child support or failing, after re-  
3 ceiving appropriate notice, to comply with subpoenas  
4 or warrants relating to paternity or child support  
5 proceedings.”.

6 **SEC. 468. REPORTING ARREARAGES TO CREDIT BUREAUS.**

7 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended  
8 to read as follows:

9 “(7) REPORTING ARREARAGES TO CREDIT BU-  
10 REAUS.—(A) Procedures (subject to safeguards pur-  
11 suant to subparagraph (B)) requiring the State to  
12 report periodically to consumer reporting agencies  
13 (as defined in section 603(f) of the Fair Credit Re-  
14 porting Act (15 U.S.C. 1681a(f)) the name of any  
15 absent parent who is delinquent by 90 days or more  
16 in the payment of support, and the amount of over-  
17 due support owed by such parent.

18 “(B) Procedures ensuring that, in carrying out  
19 subparagraph (A), information with respect to an  
20 absent parent is reported—

21 “(i) only after such parent has been af-  
22 farded all due process required under State law,  
23 including notice and a reasonable opportunity  
24 to contest the accuracy of such information;  
25 and

1           “(ii) only to an entity that has furnished  
2           evidence satisfactory to the State that the en-  
3           tity is a consumer reporting agency.”.

4 **SEC. 469. EXTENDED STATUTE OF LIMITATION FOR COL-**  
5 **LECTION OF ARREARAGES.**

6           (a) AMENDMENTS.—Section 466(a)(9) (42 U.S.C.  
7 666(a)(9)) is amended—

8           (1) by striking “(9) Procedures” and inserting  
9           the following:

10           “(9) LEGAL TREATMENT OF ARREARS.—

11           “(A) FINALITY.—Procedures”;

12           (2) by redesignating subparagraphs (A), (B),  
13           and (C) as clauses (i), (ii), and (iii), respectively,  
14           and by indenting each of such clauses 2 additional  
15           ems to the right; and

16           (3) by adding after and below subparagraph  
17           (A), as redesignated, the following new subpara-  
18           graph:

19           “(B) STATUTE OF LIMITATIONS.—Proce-  
20           dures under which the statute of limitations on  
21           any arrearages of child support extends at least  
22           until the child owed such support is 30 years of  
23           age.”.

24           (b) APPLICATION OF REQUIREMENT.—The amend-  
25           ment made by this section shall not be read to require

1 any State law to revive any payment obligation which had  
2 lapsed prior to the effective date of such State law.

3 **SEC. 470. CHARGES FOR ARREARAGES.**

4 (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
5 U.S.C. 666(a)), as amended by sections 401(a), 426(a),  
6 431, 442, 466, and 467 of this Act, is amended by insert-  
7 ing after paragraph (17) the following:

8 “(18) CHARGES FOR ARREARAGES.—Proce-  
9 dures providing for the calculation and collection of  
10 interest or penalties for arrearages of child support,  
11 and for distribution of such interest or penalties col-  
12 lected for the benefit of the child (except where the  
13 right to support has been assigned to the State).”.

14 (b) REGULATIONS.—The Secretary of Health and  
15 Human Services shall establish by regulation a rule to re-  
16 solve choice of law conflicts arising in the implementation  
17 of the amendment made by subsection (a).

18 (c) CONFORMING AMENDMENT.—Section 454(21)  
19 (42 U.S.C. 654(21)) is repealed.

20 (d) EFFECTIVE DATE.—The amendments made by  
21 this section shall be effective with respect to arrearages  
22 accruing on or after October 1, 1998.

23 **SEC. 471. DENIAL OF PASSPORTS FOR NONPAYMENT OF**  
24 **CHILD SUPPORT.**

25 (a) HHS CERTIFICATION PROCEDURE.—

1           (1) SECRETARIAL RESPONSIBILITY.—Section  
2           452 (42 U.S.C. 652), as amended by sections  
3           415(a)(3) and 417 of this Act, is amended by adding  
4           at the end the following new subsection:

5           “(l) CERTIFICATIONS FOR PURPOSES OF PASSPORT  
6 RESTRICTIONS.—

7           “(1) IN GENERAL.—Where the Secretary re-  
8           ceives a certification by a State agency in accord-  
9           ance with the requirements of section 454(28) that  
10          an individual owes arrearages of child support in an  
11          amount exceeding \$5,000 or in an amount exceeding  
12          24 months’ worth of child support, the Secretary  
13          shall transmit such certification to the Secretary of  
14          State for action (with respect to denial, revocation,  
15          or limitation of passports) pursuant to section  
16          471(b) of the Individual Responsibility Act of 1995.

17          “(2) LIMIT ON LIABILITY.—The Secretary shall  
18          not be liable to an individual for any action with re-  
19          spect to a certification by a State agency under this  
20          section.”.

21          (2) STATE CSE AGENCY RESPONSIBILITY.—Sec-  
22          tion 454 (42 U.S.C. 654), as amended by sections  
23          404(a), 414(b), and 422(a) of this Act, is amend-  
24          ed—

1 (A) by striking “and” at the end of para-  
2 graph (26);

3 (B) by striking the period at the end of  
4 paragraph (27) and inserting “; and”; and

5 (C) by adding after paragraph (27) the fol-  
6 lowing new paragraph:

7 “(28) provide that the State agency will have in  
8 effect a procedure (which may be combined with the  
9 procedure for tax refund offset under section 464)  
10 for certifying to the Secretary, for purposes of the  
11 procedure under section 452(l) (concerning denial of  
12 passports) determinations that individuals owe ar-  
13 rearages of child support in an amount exceeding  
14 \$5,000 or in an amount exceeding 24 months’ worth  
15 of child support, under which procedure—

16 “(A) each individual concerned is afforded  
17 notice of such determination and the con-  
18 sequences thereof, and an opportunity to con-  
19 test the determination; and

20 “(B) the certification by the State agency  
21 is furnished to the Secretary in such format,  
22 and accompanied by such supporting docu-  
23 mentation, as the Secretary may require.”.

24 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL  
25 OF PASSPORTS.—

1           (1) IN GENERAL.—The Secretary of State,  
2           upon certification by the Secretary of Health and  
3           Human Services, in accordance with section 452(l)  
4           of the Social Security Act, that an individual owes  
5           arrearages of child support in excess of \$5,000, shall  
6           refuse to issue a passport to such individual, and  
7           may revoke, restrict, or limit a passport issued pre-  
8           viously to such individual.

9           (2) LIMIT ON LIABILITY.—The Secretary of  
10          State shall not be liable to an individual for any ac-  
11          tion with respect to a certification by a State agency  
12          under this section.

13          (c) EFFECTIVE DATE.—This section and the amend-  
14          ments made by this section shall become effective October  
15          1, 1996.

16   **SEC. 472. INTERNATIONAL CHILD SUPPORT ENFORCE-**  
17                                   **MENT.**

18          (a) SENSE OF THE CONGRESS THAT THE UNITED  
19          STATES SHOULD RATIFY THE UNITED NATIONS CON-  
20          VENTION OF 1956.—It is the sense of the Congress that  
21          the United States should ratify the United Nations Con-  
22          vention of 1956.

23          (b) TREATMENT OF INTERNATIONAL CHILD SUP-  
24          PORT CASES AS INTERSTATE CASES.—Section 454 (42

1 U.S.C. 654), as amended by sections 404(a), 414(b),  
2 422(a), and 471(a)(2) of this Act, is amended—

3 (1) by striking “and” at the end of paragraph  
4 (27);

5 (2) by striking the period at the end of para-  
6 graph (28) and inserting “; and”; and

7 (3) by inserting after paragraph (28) the fol-  
8 lowing:

9 “(29) provide that the State must treat inter-  
10 national child support cases in the same manner as  
11 the State treats interstate child support cases.”.

12 **SEC. 473. SEIZURE OF LOTTERY WINNINGS, SETTLEMENTS,**  
13 **PAYOUTS, AWARDS, AND BEQUESTS, AND**  
14 **SALE OF FORFEITED PROPERTY, TO PAY**  
15 **CHILD SUPPORT ARREARAGES.**

16 Section 466(a) (42 U.S.C. 666(a)), as amended by  
17 sections 401(a), 426(a), 431, 442, 466, 467, and 470(a)  
18 of this Act, is amended by inserting after paragraph (18)  
19 the following:

20 “(19) Procedures, in addition to other income  
21 withholding procedures, under which a lien is im-  
22 posed against property with the following effect:

23 “(A) The distributor of the winnings from  
24 a State lottery or State-sanctioned or tribal-  
25 sanctioned gambling house or casino shall—

1           “(i) suspend payment of the winnings  
2           from the person otherwise entitled to the  
3           payment until an inquiry is made to and a  
4           response is received from the State child  
5           support enforcement agency as to whether  
6           the person owes a child support arrearage;  
7           and

8           “(ii) if there is such an arrearage,  
9           withhold from the payment the lesser of  
10          the amount of the payment or the amount  
11          of the arrearage, and pay the amount with-  
12          held to the agency for distribution.

13          “(B) The person required to make a pay-  
14          ment under a policy of insurance or a settle-  
15          ment of a claim made with respect to the policy  
16          shall—

17               “(i) suspend the payment until an in-  
18               quiry is made to and a response received  
19               from the agency as to whether the person  
20               otherwise entitled to the payment owes a  
21               child support arrearage; and

22               “(ii) if there is such an arrearage,  
23               withhold from the payment the lesser of  
24               the amount of the payment or the amount

1 of the arrearage, and pay the amount with-  
2 held to the agency for distribution.

3 “(C) The payor of any amount pursuant to  
4 an award, judgment, or settlement in any ac-  
5 tion brought in Federal or State court shall—

6 “(i) suspend the payment of the  
7 amount until an inquiry is made to and a  
8 response is received from the agency as to  
9 whether the person otherwise entitled to  
10 the payment owes a child support arrear-  
11 age; and

12 “(ii) if there is such an arrearage,  
13 withhold from the payment the lesser of  
14 the amount of the payment or the amount  
15 of the arrearage, and pay the amount with-  
16 held to the agency for distribution.

17 “(D) If the State seizes property forfeited  
18 to the State by an individual by reason of a  
19 criminal conviction, the State shall—

20 “(i) hold the property until an inquiry  
21 is made to and a response is received from  
22 the agency as to whether the individual  
23 owes a child support arrearage; and

24 “(ii) if there is such an arrearage, sell  
25 the property and, after satisfying the

1 claims of all other private or public claim-  
2 ants to the property and deducting from  
3 the proceeds of the sale the attendant costs  
4 (such as for towing, storage, and the sale),  
5 pay the lesser of the remaining proceeds or  
6 the amount of the arrearage directly to the  
7 agency for distribution.

8 “(E) Any person required to make a pay-  
9 ment in respect of a decedent shall—

10 “(i) suspend the payment until an in-  
11 quiry is made to and a response received  
12 from the agency as to whether the person  
13 otherwise entitled to the payment owes a  
14 child support arrearage; and

15 “(ii) if there is such an arrearage,  
16 withhold from the payment the lesser of  
17 the amount of the payment or the amount  
18 of the arrearage, and pay the amount with-  
19 held to the agency for distribution.”.

20 **SEC. 474. LIABILITY OF GRANDPARENTS FOR FINANCIAL**  
21 **SUPPORT OF CHILDREN OF THEIR MINOR**  
22 **CHILDREN.**

23 Section 466(a) (42 U.S.C. 666(a)), as amended by  
24 sections 401(a), 426(a), 431, 442, 466, 467, 470(a), and

1 473 of this Act, is amended by inserting after paragraph  
2 (19) the following:

3 “(20) Procedures under which each parent of  
4 an individual who has not attained 18 years of age  
5 is liable for the financial support of any child of the  
6 individual to the extent that the individual is unable  
7 to provide such support. The preceding sentence  
8 shall not apply to the State if the State plan explic-  
9 itly provides for such inapplicability.”.

10 **SEC. 475. SENSE OF THE CONGRESS REGARDING PRO-**  
11 **GRAMS FOR NONCUSTODIAL PARENTS UN-**  
12 **ABLE TO MEET CHILD SUPPORT OBLIGA-**  
13 **TIONS.**

14 It is the sense of the Congress that the States should  
15 develop programs, such as the program of the State of  
16 Wisconsin known as the “Children’s First Program”, that  
17 are designed to work with noncustodial parents who are  
18 unable to meet their child support obligations.

19 **Subtitle H—Medical Support**

20 **SEC. 481. TECHNICAL CORRECTION TO ERISA DEFINITION**  
21 **OF MEDICAL CHILD SUPPORT ORDER.**

22 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-  
23 ployee Retirement Income Security Act of 1974 (29  
24 U.S.C. 1169(a)(2)(B)) is amended—

1           (1) by striking “issued by a court of competent  
2 jurisdiction”;

3           (2) by striking the period at the end of clause  
4 (ii) and inserting a comma; and

5           (3) by adding, after and below clause (ii), the  
6 following:

7           “if such judgment, decree, or order (I) is issued  
8 by a court of competent jurisdiction or (II) is  
9 issued by an administrative adjudicator and has  
10 the force and effect of law under applicable  
11 State law.”.

12       (b) EFFECTIVE DATE.—

13           (1) IN GENERAL.—The amendments made by  
14 this section shall take effect on the date of the en-  
15 actment of this Act.

16           (2) PLAN AMENDMENTS NOT REQUIRED UNTIL  
17 JANUARY 1, 1996.—Any amendment to a plan re-  
18 quired to be made by an amendment made by this  
19 section shall not be required to be made before the  
20 first plan year beginning on or after January 1,  
21 1996, if—

22           (A) during the period after the date before  
23 the date of the enactment of this Act and be-  
24 fore such first plan year, the plan is operated

1 in accordance with the requirements of the  
2 amendments made by this section, and

3 (B) such plan amendment applies retro-  
4 actively to the period after the date before the  
5 date of the enactment of this Act and before  
6 such first plan year.

7 A plan shall not be treated as failing to be operated  
8 in accordance with the provisions of the plan merely  
9 because it operates in accordance with this para-  
10 graph.

11 **SEC. 482. EXTENSION OF MEDICAID ELIGIBILITY FOR FAMI-**  
12 **LIES LOSING AFDC DUE TO INCREASED**  
13 **CHILD SUPPORT COLLECTIONS.**

14 Section 402(a) (42 U.S.C. 602(a)), as amended by  
15 the other provisions of this Act, is amended—

16 (1) by striking “and” at the end of paragraph  
17 (55);

18 (2) by striking the period at the end of para-  
19 graph (56) and inserting “; and”; and

20 (3) by inserting after paragraph (56) the fol-  
21 lowing:

22 “(57) provide that each member of a family  
23 which would be eligible for aid under the State plan  
24 but for the receipt of child support payments shall  
25 be considered to be receiving such aid for purposes

1 of eligibility for medical assistance under the State  
2 plan approved under title XIX for so long as the  
3 family would (but for such receipt) be eligible for  
4 such aid.”.

## 5 **Subtitle I—Effect of Enactment**

### 6 **SEC. 491. EFFECTIVE DATES.**

7 (a) IN GENERAL.—Except as otherwise specifically  
8 provided (but subject to subsections (b) and (c))—

9 (1) provisions of this title requiring enactment  
10 or amendment of State laws under section 466 of  
11 the Social Security Act, or revision of State plans  
12 under section 454 of such Act, shall be effective with  
13 respect to periods beginning on and after October 1,  
14 1996; and

15 (2) all other provisions of this title shall become  
16 effective upon enactment.

17 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The  
18 provisions of this title shall become effective with respect  
19 to a State on the later of—

20 (1) the date specified in this title, or

21 (2) the effective date of laws enacted by the leg-  
22 islature of such State implementing such provisions,  
23 but in no event later than the first day of the first cal-  
24 endar quarter beginning after the close of the first regular  
25 session of the State legislature that begins after the date

1 of enactment of this Act. For purposes of the previous  
2 sentence, in the case of a State that has a 2-year legisla-  
3 tive session, each year of such session shall be deemed to  
4 be a separate regular session of the State legislature.

5 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL  
6 AMENDMENT.—A State shall not be found out of compli-  
7 ance with any requirement enacted by this title if it is  
8 unable to comply without amending the State constitution  
9 until the earlier of—

10 (1) the date one year after the effective date of  
11 the necessary State constitutional amendment, or

12 (2) the date five years after enactment of this  
13 title.

14 **SEC. 492. SEVERABILITY.**

15 If any provision of this title or the application thereof  
16 to any person or circumstance is held invalid, the invalid-  
17 ity shall not affect other provisions or applications of this  
18 title which can be given effect without regard to the invalid  
19 provision or application, and to this end the provisions of  
20 this title shall be severable.

1       **TITLE V—TEEN PREGNANCY**  
2               **AND FAMILY STABILITY**  
3               **Subtitle A—Federal Role**

4       **SEC. 501. STATE OPTION TO DENY AFDC FOR ADDITIONAL**  
5               **CHILDREN.**

6           (a) IN GENERAL.—Section 402(a) (42 U.S.C.  
7 602(a)), as amended by sections 101, 102, 211(a), 232,  
8 and 301(a) of this Act, is amended—

9               (1) by striking “and” at the end of paragraph  
10              (49);

11              (2) by striking the period at the end of para-  
12              graph (50) and inserting “; and”; and

13              (3) by inserting after paragraph (50) the fol-  
14              lowing:

15              “(51) at the option of the State, provide that—

16                      “(A)(i) notwithstanding paragraph (7)(A),  
17                      the needs of a child will not be taken into ac-  
18                      count in making the determination under para-  
19                      graph (7) with respect to the family of the child  
20                      if the child was born (other than as a result of  
21                      rape or incest) to a member of the family—

22                              “(I) while the family was a recipient  
23                              of aid under the State plan; or

1           “(II) during the 6-month period end-  
2           ing with the date the family applied for  
3           such aid; and

4           “(ii) if the amount of aid payable to a fam-  
5           ily under the State plan is reduced by reason of  
6           subparagraph (A), each member of the family  
7           shall be considered to be receiving such aid for  
8           purposes of eligibility for medical assistance  
9           under the State plan approved under title XIX  
10          for so long as such aid would otherwise not be  
11          so reduced; and

12          “(B) if the State exercises the option, the State  
13          may provide the family with vouchers, in amounts  
14          not exceeding the amount of any such reduction in  
15          aid, that may be used only to pay for particular  
16          goods and services specified by the State as suitable  
17          for the care of the child of the parent (such as dia-  
18          pers, clothing, or school supplies).”.

19          (b) APPLICABILITY.—The amendments made by sub-  
20          section (a) shall apply to payments under a State plan  
21          approved under part A of title IV of the Social Security  
22          Act for months beginning after the date of the enactment  
23          of this Act, and to payments to States under such part  
24          for quarters beginning after such date.

1 **SEC. 502. MINORS RECEIVING AFDC REQUIRED TO LIVE**  
2 **UNDER RESPONSIBLE ADULT SUPERVISION.**

3 Section 402(a)(43) (42 U.S.C. 602(a)(43)) is amend-  
4 ed by striking “at the option of the State,”.

5 **SEC. 503. NATIONAL CLEARINGHOUSE ON ADOLESCENT**  
6 **PREGNANCY.**

7 (a) IN GENERAL.—Title XX (42 U.S.C. 1397–  
8 1397f), as amended by section 222(b) of this Act, is  
9 amended by adding at the end the following:

10 **“SEC. 2010. NATIONAL CLEARINGHOUSE ON ADOLESCENT**  
11 **PREGNANCY.**

12 “(a) NATIONAL CLEARINGHOUSE ON ADOLESCENT  
13 PREGNANCY.—

14 “(1) ESTABLISHMENT.—The responsible Fed-  
15 eral officials shall establish, through grant or con-  
16 tract, a national center for the collection and provi-  
17 sion of programmatic information and technical as-  
18 sistance that relates to adolescent pregnancy preven-  
19 tion programs, to be known as the ‘National Clear-  
20 ingtonhouse on Adolescent Pregnancy Prevention Pro-  
21 grams’.

22 “(2) FUNCTIONS.—The national center estab-  
23 lished under paragraph (1) shall serve as a national  
24 information and data clearinghouse, and as a train-  
25 ing, technical assistance, and material development

1 source for adolescent pregnancy prevention pro-  
2 grams. Such center shall—

3 “(A) develop and maintain a system for  
4 disseminating information on all types of ado-  
5 lescent pregnancy prevention program and on  
6 the state of adolescent pregnancy prevention  
7 program development, including information  
8 concerning the most effective model programs;

9 “(B) develop and sponsor a variety of  
10 training institutes and curricula for adolescent  
11 pregnancy prevention program staff;

12 “(C) identify model programs representing  
13 the various types of adolescent pregnancy pre-  
14 vention programs;

15 “(D) develop technical assistance materials  
16 and activities to assist other entities in estab-  
17 lishing and improving adolescent pregnancy  
18 prevention programs;

19 “(E) develop networks of adolescent preg-  
20 nancy prevention programs for the purpose of  
21 sharing and disseminating information; and

22 “(F) conduct such other activities as the  
23 responsible Federal officials find will assist in  
24 developing and carrying out programs or activi-  
25 ties to reduce adolescent pregnancy.

