

104TH CONGRESS
1ST SESSION

H. R. 315

To offer States a national welfare reform option and incentives to implement the welfare reform option, to strengthen child support enforcement, to provide all States with the flexibility and resources necessary to promote work and self-sufficiency, to expand access to affordable child care, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mrs. LOWEY introduced the following bill; which was referred to the Committee on Ways and Means and, in addition, to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To offer States a national welfare reform option and incentives to implement the welfare reform option, to strengthen child support enforcement, to provide all States with the flexibility and resources necessary to promote work and self-sufficiency, to expand access to affordable child care, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Work-First Welfare
3 Reform Act of 1995”.

4 **SEC. 2. FINDINGS AND PURPOSES.**

5 (a) FINDINGS.—The Congress finds that—

6 (1) in 1991, fewer than 8 percent of households
7 receiving assistance under the program of aid to
8 families with dependent children (AFDC) included a
9 wage earner;

10 (2) half of all AFDC recipients leave welfare as
11 a result of finding employment, but many return to
12 welfare because of an inability to retain employment
13 or child care arrangements;

14 (3) expanded access to affordable child care is
15 essential if parents receiving AFDC are to increase
16 their participation in work, job search, education
17 and training, and other activities aimed at attaining
18 self-sufficiency;

19 (4) lack of affordable health insurance in many
20 low-wage jobs is a major barrier for AFDC recipi-
21 ents who are trying to leave welfare for work;

22 (5) more vigorous efforts to establish paternity
23 and tougher child support enforcement will be essen-
24 tial to the success of welfare reform;

1 (6) AFDC recipients should have the same fi-
2 nancial incentives to work that other Americans
3 enjoy;

4 (7) AFDC rules which dramatically reduce ben-
5 efits for recipients who work are a major work dis-
6 incentive for AFDC recipients;

7 (8) welfare programs should be based on a re-
8 ciprocal obligation, under which recipients must take
9 steps toward independence and the Federal Govern-
10 ment and the States must provide services to assist
11 that transition;

12 (9) the Family Support Act of 1988 contained
13 landmark changes in Federal welfare policy designed
14 to make AFDC a transitional route to work, rather
15 than a long term alternative to work;

16 (10) despite a number of important exceptions,
17 implementation of welfare-to-work programs under
18 the Job Opportunities and Basic Skills Training
19 (JOBS) program, thus far, has not transformed the
20 basic message and administrative practice of welfare
21 from cash assistance to work promotion;

22 (11) barriers to effective implementation of the
23 JOBS program include—

24 (A) insufficient resources necessary for
25 States and localities to support effective pro-

1 grams that involve all mandatory participants
2 in the JOBS program;

3 (B) excessive caseload burdens and inad-
4 equate automated systems that prevent JOBS
5 program staff from properly monitoring and re-
6 porting on participation and providing essential
7 case management and job development services;

8 (C) inadequate linkages between JOBS
9 program staff and welfare eligibility workers;

10 (D) insufficient emphasis on work pro-
11 motion and on the enforcement of work and
12 education requirements; and

13 (E) insufficient interaction by JOBS pro-
14 gram workers with private sector employers;

15 (12) effective implementation of the JOBS pro-
16 gram, or another program similar in its goals and
17 scope, is crucial to any attempt to implement more
18 far-reaching welfare reform proposals, especially ini-
19 tiatives involving time limits on AFDC cash assist-
20 ance and subsidized work; and

21 (13) welfare-to-work policies must build on suc-
22 cessful, rigorously evaluated approaches to imple-
23 menting the JOBS program, and encourage all
24 States to adopt similar strategies.

25 (b) PURPOSES.—The purposes of this Act are to—

1 (1) create a national model for welfare reform
 2 that would require States which elect to pursue this
 3 approach to fundamentally reorient their welfare
 4 programs toward getting all AFDC applicants and
 5 recipients who are capable of working to work;

6 (2) help ensure the most effective use of the
 7 Nation's investments in welfare-to-work programs;

8 (3) provide enhanced Federal support and ad-
 9 ministrative flexibility to States in order to enable
 10 them to increase participation in their JOBS pro-
 11 grams and to build the capacity to provide inte-
 12 grated welfare-job development services;

13 (4) make a series of policy changes, applicable
 14 to all States, which are designed to reward work and
 15 reduce welfare dependency; and

16 (5) establish a national child support enforce-
 17 ment registry which would serve as an information
 18 clearinghouse for all child support orders in order to
 19 facilitate enforcement, especially in interstate cases.

20 **SEC. 3. TABLE OF CONTENTS.**

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

- Sec. 1. Short title.
- Sec. 2. Findings and purposes.
- Sec. 3. Table of contents.

TITLE I—STATE WELFARE REFORM OPTION

- Sec. 101. Welfare reform plan.

TITLE II—INCENTIVES FOR STATE PARTICIPATION IN WELFARE
 REFORM

- Sec. 201. Increased funding for the State JOBS program.
- Sec. 202. Authority to adjust individual AFDC benefits quarterly.
- Sec. 203. Grants to support welfare reform.

TITLE III—POLICY CHANGES TO REWARD WORK

- Sec. 301. Authority of States to establish enhanced earnings disregards for AFDC recipients.
- Sec. 302. Authority of States to define unemployment for purposes of the AFDC-UP program.
- Sec. 303. Dependent care credit to be refundable; advance payments of credit.
- Sec. 304. Report on conflicting administrative requirements that inhibit coordination of the AFDC, food stamp, medicaid, and Job Training Partnership Act programs.
- Sec. 305. Outcome measures for the JOBS program.
- Sec. 306. Enhance use of transitional child care and medicaid.
- Sec. 307. Treatment of student earnings and income from programs under the Job Training Partnership Act.

TITLE IV—CHILD SUPPORT ENFORCEMENT

- Sec. 401. Federal child support order registry.
- Sec. 402. Expansion of Federal parent locator systems.
- Sec. 403. National reporting of employees and child support information.
- Sec. 404. Reconciliation of child support obligation and payments on income tax return.
- Sec. 405. Uniform child support withholding order.
- Sec. 406. State role.
- Sec. 407. Consumer Credit Protection Act amendments.
- Sec. 408. States required to enact the Uniform Interstate Family Support Act.

1 **TITLE I—STATE WELFARE** 2 **REFORM OPTION**

3 **SEC. 101. WELFARE REFORM PLAN.**

4 (a) STATE PLAN OPTION.—Section 402(a) of the
5 Social Security Act (42 U.S.C. 602(a)) is amended—

6 (1) by striking “and” at the end of paragraph
7 (44);

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

10 (3) by inserting after paragraph (45) the
11 following:

1 specify their mutual obligations in working to attain
2 long-term self-sufficiency for such recipients; and

3 “(4) provide for the prompt involvement of each
4 such recipient, who is not exempt from participation
5 in the State program under part F, in employment,
6 job-search, self-sufficiency planning, and skills train-
7 ing that will lead to economic self-sufficiency.

8 “(b) CONTENTS OF PLAN.—A welfare reform plan
9 shall contain—

10 “(1) a welfare-job development integration plan
11 that meets the requirements of section 492; and

12 “(2) a plan for increasing employment among
13 the individuals participating in the State program
14 under part F that includes specific strategies and
15 cost estimates for increasing the capacity of the
16 State to deliver services to the individuals that will
17 increase the number of hours worked by, the earn-
18 ings of, and the total income of the individuals.

19 “(c) FORM OF PLAN.—A welfare reform plan shall
20 be in the form of amendments to the State plans under
21 parts A and F.

22 “(d) DEFINITIONS.—

23 “(1) GENERAL RULE.—The terms used in this
24 part shall have the meanings given such terms under
25 part A.