1       “(b) FUNDING.—The responsible Federal officials  
2 shall make grants to eligible entities for the establishment  
3 and operation of a National Clearinghouse on Adolescent  
4 Pregnancy Prevention Programs under subsection (a) so  
5 that in the aggregate the expenditures for such grants do  
6 not exceed \$2,000,000 for fiscal year 1996, \$4,000,000  
7 for fiscal year 1997, \$8,000,000 for fiscal year 1998, and  
8 \$10,000,000 for fiscal year 1999 and each subsequent fis-  
9 cal year.

10       “(c) DEFINITIONS.—As used in this section:

11           “(1) ADOLESCENTS.—The term ‘adolescents’  
12 means youth who are ages 10 through 19.

13           “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
14 tity’ means a partnership that includes—

15               “(A) a local education agency, acting on  
16 behalf of one or more schools, together with

17               “(B) one or more community-based organi-  
18 zations, institutions of higher education, or  
19 public or private agencies or organizations.

20           “(3) ELIGIBLE AREA.—The term ‘eligible area’  
21 means a school attendance area in which—

22               “(A) at least 75 percent of the children are  
23 from low-income families as that term is used  
24 in part A of title I of the Elementary and Sec-  
25 ondary Education Act of 1965; or

1           “(B) the number of children receiving Aid  
2           to Families with Dependent Children under  
3           part A of title IV is substantial as determined  
4           by the responsible Federal officials; or

5           “(C) the unmarried adolescent birth rate is  
6           high, as determined by the responsible Federal  
7           officials.

8           “(4) SCHOOL.—The term ‘school’ means a pub-  
9           lic elementary, middle, or secondary school.

10           “(5) RESPONSIBLE FEDERAL OFFICIALS.—The  
11           term ‘responsible Federal officials’ means the Sec-  
12           retary of Education, the Secretary of Health and  
13           Human Services, and the Chief Executive Officer of  
14           the Corporation for National and Community Serv-  
15           ice.”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17           this section shall become effective October 1, 1994.

18   **SEC. 504. INCENTIVE FOR TEEN PARENTS TO ATTEND**  
19                                   **SCHOOL.**

20           Section 402(a) (42 U.S.C. 602(a)), as amended by  
21           sections 101, 102, 211(a), 232, 301(a), and 501(a) of this  
22           Act, is amended—

23           (1) by striking “and” at the end of paragraph  
24           (50);

1           (2) by striking the period at the end of para-  
2 graph (51) and inserting “; and”; and

3           (3) by inserting after paragraph (51) the fol-  
4 lowing:

5           “(52) provide that the amount of aid otherwise  
6 payable under the plan for a month to a family that  
7 includes a parent who has not attained 20 years of  
8 age and has not completed secondary school (or re-  
9 ceived a certificate of high school equivalency) may  
10 be reduced by 25 percent if, during the immediately  
11 preceding month, the parent has failed without good  
12 cause (as defined by the State in consultation with  
13 the Secretary) to maintain minimum attendance (as  
14 defined by the State in consultation with the Sec-  
15 retary) at an educational institution.”.

16 **SEC. 505. STATE OPTION TO DISREGARD 100-HOUR RULE**  
17 **UNDER AFDC-UP PROGRAM.**

18 Section 407(a) (42 U.S.C. 607(a)) is amended—

19           (1) by inserting “(1)” after “(a)”; and

20           (2) by adding at the end the following:

21           “(2) A standard prescribed pursuant to paragraph  
22 (1) that imposes a limit on the amount of time during  
23 which a parent who is the principal earner in a family  
24 in which both parents are married may be employed dur-  
25 ing a month shall not apply to a State if the State plan

1 under this part explicitly provides for such inapplicabil-  
2 ity.”.

3 **SEC. 506. STATE OPTION TO DISREGARD 6-MONTH LIMITA-**  
4 **TION ON AFDC-UP BENEFITS.**

5 Section 407(b)(2)(B) (42 U.S.C. 607(b)(2)(B)) is  
6 amended by adding at the end the following:

7 “(iv) A regulation prescribed by the Secretary that  
8 limits the length of time with respect to which a family  
9 of a dependent child in which both parents are married  
10 may receive aid to families with dependent children by rea-  
11 son of this section shall not apply to a State if the State  
12 plan under this part explicitly provides for such inapplica-  
13 bility.”.

14 **SEC. 507. ELIMINATION OF QUARTERS OF COVERAGE RE-**  
15 **QUIREMENT UNDER AFDC-UP PROGRAM FOR**  
16 **FAMILIES IN WHICH BOTH PARENTS ARE**  
17 **TEENS.**

18 Section 407(b)(1)(A)(iii) (42 U.S.C.  
19 607(b)(1)(A)(iii)) is amended by striking “(iii)(I)” and in-  
20 serting “(iii) neither of the child’s parents have attained  
21 20 years of age, and (I)”.

1 **SEC. 508. DENIAL OF FEDERAL HOUSING BENEFITS TO MI-**  
2 **NORS WHO BEAR CHILDREN OUT-OF-WED-**  
3 **LOCK.**

4 (a) PROHIBITION OF ASSISTANCE.—Notwithstanding  
5 any other provision of law, a household whose head of  
6 household is an individual who has borne a child out-of-  
7 wedlock before attaining 18 years of age may not be pro-  
8 vided Federal housing assistance for a dwelling unit until  
9 attaining such age, unless—

10 (1) after the birth of the child—

11 (A) the individual marries an individual  
12 who has been determined by the relevant State  
13 to be the biological father of the child; or

14 (B) the biological parent of the child has  
15 legal custody of the child and marries an indi-  
16 vidual who legally adopts the child;

17 (2) the individual is a biological and custodial  
18 parent of another child who was not born out-of-  
19 wedlock; or

20 (3) eligibility for such Federal housing assist-  
21 ance is based in whole or in part on any disability  
22 or handicap of a member of the household.

23 (b) DEFINITIONS.—For purposes of this section, the  
24 following definitions shall apply:

25 (1) COVERED PROGRAM.—The term “covered  
26 program” means—

1 (A) the program of rental assistance on be-  
2 half of low-income families provided under sec-  
3 tion 8 of the United States Housing Act of  
4 1937 (42 U.S.C. 1437f);

5 (B) the public housing program under title  
6 I of the United States Housing Act of 1937 (42  
7 U.S.C. 1437 et seq.);

8 (C) the program of rent supplement pay-  
9 ments on behalf of qualified tenants pursuant  
10 to contracts entered into under section 101 of  
11 the Housing and Urban Development Act of  
12 1965 (12 U.S.C. 1701s);

13 (D) the program of interest reduction pay-  
14 ments pursuant to contracts entered into by the  
15 Secretary of Housing and Urban Development  
16 under section 236 of the National Housing Act  
17 (12 U.S.C. 1715z-1);

18 (E) the program for mortgage insurance  
19 provided pursuant to sections 221(d) (3) or (4)  
20 of the National Housing Act (12 U.S.C.  
21 1715l(d)) for multifamily housing for low- and  
22 moderate-income families;

23 (F) the rural housing loan program under  
24 section 502 of the Housing Act of 1949 (42  
25 U.S.C. 1472);

1 (G) the rural housing loan guarantee pro-  
2 gram under section 502(h) of the Housing Act  
3 of 1949 (42 U.S.C. 1472(h));

4 (H) the loan and grant programs under  
5 section 504 of the Housing Act of 1949 (42  
6 U.S.C. 1474) for repairs and improvements to  
7 rural dwellings;

8 (I) the program of loans for rental and co-  
9 operative rural housing under section 515 of  
10 the Housing Act of 1949 (42 U.S.C. 1485);

11 (J) the program of rental assistance pay-  
12 ments pursuant to contracts entered into under  
13 section 521(a)(2)(A) of the Housing Act of  
14 1949 (42 U.S.C. 1490a(a)(2)(A));

15 (K) the loan and assistance programs  
16 under sections 514 and 516 of the Housing Act  
17 of 1949 (42 U.S.C. 1484, 1486) for housing for  
18 farm labor;

19 (L) the program of grants and loans for  
20 mutual and self-help housing and technical as-  
21 sistance under section 523 of the Housing Act  
22 of 1949 (42 U.S.C. 1490c);

23 (M) the program of grants for preservation  
24 and rehabilitation of housing under section 533

1 of the Housing Act of 1949 (42 U.S.C.  
2 1490m); and

3 (N) the program of site loans under sec-  
4 tion 524 of the Housing Act of 1949 (42  
5 U.S.C. 1490d).

6 (2) COVERED PROJECT.—The term “covered  
7 project” means any housing for which Federal hous-  
8 ing assistance is provided that is attached to the  
9 project or specific dwelling units in the project.

10 (3) FEDERAL HOUSING ASSISTANCE.—The term  
11 “Federal housing assistance” means—

12 (A) assistance provided under a covered  
13 program in the form of any contract, grant,  
14 loan, subsidy, cooperative agreement, loan or  
15 mortgage guarantee or insurance, or other fi-  
16 nancial assistance; or

17 (B) occupancy in a dwelling unit that is—

18 (i) provided assistance under a cov-  
19 ered program; or

20 (ii) located in a covered project and  
21 subject to occupancy limitations under a  
22 covered program that are based on income.

23 (4) STATE.—The term “State” means the  
24 States of the United States, the District of Colum-  
25 bia, the Commonwealth of Puerto Rico, the Com-

1 monwealth of the Northern Mariana Islands, Guam,  
2 the Virgin Islands, American Samoa, and any other  
3 territory or possession of the United States.

4 (c) LIMITATIONS ON APPLICABILITY.—Subsection  
5 (a) shall not apply to Federal housing assistance provided  
6 for a household pursuant to an application or request for  
7 such assistance made by such household before the effec-  
8 tive date of this Act if the household was receiving such  
9 assistance on the effective date of this Act.

10 **SEC. 509. STATE OPTION TO DENY AFDC TO MINOR**  
11 **PARENTS.**

12 (a) IN GENERAL.—Section 402(a) (42 U.S.C.  
13 602(a)), as amended by sections 101, 102, 211(a), 232,  
14 301(a), 501(a), and 504 of this Act, is amended—

15 (1) by striking “and” at the end of paragraph  
16 (51);

17 (2) by striking the period at the end of para-  
18 graph (52) and inserting “; and”; and

19 (3) by inserting after paragraph (52) the fol-  
20 lowing:

21 “(53)(A) at the option of the State, provide  
22 that—

23 “(i) in making the determination under  
24 paragraph (7) with respect to a family, the  
25 State may disregard the needs of any family

1 member who is a parent and has not attained  
2 18 years of age or such lesser age as the State  
3 may prescribe; and

4 “(ii) if the amount of aid payable to a fam-  
5 ily under the State plan is reduced by reason of  
6 subparagraph (A), each member of the family  
7 shall be considered to be receiving such aid for  
8 purposes of eligibility for medical assistance  
9 under the State plan approved under title XIX  
10 for so long as such aid would otherwise not be  
11 so reduced; and

12 “(B) if the State exercises the option, the State  
13 may provide the family with vouchers, in amounts  
14 not exceeding the amount of any such reduction in  
15 aid, that may be used only to pay for—

16 “(i) particular goods and services specified  
17 by the State as suitable for the care of the child  
18 of the parent (such as diapers, clothing, or  
19 cribs); and

20 “(ii) the costs associated with a maternity  
21 home, foster home, or other adult-supervised  
22 supportive living arrangement in which the par-  
23 ent and the child live.”.

24 (b) APPLICABILITY.—The amendments made by sub-  
25 section (a) shall apply to payments under a State plan

1 approved under part A of title IV of the Social Security  
2 Act for months beginning on or after January 1, 1998,  
3 and to payments to States under such part for quarters  
4 beginning after such date.

5 **Subtitle B—State Role**

6 **SEC. 511. TEENAGE PREGNANCY PREVENTION AND FAMILY**  
7 **STABILITY.**

8 (a) FINDINGS.—The Congress finds that—

9 (1) long-term welfare dependency is increasing  
10 driven by illegitimate births;

11 (2) too many teens are becoming parents and  
12 too few are able to responsibly care for and nurture  
13 their children;

14 (3) new research has shown that spending time  
15 in a single-parent family puts children at substan-  
16 tially increased risk of dropping out of high school,  
17 having a child out-of-wedlock, or being neither in  
18 school nor at work; and

19 (4) between 1986 and 1991, the rate of births  
20 to teens aged 15 to 19 rose 24 percent, from 50.2  
21 to 62.1 births per 1,000 females.

22 (b) SENSE OF THE CONGRESS.—It is the sense of  
23 the Congress that—

24 (1) children should be educated about the risks  
25 involved in choosing parenthood at an early age;

1           (2) reproductive family planning and education  
2           should be made available to every potential parent so  
3           as to give such parents the opportunity to avoid un-  
4           intended births;

5           (3) States should use funds provided under title  
6           XX of the Social Security Act to provide comprehen-  
7           sive services to youth in high risk neighborhoods,  
8           through community organizations, churches, and  
9           schools; and

10          (4) States should work with schools for the  
11          early identification and referral of children at risk  
12          for parenthood at an early age.

13 **SEC. 512. AVAILABILITY OF FAMILY PLANNING SERVICES.**

14          Section 402(a)(15)(A) (42 U.S.C. 602(a)(15)(A)) is  
15          amended by striking “out of wedlock”.

16                           **TITLE VI—PROGRAM**  
17                           **SIMPLIFICATION**

18                   **Subtitle A—Increased State**  
19                   **Flexibility**

20 **SEC. 601. STATE OPTION TO PROVIDE AFDC THROUGH**  
21                           **ELECTRONIC BENEFIT TRANSFER SYSTEMS.**

22          Section 402(a) (42 U.S.C. 602(a)), as amended by  
23          sections 101, 102, 211(a), 232, 301(a), 501(a), 504, and  
24          509(a) of this Act, is amended—



1     **Subtitle B—Coordination of AFDC**  
2             **and Food Stamp Programs**

3     **SEC. 611. AMENDMENTS TO PART A OF TITLE IV OF THE SO-**  
4             **CIAL SECURITY ACT.**

5             (a) STATE OPTION TO USE INCOME AND ELIGI-  
6     BILITY VERIFICATION SYSTEM.—Section 1137(b) (42  
7     U.S.C. 1320b-7(b)) is amended—

8                 (1) by striking paragraphs (1) and (4), and re-  
9     designating paragraphs (2), (3), and (5) as para-  
10    graphs (1), (2), and (3), respectively; and

11                (2) in paragraph (2) (as so redesignated), by  
12    adding “or” at the end.

13             (b) STATE OPTION TO USE RETROSPECTIVE BUDG-  
14     ETING WITHOUT MONTHLY REPORTING.—Section  
15     402(a)(13) (42 U.S.C. 602(a)(13)) is amended—

16                (1) by striking all that precedes subparagraph  
17     (A) and inserting the following:

18                   “(13) provide, at the option of the State and  
19     with respect to such category or categories as the  
20     State may select and identify in the State plan,  
21     that—”; and

22                (2) in each of subparagraphs (A) and (B), by  
23     striking “, in the case of families who are required  
24     to report monthly to the State agency pursuant to  
25     paragraph (14)”.

1 (c) EXCLUSION FROM INCOME OF ALL INCOME OF  
2 DEPENDENT CHILD WHO IS A STUDENT.—Section  
3 402(a)(8)(A)(i) (42 U.S.C. 602(a)(8)(A)(i)) is amended—

4 (1) by striking “earned”; and

5 (2) by inserting “applying for or” before “re-  
6 ceiving”.

7 (d) EXCLUSION FROM INCOME OF CERTAIN ENERGY  
8 ASSISTANCE PAYMENTS BASED ON NEED.—

9 (1) IN GENERAL.—Section 402(a)(8)(A) (42  
10 U.S.C. 602(a)(8)(A)), as amended by sections 231  
11 and 242(b)(1) of this Act, is amended—

12 (A) by striking “and” at the end of clause  
13 (ix); and

14 (B) by adding at the end the following:

15 “(xi) shall disregard any energy or utility-  
16 cost assistance payment based on need, that is  
17 paid to any member of the family under—

18 “(I) a State or local general assist-  
19 ance program; or

20 “(II) another basic assistance pro-  
21 gram comparable to general assistance (as  
22 determined by the Secretary); and”.

23 (2) INCLUSION OF ENERGY ASSISTANCE PRO-  
24 VIDED UNDER THE LIHEAP PROGRAM.—Section

1 402(a)(8)(B) (42 U.S.C. 602(a)(8)(B)) is amend-  
2 ed—

3 (A) by striking “and” at the end of clause  
4 (i); and

5 (B) by adding at the end the following:

6 “(iii) shall not disregard any assist-  
7 ance provided directly to, or indirectly for  
8 the benefit of, any person described in sub-  
9 paragraph (A)(ii) under the Low-Income  
10 Home Energy Assistance Act of 1981, not-  
11 withstanding section 2605(f)(1) of such  
12 Act; and”.

13 (e) APPLICABILITY TO AFDC OF FUTURE INCOME  
14 EXCLUSIONS UNDER FOOD STAMP PROGRAM.—Section  
15 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by  
16 sections 231, 242(b)(1) of this Act and by subsection  
17 (d)(1) of this section, is amended—

18 (1) by striking “and” at the end of clause (x);

19 and

20 (2) by adding at the end the following:

21 “(xii) shall disregard from the income of  
22 any child, relative, or other individual described  
23 in clause (ii) applying for aid under the State  
24 plan, any child, relative, or other individual so  
25 described receiving such aid, or both, any funds

1           that a Federal statute (enacted after the date  
2           of the enactment of this clause) excludes from  
3           income for purposes of determining eligibility  
4           for benefits under the food stamp program  
5           under the Food Stamp Act of 1977, the level  
6           of benefits under the program, or both, respec-  
7           tively.”.

8           (f) PERIODIC REVIEWS.—Section 402(a) (42 U.S.C.  
9           602(a)), as amended by sections 101, 102, 211(a), 232,  
10          301(a), 501(a), 504, 509(a), and 601 of this Act, is  
11          amended—

12           (1) by striking “and” at the end of paragraph  
13           (53);

14           (2) by striking the period at the end of para-  
15           graph (54) and inserting “; and”; and

16           (3) by inserting after paragraph (54) the fol-  
17           lowing:

18           “(55) provide that the State shall, not less fre-  
19           quently than annually review each determination  
20           made under the State plan with respect to the eligi-  
21           bility of each recipient of aid under the State plan;”.

22           (g) EXCLUSION FROM RESOURCES OF ES-  
23           SENTIAL EMPLOYMENT-RELATED PROPERTY.—Section  
24           402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by  
25           section 242(a) of this Act, is amended—

1 (1) by striking “or” at the end of clause (iv);  
2 and

3 (2) by inserting “, or (vi) the value of real and  
4 tangible personal property (other than currency,  
5 commercial paper, and similar property) of a family  
6 member that is essential to the employment or self-  
7 employment of the member, until the expiration of  
8 the 1-year period beginning on the date the member  
9 ceases to be so employed or so self-employed” before  
10 the semicolon.

11 (h) EXCLUSION FROM RESOURCES OF EQUITY IN  
12 CERTAIN INCOME-PRODUCING REAL PROPERTY.—Sec-  
13 tion 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended  
14 by section 242(a) of this Act and by subsection (g) of this  
15 section, is amended—

16 (1) by striking “or” at the end of clause (v);  
17 and

18 (2) by inserting “, or (vii) the equity of any  
19 member of the family in real property to which 1 or  
20 more members of the family have sole and clear title,  
21 that the State agency determines is producing in-  
22 come consistent with the fair market value of the  
23 property” before the semicolon.

24 (i) EXCLUSION FROM RESOURCES OF LIFE INSUR-  
25 ANCE POLICIES.—Section 402(a)(7)(B) (42 U.S.C.

1 602(a)(7)(B)), as amended by section 242(a) of this Act  
2 and by subsections (g) and (h) of this section, is amend-  
3 ed—

4 (1) by striking “or” at the end of clause (vi);  
5 and

6 (2) by inserting “, or (viii) any life insurance  
7 policy” before the semicolon.

8 (j) EXCLUSION FROM RESOURCES OF REAL PROP-  
9 erty THAT THE FAMILY IS MAKING A GOOD FAITH EF-  
10 FORT TO SELL.—Section 402(a)(7)(B)(iii) (42 U.S.C.  
11 602(a)(7)(B)(iii)) is amended—

12 (1) by striking “for such period or periods of  
13 time as the Secretary may prescribe”; and

14 (2) by striking “any such period” and inserting  
15 “any period during which the family is making such  
16 an effort”.

17 (k) PROMPT RESTORATION OF BENEFITS WRONG-  
18 FULLY DENIED.—Section 402(a) (42 U.S.C. 602(a)), as  
19 amended by sections 101, 102, 211(a), 232, 301(a),  
20 501(a), 504, 509(a), and 601 of this Act and by sub-  
21 section (f) of this section, is amended—

22 (1) by striking “and” at the end of paragraph  
23 (54);

24 (2) by striking the period at the end of para-  
25 graph (55) and inserting “; and”; and

1           (3) by inserting after paragraph (55) the fol-  
2           lowing:

3           “(56) provide that, upon receipt of a request  
4           from a family for the payment of any amount of aid  
5           under the State plan the payment of which to the  
6           family has been wrongfully denied or terminated, the  
7           State shall promptly pay the amount to the family  
8           if the wrongful denial or termination occurred not  
9           more than 1 year before the date of the request or  
10          the date the State agency is notified or otherwise  
11          discovers the wrongful denial or termination.”.

12 **SEC. 612. AMENDMENTS TO THE FOOD STAMP ACT OF 1977.**

13          (a) CERTIFICATION PERIOD.—(1) Section 3(c) of the  
14          Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended  
15          to read as follows:

16          “(c) ‘Certification period’ means the period specified  
17          by the State agency for which households shall be eligible  
18          to receive authorization cards, except that such period  
19          shall be—

20                 “(1) 24 months for households in which all  
21                 adult members are elderly or disabled; and

22                 “(2) not more than 12 months for all other  
23                 households.”.

24          (2) Section 6(c)(1)(C) of the Food Stamp Act of  
25          1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

- 1 (A) in clause (ii) by adding “and” at the end;  
2 (B) in clause (iii) by striking “; and” at the end  
3 and inserting a period; and  
4 (C) by striking clause (iv).

5 (b) INCLUSION OF ENERGY ASSISTANCE IN IN-  
6 COME.—

7 (1) AMENDMENTS TO THE FOOD STAMP ACT  
8 OF 1977.—Section 5 of the Food Stamp Act of  
9 1977 (7 U.S.C. 2014) is amended—

10 (A) in subsection (d)—

11 (i) by striking paragraph (11); and

12 (ii) by redesignating paragraphs (12)  
13 through (16) as paragraphs (11) through (15),  
14 respectively; and

15 (B) in subsection (k)—

16 (i) in paragraph (1)(B) by striking “, not  
17 including energy or utility-cost assistance,”; and

18 (ii) in paragraph (2)—

19 (I) by striking subparagraph (C); and

20 (II) by redesignating subparagraphs

21 (D) through (H) as subparagraphs (C)  
22 through (J), respectively.

23 (2) AMENDMENTS TO THE LOW-INCOME HOME  
24 ENERGY ASSISTANCE ACT OF 1981.—Section

1       2605(f) of the Low-Income Home Energy Assistance  
2       Act of 1981 (42 U.S.C. 8624(f)) is amended—

3               (A) in paragraph (1) by striking “food  
4       stamps,”; and

5               (B) by amending paragraph (2) to read as  
6       follows:

7       “(2) Paragraph (1) shall not apply for any purpose  
8       under the Food Stamp Act of 1977.”.

9       (c) EXCLUSION OF CERTAIN JTPA INCOME.—Sec-  
10      tion 5(d) of the Food Stamp Act of 1977 (7 U.S.C.  
11      2014(d)), as amended by subsection (b), is amended—

12              (1) by striking “and (15)” and inserting  
13      “(15)”; and

14              (2) by inserting before the period the following:  
15      “, and (16) income received under the Job Training Part-  
16      nership Act by a household member who is less than 19  
17      years of age”.

18      (d) EXCLUSION OF EDUCATIONAL ASSISTANCE  
19      FROM INCOME.—Section 5(d) of the Food Stamp Act of  
20      1977 (7 U.S.C. 2014(d)) is amended—

21              (1) by amending paragraph (3) to read as follows:  
22      “(3) all educational loans on which payment is deferred  
23      (including any loan origination fees or insurance pre-  
24      miums associated with such loans), grants, scholarships,  
25      fellowships, veterans’ educational benefits, and the like

1 awarded to a household member enrolled at a recognized  
2 institution of post-secondary education, at a school for the  
3 handicapped, in a vocational education program, or in a  
4 program that provides for completion of a secondary  
5 school diploma or obtaining the equivalent thereof,”; and

6 (2) in paragraph (5) by striking “and no portion”  
7 and all that follows through “reimbursement”.

8 (e) LIMITATION ON ADDITIONAL EARNED INCOME  
9 DEDUCTION.—The 3rd sentence of section 5(e) of the  
10 Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended  
11 by striking “earned income that” and all that follows  
12 through “report”, and inserting “determining an  
13 overissuance due to the failure of a household to report  
14 earned income”.

15 (f) EXCLUSION OF ESSENTIAL EMPLOYMENT-RE-  
16 LATED PROPERTY.—Section 5(g)(3) of the Food Stamp  
17 Act of 1977 (7 U.S.C. 2014(g)(3)) is amended to read  
18 as follows:

19 “(3) The value of real and tangible personal property  
20 (other than currency, commercial paper, and similar prop-  
21 erty) of a household member that is essential to the em-  
22 ployment or self-employment of such member shall be ex-  
23 cluded by the Secretary from financial resources until the  
24 expiration of the 1-year period beginning on the date such  
25 member ceases to be so employed or so self-employed.”.

1 (g) EXCLUSION OF LIFE INSURANCE POLICIES.—  
2 Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.  
3 2014(g)) is amended by adding at the end the following:

4 “(6) The Secretary shall exclude from financial re-  
5 sources the cash value of any life insurance policy owned  
6 by a member of a household.”.

7 (h) IN-TANDEM EXCLUSIONS FROM INCOME.—Sec-  
8 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)  
9 is amended by adding at the end the following:

10 “(n) Whenever a Federal statute enacted after the  
11 date of the enactment of this Act excludes funds from in-  
12 come for purposes of determining eligibility, benefit levels,  
13 or both under State plans approved under part A of title  
14 IV of the Social Security Act, then such funds shall be  
15 excluded from income for purposes of determining eligi-  
16 bility, benefit levels, or both, respectively, under the food  
17 stamp program of households all of whose members re-  
18 ceive benefits under a State plan approved under part A  
19 of title IV of the Social Security Act.”.

20 (i) APPLICATION OF AMENDMENTS.—The amend-  
21 ments made by this section shall not apply with respect  
22 to certification periods beginning before the effective date  
23 of this section.

1           **Subtitle C—Fraud Reduction**

2   **SEC. 631. SENSE OF THE CONGRESS IN SUPPORT OF THE**  
3                   **EFFORTS OF THE ADMINISTRATION TO AD-**  
4                   **DRESS THE PROBLEMS OF FRAUD AND**  
5                   **ABUSE IN THE SUPPLEMENTAL SECURITY IN-**  
6                   **COME PROGRAM.**

7           The Congress hereby expresses support for the efforts  
8 of the Social Security Administration to reduce fraud and  
9 abuse in the supplemental security income program under  
10 title XVI of the Social Security Act by implementing a  
11 structured approach to disability decisionmaking that  
12 takes into consideration the large number of disability  
13 claims received while providing a basis for consistent, equi-  
14 table decisionmaking by claims adjudicators at each level,  
15 that provides for the following:

16           (1) A simplification of the monetary guidelines  
17 for determining whether an individual (except those  
18 filing for benefits based on blindness) is engaging in  
19 substantial gainful activity.

20           (2) The replacement of a threshold severity re-  
21 quirement for determining whether a claimant has a  
22 medically determinable impairment with a threshold  
23 inquiry as to whether the claimant has a medically  
24 determinable physical or mental impairment that

1 can be demonstrated by acceptable clinical and lab-  
2 oratory diagnostic techniques.

3 (3) The comparison of an impairment referred  
4 to in paragraph (2) with an index of disabling im-  
5 pairments that contains fewer impairments, has less  
6 detail and complexity, and does not rely on the con-  
7 cept of “medical equivalence”.

8 (4)(A) The consideration of whether an individ-  
9 ual has the ability to perform substantial gainful ac-  
10 tivity despite any functional loss caused by a medi-  
11 cally determinable physical or mental impairment.

12 (B) The definition of the physical and mental  
13 requirements of substantial gainful activity.

14 (C) The objective measurement, to the extent  
15 possible, of whether an individual meets such re-  
16 quirements.

17 (D) The development, with the assistance of the  
18 medical community and other outside experts from  
19 disability programs, of standardized criteria which  
20 can be used to measure an individual’s functional  
21 ability.

22 (E) The assumption by the Social Security Ad-  
23 ministration of primary responsibility for document-  
24 ing functional ability using the standardized meas-  
25 urement criteria, with the goal of developing func-

1 tional assessment instruments that are standardized,  
2 accurately measure an individual's functional abili-  
3 ties, and are universally accepted by the public, the  
4 advocacy community, and health care professionals.

5 (F) The use of the results of the standardized  
6 functional measurement with a new standard to de-  
7 scribe basic physical and mental demands of a base-  
8 line of work that represents substantial gainful ac-  
9 tivity and that exists in significant numbers in the  
10 national economy.

11 (5)(A) An evaluation of whether a child is en-  
12 gaging in substantial gainful activity, whether a  
13 child has a medically determinable physical or men-  
14 tal impairment that will meet the duration require-  
15 ment, and whether a child has an impairment that  
16 meets the criteria in the index of disabling impair-  
17 ments.

18 (B) The development, with the assistance of the  
19 medical community and educational experts, of  
20 standardized criteria which can be used to measure  
21 a child's functional ability to perform a baseline of  
22 functions that are comparable to the baseline of oc-  
23 cupational demands for an adult.

24 (C) The conduct of research to specifically iden-  
25 tify a skill acquisition threshold to measure broad

1 areas required to develop the ability to perform sub-  
2 stantial gainful activity.

3 **SEC. 632. STUDY ON FEASIBILITY OF SINGLE TAMPER-**  
4 **PROOF IDENTIFICATION CARD TO SERVE**  
5 **PROGRAMS UNDER BOTH THE SOCIAL SECU-**  
6 **RITY ACT AND HEALTH REFORM LEGISLA-**  
7 **TION.**

8 (a) STUDY.—As soon as practicable after the date of  
9 the enactment of this Act, the Commissioner of Social Se-  
10 curity shall conduct a study of the feasibility of issuing,  
11 in counterfeit-resistant form, a single identification card  
12 which would combine the features of the social security  
13 card now issued pursuant to section 205 of the Social Se-  
14 curity Act and any health security card which may be pro-  
15 vided for in health reform legislation enacted in the 104th  
16 Congress. In such study, the Commissioner shall devote  
17 particular consideration to—

18 (1) employment in such card of finger-print  
19 identification, bar code validation, a photograph, a  
20 hologram, or any other identifiable feature,

21 (2) the efficiencies and economies which may be  
22 achieved by combining the features of the social se-  
23 curity card as currently issued and the features of  
24 any health security card which might be issued  
25 under health reform legislation, and



1           (2) in clause (i), by striking “whichever” and  
2           inserting “when, if the State chooses to so require  
3           (and specifies in its State plan), whichever”;

4           (3) in clause (ii), by inserting “when” before  
5           such parent; and

6           (4) in clause (iii), by inserting “when, if the  
7           State chooses to so require (and so specifies in its  
8           State plan)” after “(iii)”.

9           (b) STATE OPTION TO EXPAND PROGRAM.—Section  
10          407(a) (42 U.S.C. 607(a)) is amended by inserting “or  
11          the unemployment (as defined (if at all) by the State in  
12          the State plan approved under section 402)” before “of  
13          the parent”.

14          (c) EFFECTIVE DATE.—Subsection (b) and the  
15          amendments made by subsection (a) shall become effective  
16          October 1, 1996.

17          **SEC. 642. DEFINITION OF ESSENTIAL PERSON.**

18          (a) GENERAL REQUIREMENT.—Section 402 (42  
19          U.S.C. 602), as amended by section 222(a)(1)(A) of this  
20          Act, is amended by inserting after subsection (f) the fol-  
21          lowing:

22                 “(g) In order that the State may include the needs  
23          of an individual in determining the needs of the dependent  
24          child and relative with whom the child is living, such indi-

1 vidual must be living in the same home as such child and  
2 relative, and—

3 “(1) furnishing personal services required be-  
4 cause of the relative’s physical or mental inability to  
5 provide care necessary for herself or himself or for  
6 the dependent child (which, for purposes of this sub-  
7 section only, includes a child receiving supplemental  
8 security income benefits under title XVI); or

9 “(2) furnishing child care services, or care for  
10 an incapacitated member of the family, that is nec-  
11 essary to permit the caretaker relative—

12 “(A) to engage in full or part-time employ-  
13 ment outside the home, or

14 “(B) to attend a course of education de-  
15 signed to lead to a high school diploma (or its  
16 equivalent) or a course of training on a full or  
17 part-time basis, or to participate in the pro-  
18 gram under part G on a full or part-time  
19 basis.”.

20 **SEC. 643. “FILL-THE-GAP” BUDGETING.**

21 (a) IN GENERAL.—Section 402(a)(8)(A) (42 U.S.C.  
22 602(a)(8)(A)), as amended by sections 231, 242(b)(1),  
23 and 611(d)(1) of this Act, is amended—

24 (1) by striking “and” at the end of clause (xi);  
25 and

1 (2) by adding at the end the following:

2 “(xiii) in addition to any other amounts re-  
3 quired or permitted by this paragraph to be dis-  
4 regarded in a month, may exempt countable in-  
5 come identified in the State plan by type or  
6 source and by amount, but in an amount not  
7 exceeding the difference between the State’s  
8 standard of need applicable to the family and  
9 the amount from which all remaining  
10 nonexempt income is subtracted to determine  
11 the amount of aid payable under the State plan  
12 to a family of the same size with no other in-  
13 come;”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 subsection (a) shall take effect on October 1, 1997.

16 **SEC. 644. REPEAL OF REQUIREMENT TO MAKE CERTAIN**  
17 **SUPPLEMENTAL PAYMENTS IN STATES PAY-**  
18 **ING LESS THAN THEIR NEEDS STANDARDS.**

19 Section 402(a)(28) (42 U.S.C. 602(a)(28)) is hereby  
20 repealed.

21 **SEC. 645. COLLECTION OF AFDC OVERPAYMENTS FROM**  
22 **FEDERAL TAX REFUNDS.**

23 (a) AUTHORITY TO INTERCEPT TAX REFUND.—(1)  
24 Part A of title IV (42 U.S.C. 601–617) is amended by  
25 adding at the end the following:

1 “COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX  
2 REFUNDS

3 “SEC. 418. (a) Upon receiving notice from a State  
4 agency administering a plan approved under this part that  
5 a named individual has been overpaid under the State plan  
6 approved under this part, the Secretary of the Treasury  
7 shall determine whether any amounts as refunds of Fed-  
8 eral taxes paid are payable to such individual, regardless  
9 of whether such individual filed a tax return as a married  
10 or unmarried individual. If the Secretary of the Treasury  
11 finds that any such amount is payable, he shall withhold  
12 from such refunds an amount equal to the overpayment  
13 sought to be collected by the State and pay such amount  
14 to the State agency.

15 “(b) The Secretary of the Treasury shall issue regula-  
16 tions, approved by the Secretary of Health and Human  
17 Services, that provide—

18 “(1) that a State may only submit under sub-  
19 section (a) requests for collection of overpayments  
20 with respect to individuals (A) who are no longer re-  
21 ceiving aid under the State plan approved under this  
22 part, (B) with respect to whom the State has al-  
23 ready taken appropriate action under State law  
24 against the income or resources of the individuals or  
25 families involved as required under section

1 402(a)(22) (B), and (C) to whom the State agency  
2 has given notice of its intent to request withholding  
3 by the Secretary of the Treasury from their income  
4 tax refunds;

5 “(2) that the Secretary of the Treasury will  
6 give a timely and appropriate notice to any other  
7 person filing a joint return with the individual whose  
8 refund is subject to withholding under subsection  
9 (a); and

10 “(3) the procedures that the State and the Sec-  
11 retary of the Treasury will follow in carrying out  
12 this section which, to the maximum extent feasible  
13 and consistent with the specific provisions of this  
14 section, will be the same as those issued pursuant to  
15 section 464(b) applicable to collection of past-due  
16 child support.”.

17 (2) Section 6402 of the Internal Revenue Code of  
18 1986 (as amended by section 443(a) of this Act) is amend-  
19 ed—

20 (A) in subsection (a), by striking “(c) and (d)”  
21 and inserting “(c), (d), and (e)”;

22 (B) by redesignating subsections (e) through (i)  
23 as subsections (f) through (j), respectively; and

24 (C) by inserting after subsection (d) the follow-  
25 ing:

1           “(g) COLLECTION OF OVERPAYMENTS UNDER TITLE  
2 IV–A OF THE SOCIAL SECURITY ACT.—The amount of  
3 any overpayment to be refunded to the person making the  
4 overpayment shall be reduced (after reductions pursuant  
5 to subsections (c) and (d), but before a credit against fu-  
6 ture liability for an internal revenue tax) in accordance  
7 with section 418 of the Social Security Act (concerning  
8 recovery of overpayments to individuals under State plans  
9 approved under part A of title IV of such Act).”.

10           (b)           CONFORMING           AMENDMENT.—Section  
11 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is  
12 amended by striking “section 464 or 1137 of the Social  
13 Security Act” and inserting “section 419, 464, or 1137  
14 of the Social Security Act.”

15 **SEC. 646. TERRITORIES.**

16           (a) IN GENERAL.—Section 1108(a) (42 U.S.C.  
17 1308(a)) is amended by striking paragraphs (1), (2), and  
18 (3) and inserting the following:

19                   “(1) for payment to Puerto Rico shall not ex-  
20           ceed—

21                           “(A) \$82,000,000 with respect to fiscal  
22                           years 1994, 1995, and 1996, and

23                           “(B) \$102,500,000 or, if greater, such  
24                           amount adjusted by the CPI (as prescribed in

1 subsection (f) for fiscal year 1997 and each  
2 fiscal year thereafter;

3 “(2) for payment to the Virgin Islands shall not  
4 exceed—

5 “(A) \$2,800,000 with respect to fiscal  
6 years 1994, 1995, and 1996, and

7 “(B) \$3,500,000 or, if greater, such  
8 amount adjusted by the CPI (as prescribed in  
9 subsection (f)) for fiscal year 1997 and each  
10 fiscal year thereafter; and

11 “(3) for payment to Guam shall not exceed—

12 “(A) \$3,800,000 with respect to fiscal year  
13 1994, 1995, and 1996, and

14 “(B) \$4,750,000 or, if greater, such  
15 amount adjusted by the CPI (as prescribed in  
16 subsection (f)), for fiscal year 1997 and each  
17 fiscal year thereafter.”.

18 (b) CPI ADJUSTMENT.—Section 1108 (42 U.S.C.  
19 1308) is amended by adding at the end the following:

20 “(f) For purposes of subsection (a), an amount is ‘ad-  
21 justed by the CPI’ for months in calendar year by mul-  
22 tiplying that amount by the ratio of the Consumer Price  
23 Index as prepared by the Department of Labor for—

24 “(1) the third quarter of the preceding calendar  
25 year, to

1           “(2) the third quarter of calendar year 1996,  
2           and rounding the product, if not a multiple of  
3           \$10,000, to the nearer multiple of \$10,000.”.

4 **SEC. 647. DISREGARD OF STUDENT INCOME.**

5           (a) **IN GENERAL.**—Section 402(a)(8)(A)(i) (42  
6 U.S.C. 602(a)(8)(A)(i)) is amended by striking “depend-  
7 ent child” and all that follows and inserting “individual  
8 who has not attained 19 years of age and is an elementary  
9 or secondary school student”.

10          (b) **CONFORMING AMENDMENTS.**—Section 402(a)  
11 (42 U.S.C. 602(a)) is amended—

12           (1) in paragraph (8)(A)(vii)—

13                (A) by striking “a dependent child who is  
14                a full-time student” and inserting “an individ-  
15                ual who has not attained 19 years of age and  
16                is an elementary or secondary school student”;  
17                and

18                (B) by striking “such child” and inserting  
19                “such individual”; and

20           (2) in paragraph (18), by striking “of a de-  
21           pendent child” and inserting “of an individual under  
22           age 19”.

1 **SEC. 648. LUMP-SUM INCOME.**

2 Section 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as  
3 amended by sections 231, 242(b)(1), 611(d)(1), and  
4 643(a) of this Act, is amended—

5 (1) by striking “and” at the end of clause (xii);

6 and

7 (2) by adding at the end the following:

8 “(xiv) shall disregard from the income of  
9 any family member any amounts of income re-  
10 ceived in the form of nonrecurring lump-sum  
11 payments other than payments made pursuant  
12 to an order for child or spousal support being  
13 enforced by the agency administering the State  
14 plan approved under part D;”.

15 **TITLE VII—CHILD PROTECTION**  
16 **BLOCK GRANT PROGRAM**

17 **SEC. 701. ESTABLISHMENT OF PROGRAMS.**

18 Part B of title IV (42 U.S.C. 620–635) is amended  
19 to read as follows:

20 **PART B—CHILD PROTECTION BLOCK GRANT**  
21 **PROGRAM**

22 **“SEC. 420. PURPOSES; AUTHORIZATIONS OF APPROPRIA-**  
23 **TIONS.**

24 “The purpose of this part is to enable States to carry  
25 out a program of child welfare and child protection serv-  
26 ices which includes—

1           “(1) child protection services for children who  
2           are, or are suspected of being or at risk of becoming,  
3           victims of abuse or neglect;

4           “(2) preventive services and activities, including  
5           community-based family support services, designed  
6           to strengthen and preserve families and to prevent  
7           child abuse and neglect; and

8           “(3) permanency planning services and activi-  
9           ties to achieve planned, permanent living arrange-  
10          ments (including family reunification, adoption, and  
11          independent living) for children who have been re-  
12          moved from their families.