1 “(2) OTHER TERMS.—As used in this part:

2 “(A) ADJUSTED INCOME.—The term ‘ad-
3 justed income’ means all income other than—

4 “(i) any refund made by reason of
5 section 32 of the Internal Revenue Code of
6 1986 (relating to earned income credit),

7 “(ii) any payment by an employer
8 under section 3507 of such Code (relating
9 to advance payment of earned income cred-
10 it), and

11 “(iii) any amount received through
12 the food stamp program under the Food
13 Stamp Act of 1977.

14 “(B) PARTICIPANT.—The term ‘partici-
15 pant’ means an individual who is participating
16 in activities under this part, or who has re-
17 quested such participation.

18 “(C) POVERTY LINE.—The term ‘poverty
19 line’ means the income official poverty line (as
20 defined by the Office of Management and
21 Budget, and revised annually in accordance
22 with section 673(2) of the Omnibus Budget
23 Reconciliation Act of 1981) applicable to a fam-
24 ily of the size involved.

1 **“SEC. 492. WELFARE-JOB DEVELOPMENT INTEGRATION**
2 **PLAN.**

3 “(a) DESCRIPTION.—A welfare-job development inte-
4 gration plan is a plan designed to integrate welfare and
5 job development services and to improve and expand case
6 management services available to recipients of aid under
7 the State plan approved under part A.

8 “(b) CONTENTS.—A welfare-job development integra-
9 tion plan shall include strategies for—

10 “(1) integrating job development personnel into
11 the management and operation of the State agency
12 for the purposes of—

13 “(A) using such personnel in intake set-
14 tings in order to evaluate the earning capacity
15 and job development needs of applicants for
16 benefits that are based, in whole or in part, on
17 need and to provide the applicants with job
18 placement counseling in order to obviate or
19 minimize the need for obtaining such assist-
20 ance;

21 “(B) increasing significantly the use of
22 such personnel in providing case management
23 services to recipients of aid under the State
24 plan approved under part A with the goal of in-
25 creasing the number of such recipients that are

1 engaged in employment or some form of work;
2 and

3 “(C) enhancing linkages between the State
4 agency and employers, job training and edu-
5 cation institutions, and other social service pro-
6 viders;

7 “(2) integrating information systems to provide
8 welfare and job development personnel with access
9 to relevant information about job openings, skill re-
10 quirements, and education and skill training oppor-
11 tunities;

12 “(3) co-locating (where practicable) welfare,
13 employment, and child support enforcement services;

14 “(4) establishing procedures for entering into
15 contracts with service providers under which pay-
16 ment levels are based on performance levels, and en-
17 tering into memoranda of understanding with job
18 training providers under which payment levels are
19 based on outcomes relating to job placement and
20 retention;

21 “(5) establishing training procedures for wel-
22 fare personnel that emphasize job-placement, coun-
23 seling, and case management;

1 “(6) establishing performance incentives for in-
2 dividual welfare and job development personnel
3 based on such factors as—

4 “(A) the rate at which recipients of such
5 aid who are assisted by such personnel are
6 placed in jobs; and

7 “(B) the average earnings of recipients of
8 such aid who are placed in jobs;

9 “(7) modifying personnel plans and operating
10 and capital budgets to reduce the ratio within the
11 State agency of clients to case workers, with the
12 goals of limiting the ratio to not more than 100 cli-
13 ents per case worker, and improving the capacity of
14 the State to provide assistance to meet the needs of
15 minor parents; and

16 “(8) setting such aid at a level so that the sum
17 of the aid payable to a family of an aid recipient
18 who is employed full-time and has entered into a
19 work-support agreement under section 493(b)(1)
20 and the earned income of the family results in an
21 adjusted income for the family of not less than the
22 90 percent of the poverty line.

23 “(c) PERSONS REQUIRED TO PARTICIPATE OR TO BE
24 INCLUDED.—A welfare-job development integration plan
25 shall—

1 “(1) provide that, as a continuing condition of
2 eligibility for aid under the State plan approved
3 under part A, an applicant or recipient of such aid
4 who is not exempt from participation in the program
5 of the State under part F must enter into an
6 Empowerment Compact with the State pursuant to
7 section 493; and

8 “(2) contain a commitment by the State to
9 enter into an Empowerment Compact pursuant to
10 section 493 with each applicant for such aid (if eligi-
11 ble for such aid), and each recipient of such aid,
12 who—

13 “(A) is not exempt from participation in
14 the program of the State under part F; or

15 “(B) if exempt from such participation,
16 has requested such participation.

17 **“SEC. 493. EMPOWERMENT COMPACTS.**

18 “(a) DESCRIPTION.—An Empowerment Compact is a
19 written agreement that—

20 “(1) specifies the obligations of the State and
21 of the participant in taking the steps necessary for
22 the participant to achieve long-term self-sufficiency;
23 and

24 “(2) includes specific goals, and timetables for
25 the attainment of such goals, that will enable the

1 State and the participant to assess periodically the
2 progress of the participant toward self-sufficiency.

3 “(b) TYPES.—An Empowerment Compact shall be of
4 1 of the following types:

5 “(1) WORK-SUPPORT AGREEMENT.—A work-
6 support agreement that provides, at a minimum, the
7 following:

8 “(A) BENEFIT LEVELS.—

9 “(i) IN GENERAL.—The amount pay-
10 able as aid to the participant under the
11 State plan approved under part A shall be
12 set at a level so that the sum of such aid
13 and the earnings of the participant from
14 full-time employment results in an ad-
15 justed income for the family of the partici-
16 pant of not less than 90 percent of the
17 poverty line, except that a family with
18 more than 4 members shall be considered
19 to have only 4 members.

20 “(ii) REDUCTION OF EARNINGS DIS-
21 REGARDED.—If the adjusted income of the
22 family of the participant for a month ex-
23 ceeds the poverty line, the State may re-
24 duce the amount of earnings of the partici-

1 pant that is disregarded in determining the
2 amount of such aid.

3 “(iii) MAXIMUM BENEFIT.—If the ad-
4 justed income of the family of the partici-
5 pant for a month (with such exclusions)
6 exceeds 150 percent of the poverty line, the
7 family shall not be eligible to receive aid
8 under the State plan approved under part
9 A.

10 “(B) CHILD SUPPORT ORDER REQUIRED
11 TO BE OBTAINED.—The participant must have
12 obtained a child support order for each child of
13 the participant who is living with the partici-
14 pant, and must cooperate with the State in ob-
15 taining support payments for the participant
16 and for any child with respect to whom aid
17 under the State plan is claimed unless the par-
18 ticipant is found to have good cause for refus-
19 ing to cooperate (as determined by the State
20 agency in accordance with the standards pre-
21 scribed by the Secretary under section
22 402(a)(26)(B)(ii)).

23 “(C) ASSESSMENT.—Not later than 1 year
24 after the work-support agreement has been en-
25 tered into, the State shall assess whether the

1 participant has the capacity to earn more than
2 150 percent of the poverty line.

3 “(D) REVISION OF EMPLOYABILITY
4 PLAN.—If the State determines that the partici-
5 pant does not have the capacity to earn more
6 than 150 percent of the poverty line, the State
7 shall require the participant to revise the
8 Empowerment Compact to include specific
9 plans and timetables for enhancing the earning
10 capacity of the participant through skills train-
11 ing or other activities that the State determines
12 are appropriate.

13 “(E) MITIGATION OF REDUCED INCOME
14 DUE TO REQUIRED REMEDIAL ACTIVITIES.—If
15 the participant must work fewer hours in order
16 to undertake the activities referred to in sub-
17 paragraph (D), the amount of aid payable to
18 the participant under the State plan approved
19 under part A shall be an amount that results
20 in the adjusted income for the family of the
21 participant of not less than 90 percent of the
22 average of such adjusted income during the 3-
23 month period that ends with the commencement
24 of such activities, but only if the monthly earn-
25 ings or work hours of the participant are not

1 less than 75 percent of the average of such
2 earnings or work hours during such 3-month
3 period.

4 “(F) CASE MANAGEMENT SERVICES.—The
5 State agency shall provide case management
6 services to the participant (including engaging
7 with the participant in self-sufficiency plan-
8 ning), and coordinate with local schools, em-
9 ployers, and community-based organizations in
10 assisting the participant in overcoming personal
11 barriers to self-sufficiency (including substance
12 abuse), obtaining education and job-training,
13 and securing employment.

14 “(G) TRANSITIONAL CASE MANAGEMENT
15 SERVICES.—The State agency shall provide case
16 management services to the participant for not
17 more than 12 months after aid to the partici-
18 pant under the State plan approved under part
19 A is terminated.

20 “(H) PLACEMENT OF LIMITED CHILD SUP-
21 PORT PAYMENTS IN INTEREST-BEARING AC-
22 COUNT.—

23 “(i) ESTABLISHMENT OF ACCOUNT.—
24 The State agency shall establish an inter-
25 est-bearing account for the participant if—

1 “(I) the participant is entitled to
2 child support payments under a court
3 order or an order of an administrative
4 process established under State law;
5 and

6 “(II) during the past 12 months,
7 an account has not been established
8 under this clause for the participant.

9 “(ii) DEPOSITS INTO ACCOUNT.—Ex-
10 cept as provided in clause (iii), after receiv-
11 ing and paying to the participant the maxi-
12 mum amount of child support payments
13 payable to the participant under the State
14 plans approved under parts A and D, the
15 State agency shall deposit in the account
16 (if any) established under clause (i) the
17 first \$50 of child support payments re-
18 ceived with respect to a child of the partici-
19 pant.

20 “(iii) LIMITATION.—The State agency
21 shall not under clause (ii) deposit more
22 than \$500 into any account established
23 under clause (i).

24 “(iv) DISTRIBUTION.—The State
25 agency shall make the amounts contained

1 in the account available to a participant to
2 whom aid under the State plan approved
3 under part A has been terminated—

4 “(I) within 14 days after such
5 termination, if such aid has been ter-
6 minated due to excessive earnings of
7 the participant; or

8 “(II) within 45 days after such
9 termination, in any other case.

10 “(2) SKILLS DEVELOPMENT AGREEMENT.—A
11 skills development agreement that provides, at a
12 minimum, the following:

13 “(A) INCREASE IN ASSET LIMITS; CASE
14 MANAGEMENT SERVICES; PLACEMENT OF LIM-
15 ITED CHILD SUPPORT PAYMENTS IN INTEREST-
16 BEARING ACCOUNT.—The same obligations set
17 forth in subparagraphs (F), (G), and (H) of
18 paragraph (1).

19 “(B) GOALS AND TIMETABLES.—If the
20 participant is required to participate in the
21 State program under part F, the participant
22 shall establish specific goals and timetables (as
23 part of the employability plan developed for the
24 participant under section 482(b)(1)(B)) for ob-
25 taining employment and, as necessary, for en-

1 gaging in skills training and other activities in
2 order to increase the earning capacity of the
3 participant to at least 150 percent of the
4 poverty line.

5 “(C) ASSESSMENT.—Not later than 1 year
6 after the skills development agreement has been
7 entered into, the State shall assess whether the
8 participant has the capacity to earn more than
9 150 percent of the poverty line.

10 “(D) REVISION OF EMPLOYABILITY
11 PLAN.—If the State determines that the partici-
12 pant does not have the capacity to earn more
13 than 150 percent of the poverty line, the State
14 shall require the participant to revise the em-
15 ployability plan to include specific plans and
16 timetables for enhancing the earning capacity of
17 the participant through skills training or other
18 activities that the State determines are appro-
19 priate.

20 “(c) EMPOWERMENT COMPACT TO REFLECT PREF-
21 ERENCES OF THE PARTICIPANT.—The State agency
22 shall—

23 “(1) inform the participant of the availability of
24 each type of Empowerment Compact described in
25 subsection (b);

1 “(2) consult with the participant in the develop-
2 ment of an Empowerment Compact for the partici-
3 pant;

4 “(3) inform the participant of the right of the
5 participant to suggest revisions in any
6 Empowerment Compact entered into with the partici-
7 pant;

8 “(4) consult with the participant in any revision
9 of an Empowerment Compact entered into with the
10 participant; and

11 “(5) to the maximum extent possible and con-
12 sistent with this section, ensure that the
13 Empowerment Compact for a participant reflects the
14 preferences of the participant.

15 “(d) REASSESSMENT AND REVISION.—Not later than
16 6 months after the State and a participant enter into an
17 Empowerment Compact, and not less frequently than bi-
18 annually thereafter, the State—

19 “(1) shall assess the progress of the participant
20 toward achieving the goals for self-sufficiency set
21 forth in the Empowerment Compact; and

22 “(2) may revise the terms of the Empowerment
23 Compact in order to enhance the progress of the
24 participant toward self-sufficiency.

1 **“SEC. 494. APPROVAL AND IMPLEMENTATION OF WELFARE**
2 **REFORM PLAN.**

3 “(a) APPROVAL.—Not later than 120 days after a
4 State submits to the Secretary a welfare reform plan that
5 meets the requirements of section 491, and after the Sec-
6 retary provides for public review of and public comment
7 on the plan, the Secretary shall approve the plan.

8 “(b) IMPLEMENTATION.—

9 “(1) IN GENERAL.—Upon approval by the Sec-
10 retary of the welfare reform plan of a State, the
11 State may implement the plan.

12 “(2) CERTIFICATION.—

13 “(A) AFDC APPLICANTS.—Not later than
14 6 months after the Secretary approves the wel-
15 fare reform plan of a State, the State shall cer-
16 tify that the State has entered into
17 Empowerment Compacts with a significant
18 number (as prescribed by the Secretary in regu-
19 lations) of the applicants for aid under the
20 State plan under part A with whom the State
21 is required to enter into Empowerment Com-
22 pacts.

23 “(B) AFDC RECIPIENTS.—Not later than
24 1 year after the Secretary approves the welfare
25 reform plan of a State, the State shall certify
26 to the Secretary that the State has entered into

1 Empowerment Compacts with a significant
2 number (as prescribed by the Secretary in regu-
3 lations) of the recipients of aid under the State
4 plan under part A with whom the State is re-
5 quired to enter into Empowerment Compacts.

6 **“SEC. 495. EVALUATION.**

7 “Within 3 years after the Secretary approves the wel-
8 fare reform plan of a State and every 3 years thereafter,
9 the State shall submit to the Secretary a report that con-
10 tains the findings of an evaluation of the impacts of the
11 plan on, at a minimum, the following:

12 “(1) The earnings of, number of hours worked
13 by, and total income of recipients of aid under the
14 State plan approved under part A.

15 “(2) The rate at which such recipients obtain
16 child support orders.

17 “(3) The average duration of receipt of such
18 aid.

19 “(4) The rate at which former recipients of
20 such aid have resumed receipt of such aid.

21 “(5) The number of hours spent by such recipi-
22 ents in work programs and skill training pro-
23 grams.”.

24 (c) INCREASED RESOURCE DISREGARDS FOR AFDC
25 RECIPIENTS WHO HAVE ENTERED INTO EMPOWERMENT

1 COMPACTS.—Section 402(a)(7)(B) of such Act (42 U.S.C.
2 602(a)(7)(B)) is amended—

3 (1) by inserting (or, in the case of a family any
4 of whose members has entered into an
5 Empowerment Compact with the State, \$5,000)”
6 after “may determine”; and

7 (2) by inserting “(or, in the case of a family
8 any of whose members has entered into an
9 Empowerment Compact with the State, \$3,000 or
10 such lower amount that is not less than \$2,000 as
11 the State may determine)” before “, (ii)”.