13   **“SEC. 421. STATE PLANS.**

14          “(a) IN GENERAL.—In order to be eligible for pay-  
15          ment under this part, a State must have an approved plan  
16          (developed jointly by the Secretary and the State agency,  
17          after consultation with persons and entities specified in  
18          subsection (b)) for the provision of services to children and  
19          families which meet the requirements of subsection (c).

20          “(b) CONSULTATION WITH APPROPRIATE ENTI-  
21          TIES.—A State, in developing its plan for approval under  
22          this part, shall consult with concerned persons and enti-  
23          ties, including—

24                  “(1) public and nonprofit private agencies and  
25                  community-based organizations with experience in

1 administering programs of child welfare services for  
2 children and families; and

3 “(2) representatives of and advocates for chil-  
4 dren and families.

5 “(c) STATE PLAN REQUIREMENTS.—A State plan  
6 under this part shall—

7 “(1) describe the services and activities to be  
8 performed, and the service delivery mechanisms (in-  
9 cluding service providers and statewide distribution  
10 of services) to be used, to provide—

11 “(A) child protection services described in  
12 section 420(1) (including such services provided  
13 under this part and part E);

14 “(B) preventive services described in sec-  
15 tion 420(2) (and shall provide for delivery of  
16 such services through a statewide network of  
17 local nonprofit community-based family support  
18 programs, in collaboration with existing health,  
19 mental health, education, employment, training,  
20 child welfare, and other social services agen-  
21 cies); and

22 “(C) permanency planning services de-  
23 scribed in section 420(3) (including family re-  
24 unification, adoption, and independent living);

1           “(2)(A)(i) declare the State’s goals for accom-  
2           plishments under the plan is in operation in the  
3           State, and (ii) be updated periodically to declare the  
4           State’s goals for accomplishments under the plan by  
5           the end of each fifth fiscal year thereafter;

6           “(B) describe the methods to be used in meas-  
7           uring progress toward accomplishment of the goals;  
8           and

9           “(C) contain a commitment that the State—

10           “(i) will perform an interim review of its  
11           progress toward accomplishment of the goals after  
12           the end of each of the first 4 fiscal years covered by  
13           the goals, and on the basis of such interim review  
14           will revise the statement of goals in the plan, if nec-  
15           essary, to reflect changed circumstances or other rel-  
16           evant factors; and

17           “(ii) will perform, after the end of the last fis-  
18           cal year covered by the goals, a final review of its  
19           progress toward accomplishment of the goals and  
20           prepare a report to the Secretary on the basis of  
21           such final review;

22           “(3) provide assurances that reasonable  
23           amounts will be expended under this part to carry  
24           out each of the purposes specified in paragraphs (1)  
25           through (3) of section 420; and

1           “(4) provide assurances that the State has in  
2           effect a program of foster care safeguards meeting  
3           the requirements of section 425.

4           “(d) SECRETARIAL APPROVAL.—The Secretary shall  
5           approve a State plan that meets the requirements of this  
6           section.

7           **“SEC. 422. RESERVATIONS; ALLOTMENTS TO STATES.**

8           “(a) IN GENERAL.—The Secretary shall allot the  
9           amount specified in subsection (b) for each fiscal year in  
10          accordance with subsections (c) through (f).

11          “(b) FEDERAL FUNDING.—The amount specified for  
12          purposes of this section shall be—

13                 “(1) \$653,000,000 for fiscal year 1996;

14                 “(1) \$682,000,000 for fiscal year 1997;

15                 “(1) \$713,000,000 for fiscal year 1998;

16                 “(1) \$737,000,000 for fiscal year 1999; and

17                 “(1) \$763,000,000 for fiscal year 2000.

18          “(c) PROJECTS OF NATIONAL SIGNIFICANCE.—Two  
19          percent of the amount specified under subsection (b) for  
20          each fiscal year shall be reserved for expenditure by the  
21          Secretary for projects of national significance related to  
22          the purposes of this part.

23          “(d) TRAINING AND TECHNICAL ASSISTANCE.—Two  
24          percent of the amount specified under subsection (b) for  
25          each fiscal year shall be reserved for expenditure by the

1 Secretary for training and technical assistance to State  
2 and local public and nonprofit private entities related to  
3 the program under this part.

4 “(e) INDIAN TRIBES.—One percent of the amount  
5 specified under subsection (b) for each fiscal year shall  
6 be reserved for allotment to Indian tribes in accordance  
7 with section 424.

8 “(f) STATES.—From the balance of the amount spec-  
9 ified for each fiscal year under subsection (b) remaining  
10 after the application of subsections (c), (d), and (e), the  
11 Secretary shall allot to each State an amount which bears  
12 the same ratio to the amount specified as the total amount  
13 that would have been allotted to the State for such fiscal  
14 year under this part, as in effect on September 30, 1995,  
15 bears to the total amount that would have been so allotted  
16 to all States for such fiscal year.

17 **“SEC. 423. PAYMENTS TO STATES.**

18 “(a) ENTITLEMENT TO PAYMENT; FEDERAL SHARE  
19 OF COSTS.—Each State which has a plan approved under  
20 this part shall be entitled to payment, equal to its allot-  
21 ment under section 422 for a fiscal year, for use in pay-  
22 ment by the State of 75 percent of the costs of activities  
23 under the State plan during such fiscal year. The remain-  
24 ing 25 percent of such costs shall be paid by the State  
25 with funds from non-Federal sources.

1       “(b) PAYMENT INSTALLMENTS.—The Secretary shall  
2 make payments in accordance with section 6503 of title  
3 31, United States Code, to each State from its allotment  
4 for use under this part.

5 **“SEC. 424. PAYMENTS TO INDIAN TRIBES.**

6       “(a) IN GENERAL.—The Secretary shall make pay-  
7 ments under this part for a fiscal year directly to the tribal  
8 organization of an Indian tribe with a plan approved under  
9 this part, except that such plan need not meet any require-  
10 ment under such section that the Secretary determines is  
11 inappropriate with respect to such Indian tribe.

12       “(b) ALLOTMENT.—From the amount reserved pur-  
13 suant to section 422(e) for any fiscal year, the Secretary  
14 shall allot to each Indian tribe meeting the conditions  
15 specified in subsection (a), an amount bearing the same  
16 ratio to such reserved amount as the number of children  
17 in all Indian tribes with State plans so approved, as deter-  
18 mined by the Secretary on the basis of the most current  
19 and reliable information available to the Secretary.

20 **“SEC. 425. FOSTER CARE PROTECTION.**

21       “In order to meet the requirements of this section,  
22 for purposes of section 421(c)(4), a State shall—

23               “(1) since June 17, 1980, have completed an  
24       inventory of all children who, before the inventory,

1 had been in foster care under the responsibility of  
2 the State for 6 months or more, which determined—

3 “(A) the appropriateness of, and necessity  
4 for, the foster care placement;

5 “(B) whether the child could or should be  
6 returned to the parents of the child or should  
7 be freed for adoption or other permanent place-  
8 ment; and

9 “(C) the services necessary to facilitate the  
10 return of the child or the placement of the child  
11 for adoption or legal guardianship;

12 “(2) be operating, to the satisfaction of the Sec-  
13 retary—

14 “(A) a statewide information system from  
15 which can be readily determined the status, de-  
16 mographic characteristics, location, and goals  
17 for the placement of every child who is (or,  
18 within the immediately preceding 12 months,  
19 has been) in foster care;

20 “(B) a case review system (as defined in  
21 section 475(5)) for each child receiving foster  
22 care under the supervision of the State;

23 “(C) a service program designed to help  
24 children—

1                   “(i) where appropriate, return to fam-  
2                   ilies from which they have been removed;  
3                   or

4                   “(ii) be placed for adoption, with a  
5                   legal guardian, or, if adoption or legal  
6                   guardianship is determined not to be ap-  
7                   propriate for a child, in some other  
8                   planned, permanent living arrangement;  
9                   and

10                  “(D) a replacement preventive services  
11                  program designed to help children at risk of  
12                  foster care placement remain with their fami-  
13                  lies; and

14                  “(3)(A) have reviewed (or by October 31, 1995  
15                  will have reviewed) State policies and administrative  
16                  and judicial procedures in effect for children aban-  
17                  doned at or shortly after birth (including policies  
18                  and procedures providing for legal representation of  
19                  such children); and

20                  “(B) be implementing (or by October 31, 1996,  
21                  will be implementing) such policies and procedures  
22                  as the State determines, on the basis of the review  
23                  described in clause (i), to be necessary to enable per-  
24                  manent decisions to be made expeditiously with re-  
25                  spect to the placement of such children.

1 **SEC. 702. REPEALS AND CONFORMING AMENDMENTS.**

2 (a) ABANDONED INFANTS ASSISTANCE.—

3 (1) REPEAL.—The Abandoned Infants Assist-  
4 ance Act of 1988 (42 U.S.C. 670 note) is repealed.

5 (2) CONFORMING AMENDMENT.—Section  
6 421(7) of the Domestic Violence Service Act of 1973  
7 (42 U.S.C. 5061(7)) is amended to read as follows:

8 “(7) the term ‘boarder baby’ means an infant  
9 who is medically cleared for discharge from an  
10 acute-care hospital setting, but remains hospitalized  
11 because of a lack of appropriate out-of-hospital  
12 placement alternatives.”.

13 (b) CHILD ABUSE PREVENTION AND TREATMENT.—

14 (1) REPEAL.—The Child Abuse Prevention and  
15 Treatment Act (42 U.S.C. 5101 et seq.) is repealed.

16 (2) CONFORMING AMENDMENTS.—The Victims  
17 of Crime Act of 1984 (42 U.S.C. 10601 et seq.) is  
18 amended by striking section 1404A.

19 (c) ADOPTION OPPORTUNITIES.—The Child Abuse  
20 Prevention and Treatment and Adoption Reform Act of  
21 1978 (42 U.S.C. 5111 et seq.) is repealed.

22 (d) FAMILY SUPPORT CENTERS.—Subtitle F of title  
23 VII of the Stewart B. McKinney Homeless Assistance Act  
24 (42 U.S.C. 11481–11489) is repealed.

1 (e) FOSTER CARE.—Section 472(d) (42 U.S.C.  
2 672(d)) is amended by striking “422(b)(9)” and inserting  
3 “425”.

4 **SEC. 703. EFFECTIVE DATE.**

5 The amendments and repeals made by this title shall  
6 take effect on October 1, 1995, and shall apply with re-  
7 spect to activities under State programs on and after that  
8 date.

9 **TITLE VIII—SSI REFORM**  
10 **Subtitle A—Eligibility of Children**  
11 **for Benefits**

12 **SEC. 801. RESTRICTIONS ON ELIGIBILITY.**

13 (a) IN GENERAL.—Section 1614(a)(3)(A) (42 U.S.C.  
14 1382c(a)(3)(A)) is amended—

15 (1) by inserting “(i)” after “(3)(A)”;

16 (2) by inserting “who has attained 18 years of  
17 age” before “shall be considered”;

18 (3) by striking “he” and inserting “the individ-  
19 ual”;

20 (4) by striking “(or, in the case of an individual  
21 under the age of 18, if he suffers from any medically  
22 determinable physical or mental impairment of com-  
23 parable severity)”; and

24 (5) by adding after and below the end the fol-  
25 lowing:

1       “(ii) An individual who has not attained 18 years of  
2 age shall be considered to be disabled for purposes of this  
3 title for a month if the individual has any medically deter-  
4 minable physical or mental impairment (or combination  
5 of impairments) that meets the requirements, applicable  
6 to individuals who have not attained 18 years of age, of  
7 the Listings of Impairments set forth in appendix 1 of  
8 subpart P of part 404 of title 20, Code of Federal Regula-  
9 tions, or the individual has a combination of impairments  
10 the effect of which should be considered disabling for pur-  
11 poses of this title. In applying this clause, such Listings  
12 shall not include maladaptive behavior or psychoactive  
13 substance dependence disorder (as specified in the appen-  
14 dix setting forth such Listings).”.

15       (b) TRANSITION TO NEW ELIGIBILITY CRITERIA.—  
16 Within 3 months after the date of the enactment of this  
17 Act, the Commissioner of Social Security shall establish  
18 a functional equivalency standard separate from the List-  
19 ing of Impairments (set forth in appendix 1 of subpart  
20 P of part 404 of title 20, Code of Federal Regulations  
21 (revised as of April 1, 1994)) under which a child with  
22 a combination of impairments should be considered dis-  
23 abled for purposes of the supplemental security income  
24 program under title XVI of the Social Security Act. With-  
25 in 10 months after the date of the enactment of this Act,

1 the Commissioner shall review the case of each individual  
2 who, immediately before such date of enactment, qualified  
3 for benefits under such program by reason of an individ-  
4 ualized functional assessment in order to determine eligi-  
5 bility under such Listings and the criteria established  
6 under such standard.

7 **SEC. 802. CONTINUING DISABILITY REVIEWS FOR CERTAIN**  
8 **CHILDREN.**

9 Section 1614(a)(3)(G) (42 U.S.C. 1382c(a)(3)(G)) is  
10 amended—

11 (1) by inserting “(i)” after “(G)”; and

12 (2) by adding at the end the following:

13 “(ii)(I) Not less frequently than once every 3 years,  
14 the Commissioner shall redetermine the eligibility for ben-  
15 efits under this title of each individual who has not at-  
16 tained 18 years of age and is eligible for such benefits  
17 by reason of disability.

18 “(II) Subclause (I) shall not apply to an individual  
19 if the individual has an impairment (or combination of im-  
20 pairments) which is (or are) not expected to improve.

21 “(III) Subject to recommendations made by the Com-  
22 missioner, parents or guardians of recipients whose cases  
23 are reviewed under this clause shall present, at the time  
24 of review, evidence demonstrating that funds provided  
25 under this title have been used to assist the recipient in

1 improving the condition which was the basis for providing  
2 benefits under this title.”.

3 **SEC. 803. DISABILITY REVIEW REQUIRED FOR SSI RECIPI-**  
4 **ENTS WHO ARE 18 YEARS OF AGE.**

5 (a) IN GENERAL.—Section 1614(a)(3)(G) (42 U.S.C.  
6 1382c(a)(3)(G)), as amended by section 802 of this sub-  
7 title, is amended by adding at the end the following:

8 “(iii)(I) The Commissioner shall redetermine the eli-  
9 gibility of a qualified individual for supplemental security  
10 income benefits under this title by reason of disability, by  
11 applying the criteria used in determining eligibility for  
12 such benefits of applicants who have attained 18 years of  
13 age.

14 “(II) The redetermination required by subclause (I)  
15 with respect to a qualified individual shall be conducted  
16 during the 1-year period that begins on the date the quali-  
17 fied individual attains 18 years of age.

18 “(III) As used in this clause, the term ‘qualified indi-  
19 vidual’ means an individual who attains 18 years of age  
20 and is a recipient of benefits under this title by reason  
21 of disability.

22 “(IV) A redetermination under subclause (I) of this  
23 clause shall be considered a substitute for a review re-  
24 quired under any other provision of this subparagraph.”.

1 (b) REPORT TO THE CONGRESS.—Not later than Oc-  
2 tober 1, 1998, the Commissioner of Social Security shall  
3 submit to the Committee on Ways and Means of the  
4 House of Representatives and the Committee on Finance  
5 of the Senate a report on the activities conducted under  
6 section 1614(a)(3)(G)(iii) of the Social Security Act.

7 (c) CONFORMING REPEAL.—Section 207 of the So-  
8 cial Security Independence and Program Improvements  
9 Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is  
10 hereby repealed.

11 **SEC. 804. APPLICABILITY.**

12 (a) NEW ELIGIBILITY STANDARDS AND DISABILITY  
13 REVIEWS FOR CHILDREN.—

14 (1) IN GENERAL.—Except as provided in para-  
15 graph (2), the amendments made by sections 801  
16 and 802 shall apply to benefits for months beginning  
17 more than 9 months after the date of the enactment  
18 of this Act, without regard to whether regulations  
19 have been issued to implement such amendments.

20 (2) TRANSITIONAL RULE.—

21 (A) IN GENERAL.—For months beginning  
22 after the date of the enactment of this Act and  
23 before the first month to which the amend-  
24 ments made by section 801 apply under para-  
25 graph (1) and subject to subparagraph (B), no

1 individual who has not attained 18 years of age  
2 shall be considered to be disabled for purposes  
3 of the supplemental security income program  
4 under title XVI of the Social Security Act solely  
5 on the basis of maladaptive behavior or  
6 psychoactive substance dependence disorder.

7 (B) EXCEPTION FOR CURRENT BENE-  
8 FICIARIES.—Subparagraph (A) shall not apply  
9 in the case of an individual who is a recipient  
10 of supplemental security income benefits under  
11 such title for the month in which this Act be-  
12 comes law.

13 (b) DISABILITY REVIEWS FOR 18-YEAR OLD RECIPI-  
14 ENTS.—The amendments made by section 803 shall apply  
15 to benefits for months beginning after the date of the en-  
16 actment of this Act.

17 **Subtitle B—Denial of SSI Benefits**  
18 **by Reason of Disability to Drug**  
19 **Addicts and Alcoholics**

20 **SEC. 811. DENIAL OF SSI BENEFITS BY REASON OF DISABIL-**  
21 **ITY TO DRUG ADDICTS AND ALCOHOLICS.**

22 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.  
23 1382c(a)(3)) is amended by adding at the end the follow-  
24 ing:

1       “(I) Notwithstanding subparagraph (A), an individ-  
2 ual shall not be considered to be disabled for purposes of  
3 this title if alcoholism or drug addiction would (but for  
4 this subparagraph) be a contributing factor material to  
5 the Commissioner’s determination that the individual is  
6 disabled.”.

7       (b) CONFORMING AMENDMENTS.—

8           (1) Section 1611(e) (42 U.S.C. 1382(e)) is  
9 amended by striking paragraph (3).

10          (2) Section 1631(a)(2)(A)(ii) (42 U.S.C.  
11 1383(a)(2)(A)(ii)) is amended—

12           (A) by striking “(I)”; and

13           (B) by striking subclause (II).

14          (3) Section 1631(a)(2)(B) (42 U.S.C.  
15 1383(a)(2)(B)) is amended—

16           (A) by striking clause (vii);

17           (B) in clause (viii), by striking “(ix)” and  
18 inserting “(viii)”;

19           (C) in clause (ix)—

20           (i) by striking “(viii)” and inserting  
21 “(vii)”;

22           (ii) in subclause (II), by striking all  
23 that follows “15 years” and inserting a pe-  
24 riod;

25           (D) in clause (xiii)—

1 (i) by striking “(xii)” and inserting  
2 “(xi)”; and

3 (ii) by striking “(xi)” and inserting  
4 “(x)”; and

5 (E) by redesignating clauses (viii) through  
6 (xiii) as clauses (vii) through (xii), respectively.

7 (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.  
8 1383(a)(2)(D)(i)(II)) is amended by striking all that  
9 follows “\$25.00 per month” and inserting a period.

10 (5) Section 1634 (42 U.S.C. 1383c) is amended  
11 by striking subsection (e).

12 (6) Section 201(c)(1) of the Social Security  
13 Independence and Program Improvements Act of  
14 1994 (42 U.S.C. 425 note) is amended—

15 (A) by striking “—” and all that follows  
16 through “(A)” the 1st place such term appears;

17 (B) by striking “and” the 3rd place such  
18 term appears;

19 (C) by striking subparagraph (B);

20 (D) by striking “either subparagraph (A)  
21 or subparagraph (B)” and inserting “the pre-  
22 ceding sentence”; and

23 (E) by striking “subparagraph (A) or (B)”  
24 and inserting “the preceding sentence”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on October 1, 1995, and shall  
3 apply with respect to months beginning on or after such  
4 date.

5 (d) FUNDING OF CERTAIN PROGRAMS FOR DRUG  
6 ADDICTS AND ALCOHOLICS.—Out of any money in the  
7 Treasury of the United States not otherwise appropriated,  
8 the Secretary of the Treasury shall pay to the Director  
9 of the National Institute on Drug Abuse—

10 (1) \$95,000,000, for each of fiscal years 1997,  
11 1998, 1999, and 2000, for expenditure through the  
12 Federal Capacity Expansion Program to expand the  
13 availability of drug treatment; and

14 (2) \$5,000,000 for each of fiscal years 1997,  
15 1998, 1999, and 2000 to be expended solely on the  
16 medication development project to improve drug  
17 abuse and drug treatment research.