12 (d) DEADLINE FOR RAPID ASSESSMENT AND REFER-
13 RAL.—Section 482(b) of such Act (42 U.S.C. 682(b)) is
14 amended by adding at the end the following:

15 “(4) Within 60 days after an individual becomes re-
16 quired to participate in the program of a State under this
17 part, the State agency shall conduct the assessment of the
18 individual, develop an employability plan for the individ-
19 ual, and refer the individual to a program component.”.

1 **TITLE II—INCENTIVES FOR**
2 **STATE PARTICIPATION IN**
3 **WELFARE REFORM**

4 **SEC. 201. INCREASED FUNDING FOR THE STATE JOBS PRO-**
5 **GRAM.**

6 Section 403(l) of the Social Security Act (42 U.S.C.
7 603(l)) is amended by adding at the end the following:

8 “(5)(A) Notwithstanding any other provision of this
9 subsection:

10 “(i) A welfare reform State shall not be subject
11 to any limitation on payments under this subsection
12 by reason of subsection (k).

13 “(ii) The Secretary shall pay to any welfare re-
14 form State for any fiscal year after fiscal year 1994
15 an amount equal to 90 percent of the amount (if
16 any) by which the cash expenditures of the State for
17 the costs of operating a program under part F (in-
18 cluding cash expenditures for the costs of providing
19 child care pursuant to section 402(g)(1)(A)) for the
20 fiscal year exceeds the total of such cash expendi-
21 tures for fiscal year 1994, in lieu of any payment for
22 such expenditures under subsection (a) of this
23 section.

1 “(B) Subparagraph (A) shall not apply to a welfare
2 reform State for a fiscal year unless the State meets the
3 following requirements:

4 “(i) The expenditures of the State for the costs
5 of operating a program under part F (whether in
6 cash or in kind) for the fiscal year is not less than
7 the amount so expended during fiscal year 1994.

8 “(ii) Beginning 3 years after the Secretary ap-
9 proves the welfare reform plan of the State, the par-
10 ticipation rate of the State is not less than 50
11 percent.

12 “(iii) The expenditures of the State for the
13 costs of providing child care pursuant to section
14 402(g) (whether in cash or in kind) for the fiscal
15 year is not less than such expenditures for fiscal
16 year 1994.

17 “(C) The term ‘welfare reform State’ means a State
18 that has a plan approved under part G and has made any
19 certification required by section 494(b).”.

20 **SEC. 202. AUTHORITY TO ADJUST INDIVIDUAL AFDC BENE-**
21 **FITS QUARTERLY.**

22 Section 402(a) of the Social Security Act (42 U.S.C.
23 602(a)), as amended by section 101(a) of this Act, is
24 amended—

1 (1) by striking “and” at the end of paragraph
2 (45);

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

5 (3) by inserting after paragraph (46) the
6 following:

7 “(47) if the State is a welfare reform State (as
8 defined in section 403(l)(5)(C)), provide that if the
9 State elects to reduce to quarterly the frequency
10 with which the State adjusts the amount payable to
11 individuals participating in activities under the State
12 plan approved under part G, the State must modify
13 such amount (in accordance with regulations pre-
14 scribed by the Secretary) if such an individual pre-
15 sents documentation that—

16 “(A) the income of the individual during
17 the succeeding 3-month period will be less than
18 such income during the most recent 3-month
19 period; or

20 “(B) the income of the individual during
21 the succeeding 3-month period will be less than
22 the amount the State has determined will be
23 the income of the individual for such period.”.

1 **SEC. 203. GRANTS TO SUPPORT WELFARE REFORM.**

2 (a) WELFARE REFORM PLANNING GRANTS.—The
3 Secretary may make grants to States for the purpose of
4 developing welfare reform plans pursuant to part G of title
5 IV of the Social Security Act.

6 (b) LIMITATIONS ON AUTHORIZATION OF APPRO-
7 PRIATIONS.—The Secretary may expend in any of fiscal
8 years 1994, 1995, 1996, 1997, 1998, 1999, and 2000 for
9 grants under subsection (a) of this section not more than
10 1 percent of the amounts appropriated for payments under
11 section 403(l) of the Social Security Act for the fiscal year.

12 **TITLE III—POLICY CHANGES TO**
13 **REWARD WORK**

14 **SEC. 301. AUTHORITY OF STATES TO ESTABLISH EN-**
15 **HANCED EARNINGS DISREGARDS FOR AFDC**
16 **RECIPIENTS.**

17 Section 402(a)(8)(B) of the Social Security Act (42
18 U.S.C. 602(a)(8)(B)) is amended—

19 (1) by striking “and” at the end of clause (i);
20 and

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

22 “(iii) notwithstanding clauses (ii) and (iv)
23 of subparagraph (A) and clause (ii) of this sub-
24 paragraph, may disregard earned income of any
25 child or relative receiving aid to families with
26 dependent children, or of any other individual

1 (living in the same home as such relative and
2 child) whose needs as taken into account in
3 making the determination under paragraph (7),
4 in accordance with any combination of rules
5 which (as determined by the State in accord-
6 ance with regulations prescribed by the Sec-
7 retary) is at least as favorable to the recipient
8 of such aid as the combination of rules con-
9 tained in such clauses, but not more favorable
10 to the recipient than a rule providing for the
11 disregard of the first \$200 of the total of such
12 earned income for such month plus $\frac{1}{2}$ of the
13 remainder thereof; and”.

14 **SEC. 302. AUTHORITY OF STATES TO DEFINE UNEMPLOY-**
15 **MENT FOR PURPOSES OF THE AFDC-UP PRO-**
16 **GRAM.**

17 Section 407(a) of the Social Security Act (42 U.S.C.
18 607(a)) is amended—

19 (1) by inserting “(1)” after “(a)”;

20 (2) by striking “Secretary” and inserting
21 “State”; and

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

23 “(2) The standards prescribed pursuant to paragraph
24 (1) shall not impose a limit of less than 100 hours on

1 the amount of time during which a parent who is the prin-
2 cipal earner may be employed during a month.”.

3 **SEC. 303. DEPENDENT CARE CREDIT TO BE REFUNDABLE;**

4 **ADVANCE PAYMENTS OF CREDIT.**

5 (a) CREDIT TO BE REFUNDABLE.—

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

13 (2) TECHNICAL AMENDMENTS.—

14 (A) Section 35 of such Code is redesign-
15 ated as section 36.

16 (B) Section 21 of such Code is redesign-
17 ated as section 35.

18 (C) Paragraph (1) of section 35(a) of such
19 Code (as redesignated by subparagraph (B)) is
20 amended by striking “this chapter” and insert-
21 ing “this subtitle”.

22 (D) Subparagraph (C) of section 129(a)(2)
23 of such Code is amended by striking “section
24 21(e)” and inserting “section 35(e)”.

1 (E) Paragraph (2) of section 129(b) of
2 such Code is amended by striking “section
3 21(d)(2)” and inserting “section 35(d)(2)”.

4 (F) Paragraph (1) of section 129(e) of
5 such Code is amended by striking “section
6 21(b)(2)” and inserting “section 35(b)(2)”.

7 (G) Subsection (e) of section 213 of such
8 Code is amended by striking “section 21” and
9 inserting “section 35”.

10 (H) The table of sections for subpart C of
11 part IV of subchapter A of chapter 1 of such
12 Code is amended by striking the item relating
13 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.”.

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

17 (3) EFFECTIVE DATE.—The amendments made
18 by this subsection shall apply to taxable years begin-
19 ning after the date of the enactment of this Act.

20 (b) ADVANCE PAYMENT OF CREDIT.—

21 (1) IN GENERAL.—Chapter 25 of such Code
22 (relating to general provisions relating to employ-
23 ment taxes) is amended by inserting after section
24 3507 the following new section:

1 **“SEC. 3507A. ADVANCE PAYMENT OF DEPENDENT CARE**
2 **CREDIT.**

3 “(a) GENERAL RULE.—Except as otherwise provided
4 in this section, every employer making payment of wages
5 with respect to whom a dependent care credit eligibility
6 certificate is in effect shall, at the time of paying such
7 wages, make an additional payment equal to such employ-
8 ee’s dependent care credit advance amount.

9 “(b) DEPENDENT CARE CREDIT ELIGIBILITY CER-
10 TIFICATE.—For purposes of this title, a dependent care
11 credit eligibility certificate is a statement furnished by an
12 employee to the employer which—

13 “(1) certifies that the employee will be eligible
14 to receive the credit provided by section 35 for the
15 taxable year,

16 “(2) certifies that the employee does not have
17 a dependent care credit eligibility certificate in effect
18 for the calendar year with respect to the payment of
19 wages by another employer,

20 “(3) states whether or not the employee’s
21 spouse has a dependent care credit eligibility certifi-
22 cate in effect, and

23 “(4) estimates the amount of dependent care
24 credit of the employee for the calendar year.

25 For purposes of this section, a certificate shall be treated
26 as being in effect with respect to a spouse if such a certifi-

1 cate will be in effect on the first status determination date
2 following the date on which the employee furnishes the
3 statement in question.

4 “(c) DEPENDENT CARE CREDIT ADVANCE
5 AMOUNT.—

6 “(1) IN GENERAL.—For purposes of this title,
7 the term ‘dependent care credit advance amount’
8 means, with respect to any payroll period, the
9 amount determined—

10 “(A) on the basis of the employee’s wages
11 from the employer for such period,

12 “(B) on the basis of the employee’s esti-
13 mated amount of dependent care credit included
14 in the dependent care credit eligibility certifi-
15 cate, and

16 “(C) in accordance with tables provided by
17 the Secretary.

18 “(2) ADVANCE AMOUNT TABLES.—The tables
19 referred to in paragraph (1)(C) shall be similar in
20 form to the tables prescribed under section 3402
21 and, to the maximum extent feasible, shall be coordi-
22 nated with such tables and the tables prescribed
23 under section 3507(c).

1 “(d) DEPENDENT CARE CREDIT.—For purposes of
2 this section, the term ‘dependent care credit’ means the
3 credit allowable by section 35.

4 “(e) OTHER RULES.—For purposes of this section,
5 rules similar to the rules of subsections (d) and (e) of sec-
6 tion 3507 shall apply.

7 “(f) REGULATIONS.—The Secretary shall prescribe
8 such regulations as may be necessary to carry out the pur-
9 poses of this section.”.

10 (2) CLERICAL AMENDMENT.—The table of sec-
11 tions for chapter 25 of such Code is amended by in-
12 serting after the item relating to section 3507 the
13 following new item:

“Sec. 3507A. Advance payment of dependent care credit.”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this subsection shall apply to taxable years begin-
16 ning more than 1 year after the date of the enact-
17 ment of this Act.

18 **SEC. 304. REPORT ON CONFLICTING ADMINISTRATIVE RE-**
19 **QUIREMENTS THAT INHIBIT COORDINATION**
20 **OF THE AFDC, FOOD STAMP, MEDICAID, AND**
21 **JOB TRAINING PARTNERSHIP ACT PRO-**
22 **GRAMS.**

23 Within 1 year after the date of the enactment of this
24 Act, and annually thereafter, the Secretaries of Agri-
25 culture, Health and Human Services, and Labor, in con-

1 sultation with the States, shall jointly submit to the Con-
2 gress a detailed report describing any provision of title IV
3 of the Social Security Act, the Food Stamp Act of 1977,
4 the Job Training Partnership Act, or any other Federal
5 or State law or regulation that may inhibit implementation
6 of welfare reform plans (whether or not submitted for ap-
7 proval under part G of such title).

8 **SEC. 305. OUTCOME MEASURES FOR THE JOBS PROGRAM.**

9 (a) ESTABLISHMENT OF REQUIREMENTS BY REGU-
10 LATION.—Within 9 months after the date of the enact-
11 ment of this Act, the Secretary of Health and Human
12 Services shall establish the requirements to be followed by
13 each State in developing and applying outcome measures
14 and targets for assessing the effectiveness of the State
15 program under section 402(a)(19) and part F of title IV
16 of the Social Security Act. The outcome measures shall
17 consist of methods for assessing the success of a State's
18 program under such part in increasing the average num-
19 ber of hours worked by, the average earnings of, and total
20 income of participants in the program. The methods shall
21 take into account macroeconomic factors in the State that
22 affect the ability of the program to increase the employ-
23 ment of its participants.

24 (b) EFFECT OF FAILURE TO SUBMIT PLAN FOR
25 MEETING REQUIREMENTS.—

1 (1) REDUCTION OF JOBS MATCHING RATES.—
2 Section 403(l) of the Social Security Act (42 U.S.C.
3 603(l)), as amended by section 201 of this Act, is
4 amended by adding at the end the following:

5 “(6) The amount otherwise payable to the State
6 under this subsection shall be reduced by 5 percent if the
7 State has not submitted for the approval of the Secretary
8 a plan for meeting the requirements established pursuant
9 to 305(a) of the Work-First Welfare Reform Act of
10 1994.”.

11 (2) EFFECTIVE DATE.—The amendment made
12 by paragraph (1) shall take effect 12 months after
13 the Secretary establishes the requirements required
14 by subsection (a).

15 **SEC. 306. ENHANCE USE OF TRANSITIONAL CHILD CARE**
16 **AND MEDICAID.**

17 (a) GAO REPORT ON METHODS OF DETERMINING
18 USE.—Within 6 months after the date of the enactment
19 of this Act, the Comptroller General of the United States
20 shall submit to the Congress a methodology for determin-
21 ing—

22 (1) the proportion of children eligible for child
23 care services under section 402(g) of the Social
24 Security Act who are receiving such services; and

1 (2) the proportion of children eligible for ex-
2 tended medical assistance benefits under a State
3 plan approved under title XIX of such Act by reason
4 of section 1925 of such Act who are receiving such
5 benefits.

6 (b) IMPROVED STATE EFFORT TO ENCOURAGE PAR-
7 TICIPATION.—Section 402(g)(3)(A) of the Social Security
8 Act (42 U.S.C. 602(g)(3)(A)) is amended by adding at
9 the end the following:

10 “(iii) In the case of amounts expended for child care
11 pursuant to this subsection by a State which has not made
12 a good faith effort to develop clear and simple information
13 materials describing available child care assistance and
14 medical assistance under the State plan approved under
15 title XIX, the otherwise applicable rate for purposes of
16 section 403(a) shall be reduced by 5 percentage points.”.

17 (c) OPTION TO PROVIDE FREE TRANSITIONAL
18 CHILD CARE TO FAMILIES BELOW THE POVERTY
19 LINE.—Section 402(g)(1)(A) of such Act (42 U.S.C.
20 602(g)(1)(A)) is amended by adding at the end the follow-
21 ing:

22 “(viii) Notwithstanding clause (vii), each State agen-
23 cy may elect not to require a family to contribute to child
24 care provided under clause (ii) if the income of the family
25 does not exceed the income official poverty line (as defined

1 by the Office of Management and Budget, and revised an-
2 nually in accordance with section 673(2) of the Omnibus
3 Budget Reconciliation Act of 1981) applicable to a family
4 of the size involved.”.

5 (d) OPTION TO PROVIDE TRANSITIONAL CHILD
6 CARE TO NONREQUESTING FAMILY THAT AGREES TO
7 ACCEPT IT.—Section 402(g)(1)(A) of such Act (42 U.S.C.
8 602(g)(1)(A)), as amended by subsection (c) of this sec-
9 tion, is amended by adding at the end the following:

10 “(ix) Each State agency may guarantee child care to
11 a family that has not requested such care if the family
12 is eligible for such care and agrees to receive such care.”.