## 18 **TITLE IX—FINANCING**

### 19 **Subtitle A—Treatment of Aliens**

#### 20 **SEC. 901. EXTENSION OF DEEMING OF INCOME AND RE-** 21 **SOURCES UNDER AFDC, SSI, AND FOOD** 22 **STAMP PROGRAMS.**

23 (a) IN GENERAL.—Except as provided in subsections  
24 (b) and (c), in applying sections 415 and 1621 of the So-  
25 cial Security Act and section 5(i) of the Food Stamp Act

1 of 1977, the period in which each respective section other-  
2 wise applies with respect to an alien shall be extended  
3 through the date (if any) on which the alien becomes a  
4 citizen of the United States (under chapter 2 of title III  
5 of the Immigration and Nationality Act).

6 (b) EXCEPTION.—Subsection (a) shall not apply to  
7 an alien if—

8 (1) the alien has been lawfully admitted to the  
9 United States for permanent residence, has attained  
10 75 years of age, and has resided in the United  
11 States for at least 5 years;

12 (2) the alien—

13 (A) is a veteran (as defined in section 101  
14 of title 38, United States Code) with a dis-  
15 charge characterized as an honorable discharge,

16 (B) is on active duty (other than active  
17 duty for training) in the Armed Forces of the  
18 United States, or

19 (C) is the spouse or unmarried dependent  
20 child of an individual described in subparagraph  
21 (A) or (B);

22 (3) the alien is the subject of domestic violence  
23 by the alien's spouse and a divorce between the alien  
24 and the alien's spouse has been initiated through the

1 filing of an appropriate action in an appropriate  
2 court; or

3 (4) there has been paid with respect to the self-  
4 employment income or employment of the alien, or  
5 of a parent or spouse of the alien, taxes under chap-  
6 ter 2 or chapter 21 of the Internal Revenue Code of  
7 1986 in each of 20 different calendar quarters.

8 (c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—  
9 Subsection (a) shall not apply with respect to determina-  
10 tions of eligibility for benefits under part A of title IV of  
11 the Social Security Act or under the supplemental income  
12 security program under title XVI of such Act but only in-  
13 sofar as such determinations provide for eligibility for  
14 medical assistance under title XIX of such Act.

15 (d) EFFECTIVE DATE.—This section shall take effect  
16 on October 1, 1995.

17 **SEC. 902. REQUIREMENTS FOR SPONSOR'S AFFIDAVITS OF**  
18 **SUPPORT.**

19 (a) IN GENERAL.—Title II of the Immigration and  
20 Nationality Act is amended by inserting after section 213  
21 the following new section:

22 “REQUIREMENTS FOR SPONSOR’S AFFIDAVIT OF SUPPORT  
23 “SEC. 213A. (a) ENFORCEABILITY.—

24 “(1) IN GENERAL.—No affidavit of support  
25 may be accepted by the Attorney General or by any  
26 consular officer to establish that an alien is not ex-

1 cludable under section 212(a)(4) unless such affida-  
2 vit is executed as a contract—

3 “(A) which is legally enforceable against  
4 the sponsor by the Federal Government, by a  
5 State, or by any political subdivision of a State,  
6 providing cash benefits under a public cash as-  
7 sistance program (as defined in subsection  
8 (f)(2)), but not later than 5 years after the date  
9 the alien last receives any such cash benefit;  
10 and

11 “(B) in which the sponsor agrees to submit  
12 to the jurisdiction of any Federal or State court  
13 for the purpose of actions brought under sub-  
14 section (e)(2).

15 “(2) EXPIRATION OF LIABILITY.—Such con-  
16 tract shall only apply with respect to cash benefits  
17 described in paragraph (1)(A) provided to an alien  
18 before the earliest of the following:

19 “(A) CITIZENSHIP.—The date the alien be-  
20 comes a citizen of the United States under  
21 chapter 2 of title III.

22 “(B) VETERAN.—The first date the alien  
23 is described in section 901(b)(2)(A).

24 “(C) PAYMENT OF SOCIAL SECURITY  
25 TAXES.—The first date as of which the condi-

1           tion described in section 901(b)(4) is met with  
2           respect to the alien.

3           “(3) NONAPPLICATION DURING CERTAIN PERI-  
4           ODS.—Such contract also shall not apply with re-  
5           spect to cash benefits described in paragraph (1)(A)  
6           provided during any period in which the alien is de-  
7           scribed in section 901(b)(2)(B) or 901(b)(2)(C).

8           “(b) FORMS.—Not later than 90 days after the date  
9           of enactment of this section, the Attorney General, in con-  
10          sultation with the Secretary of State and the Secretary  
11          of Health and Human Services, shall formulate an affida-  
12          vit of support consistent with the provisions of this sec-  
13          tion.

14          “(c) NOTIFICATION OF CHANGE OF ADDRESS.—

15                 “(1) REQUIREMENT.—The sponsor shall notify  
16                 the Federal Government and the State in which the  
17                 sponsored alien is currently resident within 30 days  
18                 of any change of address of the sponsor during the  
19                 period specified in subsection (a)(1)(A).

20                 “(2) ENFORCEMENT.—Any person subject to  
21                 the requirement of paragraph (1) who fails to satisfy  
22                 such requirement shall be subject to a civil penalty  
23                 of—

24                         “(A) not less than \$250 or more than  
25                         \$2,000, or

1           “(B) if such failure occurs with knowledge  
2           that the sponsored alien has received any bene-  
3           fit under any means-tested public benefits pro-  
4           gram, not less than \$2,000 or more than  
5           \$5,000.

6           “(d) REIMBURSEMENT OF GOVERNMENT EX-  
7 PENSES.—

8           “(1) REQUEST FOR REIMBURSEMENT.—

9           “(A) IN GENERAL.—Upon notification that  
10          a sponsored alien has received any cash benefits  
11          described in subsection (a)(1)(A), the appro-  
12          priate Federal, State, or local official shall re-  
13          quest reimbursement by the sponsor in the  
14          amount of such cash benefits.

15          “(B) REGULATIONS.—The Attorney Gen-  
16          eral, in consultation with the Secretary of  
17          Health and Human Services, shall prescribe  
18          such regulations as may be necessary to carry  
19          out subparagraph (A).

20          “(2) INITIATION OF ACTION.—If within 45 days  
21          after requesting reimbursement, the appropriate  
22          Federal, State, or local agency has not received a re-  
23          sponse from the sponsor indicating a willingness to  
24          commence payments, an action may be brought

1 against the sponsor pursuant to the affidavit of sup-  
2 port.

3 “(3) FAILURE TO ABIDE BY REPAYMENT  
4 TERMS.—If the sponsor fails to abide by the repay-  
5 ment terms established by such agency, the agency  
6 may, within 60 days of such failure, bring an action  
7 against the sponsor pursuant to the affidavit of sup-  
8 port.

9 “(4) LIMITATION ON ACTIONS.—No cause of  
10 action may be brought under this subsection later  
11 than 5 years after the date the alien last received  
12 any cash benefit described in subsection (a)(1)(A).

13 “(f) DEFINITIONS.—For the purposes of this section:

14 “(1) SPONSOR.—The term ‘sponsor’ means an  
15 individual who—

16 “(A) is a citizen or national of the United  
17 States or an alien who is lawfully admitted to  
18 the United States for permanent residence;

19 “(B) is 18 years of age or over; and

20 “(C) is domiciled in any State.

21 “(2) PUBLIC CASH ASSISTANCE PROGRAM.—  
22 The term ‘public cash assistance program’ means a  
23 program of the Federal Government or of a State or  
24 political subdivision of a State that provides direct  
25 cash assistance for the purpose of income mainte-

1 nance and in which the eligibility of an individual,  
2 household, or family eligibility unit for cash benefits  
3 under the program, or the amount of such cash ben-  
4 efits, or both are determined on the basis of income,  
5 resources, or financial need of the individual, house-  
6 hold, or unit. Such term does not include any pro-  
7 gram insofar as it provides medical, housing, edu-  
8 cation, job training, food, or in-kind assistance or  
9 social services.”.

10 (b) CLERICAL AMENDMENT.—The table of contents  
11 of such Act is amended by inserting after the item relating  
12 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

13 (c) EFFECTIVE DATE.—Subsection (a) of section  
14 213A of the Immigration and Nationality Act, as inserted  
15 by subsection (a) of this section, shall apply to affidavits  
16 of support executed on or after a date specified by the  
17 Attorney General, which date shall be not earlier than 60  
18 days (and not later than 90 days) after the date the Attor-  
19 ney General formulates the form for such affidavits under  
20 subsection (b) of such section 213A.

1 **SEC. 903. EXTENDING REQUIREMENT FOR AFFIDAVITS OF**  
2 **SUPPORT TO FAMILY-RELATED AND DIVER-**  
3 **SITY IMMIGRANTS.**

4 (A) IN GENERAL.—Section 212(a)(4) of the Immi-  
5 gration and Nationality Act (8 U.S.C. 1182(a)(4)) is  
6 amended to read as follows:

7 “(4) PUBLIC CHARGE AND AFFIDAVITS OF SUP-  
8 PORT.—

9 “(A) PUBLIC CHARGE.—Any alien who, in  
10 the opinion of the consular officer at the time  
11 of application for a visa, or in the opinion of  
12 the Attorney General at the time of application  
13 for admission or adjustment of status, is likely  
14 at any time to become a public charge is exclud-  
15 able.

16 “(B) AFFIDAVITS OF SUPPORT.—Any im-  
17 migrant who seeks admission or adjustment of  
18 status as any of the following is excludable un-  
19 less there has been executed with respect to the  
20 immigrant an affidavit of support pursuant to  
21 section 213A:

22 “(i) As an immediate relative (under  
23 section 201(b)(2)).

24 “(ii) As a family-sponsored immigrant  
25 under section 203(a) (or as the spouse or

1 child under section 203(d) of such an im-  
2 migrant).

3 “(iii) As the spouse or child (under  
4 section 203(d)) of an employment-based  
5 immigrant under section 203(b).

6 “(iv) As a diversity immigrant under  
7 section 203(c) (or as the spouse or child  
8 under section 203(d) of such an immi-  
9 grant).”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall apply to aliens with respect to whom  
12 an immigrant visa is issued (or adjustment of status is  
13 granted) after the date specified by the Attorney General  
14 under section 902(c).

15 **Subtitle B—Limitation on Emer-**  
16 **gency Assistance Expenditures**

17 **SEC. 911. LIMITATION ON EXPENDITURES FOR EMERGENCY**  
18 **ASSISTANCE.**

19 (a) IN GENERAL.—Section 403(a)(5) (42 U.S.C.  
20 602(a)(5)) is amended to read as follows:

21 “(5) in the case of any State, an amount equal  
22 to the lesser of—

23 “(A) 50 percent of the total amount ex-  
24 pended under the State plan during such quar-

1           ter as emergency assistance to needy families  
2           with children; or

3           “(B) the greater of—

4                   “(i) the total amount expended under  
5                   the State plan during the fiscal year that  
6                   immediately precedes the fiscal year in  
7                   which the quarter occurs; multiplied by

8                           “(I) 4 percent, if the national un-  
9                           employment rate for the United  
10                          States (as determined by the Sec-  
11                          retary of Labor) for the 3rd or 4th  
12                          quarter of the immediately preceding  
13                          fiscal year is at least 7 percent; or

14                           “(II) 3 percent, otherwise; or

15                          “(ii) the total amount expended under  
16                          the State plan during fiscal year 1995 as  
17                          emergency assistance to needy families  
18                          with children.”.

19           (b) AUTHORITY OF STATES TO DEFINE EMERGENCY  
20 ASSISTANCE.—Section 406(e)(1) (42 U.S.C. 606(e)(1)) is  
21 amended to read as follows:

22           “(e)(1)(A) The term ‘emergency assistance to needy  
23 families with children’ means emergency assistance fur-  
24 nished by an eligible State with respect to an eligible needy

1 child to avoid destitution of the child or to provide living  
2 arrangements in a home for the child.

3 “(B) As used in this paragraph:

4 “(i) The term ‘emergency assistance’ means  
5 emergency assistance as provided for in the State  
6 plan approved under section 402 of an eligible State,  
7 but shall not include care for an eligible needy child  
8 or other member of the household in which the child  
9 is living to the extent that the child or other member  
10 is entitled to such care as medical assistance under  
11 the State plan under title XIX.

12 “(ii) The term ‘eligible needy child’ means a  
13 needy child—

14 “(I) who has not attained 21 years of age;

15 “(II) who is or (within such period as the  
16 Secretary may specify) has been living with any  
17 relative specified in subsection (a)(1) in a place  
18 of residence maintained by 1 or more of such  
19 relatives as the home of the relative or relatives;

20 “(III) who is without available resources;  
21 and

22 “(IV) whose requirement for emergency as-  
23 sistance did not arise because the child or rel-  
24 ative refused without good cause to accept em-  
25 ployment or training for employment.

1           “(iii) The term “eligible State” means a State  
2           whose State plan approved under section 402 in-  
3           cludes provision for emergency assistance.”.

## 4           **Subtitle C—Tax Provisions**

### 5           **SEC. 921. CERTAIN FEDERAL ASSISTANCE INCLUDIBLE IN** 6           **GROSS INCOME.**

7           (a) IN GENERAL.—Part II of subchapter B of chap-  
8           ter 1 of the Internal Revenue Code of 1986 (relating to  
9           items specifically included in gross income) is amended by  
10          adding at the end the following new section:

#### 11          **“SEC. 91. CERTAIN FEDERAL ASSISTANCE.**

12          “(a) IN GENERAL.—Gross income shall include an  
13          amount equal to the specified Federal assistance received  
14          by the taxpayer during the taxable year.

15          “(b) SPECIFIED FEDERAL ASSISTANCE.—For pur-  
16          poses of this section—

17                  “(1) IN GENERAL.—The term ‘specified Federal  
18                  assistance’ means—

19                          “(A) aid provided under a State plan ap-  
20                          proved under part A of title IV of the Social  
21                          Security Act (relating to aid to families with de-  
22                          pendent children), and

23                          “(B) assistance provided under any food  
24                          stamp program.

1           “(2) SPECIAL RULE.—In the case of assistance  
2 provided under a program described in subsection  
3 (d)(2), such term shall include only the assistance  
4 required to be provided under section 21 or 22 (as  
5 the case may be) of the Food Stamp Act of 1977.

6           “(c) INDIVIDUALS SUBJECT TO TAX.—For purposes  
7 of this section—

8           “(1) AFDC.—Aid described in subsection  
9 (b)(1)(A) shall be treated as received by the relative  
10 with whom the dependent child is living (within the  
11 meaning of section 406(c) of the Social Security  
12 Act).

13           “(2) FOOD STAMPS.—In the case of assistance  
14 described in subsection (b)(1)(B)—

15           “(A) IN GENERAL.—Except as provided in  
16 subparagraph (B), such assistance shall be  
17 treated as received ratably by each of the indi-  
18 viduals taken into account in determining the  
19 amount of such assistance for the benefit of  
20 such individuals.

21           “(B) ASSISTANCE TO CHILDREN TREATED  
22 AS RECEIVED BY PARENTS, ETC.—The amount  
23 of assistance which would (but for this subpara-  
24 graph) be treated as received by a child shall be  
25 treated as received as follows:

1           “(i) If there is an includible parent,  
2           such amount shall be treated as received  
3           by the includible parent (or if there is  
4           more than 1 includible parent, as received  
5           ratably by each includible parent).

6           “(ii) If there is no includible parent  
7           and there is an includible grandparent,  
8           such amount shall be treated as received  
9           by the includible grandparent (or if there  
10          is more than 1 includible grandparent, as  
11          received ratably by each includible grand-  
12          parent).

13          “(iii) If there is no includible parent  
14          or grandparent, such amount shall be  
15          treated as received ratably by each includ-  
16          ible adult.

17          “(C) DEFINITIONS.—For purposes of sub-  
18          paragraph (B)—

19                 “(i) CHILD.—The term ‘child’ means  
20                 any individual who has not attained age 16  
21                 as of the close of the taxable year. Such  
22                 term shall not include any individual who  
23                 is an includible parent of a child (as de-  
24                 fined in the preceding sentence).

1           “(ii) ADULT.—The term ‘adult’ means  
2           any individual who is not a child.

3           “(iii) INCLUDIBLE.—The term ‘in-  
4           cludible’ means, with respect to any indi-  
5           vidual, an individual who is included in de-  
6           termining the amount of assistance paid to  
7           the household which includes the child.

8           “(iv) PARENT.—The term ‘parent’ in-  
9           cludes the stepfather and stepmother of  
10          the child.

11          “(v) GRANDPARENT.—The term  
12          ‘grandparent’ means any parent of a par-  
13          ent of the child.

14          “(d) FOOD STAMP PROGRAM.—For purposes of sub-  
15          section (b), the term ‘food stamp program’ means—

16               “(1) the food stamp program (as defined in sec-  
17               tion 3(h) of the Food Stamp Act of 1977), and

18               “(2) the portion of the program under sections  
19               21 and 22 of such Act which provides food assist-  
20               ance.”

21          (b) REPORTING.—

22               (1) IN GENERAL.—Subpart B of part III of  
23               subchapter A of chapter 61 of such Code is amended  
24               by adding at the end the following new section:

1 **“SEC. 6050Q. PAYMENTS OF CERTAIN FEDERAL ASSIST-**  
2 **ANCE.**

3 “(a) REQUIREMENT OF REPORTING.—The appro-  
4 priate official shall make a return, according to the forms  
5 and regulations prescribed by the Secretary, setting  
6 forth—

7 “(1) the aggregate amount of specified Federal  
8 assistance paid to any individual during any cal-  
9 endar year, and

10 “(2) the name, address, and TIN of such indi-  
11 vidual.

12 “(b) STATEMENTS TO BE FURNISHED TO PERSONS  
13 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—  
14 Every person required to make a return under subsection  
15 (a) shall furnish to each individual whose name is re-  
16 quired to be set forth in such return a written statement  
17 showing—

18 “(1) the name of the agency making the pay-  
19 ments, and

20 “(2) the aggregate amount of payments made  
21 to the individual which are required to be shown on  
22 such return.

23 The written statement required under the preceding sen-  
24 tence shall be furnished to the individual on or before Jan-  
25 uary 31 of the year following the calendar year for which  
26 the return under subsection (a) was required to be made.

1       “(c) DEFINITIONS AND SPECIAL RULE.—For pur-  
2 poses of this section—

3           “(1) APPROPRIATE OFFICIAL.—The term ‘ap-  
4 propriate official’ means—

5               “(A) in the case of specified Federal as-  
6 sistance described in section 91(b)(1)(A), the  
7 head of the State agency administering the plan  
8 under which such assistance is provided,

9               “(B) in the case of specified Federal as-  
10 sistance described in section 91(b)(1)(B), the  
11 head of the State agency administering the pro-  
12 gram under which such assistance is provided,  
13 and

14               “(C) in the case of specified Federal assist-  
15 ance described in section 91(b)(1)(C), the head  
16 of the State public housing agency administering  
17 the program under which such assistance is  
18 provided.

19           “(2) SPECIFIED FEDERAL ASSISTANCE.—The  
20 term ‘specified Federal assistance’ has the meaning  
21 given such term by section 91(b).

22           “(3) AMOUNTS TREATED AS PAID.—The rules  
23 of section 91(c) shall apply for purposes of deter-  
24 mining to whom specified Federal assistance is  
25 paid.”

1 (2) PENALTIES.—

2 (A) Subparagraph (B) of section  
3 6724(b)(1) of such Code is amended by redesignating clauses (ix) through (xiv) as clauses (x)  
4 through (xv), respectively, and by inserting  
5 after clause (viii) the following new clause:  
6

7 “(ix) section 6050Q (relating to pay-  
8 ments of certain Federal assistance),”.

9 (B) Paragraph (2) of section 6724(d) of  
10 such Code is amended by redesignating sub-  
11 paragraphs (Q) through (T) as subparagraphs  
12 (R) through (U), respectively, and by inserting  
13 after subparagraph (P) the following new sub-  
14 paragraph:

15 “(Q) section 6050Q(b) (relating to pay-  
16 ments of certain Federal assistance),”.

17 (c) CLERICAL AMENDMENTS.—

18 (1) The table of sections for part II of sub-  
19 chapter B of chapter 1 of such Code is amended by  
20 adding at the end the following new item:

“Sec. 91. Certain Federal assistance.”

21 (2) The table of sections for subpart B of part  
22 III of subchapter A of chapter 61 of such Code is  
23 amended by adding at the end the following new  
24 item:

“Sec. 6050Q. Payments of certain Federal assistance.”

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to benefits received after December  
3 31, 1995.

4 **SEC. 922. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.**

7 (a) IN GENERAL.—Section 32(c)(1) of the Internal  
8 Revenue Code of 1986 (relating to individuals eligible to  
9 claim the earned income tax credit) is amended by adding  
10 at the end the following new subparagraph:

11 “(F) IDENTIFICATION NUMBER REQUIRE-  
12 MENT.—The term ‘eligible individual’ does not  
13 include any individual who does not include on  
14 the return of tax for the taxable year—

15 “(i) such individual’s taxpayer identi-  
16 fication number, and

17 “(ii) if the individual is married (with-  
18 in the meaning of section 7703), the tax-  
19 payer identification number of such indi-  
20 vidual’s spouse.”