13 **SEC. 307. TREATMENT OF STUDENT EARNINGS AND IN-**
14 **COME FROM PROGRAMS UNDER THE JOB**
15 **TRAINING PARTNERSHIP ACT.**

16 (a) RESOURCE DISREGARDS.—Section 402(a)(7)(B)
17 of the Social Security Act (42 U.S.C. 602(a)(7)(B)) is
18 amended—

19 (1) by striking “or” at the end of clause (iii);

20 and

21 (2) by inserting “, or (v) the earned income of
22 any child to the extent disregarded under paragraph
23 (8)” before the semicolon.

24 (b) INCOME DISREGARDS.—Section 402(a)(8)(A) of
25 such Act (42 U.S.C. 602(a)(8)(A)) is amended—

1 (1) in clause (i)—

2 (A) by inserting “applying for or” before
3 “receiving”; and

4 (B) by inserting “(including a child
5 (whether or not married) who has not attained
6 20 years of age)” after “dependent child”; and

7 (2) in clause (v)—

8 (A) by striking “may” and inserting
9 “shall”;

10 (B) by inserting “(including any child
11 (whether or not married) who has not attained
12 20 years of age)” after “dependent child”; and

13 (C) by striking “time (not to exceed six
14 months with respect to earned income)” and in-
15 serting “time,”.

16 (c) EXCLUSION FROM GROSS INCOME TEST.—Sec-
17 tion 402(a)(18) of such Act (42 U.S.C. 602(a)(18)) is
18 amended by striking “paragraph (8)(A)(v) or 8(A)(viii)”
19 and inserting “clause (i), (v), or (viii) of paragraph
20 (8)(A)”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on October 1, 1995.

1 **TITLE IV—CHILD SUPPORT**
2 **ENFORCEMENT**

3 **SEC. 401. FEDERAL CHILD SUPPORT ORDER REGISTRY.**

4 (a) ESTABLISHMENT.—Not later than October 1,
5 1995, the Secretary shall establish a Federal registry of
6 child support orders issued or modified by any State court
7 or administrative process established under State law.

8 (b) COMPARISON OF INFORMATION ON W-4 FORMS
9 WITH INFORMATION IN CHILD SUPPORT ORDERS.—With-
10 in 10 days after the registry established under subsection
11 (a) receives a W-4 form of an employee, the registry
12 shall—

13 (1) compare the information on the form with
14 the information in the registry on the child support
15 obligations of the employee; and

16 (2) transmit to the registry established under
17 section 466(a)(12) of the State in which the em-
18 ployee is employed a notice as to whether the
19 amount specified on the W-4 form as the monthly
20 child support obligation of the employee is accurate
21 or not.

22 (c) REGULATIONS.—The Secretary shall prescribe
23 such regulations as may be necessary to carry out this
24 section, especially in cases involving an employee who has
25 2 or more employers or child support obligations.

1 (d) STATE ACCESS TO THE REGISTRY.—The Sec-
2 retary shall, upon request of any State, provide the State
3 with access to the information contained in the registry
4 established under subsection (a).

5 (e) DEFINITIONS.—As used in this section:

6 (1) CHILD SUPPORT ORDER.—The term “child
7 support order” means an order requiring payments
8 for support and maintenance of a child or of a child
9 and the parent with whom the child is living.

10 (2) SECRETARY.—The term “Secretary” means
11 the Secretary of Health and Human Services.

12 (3) STATE.—The term “State” includes the
13 several States, the District of Columbia, the Com-
14 monwealth of Puerto Rico, the Commonwealth of the
15 Northern Mariana Islands, the United States Virgin
16 Islands, Guam, American Samoa, and the Trust
17 Territory of the Pacific Islands.

18 **SEC. 402. EXPANSION OF FEDERAL PARENT LOCATOR SYS-**
19 **TEMS.**

20 (a) EXPANSION OF FUNCTIONS.—Section 453(a) of
21 the Social Security Act (42 U.S.C. 653(a)) is amended
22 by striking “enforcing support obligations against such
23 parent” and inserting “establishing parentage, establish-
24 ing, modifying, and enforcing child support obligations”.

1 (b) ACCESS TO ADDITIONAL DATA BASES.—Section
2 453 of such Act (42 U.S.C. 653) is amended—

3 (1) in subsection (b), by striking “the most re-
4 cent address and place of employment” and insert-
5 ing “the most recent residential address, employer
6 name and address, and amounts and nature of in-
7 come and assets”;

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

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

12 “(4) The Secretary of the Treasury shall enter into
13 an agreement with the Secretary to provide prompt access
14 by the Secretary (in accordance with this subsection and
15 section 6103(l)(6) of the Internal Revenue Code of 1986)
16 to all Federal income tax returns filed by individuals with
17 the Internal Revenue Service.”.

18 (c) EXPANSION OF ACCESS TO THE NATIONAL PAR-
19 ENT LOCATOR NETWORK.—Section 453 of such Act (42
20 U.S.C. 653) is amended by adding at the end the
21 following:

22 “(g) The Secretary shall expand the Parent Locator
23 Service to establish a national network based on the com-
24 prehensive statewide child support enforcement systems
25 developed by the States, to—

1 “(1) allow each State to—

2 “(A) locate any absent parent who owes
3 child support or for whom a child support obli-
4 gation is being established, by—

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

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

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

14 “(C) provide for both on-line and batch
15 processing of locate requests, with on-line ac-
16 cess restricted to cases in which the information
17 is needed immediately (for such reasons as
18 court appearances) and batch processing used
19 to ‘troll’ data bases to locate individuals or up-
20 date information periodically; and

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

1 “(2) provide for a maximum of 48-hour turn-
2 around time for information to be broadcast and re-
3 turned to a requesting State;

4 “(3) provide ready access to courts and admin-
5 istrative agencies of the information on the network
6 by location of a computer terminal in each court;
7 and

8 “(4) access the registries of child support or-
9 ders maintained by States pursuant to section
10 466(a)(12).”.

11 **SEC. 403. NATIONAL REPORTING OF EMPLOYEES AND**
12 **CHILD SUPPORT INFORMATION.**

13 (a) IN GENERAL.—The Secretary of the Treasury, in
14 consultation with the Secretary of Labor, shall establish
15 a system of reporting of employees by requiring employers
16 to provide a copy of every employee’s W-4 form to the
17 Federal child support order registry established pursuant
18 to section 401(a) of the Work-First Welfare Reform Act
19 of 1994 and to the child support order registry established
20 pursuant to section 466(a)(12) of the Social Security Act
21 by the State in which the employment is located—

22 (1) in the case of employees hired on or after
23 the effective date of this section, on the date the em-
24 ployee is hired; or

1 (2) in the case of employees hired before such
2 effective date, within 10 days after such effective
3 date.

4 (b) INCLUSION OF CHILD SUPPORT INFORMATION
5 ON W-4 FORMS.—The Secretary of the Treasury shall
6 modify the W-4 form to enable the employee to indicate
7 on the form—

8 (A) whether the employee owes child sup-
9 port, and if so—

10 (i) to whom the support is payable
11 and the amount of the support payable;
12 and

13 (ii) whether the support is to be paid
14 through wage withholding; and

15 (B) whether health care insurance is avail-
16 able to the new employee, and, if so, whether
17 the employee has obtained such insurance for
18 the dependent children of the employee.

19 **SEC. 404. RECONCILIATION OF CHILD SUPPORT OBLIGA-**
20 **TION AND PAYMENTS ON INCOME TAX RE-**
21 **TURN.**

22 (a) IN GENERAL.—Chapter 77 of the Internal Reve-
23 nue Code of 1986 (relating to miscellaneous provisions)
24 is amended by adding at the end thereof the following new
25 section:

1 “(3) the amount paid by such individual di-
2 rectly to the person to whom the obligation is owed
3 (or, if such person has assigned to a State the right
4 to collect the obligation, the State).

5 “(c) CREDIT OR REFUND FOR PAYMENTS IN EXCESS
6 OF ACTUAL OBLIGATION.—There shall be allowed as a
7 credit against the tax imposed by subtitle A for the taxable
8 year an amount equal to the excess (if any) of—

9 “(1) the aggregate of the amounts described in
10 paragraphs (1), (2), and (3) of subsection (a) for
11 such taxable year, over

12 “(2) the aggregate of the child support obliga-
13 tions of the taxpayer for such taxable year.

14 The credit allowed by this subsection shall be treated for
15 purposes of this title as allowed by subpart C of part IV
16 of subchapter A of chapter 1.

17 “(d) FAILURE TO PAY AMOUNT OWING.—If an indi-
18 vidual fails to pay the full amount required to be paid
19 under subsection (a) on or before due date for such pay-
20 ment, the Secretary shall assess and collect the unpaid
21 amount in the same manner, with the same powers, and
22 subject to the same limitations applicable to a tax imposed
23 by subtitle C the collection of which would be jeopardized
24 by delay.

1 “(e) APPLICABLE CHILD SUPPORT OBLIGATION.—
2 For purposes of this section, the term ‘applicable child
3 support obligation’ means a legal obligation to provide
4 child support (as defined in section 462(b) of the Social
5 Security Act).

6 “(f) AMOUNTS COLLECTED BY SECRETARY PAID TO
7 STATE REGISTRIES.—Amounts collected under this sec-
8 tion and section 6654 by reason of an applicable child sup-
9 port obligation shall be paid by the Secretary to the appro-
10 priate State registry established pursuant to section
11 466(a)(12)(A)(i) of the Social Security Act.”

12 (b) WITHHELD CHILD SUPPORT TO BE SHOWN ON
13 W-2.—Subsection (a) of section 6051 of such Code is
14 amended by striking “and” at the end of paragraph (8),
15 by striking the period at the end of paragraph (9) and
16 inserting “, and”, and by inserting after paragraph (9)
17 the following new paragraph:

18 “(10) the total amount of child support obliga-
19 tions withheld pursuant to State law.”

20 (c) APPLICATION OF ESTIMATED TAX PENALTY.—

21 (1) Subsection (f) of section 6654 of such Code
22 (relating to failure by individual to pay estimated in-
23 come tax) is amended by striking “minus” at the
24 end of paragraph (2) and inserting “plus”, by redesi-
25 gnating paragraph (3) as paragraph (4), and by in-

1 serting after paragraph (2) the following new para-
2 graph:

3 “(3) the aggregate applicable child support obli-
4 gation (as defined in section 7524(a)) of the tax-
5 payer for months ending with or within the taxable
6 year, minus”.

7 (2) Paragraph (1) of section 6654(d) of such
8 Code is amended by adding at the end the following
9 new subparagraph:

10 “(D) DETERMINATION OF REQUIRED AN-
11 NUAL PAYMENT FOR TAXPAYERS REQUIRED TO
12 PAY CHILD SUPPORT.—In the case of a tax-
13 payer who is required under section 7524 to
14 pay an applicable child support obligation (as
15 defined in section 7524) for any month ending
16 with or within the taxable year, the required
17 annual payment shall be the sum of—

18 “(i) the amount determined under
19 subparagraph (B) without regard to sub-
20 section (f)(3), plus

21 “(ii) the aggregate amount of such
22 obligation for all months ending with or
23 within the taxable year.”

24 (3) CREDIT FOR WITHHELD AMOUNTS, ETC.—
25 Subsection (g) of section 6654 of such Code is

1 amended by adding at the end the following new
2 paragraph:

3 “(3) CHILD SUPPORT.—For purposes of apply-
4 ing this section, the sum of—

5 “(A) amounts deducted and withheld
6 under State law for applicable child support ob-
7 ligations, and

8 “(B) amounts paid by the individual di-
9 rectly to the person to whom the obligation is
10 owed (or, if such person has assigned to a State
11 the right to collect the obligation, the State),
12 shall be deemed to be a payment of the amount de-
13 scribed in subsection (f)(3) on the date such
14 amounts were actually withheld or paid, as the case
15 may be.”.

16 (d) CLERICAL AMENDMENT.—The table of sections
17 for chapter 77 of such Code is amended by adding at the
18 end thereof the following new item:

“Sec. 7524. Reconciliation of child support obligation and pay-
ments on income tax return.”.

19 (e) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 1995.

1 **SEC. 405. UNIFORM CHILD SUPPORT WITHHOLDING**
2 **ORDER.**

3 Section 452(a) of the Social Security Act (42 U.S.C.
4 652(a)) is amended—

5 (1) by striking “and” at the end of paragraph
6 (9);

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

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

11 “(11) develop a uniform order to be used in all
12 cases in which income is to be withheld for the pay-
13 ment of child support, which shall contain the name
14 of the individual whose income is to be withheld, the
15 number of children covered by the order, and the in-
16 dividual or State to whom the withheld income is to
17 be paid, and be generic to allow for the service of
18 the order on all sources of income.”.

19 **SEC. 406. STATE ROLE.**

20 (a) STATE CHILD SUPPORT ORDER REGISTRIES.—
21 Section 466(a) of the Social Security Act (42 U.S.C.
22 666(a)) is amended by inserting after paragraph (11) the
23 following:

24 “(12) Procedures under which the—

25 “(A) State child support enforcement
26 agency shall—

1 “(i) establish and maintain a child
2 support order registry which shall in-
3 clude—

4 “(I) a copy of each child support
5 order issued or modified in the State
6 on or after the effective date of this
7 paragraph;

8 “(II) a copy of each child support
9 order issued or modified in the State
10 before the effective date of this para-
11 graph that is being enforced under the
12 State plan; and

13 “(III) a copy of each child sup-
14 port order issued or modified in the
15 State before the enactment of this
16 paragraph that the parties to the
17 order have requested be included in
18 the Federal child support order reg-
19 istry established pursuant to section
20 401(a) of the Work-First Welfare Re-
21 form Act of 1994;

22 “(ii) (I) immediately upon receipt of a
23 child support order referred to in subclause
24 (I) or (II) of clause (i), transmit a copy of
25 the order to the Federal registry; and

1 “(II) beginning 2 years after such
2 date of enactment, transmit to the Federal
3 registry a copy of each child support order
4 referred to in clause (i)(III); and

5 “(iii) distribute in accordance with
6 section 457(b) all amounts received from
7 employers that have been deducted and
8 withheld from the wages of employees for
9 the payment of child support obligations,
10 and all amounts received from the Internal
11 Revenue Service pursuant to section
12 7524(f) of the Internal Revenue Code of
13 1986, within 10 days after receipt;

14 “(B) allow any individual owed support
15 pursuant to a child support order issued or
16 modified in the State who alleges that an em-
17 ployer has failed to comply subsection
18 (b)(11)(B)(ii) with respect to the order, or that
19 the State has failed to comply with subpara-
20 graph (A)(iii) of this paragraph with respect to
21 amounts withheld from wages pursuant to the
22 order and paid to the State, to bring an action
23 against the employer or the State, as the case
24 may be, in any State court and recover dam-
25 ages, including interest; and

1 “(C) the State agency referred to in sec-
2 tion 402(a)(3) shall notify the State child sup-
3 port enforcement agency of the commencement
4 or termination of aid under the State plan ap-
5 proved under part A to any individual or fam-
6 ily, within 10 days after such commencement or
7 termination.”.

8 (b) DIRECT WAGE WITHHOLDING.—Section 466(b)
9 of such Act (42 U.S.C. 666(b)) is amended by adding at
10 the end the following:

11 “(11)(A)(i) Upon the issuance or modification
12 by a State court or administrative agency of an
13 order imposing a child support obligation on an indi-
14 vidual, the State shall transmit to any employer of
15 the individual a wage withholding order developed
16 under section 452(a)(11) directing the employer to
17 withhold amounts from the wages of the individual
18 pursuant to the order, or such greater amount as
19 the State child support order registry established
20 pursuant to subsection (a)(12)(A) may determine is
21 the total amount of the child support obligations of
22 the individual.