21 (b) SPECIAL IDENTIFICATION NUMBER.—Section 32  
22 of such Code is amended by adding at the end the follow-  
23 ing new subsection:

24 “(k) IDENTIFICATION NUMBERS.—Solely for pur-  
25 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer

1 identification number means a social security number is-  
2 sued to an individual by the Social Security Administra-  
3 tion (other than a social security number issued pursuant  
4 to clause (II) (or that portion of clause (III) that relates  
5 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-  
6 curity Act.”

7 (c) EXTENSION OF PROCEDURES APPLICABLE TO  
8 MATHEMATICAL OR CLERICAL ERRORS.—Section  
9 6213(g)(2) of such Code (relating to the definition of  
10 mathematical or clerical errors) is amended by striking  
11 “and” at the end of subparagraph (D), by striking the  
12 period at the end of subparagraph (E) and inserting “,  
13 and”, and by inserting after subparagraph (E) the follow-  
14 ing new subparagraph:

15 “(F) an omission of a correct taxpayer  
16 identification number required under section 32  
17 (relating to the earned income tax credit) to be  
18 included on a return.”

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to taxable years beginning after  
21 December 31, 1995.

1 **SEC. 923. PHASEOUT OF EARNED INCOME CREDIT FOR IN-**  
2 **INDIVIDUALS HAVING MORE THAN \$2,500 OF**  
3 **TAXABLE INTEREST AND DIVIDENDS.**

4 (a) IN GENERAL.—Section 32 of the Internal Reve-  
5 nue Code of 1986 is amended by redesignating subsections  
6 (i) and (j) as subsections (j) and (k), respectively, and by  
7 inserting after subsection (h) the following new subsection:  
8 “(i) PHASEOUT OF CREDIT FOR INDIVIDUALS HAV-  
9 ING MORE THAN \$2,500 OF TAXABLE INTEREST AND  
10 DIVIDENDS.—If the aggregate amount of interest and  
11 dividends includible in the gross income of the taxpayer  
12 for the taxable year exceeds \$2,500, the amount of the  
13 credit which would (but for this subsection) be allowed  
14 under this section for such taxable year shall be reduced  
15 (but not below zero) by an amount which bears the same  
16 ratio to such amount of credit as such excess bears to  
17 \$650.”

18 (b) INFLATION ADJUSTMENT.—Subsection (j) of sec-  
19 tion 32 of such Code (relating to inflation adjustments),  
20 as redesignated by subsection (a), is amended by striking  
21 paragraph (2) and by inserting the following new para-  
22 graphs:

23 “(2) INTEREST AND DIVIDEND INCOME LIMITA-  
24 TION.—In the case of a taxable year beginning in a  
25 calendar year after 1996, each dollar amount con-

1       tained in subsection (i) shall be increased by an  
2       amount equal to—

3               “(A) such dollar amount, multiplied by

4               “(B) the cost-of-living adjustment deter-  
5               mined under section 1(f)(3) for the calendar  
6               year in which the taxable year begins, deter-  
7               mined by substituting ‘calendar year 1995’ for  
8               ‘calendar year 1992’ in subparagraph (B)  
9               thereof.

10              “(3) ROUNDING.—If any amount as adjusted  
11              under paragraph (1) or (2) is not a multiple of \$10,  
12              such dollar amount shall be rounded to the nearest  
13              multiple of \$10.”

14              (c) EFFECTIVE DATE.—The amendments made by  
15              this section shall apply to taxable years beginning after  
16              December 31, 1995.

17       **SEC. 924. AFDC AND FOOD STAMP BENEFITS NOT TAKEN**  
18                              **INTO ACCOUNT FOR PURPOSES OF THE**  
19                              **EARNED INCOME TAX CREDIT.**

20              (a) IN GENERAL.—Section 32 of the Internal Reve-  
21              nue Code of 1986 (relating to the earned income tax cred-  
22              it), as amended by section 932(b) of this Act, is amended  
23              by adding at the end the following new subsection:

24              “(l) ADJUSTED GROSS INCOME DETERMINED WITH-  
25              OUT REGARD TO CERTAIN FEDERAL ASSISTANCE.—For

1 purposes of this section, adjusted gross income shall be  
2 determined without regard to any amount which is includ-  
3 ible in gross income solely by reason of section 91.”.

4 (b) EFFECTIVE DATE.—The amendment made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 1995.

7 **TITLE X—FOOD ASSISTANCE**  
8 **REFORM**

9 **Subtitle A—Food Stamp Program**  
10 **Integrity and Reform**

11 **SEC. 1001. AUTHORITY TO ESTABLISH AUTHORIZATION**  
12 **PERIODS.**

13 Section 9(a)(1) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2018(a)(1)) is amended by adding at the end the  
15 following: “The Secretary is authorized to issue regula-  
16 tions establishing specific time periods during which au-  
17 thorization to accept and redeem coupons under the food  
18 stamp program shall be valid.”.

19 **SEC. 1002. SPECIFIC PERIOD FOR PROHIBITING PARTICIPA-**  
20 **TION OF STORES BASED ON LACK OF BUSI-**  
21 **NESS INTEGRITY.**

22 Section 9(a)(1) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2018(a)(1)), as amended by section 1001, is  
24 amended by adding at the end the following: “The Sec-  
25 retary is authorized to issue regulations establishing spe-

1 cific time periods during which a retail food store or  
2 wholesale food concern that has an application for ap-  
3 proval to accept and redeem coupons denied or that has  
4 such an approval withdrawn on the basis of business integ-  
5 rity and reputation cannot submit a new application for  
6 approval. Such periods shall reflect the severity of business  
7 integrity infractions that are the basis of such denials or  
8 withdrawals.”.

9 **SEC. 1003. INFORMATION FOR VERIFYING ELIGIBILITY FOR**  
10 **AUTHORIZATION.**

11 Section 9(c) of the Food Stamp Act of 1977 (7  
12 U.S.C. 2018(c)) is amended—

13 (1) in the first sentence by inserting “, which  
14 may include relevant income and sales tax filing doc-  
15 uments,” after “submit information” ; and

16 (2) by inserting after the first sentence the fol-  
17 lowing: “The regulations may require retail food  
18 stores and wholesale food concerns to provide writ-  
19 ten authorization for the Secretary to verify all rel-  
20 evant tax filings with appropriate agencies and to  
21 obtain corroborating documentation from other  
22 sources in order that the accuracy of information  
23 provided by such stores and concerns may be  
24 verified.”.

1 **SEC. 1004. WAITING PERIOD FOR STORES THAT INITIALLY**  
2 **FAIL TO MEET AUTHORIZATION CRITERIA.**

3 Section 9(d) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2018(d)) is amended by adding at the end the fol-  
5 lowing: “Regulations issued pursuant to this Act shall pro-  
6 hibit a retail food store or wholesale food concern that has  
7 an application for approval to accept and redeem coupons  
8 denied because it does not meet criteria for approval estab-  
9 lished by the Secretary in regulations from submitting a  
10 new application for six months from the date of such  
11 denial.”.

12 **SEC. 1005. BASES FOR SUSPENSIONS AND DISQUALIFICA-**  
13 **TIONS.**

14 Section 12(a) of the Food Stamp Act of 1977 (7  
15 U.S.C. 2021(a)) is amended by adding at the end the fol-  
16 lowing: “Regulations issued pursuant to this Act shall pro-  
17 vide criteria for the finding of violations and the suspen-  
18 sion or disqualification of a retail food store or wholesale  
19 food concern on the basis of evidence which may include,  
20 but is not limited to, facts established through on-site in-  
21 vestigations, inconsistent redemption data, or evidence ob-  
22 tained through transaction reports under electronic benefit  
23 transfer systems.”.

1 **SEC. 1006. AUTHORITY TO SUSPEND STORES VIOLATING**  
2 **PROGRAM REQUIREMENTS PENDING ADMIN-**  
3 **ISTRATIVE AND JUDICIAL REVIEW.**

4 (a) Section 12(a) of the Food Stamp Act of 1977 (7  
5 U.S.C. 2021(a)), as amended by section 1005, is amended  
6 by adding at the end the following: “Such regulations may  
7 establish criteria under which the authorization of a retail  
8 food store or wholesale food concern to accept and redeem  
9 coupons may be suspended at the time such store or con-  
10 cern is initially found to have committed violations of pro-  
11 gram requirements. Such suspension may coincide with  
12 the period of a review as provided in section 14. The Sec-  
13 retary shall not be liable for the value of any sales lost  
14 during any suspension or disqualification period.”.

15 (b) Section 14(a) of the Food Stamp Act of 1977 (7  
16 U.S.C. 2023(a)) is amended—

17 (1) in the first sentence by inserting “sus-  
18 pended,” before “disqualified or subjected”;

19 (2) in the fifth sentence by inserting before the  
20 period at the end the following: “, except that in the  
21 case of the suspension of a retail food store or  
22 wholesale food concern pursuant to section 12(a),  
23 such suspension shall remain in effect pending any  
24 administrative or judicial review of the proposed dis-  
25 qualification action, and the period of suspension

1 shall be deemed a part of any period of disqualifica-  
2 tion which is imposed.”; and

3 (3) by striking the last sentence.

4 **SEC. 1007. DISQUALIFICATION OF RETAILERS WHO ARE**  
5 **DISQUALIFIED FROM THE WIC PROGRAM.**

6 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
7 2021) is amended by adding at the end the following:

8 “(g) The Secretary shall issue regulations providing  
9 criteria for the disqualification of approved retail food  
10 stores and wholesale food concerns that are otherwise dis-  
11 qualified from accepting benefits under the Special Sup-  
12 plemental Nutrition Program for Women, Infants and  
13 Children (WIC) authorized under section 17 of the Child  
14 Nutrition Act of 1966. Such disqualification—

15 “(1) shall be for the same period as the dis-  
16 qualification from the WIC Program;

17 “(2) may begin at a later date; and

18 “(3) notwithstanding section 14 of this Act,  
19 shall not be subject to administrative or judicial re-  
20 view.”.

1 **SEC. 1008. PERMANENT DEBARMENT OF RETAILERS WHO**  
2 **INTENTIONALLY SUBMIT FALSIFIED APPLI-**  
3 **CATIONS.**

4 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
5 2021), as amended by section 1007, is amended by adding  
6 at the end the following:

7 “(h) The Secretary shall issue regulations providing  
8 for the permanent disqualification of a retail food store  
9 or wholesale food concern that is determined to have  
10 knowingly submitted an application for approval to accept  
11 and redeem coupons which contains false information  
12 about one or more substantive matters which were the  
13 basis for providing approval. Any disqualification imposed  
14 under this subsection shall be subject to administrative  
15 and judicial review pursuant to section 14, but such dis-  
16 qualification shall remain in effect pending such review.”.

17 **SEC. 1009. EXPANDED CIVIL AND CRIMINAL FORFEITURE**  
18 **FOR VIOLATIONS OF THE FOOD STAMP ACT.**

19 (a) FORFEITURE OF ITEMS EXCHANGED IN FOOD  
20 STAMP TRAFFICKING.—Section 15(g) of the Food Stamp  
21 Act of 1977 (7 U.S.C. 2024(g)) is amended by striking  
22 “or intended to be furnished”.

23 (b) CIVIL AND CRIMINAL FORFEITURE.—Section 15  
24 of the Food Stamp Act of 1977 (7 U.S.C. 2024)) is  
25 amended by adding at the end the following:

1       “(h)(1) CIVIL FORFEITURE FOR FOOD STAMP BENE-  
2 FIT VIOLATIONS.—

3           “(A) Any food stamp benefits and any property,  
4 real or personal—

5               “(i) constituting, derived from, or traceable  
6 to any proceeds obtained directly or indirectly  
7 from, or

8               “(ii) used, or intended to be used, to com-  
9 mit, or to facilitate,

10 the commission of a violation of subsection (b) or  
11 subsection (c) involving food stamp benefits having  
12 an aggregate value of not less than \$5,000, shall be  
13 subject to forfeiture to the United States.

14           “(B) The provisions of chapter 46 of title 18,  
15 relating to civil forfeitures shall extend to a seizure  
16 or forfeiture under this subsection, insofar as appli-  
17 cable and not inconsistent with the provisions of this  
18 subsection.

19       “(2) CRIMINAL FORFEITURE FOR FOOD STAMP BEN-  
20 EFIT VIOLATIONS.—

21           “(A)(i) Any person convicted of violating sub-  
22 section (b) or subsection (c) involving food stamp  
23 benefits having an aggregate value of not less than  
24 \$5,000, shall forfeit to the United States, irrespec-  
25 tive of any State law—

1           “(I) any food stamp benefits and any prop-  
2           erty constituting, or derived from, or traceable  
3           to any proceeds such person obtained directly or  
4           indirectly as a result of such violation; and

5           “(II) any food stamp benefits and any of  
6           such person’s property used, or intended to be  
7           used, in any manner or part, to commit, or to  
8           facilitate the commission of such violation.

9           “(ii) In imposing sentence on such person, the  
10          court shall order that the person forfeit to the  
11          United States all property described in this sub-  
12          section.

13          “(B) All food stamp benefits and any property  
14          subject to forfeiture under this subsection, any sei-  
15          zure and disposition thereof, and any administrative  
16          or judicial proceeding relating thereto, shall be gov-  
17          erned by subsections (b), (c), (e), and (g) through  
18          (p) of section 413 of the Comprehensive Drug Abuse  
19          Prevention and Control Act of 1970 (21 U.S.C.  
20          853), insofar as applicable and not inconsistent with  
21          the provisions of this subsection.

22          “(3) This subsection shall not apply to property spec-  
23          ified in subsection (g) of this section.

1 “(4) The Secretary may prescribe such rules and reg-  
2 ulations as may be necessary to carry out this sub-  
3 section.”.

4 **SEC. 1010. EXPANDED AUTHORITY FOR SHARING INFORMA-**  
5 **TION PROVIDED BY RETAILERS.**

6 (a) Section 205(c)(2)(C)(iii) (42 U.S.C.  
7 405(c)(2)(C)(iii)) (as amended by section 316(a) of the  
8 Social Security Administrative Reform Act of 1994 (Pub-  
9 lic Law 103–296; 108 Stat. 1464) is amended—

10 (1) by inserting in the first sentence of  
11 subclause (II) after “instrumentality of the United  
12 States” the following: “, or State government offi-  
13 cers and employees with law enforcement or inves-  
14 tigative responsibilities, or State agencies that have  
15 the responsibility for administering the Special Sup-  
16 plemental Nutrition Program for Women, Infants  
17 and Children (WIC)”;

18 (2) by inserting in the last sentence of  
19 subclause (II) immediately after “other Federal” the  
20 words “or State”; and

21 (3) by inserting “or a State” in subclause (III)  
22 immediately after “United States”.

23 (b) Section 6109(f)(2) of the Internal Revenue Code  
24 of 1986 (26 U.S.C. 6109(f)(2)) (as added by section  
25 316(b) of the Social Security Administrative Reform

1 Act of 1994 (Public Law 103–296; 108 Stat. 1464)) is  
2 amended—

3 (1) by inserting in subparagraph (A) after “in-  
4 strumentality of the United States” the following: “,  
5 or State government officers and employees with law  
6 enforcement or investigative responsibilities, or State  
7 agencies that have the responsibility for administer-  
8 ing the Special Supplemental Nutrition Program for  
9 Women, Infants and Children (WIC)”;

10 (2) in the last sentence of subparagraph (A) by  
11 inserting “or State” after “other Federal”; and

12 (3) in subparagraph (B) by inserting “or a  
13 State” after “United States”.

14 **SEC. 1011. EXPANDED DEFINITION OF “COUPON”.**

15 Section 3(d) of the Food Stamp Act of 1977 (7  
16 U.S.C. 2012(d)) is amended by striking “or type of certifi-  
17 cate” and inserting “type of certificate, authorization  
18 cards, cash or checks issued of coupons or access devices,  
19 including, but not limited to, electronic benefit transfer  
20 cards and personal identification numbers”.

21 **SEC. 1012. DOUBLED PENALTIES FOR VIOLATING FOOD**  
22 **STAMP PROGRAM REQUIREMENTS.**

23 Section 6(b)(1) of the Food Stamp Act of 1977 (7  
24 U.S.C. 2015(b)(1)) is amended—

25 (1) in clause (i)—

1 (A) by striking “six months” and inserting  
2 “1 year”; and

3 (B) by adding “and” at the end; and

4 (2) striking clauses (ii) and (iii) and inserting  
5 the following:

6 “(ii) permanently upon—

7 “(I) the second occasion of any such deter-  
8 mination; or

9 “(II) the first occasion of a finding by a  
10 Federal, State, or local court of the trading of  
11 a controlled substance (as defined in section  
12 102 of the Controlled Substances Act (21  
13 U.S.C. 802)), firearms, ammunition, or explo-  
14 sives for coupons.”.

15 **SEC. 1013. MANDATORY CLAIMS COLLECTION METHODS.**

16 (a) Section 11(e)(8) of the Food Stamp Act of 1977  
17 (7 U.S.C. 2020(e)(8)) is amended by inserting “or refunds  
18 of Federal taxes as authorized pursuant to 31 U.S.C.  
19 3720A” before the semicolon at the end.

20 (b) Section 13(d) of the Food Stamp Act of 1977  
21 (7 U.S.C. 2022(d)) is amended—

22 (1) by striking “may” and inserting “shall”;

23 and

1           (2) by inserting “or refunds of Federal taxes as  
2           authorized pursuant to 31 U.S.C. 3720A” before the  
3           period at the end.

4           (c) Section 6103(1) of the Internal Revenue Code (26  
5 U.S.C. 6103(1)) is amended—

6           (1) by striking “officers and employees” in  
7           paragraph (10)(A) and inserting “officers, employ-  
8           ees or agents, including State agencies”; and

9           (2) by striking “officers and employees” in  
10          paragraph (10)(B) and inserting “officers, employ-  
11          ees or agents, including State agencies”.

12 **SEC. 1014. REDUCTION OF BASIC BENEFIT LEVEL.**

13          Section 3(o) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2012(o)) is amended—

15          (1) by striking “and (11)” and inserting  
16          “(11)”;

17          (2) in clause (11) by inserting “through Octo-  
18          ber 1, 1994” after “each October 1 thereafter”; and

19          (3) by inserting before the period at the end the  
20          following:

21          “, and (12) on October 1, 1995, and on each October 1  
22          thereafter, adjust the cost of such diet to reflect 102 per-  
23          cent of the cost, in the preceding June (without regard  
24          to any previous adjustment made under this clause or  
25          clauses (4) through (11) of this subsection) and round the

1 result to the nearest lower dollar increment for each  
2 household size”.

3 **SEC. 1015. PRO-RATING BENEFITS AFTER INTERRUPTIONS**

4 **IN PARTICIPATION.**

5 Section 8(c)(2)(B) of the Food Stamp Act of 1977  
6 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more  
7 than one month”.

8 **SEC. 1016. WORK REQUIREMENT FOR ABLE-BODIED RECIPI-**  
9 **ENTS.**

10 (a) **WORK REQUIREMENT.**—Section 6(d) of the Food  
11 Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by  
12 adding at the end the following:

13 “(5)(A) Except as provided in subparagraphs (B),  
14 (C), and (D), an individual who has received an allotment  
15 for six consecutive months during which such individual  
16 has not been employed a minimum of an average of 20  
17 hours per week shall be disqualified if such individual is  
18 not employed at least an average of 20 hours per week,  
19 participating in a workfare program under section 20 (or  
20 a comparable State or local workfare program), or partici-  
21 pating in and complying with the requirements of an ap-  
22 proved employment and training program under para-  
23 graph (4).

24 “(B) The provisions of subparagraph (A) shall not  
25 apply in the case of an individual who—

1           “(i) is under eighteen or over fifty years of age;

2           “(ii) is certified by a physician as physically or  
3           mentally unfit for employment;

4           “(iii) is a parent or other member of a house-  
5           hold that includes a minor child;

6           “(iv) is participating a minimum of an average  
7           of 20 hours per week and is in compliance with the  
8           requirements of—

9                   “(I) a program under the Job Training  
10                  Partnership Act (29 U.S.C. 1501 et seq.);

11                   “(II) a program under section 236 of the  
12                  Trade Act of 1974 (19 U.S.C. 2296); or

13                   “(III) another program for the purpose of  
14                  employment and training operated by a State or  
15                  local government, as determined appropriate by  
16                  the Secretary; or

17           “(v) or would otherwise be exempt under sub-  
18           section (d)(2).

19           “(C) The Secretary may waive the requirements of  
20           subparagraph (A) in the case of some or all individuals  
21           within all or part of State if the Secretary finds that such  
22           area—

23                   “(i) has an unemployment rate of over 7 per-  
24                  cent; or

1           “(ii) does not have a sufficient number of jobs  
2           to provide employment for individuals subject to this  
3           paragraph. The Secretary shall report to the Com-  
4           mittee on Agriculture of the House of Representa-  
5           tives and the Committee on Agriculture, Nutrition,  
6           and Forestry of the Senate on the basis in which the  
7           Secretary made this decision.