23 “(ii) Clause (i) shall not apply to an order upon
24 agreement of the parties to the order and the court

1 or administrative agency that issued or modified the
2 order.

3 “(iii) An agreement referred to in clause (ii)
4 may be unilaterally rescinded only by the individual
5 to whom child support is payable under the order.

6 “(B) Any individual or entity engaged in com-
7 merce, as a condition of doing business in the State,
8 shall, on receipt of a wage withholding order devel-
9 oped under section 452(a)(11) that is regular on its
10 face and has been issued by a court of any State—

11 “(i) immediately provide a copy of the
12 order to the employee subject to the order;

13 “(ii) comply with the order by forwarding
14 to the State registry established pursuant to
15 subsection (a)(12)(A) of this section, within 5
16 days after the end of each payroll period ending
17 after receipt of the order, the greater of—

18 “(I) the amount required to be with-
19 held pursuant to the order; or

20 “(II) the amount that the State reg-
21 istry has notified the employer is the
22 amount required to be withheld from the
23 wages of the employee for payment of child
24 support obligations of the employee; and

1 “(iii) keep records of the amounts so with-
2 held.

3 “(C) Such an order may be served on the in-
4 come source directly or by first-class mail.

5 “(D) An individual or entity who complies with
6 subparagraph (B)(ii) with respect to such an order
7 may not be held liable for wrongful withholding of
8 income from the employee subject to the order.

9 “(E) The State shall impose a civil fine of
10 \$1,000 on any individual or entity who receives such
11 an order for each failure to comply with subpara-
12 graph (B)(ii) with respect to the order.

13 “(F) The State shall have in effect procedures
14 for carrying out this paragraph in cases involving an
15 employee who has 2 or more employers or child sup-
16 port obligations.

17 “(12) If the State transmits to an individual or
18 entity engaged in commerce only outside the State
19 a wage withholding order issued by the State with
20 respect to an employee of the individual or entity,
21 and the individual or entity contests or refuses to
22 comply with the order, the State shall send an infor-
23 mational copy of the order to the registry established
24 under subsection (a)(12)(A) of any other State in

1 which the individual or entity is engaged in
2 commerce.

3 “(13) If an employee requests a hearing to con-
4 test wage withholding based on claim of a mistake
5 of fact, the hearing may be held in the State from
6 which the income is paid or in which the employee
7 is employed, and, within 45 days after the income
8 source receives the withholding order, the entity con-
9 ducting the hearing must adjudicate the claim. The
10 State in which the hearing is held shall provide ap-
11 propriate services in cases enforced under the State
12 plan to ensure that the interests of the individual to
13 whom the withheld income is to be paid are ade-
14 quately represented.”.

15 (c) PRIORITIES IN APPLICATION OF WITHHELD
16 WAGES.—Section 466(b) of such Act (42 U.S.C. 666(b)),
17 as amended by subsection (b) of this section, is amended
18 by inserting after paragraph (13) the following:

19 “(14) Procedures under which the amounts
20 withheld pursuant to a child support or wage with-
21 holding order are to be applied in the following
22 order:

23 “(A) To payments of support due during
24 the month of withholding.

1 “(B) To payments of premiums for health
2 care insurance coverage for dependent children.

3 “(C) To payments of support due before
4 the month of withholding, and of unreimbursed
5 health-care expenses.”.

6 (d) ACCESS TO VARIOUS DATA BASES.—Section
7 466(a) of such Act (42 U.S.C. 666(a)), as amended by
8 subsection (a) of this section, is amended by inserting
9 after paragraph (12) the following:

10 “(13) Procedures under which the State child
11 support enforcement agency shall have automated
12 on-line or batch access (or, if necessary,
13 nonautomated access) to information regarding resi-
14 dential addresses, employers and employer address-
15 es, income and assets, and medical insurance bene-
16 fits with respect to absent parents that is available
17 through any data base maintained by—

18 “(A) any agency of the State or any politi-
19 cal subdivision thereof, that contains informa-
20 tion on residential addresses, or on employers
21 and employer addresses, as the State deems ap-
22 propriate;

23 “(B) any publicly regulated utility com-
24 pany located in the State; and

1 “(C) any credit reporting agency located in
2 the State.”.

3 (e) EXPANDED INTERACTION WITH THE NATIONAL
4 PARENT LOCATOR NETWORK.—Section 454(16) of such
5 Act (42 U.S.C. 654(16)) is amended—

6 (1) by striking “and (E)” and inserting “(E)”;
7 and

8 (2) by striking “enforcement;” and inserting
9 “enforcement, and (F) to provide access to the na-
10 tional network developed pursuant to section
11 453(g);”.

12 (f) PRIVATE ACCESS TO LOCATE AND ENFORCE-
13 MENT SERVICES.—Section 466(a) of such Act (42 U.S.C.
14 666(a)), as amended by subsections (a) and (d) of this
15 section, is amended by inserting after paragraph (13) the
16 following:

17 “(14)(A) Procedures under which private attor-
18 neys and pro se obligees must be given access to
19 State locate resources and through enforcement
20 techniques of the State child support enforcement
21 agency, for the purpose of establishing, modifying,
22 and enforcing child support and parentage orders, in
23 accordance with safeguards established—

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

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

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

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

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

19 **SEC. 407. CONSUMER CREDIT PROTECTION ACT AMEND-**
20 **MENTS.**

21 (a) PRIORITY OF DEBTS.—Title III of the Consumer
22 Credit Protection Act (15 U.S.C. 1671 et seq.) is amended
23 by adding at the end the following:

1 **“§ 308. Priority of debts**

2 “If an individual’s disposable earnings are not suffi-
3 cient to pay—

4 “(1) a garnishment intended to satisfy a Fed-
5 eral debt; and

6 “(2) a garnishment intended to satisfy a debt
7 related to the support of any child,

8 the Federal debt shall be satisfied through garnishment
9 only after the debt related to support of a child has been
10 satisfied.”.

11 (b) ADDITIONAL INDEBTEDNESS IN ANTI-DIS-
12 CHARGE SECTION.—Section 304 of such Act (15 U.S.C.
13 1674) is amended—

14 (1) by redesignating subsection (b) as sub-
15 section (c);

16 (2) in subsection (c) (as so redesignated) by
17 striking “subsection (a) of”; and

18 (3) by inserting after subsection (a) the follow-
19 ing:

20 “(b) No employer may discharge any employee by
21 reason of the fact that the earnings of the employee have
22 been subjected to more than one indebtedness, if all but
23 one of the indebtedness arise from one or more orders for
24 the support of a child.”.

1 (c) CLERICAL AMENDMENT.—The table of sections
 2 at the beginning of title III of the Consumer Credit Pro-
 3 tection Act is amended by adding at the end the following:
 “308. Priority of debts.”.

4 **SEC. 408. STATES REQUIRED TO ENACT THE UNIFORM**
 5 **INTERSTATE FAMILY SUPPORT ACT.**

6 (a) IN GENERAL.—Section 466 of the Social Security
 7 Act (42 U.S.C. 666) is amended by adding at the end the
 8 following:

9 “(f) In order to satisfy section 454(20)(A), each
 10 State must have in effect laws which adopt the officially
 11 approved version of the Uniform Interstate Family Sup-
 12 port Act adopted by the National Conference of Commis-
 13 sioners on Uniform State Laws in August 1992.”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 subsection (a) shall apply to payments under part D of
 16 title IV of the Social Security Act for calendar quarters
 17 ending 2 or more years after the date of the enactment
 18 of this Act.

○

HR 315 IH—2

HR 315 IH—3

HR 315 IH—4

HR 315 IH—5