8           “(D) An individual who has been disqualified from  
9           the food stamp program by reason of subparagraph (A)  
10          may reestablish eligibility for assistance—

11           “(i) by meeting the requirements of subpara-  
12          graph (A);

13           “(ii) by becoming exempt under subparagraph  
14          (B); or

15           “(iii) if the Secretary grants a waiver under  
16          subparagraph (C).

17          “(E) A household (as defined in section 3(i) of the  
18          Food Stamp Act of 1977 (7 U.S.C. 2015(i)) that includes  
19          an individual who refuses to work, refuses to look for  
20          work, turns down a job, or refuses to participate in the  
21          State program if the State places the individual in such  
22          program shall be ineligible to receive food stamp benefits.  
23          The State agency shall reduce, by such amount the State  
24          considers appropriate, the amount otherwise payable to a  
25          household that includes an individual who fails without

1 good cause to comply with other requirements of the indi-  
2 vidual responsibility plan signed by the individual.

3 “(F) The State agency shall make an initial assess-  
4 ment of the skills, prior work experience, and employ-  
5 ability of each participant not exempted under subpara-  
6 graph (B) within six months of initial certification. The  
7 State agency shall use such assessment, in consultation  
8 with the program participant, to develop an Individual Re-  
9 sponsibility Plan for the participant. Such plan—

10 “(i) shall provide that participation in food  
11 stamp employment and training activities shall be a  
12 condition of eligibility for food stamp benefits, ex-  
13 cept during any period of unsubsidized full-time em-  
14 ployment in the private sector;

15 “(ii) shall establish an employment goal and a  
16 plan for moving the individual into private sector  
17 employment immediately;

18 “(iii) shall establish the obligations of the par-  
19 ticipant, which shall include actions that will help  
20 the individual obtain and keep private sector employ-  
21 ment; and

22 “(iv) may require that the individual enter the  
23 State program approved under part G or part H of  
24 title IV of the Social Security Act if the caseworker  
25 determines that the individual will need education,

1 training, job placement assistance, wage enhance-  
2 ment, or other services to obtain private sector em-  
3 ployment.”.

4 (b) ENHANCED EMPLOYMENT AND TRAINING PRO-  
5 GRAM.—Section 16(h)(1) of the Food Stamp Act of 1977  
6 (7 U.S.C. 2025 (h)(1)) is amended—

7 (1) in subparagraph (A)—

8 (A) by striking “\$75,000,000” and insert-  
9 ing “\$150,000,000”; and

10 (B) by striking “1991 through 1995” and  
11 inserting “1996 through 2000”;

12 (2) by striking subparagraphs (B), (C), (E) and  
13 (F) and redesignating subparagraph (D) as subpara-  
14 graph (B); and

15 (3) in subparagraph (B) (as so redesignated),  
16 by striking “for each” and all that follows through  
17 “of \$60,000,000” and inserting “the Secretary shall  
18 allocate funding”.

19 (c) REQUIRED PARTICIPATION IN WORK AND TRAIN-  
20 ING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act  
21 of 1977 (7 U.S.C. 2015(d)(4)), is amended by adding at  
22 the end the following:

23 “(O) The State agency shall provide an opportunity  
24 to participate in the employment and training program  
25 under this paragraph to any individual who would other-

1 wise become subject to disqualification under paragraph  
2 (5)(A).”.

3 (d) COORDINATING WORK REQUIREMENTS IN AFDC  
4 AND FOOD STAMP PROGRAMS.—Section 6(d)(4) of the  
5 Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)), as  
6 amended by subsection (c), is amended by adding at the  
7 end the following:

8 “(P)(i) Notwithstanding any other provision of this  
9 paragraph, a State agency that meets the participation re-  
10 quirements of paragraph (ii) may operate its employment  
11 and training program for persons receiving allotments  
12 under this Act as part of its Work First Program under  
13 part F of title IV of the Social Security Act (42 U.S.C.  
14 681 et seq.), except that sections 487(b) and 489(a)(4)  
15 shall not apply to any months during which a person par-  
16 ticipates in such program while not receiving income under  
17 part A of subtitle IV of the Social Security Act (42 U.S.C.  
18 601 et seq.). If a State agency exercises the option pro-  
19 vided under this subparagraph, the operation of this pro-  
20 gram shall be subject to the requirements of such part  
21 F, except that any reference to ‘aid to families with de-  
22 pendent children’ in such part shall be deemed a reference  
23 to food stamp benefits for purposes of any person not re-  
24 ceiving income under such part A.

1       “(ii) A State may exercise the option provided under  
2 clause (i) if it provides any persons subject to the require-  
3 ments of paragraph (5) who is not employed at least an  
4 average of 20 hours per week or participating in a  
5 workfare program under section 20 (or a comparable  
6 State or local program) with the opportunity to participate  
7 in an approved employment and training program. A State  
8 agency shall be considered to have complied with the re-  
9 quirements of this subparagraph in any area for which a  
10 waiver under subsection (5)(4)(C) is in effect.”.

11 **SEC. 1017. EXTENDING CURRENT CLAIMS RETENTION**  
12 **RATES.**

13       Section 16(a) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2025(a)) is amended by striking “September 30,  
15 1995” each place it appears and inserting “September 30,  
16 2000”.

17 **SEC. 1018. COORDINATION OF EMPLOYMENT AND TRAIN-**  
18 **ING PROGRAMS.**

19       (a) Section 8(d) of the Food Stamp Act of 1977 (7  
20 U.S.C. 2019(d)) is amended—

21           (1) by inserting “or any work requirement  
22           under such program” after “assistance program”;  
23           and

24           (2) by adding at the end the following:

1 “If a household fails to comply with a work requirement  
2 in the program under part A of title IV of the Social Secu-  
3 rity Act (42 U.S.C. 601 et seq.), the household shall not  
4 receive an increased allotment under this Act as a result  
5 of a decrease in the household’s income caused by a pen-  
6 alty imposed under such Act, and the State agency is au-  
7 thorized to reduce the household’s allotment by no more  
8 than 25 percent.”.

9 **SEC. 1019. PROMOTING EXPANSION OF ELECTRONIC BENE-**  
10 **FITS TRANSFER.**

11 Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C.  
12 2016(i)(1)) is amended—

13 (1) by amending paragraph (1) to read:

14 “(1)(A) State agencies are encouraged to implement  
15 an on-line electronic benefit transfer system in which  
16 household benefits determined under section 8(a) are is-  
17 sued from and stored in a central data bank and electroni-  
18 cally accessed by household members at the point-of-sale.

19 “(B) Subject to paragraph (2), a State agency is au-  
20 thorized to procure and implement an electronic benefit  
21 transfer system under the terms, conditions, and design  
22 that the State agency deems appropriate.

23 “(C) The Secretary shall, upon request of a State  
24 agency, waive any provision of this subsection prohibiting  
25 the effective implementation of an electronic benefit trans-

1 fer system consistent with the purposes of this Act. The  
2 Secretary shall act upon any request for such a waiver  
3 within 90 days of receipt of a complete application.”;

4 (2) in paragraph (2), by striking “for the ap-  
5 proval”; and

6 (3) in paragraph (3), by striking “the Secretary  
7 shall not approve such a system unless” and insert-  
8 ing “the State agency shall ensure that”.

9 **SEC. 1020. ONE-YEAR FREEZE OF STANDARD DEDUCTION.**

10 Section 5(e) of the Food Stamp Act of 1977 (7  
11 U.S.C. 2014(e)) is amended in the second sentence by in-  
12 serting “except October 1, 1995” after “thereafter”.

13 **SEC. 1021. NUTRITION ASSISTANCE FOR PUERTO RICO.**

14 Section 19(a)(1)(A) of the Food Stamp Act of 1977  
15 (7 U.S.C. 2028(a)(1)(A)) is amended—

16 (1) by striking “1994, and” and inserting  
17 “1994,”; and

18 (2) by inserting “and \$1,143,000,000 for fiscal  
19 year 1996,” before “to finance”.

20 **SEC. 1022. OTHER AMENDMENTS TO THE FOOD STAMP ACT**  
21 **OF 1977.**

22 (a) CERTIFICATION PERIOD.—(1) Section 3(c) of the  
23 Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended  
24 to read as follows:

1       “(c) ‘Certification period’ means the period specified  
2 by the State agency for which households shall be eligible  
3 to receive authorization cards, except that such period  
4 shall be—

5               “(1) 24 months for households in which all  
6 adult members are elderly or disabled; and

7               “(2) not more than 12 months for all other  
8 households.”.

9       (2) Section 6(c)(1)(C) of the Food Stamp Act of  
10 1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

11               (A) in clause (ii) by adding “and” at the end;

12               (B) in clause (iii) by striking “; and” at the end  
13 and inserting a period; and

14               (C) by striking clause (iv).

15       (b) INCLUSION OF ENERGY ASSISTANCE IN IN-  
16 COME.—

17               (1) AMENDMENTS TO THE FOOD STAMP ACT OF  
18 1977.—Section 5 of the Food Stamp Act of 1977 (7  
19 U.S.C. 2014) is amended—

20               (A) in subsection (d)—

21                       (i) by striking paragraph (11); and

22                       (ii) by redesignating paragraphs (12)  
23 through (16) as paragraphs (11) through  
24 (15), respectively; and

25               (B) in subsection (k)—

1 (i) in paragraph (1)(B) by striking “,  
2 not including energy or utility-cost assist-  
3 ance,”; and

4 (ii) in paragraph (2)—

5 (I) by striking subparagraph (C);

6 and

7 (II) by redesignating subpara-  
8 graphs (D) through (H) as subpara-  
9 graphs (C) through (J), respectively.

10 (2) AMENDMENTS TO THE LOW-INCOME HOME  
11 ENERGY ASSISTANCE ACT OF 1981.—Section 2605(f)  
12 of the Low-Income Home Energy Assistance Act of  
13 1981 (42 U.S.C. 8624(f)) is amended—

14 (A) in paragraph (1) by striking “food  
15 stamps,”; and

16 (B) by amending paragraph (2) to read as  
17 follows:

18 “(2) Paragraph (1) shall not apply for any purpose  
19 under the Food Stamp Act of 1977.”.

20 (c) EXCLUSION OF CERTAIN JTPA INCOME.—Sec-  
21 tion 5(d) of the Food Stamp Act of 1977 (7 U.S.C.  
22 2014(d)), as amended by subsection (b), is amended—

23 (1) by striking “and (15)” and inserting  
24 “(15)”;

25 (2) by inserting before the period the following:

1 “, and (16) income received under the Job Training Part-  
2 nership Act by a household member who is less than 19  
3 years of age”.

4 (d) EXCLUSION OF EDUCATIONAL ASSISTANCE  
5 FROM INCOME.—Section 5(d) of the Food Stamp Act of  
6 1977 (7 U.S.C. 2014(d)) is amended—

7 (1) by amending paragraph (3) to read as fol-  
8 lows: “(3) all educational loans on which payment is  
9 deferred (including any loan origination fees or in-  
10 surance premiums associated with such loans),  
11 grants, scholarships, fellowships, veterans’ edu-  
12 cational benefits, and the like awarded to a house-  
13 hold member enrolled at a recognized institution of  
14 post-secondary education, at a school for the handi-  
15 capped, in a vocational education program, or in a  
16 program that provides for completion of a secondary  
17 school diploma or obtaining the equivalent thereof,”;  
18 and

19 (2) in paragraph (5) by striking “and no por-  
20 tion” and all that follows through “reimbursement”.

21 (e) LIMITATION ON ADDITIONAL EARNED INCOME  
22 DEDUCTION.—The 3rd sentence of section 5(e) of the  
23 Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended  
24 by striking “earned income that” and all that follows  
25 through “report”, and inserting “determining an

1 overissuance due to the failure of a household to report  
2 earned income”.

3 (f) EXCLUSION OF ESSENTIAL EMPLOYMENT-RE-  
4 LATED PROPERTY.—Section 5(g)(3) of the Food Stamp  
5 Act of 1977 (7 U.S.C. 2014(g)(3)) is amended to read  
6 as follows:

7 “(3) The value of real and tangible personal property  
8 (other than currency, commercial paper, and similar prop-  
9 erty) of a household member that is essential to the em-  
10 ployment or self-employment of such member shall be ex-  
11 cluded by the Secretary from financial resources until the  
12 expiration of the 1-year period beginning on the date such  
13 member ceases to be so employed or so self-employed.”.

14 (g) EXCLUSION OF LIFE INSURANCE POLICIES.—  
15 Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.  
16 2014(g)) is amended by adding at the end the following:

17 “(6) The Secretary shall exclude from financial re-  
18 sources the cash value of any life insurance policy owned  
19 by a member of a household.”.

20 (h) IN-TANDEM EXCLUSIONS FROM INCOME.—Sec-  
21 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)  
22 is amended by adding at the end the following:

23 “(n) Whenever a Federal statute enacted after the  
24 date of the enactment of this Act excludes funds from in-  
25 come for purposes of determining eligibility, benefit levels,

1 or both under State plans approved under part A of title  
2 IV of the Social Security Act, then such funds shall be  
3 excluded from income for purposes of determining eligi-  
4 bility, benefit levels, or both, respectively, under the food  
5 stamp program of households all of whose members re-  
6 ceive benefits under a State plan approved under part A  
7 of title IV of the Social Security Act.”.

8 (i) APPLICATION OF AMENDMENTS.—The amend-  
9 ments made by this section shall not apply with respect  
10 to certification periods beginning before the effective date  
11 of this section.

## 12 **Subtitle B—Commodity** 13 **Distribution**

### 14 **SEC. 1051. SHORT TITLE.**

15 This subtitle may be cited as the “Commodity Dis-  
16 tribution Act of 1995”.

### 17 **SEC. 1052. AVAILABILITY OF COMMODITIES.**

18 (a) Notwithstanding any other provision of law, the  
19 Secretary of Agriculture (hereinafter in this subtitle re-  
20 ferred to as the “Secretary”) is authorized during fiscal  
21 years 1996 through 2000 to purchase a variety of nutri-  
22 tious and useful commodities and distribute such commod-  
23 ities to the States for distribution in accordance with this  
24 subtitle.

1 (b) In addition to the commodities described in sub-  
2 section (a), the Secretary may expend funds made avail-  
3 able to carry out the section 32 of the Act of August 24,  
4 1935 (7 U.S.C. 612c), which are not expended or needed  
5 to carry out such sections, to purchase, process, and dis-  
6 tribute commodities of the types customarily purchased  
7 under such section to the States for distribution in accord-  
8 ance to this subtitle.

9 (c) In addition to the commodities described in sub-  
10 sections (a) and (b), agricultural commodities and the  
11 products thereof made available under clause (2) of the  
12 second sentence of section 32 of the Act of August 24,  
13 1935 (7 U.S.C. 612c), may be made available by the Sec-  
14 retary to the States for distribution in accordance with  
15 this subtitle.

16 (d) In addition to the commodities described in sub-  
17 sections (a), (b), and (c), commodities acquired by the  
18 Commodity Credit Corporation that the Secretary deter-  
19 mines, in the discretion of the Secretary, are in excess of  
20 quantities needed to—

- 21 (1) carry out other domestic donation pro-  
22 grams;
- 23 (2) meet other domestic obligations;
- 24 (3) meet international market development and  
25 food aid commitments, and

1           (4) carry out the farm price and income sta-  
2           bilization purposes of the Agricultural Adjustment  
3           Act of 1938, the Agricultural Act of 1949, and the  
4           Commodity Credit Corporation Charter Act; shall be  
5           made available by the Secretary, without charge or  
6           credit for such commodities, to the States for dis-  
7           tribution in accordance with this subtitle.

8           (e) During each fiscal year, the types, varieties, and  
9           amounts of commodities to be purchased under this sub-  
10          title shall be determined by the Secretary. In purchasing  
11          such commodities, except those commodities purchased  
12          pursuant to section 1060, the Secretary shall, to the ex-  
13          tent practicable and appropriate, make purchases based  
14          on—

15                 (1) agricultural market conditions;

16                 (2) the preferences and needs of States and dis-  
17          tributing agencies; and

18                 (3) the preferences of the recipients.

19          **SEC. 1053. STATE, LOCAL AND PRIVATE SUPPLEMENTATION**  
20                                 **OF COMMODITIES.**

21          (a) The Secretary shall establish procedures under  
22          which State and local agencies, recipient agencies, or any  
23          other entity or person may supplement the commodities  
24          distributed under this subtitle for use by recipient agencies  
25          with nutritious and wholesome commodities that such en-

1 titles or persons donate for distribution, in all or part of  
2 the State, in addition to the commodities otherwise made  
3 available under this subtitle.

4 (b) States and eligible recipient agencies may use—

5 (1) the funds appropriated for administrative  
6 cost under section 1059(b);

7 (2) equipment, structures, vehicles, and all  
8 other facilities involved in the storage, handling, or  
9 distribution of commodities made available under  
10 this subtitle; and

11 (3) the personnel, both paid or volunteer, in-  
12 volved in such storage, handling, or distribution; to  
13 store, handle or distribute commodities donated for  
14 use under subsection (a).

15 (c) States and recipient agencies shall continue, to  
16 the maximum extent practical, to use volunteer workers,  
17 and commodities and other foodstuffs donated by chari-  
18 table and other organizations, in the distribution of com-  
19 modities under this subtitle.

20 **SEC. 1054. STATE PLAN.**

21 (a) A State seeking to receive commodities under this  
22 subtitle shall submit a plan of operation and administra-  
23 tion every four years to the Secretary for approval. The  
24 plan may be amended at any time, with the approval of  
25 the Secretary.

1 (b) The State plan, at a minimum, shall—

2 (1) designate the State agency responsible for  
3 distributing the commodities received under this sub-  
4 title;

5 (2) set forth a plan of operation and adminis-  
6 tration to expeditiously distribute commodities under  
7 this subtitle in quantities requested to eligible recipi-  
8 ent agencies in accordance with sections 1056 and  
9 1060;

10 (3) set forth the standards of eligibility for re-  
11 cipient agencies; and

12 (4) set forth the standards of eligibility for indi-  
13 vidual or household recipients of commodities, which  
14 at minimum shall require—

15 (A) individuals or households to be com-  
16 prised of needy persons; and

17 (B) individual or household members to be  
18 residing in the geographic location served by  
19 the distributing agency at the time of applica-  
20 tion for assistance.

21 (c) The Secretary shall encourage each State receiv-  
22 ing commodities under this subtitle to establish a State  
23 advisory board consisting of representatives of all inter-  
24 ested entities, both public and private, in the distribution  
25 of commodities received under this subtitle in the State.

1 (d) A State agency receiving commodities under this  
2 subtitle may—

3 (1)(A) enter into cooperative agreements with  
4 State agencies of other States to jointly provide  
5 commodities received under this subtitle to eligible  
6 recipient agencies that serve needy persons in a sin-  
7 gle geographical area which includes such States; or

8 (B) transfer commodities received under this  
9 subtitle to any such eligible recipient agency in the  
10 other State under such agreement; and

11 (2) advise the Secretary of an agreement en-  
12 tered into under this subsection and the transfer of  
13 commodities made pursuant to such agreement.

14 **SEC. 1055. ALLOCATION OF COMMODITIES TO STATES.**

15 (a) In each fiscal year, except for those commodities  
16 purchased under section 1060, the Secretary shall allocate  
17 the commodities distributed under this subtitle as follows:

18 (1) 60 percent of such total value of commod-  
19 ities shall be allocated in a manner such that the  
20 value of commodities allocated to each State bears  
21 the same ratio to 60 percent of such total value as  
22 the number of persons in households within the  
23 State having incomes below the poverty line bears to  
24 the total number of persons in households within all  
25 States having incomes below such poverty line. Each

1 State shall receive the value of commodities allocated  
2 under this paragraph.

3 (2) 40 percent of such total value of commod-  
4 ities shall be allocated in a manner such that the  
5 value of commodities allocated to each State bears  
6 the same ratio to 40 percent of such total value as  
7 the average monthly number of unemployed persons  
8 within the State bears to the average monthly num-  
9 ber of unemployed persons within all States during  
10 the same fiscal year. Each State shall receive the  
11 value of commodities allocated to the State under  
12 this paragraph.

13 (b)(1) The Secretary shall notify each State of the  
14 amount of commodities that such State is allotted to re-  
15 ceive under subsection (a) or this subsection, if applicable.  
16 Each State shall promptly notify the Secretary if such  
17 State determines that it will not accept any or all of the  
18 commodities made available under such allocation. On  
19 such a notification by a State, the Secretary shall reallo-  
20 cate and distribute such commodities in a manner the Sec-  
21 retary deems appropriate and equitable. The Secretary  
22 shall further establish procedures to permit States to de-  
23 cline to receive portions of such allocation during each fis-  
24 cal year in a manner the State determines is appropriate

1 and the Secretary shall reallocate and distribute such allo-  
2 cation as the Secretary deems appropriate and equitable.

3 (2) In the event of any drought, flood, hurricane, or  
4 other natural disaster affecting substantial numbers of  
5 persons in a State, county, or parish, the Secretary may  
6 request that States unaffected by such a disaster consider  
7 assisting affected States by allowing the Secretary to re-  
8 allocate commodities from such unaffected State to States  
9 containing areas adversely affected by the disaster.

10 (c) Purchases of commodities under this subtitle shall  
11 be made by the Secretary at such times and under such  
12 conditions as the Secretary determines appropriate within  
13 each fiscal year. All commodities so purchased for each  
14 such fiscal year shall be delivered at reasonable intervals  
15 to States based on the allocations and reallocations made  
16 under subsections (a) and (b), and or carry out section  
17 1060, not later than December 31 of the following fiscal  
18 year.

19 **SEC. 1056. PRIORITY SYSTEM FOR STATE DISTRIBUTION OF**  
20 **COMMODITIES.**

21 (a) In distributing the commodities allocated under  
22 subsections (a) and (b) of section 1055, the State agency,  
23 under procedures determined by the State agency, shall  
24 offer, or otherwise make available, its full allocation of

1 commodities for distribution to emergency feeding organi-  
2 zations.

3 (b) If the State agency determines that the State will  
4 not exhaust the commodities allocated under subsections  
5 (a) and (b) of section 1055 through distribution to organi-  
6 zations referred to in subsection (a), its remaining alloca-  
7 tion of commodities shall be distributed to charitable insti-  
8 tutions described in section 1063(3) not receiving com-  
9 modities under subsection (a).

10 (c) If the State agency determines that the State will  
11 not exhaust the commodities allocated under subsections  
12 (a) and (b) of section 1055 through distribution to organi-  
13 zations referred to in subsections (a) and (b), its remain-  
14 ing allocation of commodities shall be distributed to any  
15 eligible recipient agency not receiving commodities under  
16 subsections (a) and (b).

17 **SEC. 1057. INITIAL PROCESSING COSTS.**

18 The Secretary may use funds of the Commodity  
19 Credit Corporation to pay the costs of initial processing  
20 and packaging of commodities to be distributed under this  
21 subtitle into forms and in quantities suitable, as deter-  
22 mined by the Secretary, for use by the individual house-  
23 holds or eligible recipient agencies, as applicable. The Sec-  
24 retary may pay such costs in the form of Corporation-  
25 owned commodities equal in value to such costs. The Sec-

1 retary shall ensure that any such payments in kind will  
2 not displace commercial sales of such commodities.

3 **SEC. 1058. ASSURANCES; ANTICIPATED USE.**

4 (a) The Secretary shall take such precautions as the  
5 Secretary deems necessary to ensure that commodities  
6 made available under this subtitle will not displace com-  
7 mercial sales of such commodities or the products thereof.  
8 The Secretary shall submit to the Committee on Agri-  
9 culture of the House of Representatives and the Commit-  
10 tee on Agriculture, Nutrition, and Forestry of the Senate  
11 by December 31, 1997, and not less than every two years  
12 thereafter, a report as to whether and to what extent such  
13 displacements or substitutions are occurring.

14 (b) The Secretary shall determine that commodities  
15 provided under this subtitle shall be purchased and dis-  
16 tributed only in quantities that can be consumed without  
17 waste. No eligible recipient agency may receive commod-  
18 ities under this subtitle in excess of anticipated use, based  
19 on inventory records and controls, or in excess of its ability  
20 to accept and store such commodities.

21 **SEC. 1059. AUTHORIZATION OF APPROPRIATIONS.**

22 (a) PURCHASE OF COMMODITIES.—To carry out this  
23 subtitle, there are authorized to be appropriated  
24 \$260,000,000 for each of the fiscal years 1996 through

1 2000 to purchase, process, and distribute commodities to  
2 the States in accordance with this subtitle.

3 (b) ADMINISTRATIVE FUNDS.—

4 (1) There are authorized to be appropriated  
5 \$40,000,000 for each of the fiscal years 1996  
6 through 2000 for the Secretary to make available to  
7 the States for State and local payments for costs as-  
8 sociated with the distribution of commodities by eli-  
9 gible recipient agencies under this subtitle, excluding  
10 costs associated with the distribution of those com-  
11 modities distributed under section 1060. Funds ap-  
12 propriated under this paragraph for any fiscal year  
13 shall be allocated to the States on an advance basis  
14 dividing such funds among the States in the same  
15 proportions as the commodities distributed under  
16 this subtitle for such fiscal year are allocated among  
17 the States. If a State agency is unable to use all of  
18 the funds so allocated to it, the Secretary shall re-  
19 allocate such unused funds among the other States  
20 in a manner the Secretary deems appropriate and  
21 equitable.

22 (2)(A) A State shall make available in each fis-  
23 cal year to eligible recipient agencies in the State  
24 not less than 40 percent of the funds received by the  
25 State under paragraph (1) for such fiscal year, as

1 necessary to pay for, or provide advance payments  
2 to cover, the allowable expenses of eligible recipient  
3 agencies for distributing commodities to needy per-  
4 sons, but only to the extent such expenses are actu-  
5 ally so incurred by such recipient agencies.

6 (B) As used in this paragraph, the term “allow-  
7 able expenses” includes—

8 (i) costs of transporting, storing, handling,  
9 repackaging, processing, and distributing com-  
10 modities incurred after such commodities are  
11 received by eligible recipient agencies;

12 (ii) costs associated with determinations of  
13 eligibility, verification, and documentation;

14 (iii) costs of providing information to per-  
15 sons receiving commodities under this subtitle  
16 concerning the appropriate storage and prepa-  
17 ration of such commodities; and

18 (iv) costs of recordkeeping, auditing, and  
19 other administrative procedures required for  
20 participation in the program under this subtitle.

21 (C) If a State makes a payment, using State  
22 funds, to cover allowable expenses of eligible recipi-  
23 ent agencies, the amount of such payment shall be  
24 counted toward the amount a State must make

1 available for allowable expenses of recipient agencies  
2 under this paragraph.

3 (3) States to which funds are allocated for a  
4 fiscal year under this subsection shall submit finan-  
5 cial reports to the Secretary, on a regular basis, as  
6 to the use of such funds. No such funds may be  
7 used by States or eligible recipient agencies for costs  
8 other than those involved in covering the expenses  
9 related to the distribution of commodities by eligible  
10 recipient agencies.

11 (4)(A) Except as provided in subparagraph (B),  
12 to be eligible to receive funds under this subsection,  
13 a State shall provide in cash or in kind (according  
14 to procedures approved by the Secretary for certify-  
15 ing these in-kind contributions) from non-Federal  
16 sources a contribution equal to the difference be-  
17 tween—

18 (i) the amount of such funds so received;

19 and

20 (ii) any part of the amount allocated to the  
21 State and paid by the State—

22 (I) to eligible recipient agencies; or

23 (II) for the allowable expenses of such  
24 recipient agencies; for use in carrying out  
25 this subtitle.

1 (B) Funds allocated to a State under this sec-  
2 tion may, upon State request, be allocated before  
3 States satisfy the matching requirement specified in  
4 subparagraph (A), based on the estimated contribu-  
5 tion required. The Secretary shall periodically rec-  
6 oncile estimated and actual contributions and adjust  
7 allocations to the State to correct for overpayments  
8 and underpayments.

9 (C) Any funds distributed for administrative  
10 costs under section 1060(b) shall not be covered by  
11 this paragraph.

12 (5) States may not charge for commodities  
13 made available to eligible recipient agencies, and  
14 may not pass on to such recipient agencies the cost  
15 of any matching requirements, under this subtitle.

16 (c) VALUE OF COMMODITIES.—The value of the com-  
17 modities made available under subsections (c) and (d) of  
18 section 1052, and the funds of the Corporation used to  
19 pay the costs of initial processing, packaging (including  
20 forms suitable for home use), and delivering commodities  
21 to the States shall not be charged against appropriations  
22 authorized by this section.

23 **SEC. 1060. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

24 (a) From the funds appropriated under section  
25 1059(a), \$94,500,000 shall be used for each fiscal year

1 to purchase and distribute commodities to supplemental  
2 feeding programs serving woman, infants, and children or  
3 elderly individuals (hereinafter in this section referred to  
4 as the “commodity supplemental food program”), or serv-  
5 ing both groups wherever located.

6 (b) Not more than 20 percent of the funds made  
7 available under subsection (a) shall be made available to  
8 the States for State and local payments of administrative  
9 costs associated with the distribution of commodities by  
10 eligible recipient agencies under this section. Administra-  
11 tive costs for the purposes of the commodity supplemental  
12 food program shall include, but not be limited to, expenses  
13 for information and referral, operation, monitoring, nutri-  
14 tion education, start-up costs, and general administration,  
15 including staff, warehouse and transportation personnel,  
16 insurance, and administration of the State or local office.

17 (c)(1) During each fiscal year the commodity supple-  
18 mental food program is in operation, the types, varieties,  
19 and amounts of commodities to be purchased under this  
20 section shall be determined by the Secretary, but, if the  
21 Secretary proposes to make any significant changes in the  
22 types, varieties, or amounts from those that were available  
23 or were planned at the beginning of the fiscal year the  
24 Secretary shall report such changes before implementation  
25 to the Committee on Agriculture of the House of Rep-

1 representatives and the Committee on Agriculture, Nutrition,  
2 and Forestry of the Senate.

3       (2) Notwithstanding any other provision of law, the  
4 Commodity Credit Corporation shall, to the extent that  
5 the Commodity Credit Corporation inventory levels per-  
6 mit, provide not less than 9,000,000 pounds of cheese and  
7 not less than 4,000,000 pounds of nonfat dry milk in each  
8 of the fiscal years 1996 through 2000 to the Secretary.  
9 The Secretary shall use such amounts of cheese and non-  
10 fat dry milk to carry out the commodity supplemental food  
11 program before the end of each fiscal year.

12       (d) The Secretary shall, in each fiscal year, approve  
13 applications of additional sites for the program, including  
14 sites that serve only elderly persons, in areas in which the  
15 program currently does not operate, to the full extent that  
16 applications can be approved within the appropriations  
17 available for the program for the fiscal year and without  
18 reducing actual participation levels (including participa-  
19 tion of elderly persons under subsection (e)) in areas in  
20 which the program is in effect.

21       (e) If a local agency that administers the commodity  
22 supplemental food program determines that the amount  
23 of funds made available to the agency to carry out this  
24 section exceeds the amount of funds necessary to provide  
25 assistance under such program to women, infants, and

1 children, the agency, with the approval of the Secretary,  
2 may permit low-income elderly persons (as defined by the  
3 Secretary) to participate in and be served by such pro-  
4 gram.

5 (f)(1) If it is necessary for the Secretary to pay a  
6 significantly higher than expected price for one or more  
7 types of commodities purchased under this section, the  
8 Secretary shall promptly determine whether the price is  
9 likely to cause the number of persons that can be served  
10 in the program in a fiscal year to decline.

11 (2) If the Secretary determines that such a decline  
12 would occur, the Secretary shall promptly notify the State  
13 agencies charged with operating the program of the de-  
14 cline and shall ensure that a State agency notify all local  
15 agencies operating the program in the State of the decline.

16 (g) Commodities distributed to States pursuant to  
17 this section shall not be considered in determining the  
18 commodity allocation to each State under section 1055 or  
19 priority of distribution under section 1056.

20 **SEC. 1061. COMMODITIES NOT INCOME.**

21 Notwithstanding any other provision of law, commod-  
22 ities distributed under this subtitle shall not be considered  
23 income or resources for purposes of determining recipient  
24 eligibility under any Federal, State, or local means-tested  
25 program.

1 **SEC. 1062. PROHIBITION AGAINST CERTAIN STATE**  
2 **CHARGES.**

3 Whenever a commodity is made available without  
4 charge or credit under this subtitle by the Secretary for  
5 distribution within the States to eligible recipient agencies,  
6 the State may not charge recipient agencies any amount  
7 that is in excess of the State's direct costs of storing, and  
8 transporting to recipient agencies the commodities minus  
9 any amount the Secretary provides the State for the costs  
10 of storing and transporting such commodities.

11 **SEC. 1063. DEFINITIONS.**

12 As used in this subtitle:

13 (1) The term "average monthly number of un-  
14 employed persons" means the average monthly num-  
15 ber of unemployed persons within a State in the  
16 most recent fiscal year for which such information is  
17 available as determined by the Bureau of Labor Sta-  
18 tistics of the Department of Labor.

19 (2) The term "elderly persons" means individ-  
20 uals 60 years of age or older.

21 (3) The term "eligible recipient agency" means  
22 a public or nonprofit organization that admin-  
23 isters—

24 (A) an institution providing commodities to  
25 supplemental feeding programs serving women,

1 infants, and children or serving elderly persons,  
2 or serving both groups;

3 (B) an emergency feeding organization;

4 (C) a charitable institution (including hos-  
5 pitals and retirement homes and excluding  
6 penal institutions) to the extent that such insti-  
7 tution serves needy persons;

8 (D) a summer camp for children, or a  
9 child nutrition program providing food service;

10 (E) a nutrition project operating under the  
11 Older Americans Act of 1965, including such  
12 projects that operate a congregate nutrition site  
13 and a project that provides home-delivered  
14 meals; or

15 (F) a disaster relief program; and that has  
16 been designated by the appropriate State agen-  
17 cy, or by the Secretary, and approved by the  
18 Secretary for participation in the program es-  
19 tablished under this subtitle.

20 (4) The term “emergency feeding organization”  
21 means a public or nonprofit organization that ad-  
22 ministers activities and projects (including the activi-  
23 ties and projects of a charitable institution, a food  
24 bank, a food pantry, a hunger relief center, a soup  
25 kitchen, or a similar public or private nonprofit eligi-

1 ble recipient agency) providing nutrition assistance  
2 to relieve situations of emergency and distress  
3 through the provision of food to needy persons, in-  
4 cluding low-income and unemployed persons.

5 (5) The term “food bank” means a public and  
6 charitable institution that maintains an established  
7 operation involving the provision of food or edible  
8 commodities, or the products thereof, to food pan-  
9 tries, soup kitchens, hunger relief centers, or other  
10 food or feeding centers that, as an integral part of  
11 their normal activities, provide meals or food to feed  
12 needy persons on a regular basis.

13 (6) The term “food pantry” means a public or  
14 private nonprofit organization that distributes food  
15 to low-income and unemployed households, including  
16 food from sources other than the Department of  
17 Agriculture, to relieve situations of emergency and  
18 distress.

19 (7) The term “needy persons” means—

20 (A) individuals who have low incomes or  
21 who are unemployed, as determined by the  
22 State (in no event shall the income of such indi-  
23 vidual or household exceed 185 percent of the  
24 poverty line);

1 (B) households certified as eligible to par-  
2 ticipate in the food stamp program under the  
3 Food Stamp Act of 1977 (7 U.S.C. 2011 et  
4 seq.); or

5 (C) individuals or households participating  
6 in any other Federal, or federally assisted,  
7 means-tested program.

8 (8) The term “poverty line” has the same  
9 meaning given such term in section 673(2) of the  
10 Community Services Block Grant Act (42 U.S.C.  
11 9902(2)).

12 (9) The term “soup kitchen” means a public  
13 and charitable institution that, as integral part of its  
14 normal activities, maintains an established feeding  
15 operation to provide food to needy homeless persons  
16 on a regular basis.

17 **SEC. 1064. REGULATIONS.**

18 (a) The Secretary shall issue regulations within 120  
19 days to implement this subtitle.

20 (b) In administering this subtitle, the Secretary shall  
21 minimize, to the maximum extent practicable, the regu-  
22 latory, recordkeeping, and paperwork requirements im-  
23 posed on eligible recipient agencies.

24 (c) The Secretary shall as early as feasible but not  
25 later than the beginning of each fiscal year, publish in the

1 Federal Register a nonbinding estimate of the types and  
2 quantities of commodities that the Secretary anticipates  
3 are likely to be made available under the commodity dis-  
4 tribution program under this subtitle during the fiscal  
5 year.

6 (d) The regulations issued by the Secretary under  
7 this section shall include provisions that set standards  
8 with respect to liability for commodity losses for the com-  
9 modities distributed under this subtitle in situations in  
10 which there is no evidence of negligence or fraud, and con-  
11 ditions for payment to cover such losses. Such provisions  
12 shall take into consideration the special needs and cir-  
13 cumstances of eligible recipient agencies.

14 **SEC. 1065. FINALITY OF DETERMINATIONS.**

15 Determinations made by the Secretary under this  
16 subtitle and the facts constituting the basis for any dona-  
17 tion of commodities under this subtitle, or the amount  
18 thereof, when officially determined in conformity with the  
19 applicable regulations prescribed by the Secretary, shall  
20 be final and conclusive and shall not be reviewable by any  
21 other officer or agency of the Government.

22 **SEC. 1066. RELATIONSHIP TO OTHER PROGRAMS.**

23 (a) Section 4(b) of the Food Stamp Act of 1977 (7  
24 U.S.C. 2013(b)) shall not apply with respect to the dis-  
25 tribution of commodities under this subtitle.

1 (b) Except as otherwise provided in section 1057,  
2 none of the commodities distributed under this subtitle  
3 shall be sold or otherwise disposed of in commercial chan-  
4 nels in any form.

5 **SEC. 1067. SETTLEMENT AND ADJUSTMENT OF CLAIMS.**

6 (a) The Secretary may—

7 (1) determine the amount of, settle, and adjust  
8 any claim arising under this subtitle; and

9 (2) waive such a claim if the Secretary deter-  
10 mines that to do so will serve the purposes of this  
11 subtitle.

12 (b) Nothing contained in this section shall be con-  
13 strued to diminish the authority of the Attorney General  
14 of the United States under section 516 of title 28, United  
15 States Code, to conduct litigation on behalf of the United  
16 States.

17 **SEC. 1068. REPEALERS; AMENDMENTS.**

18 (a) REPEALER.—The Emergency Food Assistance  
19 Act of 1983 (7 U.S.C. 612c note) is repealed.

20 (b) AMENDMENTS.—

21 (1) The Hunger Prevention Act of 1988 (7  
22 U.S.C. 612c note) is amended—

23 (A) by striking section 110; and

24 (B) by striking section 502.

1           (2) The Commodity Distribution Reform Act  
2           and WIC Amendments of 1987 (7 U.S.C. 612c note)  
3           is amended by striking section 4.

4           (3) The Charitable Assistance and Food Bank  
5           Act of 1987 (7 U.S.C. 612c note) is amended by  
6           striking section 3.

7           (4) The Food Security Act of 1985 (7 U.S.C.  
8           612c note) is amended—

9                   (A) by striking section 1562(a) and section  
10                  1571; and

11                   (B) in section 1562(d), by striking “sec-  
12                  tion 4 of the Agricultural and Consumer Pro-  
13                  tection Act of 1973” and inserting “section  
14                  1060 of the Commodity Distribution Act of  
15                  1995”.

16           (5) The Agricultural and Consumer Protection  
17           Act of 1973 (7 U.S.C. 612c note) is amended—

18                   (A) in section 4(a), by striking “institu-  
19                  tions (including hospitals and facilities caring  
20                  for needy infants and children), supplemental  
21                  feeding programs serving women, infants and  
22                  children or elderly persons, or both, wherever  
23                  located, disaster areas, summer camps for chil-  
24                  dren,”;

1 (B) in subsection 4(c), by striking “the  
2 Emergency Food Assistance Act of 1983” and  
3 inserting “the Commodity Distribution Act of  
4 1995”; and

5 (C) by striking section 5.

6 (6) The Food, Agriculture, Conservation, and  
7 Trade Act of 1990 (7 U.S.C. 612c note) is amended  
8 by striking section 1773(f).

## 9 **Title XI—DEFICIT REDUCTION**

### 10 **SEC. 1101. DEDICATION OF SAVINGS TO DEFICIT REDUC-** 11 **TION.**

12 (a) Upon the enactment of this Act, the Director of  
13 the Office of Management and Budget shall make down-  
14 ward adjustments in the discretionary spending limits  
15 (new budget authority and outlays), as adjusted, set forth  
16 in 601(a)(2) of the Congressional Budget Act of 1974 for  
17 each of fiscal years 1996 through 1998 as follows:

18 (1) For fiscal year 1996, reduce new budget au-  
19 thority by \$1,420,000,000 and reduce outlays by  
20 \$1,420,000,000.

21 (2) For fiscal year 1997, reduce new budget au-  
22 thority by \$1,420,000,000 and reduce outlays by  
23 \$1,420,000,000.

1           (3) For fiscal year 1998, reduce new budget au-  
2           thority by \$1,470,000,000 and reduce outlays by  
3           \$1,470,000,000.

4           (b) Reductions in outlays resulting from the enact-  
5           ment of this Act shall not be taken into account for pur-  
6           poses of section 252 of the Balanced Budget and Emer-  
7           gency Deficit Control Act of 1985.

## 8           **TITLE XII—EFFECTIVE DATE**

### 9           **SEC. 1201. EFFECTIVE DATE.**

10          Except as otherwise provided in this Act, this Act and  
11          the amendments made by this Act shall take effect on Oc-  
12          tober 1, 1996.

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