AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

104TH CONGRESS
2D SESSION

S. 1841

To reform the Nation's welfare system by requiring work and demanding personal responsibility.

IN THE SENATE OF THE UNITED STATES

JUNE 5, 1996

Mr. MOYNIHAN (by request) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To reform the Nation's welfare system by requiring work and demanding personal responsibility.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Work First and Personal Responsibility Act of 1996''.

SEC. 2. TABLE OF CONTENTS; AMENDMENT OF THE SOCIAL SECURITY ACT.

(a) TABLE OF CONTENTS.—This Act is organized as follows:

Section 1. Short title.
Sec. 2. Table of contents; amendment of the Social Security Act.

TITLE I—WORK-BASED ASSISTANCE

Sec. 101. Purpose.

Subtitle A—Temporary Employment Assistance

Sec. 102. State plan.
Sec. 103. Conforming amendments relating to collection of overpayments.
Sec. 104. Territories.
Sec. 105. Effective dates.

Subtitle B—Make Work Pay

Sec. 111. Transitional Medicaid benefits.
Sec. 112. Notice of availability required to be provided to applicants and former recipients of temporary employment assistance, food stamps, and Medicaid.
Sec. 113. Advance payment of earned income tax credit through State demonstration programs.
Sec. 114. Consolidated child care development block grant.
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Subtitle C—Work First

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Sec. 123. Applicability to States.
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Subtitle D—Pregnancy and Family Stability

Sec. 131. Supervised living arrangements for minors.
Sec. 132. National Clearinghouse on Adolescent Pregnancy.
Sec. 133. Required completion of high school or other training for teenage parents.
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TITLE II—CHILD SUPPORT ENFORCEMENT

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Sec. 201. State obligation to provide child support enforcement services.
Sec. 202. Distribution of payments.
Sec. 203. Privacy safeguards.
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Subtitle B—Locate and Case Tracking

Sec. 211. State case registry.
Sec. 212. Collection and disbursement of support payments.
Sec. 213. State directory of new hires.
Sec. 214. Amendments concerning income withholding.
Sec. 215. Locator information from interstate networks.
Sec. 216. Expansion of the Federal parent locator service.
Sec. 217. Collection and use of Social Security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

Sec. 221. Adoption of uniform State laws.
Sec. 222. Improvements to full faith and credit for child support orders.
Sec. 223. Administrative enforcement in interstate cases.
Sec. 224. Use of forms in interstate enforcement.
Sec. 225. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

Sec. 231. State laws concerning paternity establishment.
Sec. 232. Outreach for voluntary paternity establishment.
Sec. 233. Cooperation requirement and good cause exception.

Subtitle E—Program Administration and Funding

Sec. 241. Performance-based incentives and penalties.
Sec. 242. Federal and State reviews and audits.
Sec. 243. Required reporting procedures.
Sec. 244. Automated data processing requirements.
Sec. 245. Technical assistance.
Sec. 246. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

Sec. 251. Simplified process for review and adjustment of child support orders.
Sec. 252. Furnishing consumer reports for certain purposes relating to child support.
Sec. 253. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

Sec. 261. Internal Revenue Service collection of arrearages.
Sec. 262. Authority to collect support from Federal employees.
Sec. 263. Enforcement of child support obligations of members of the Armed Forces.
Sec. 264. Voiding of fraudulent transfers.
Sec. 265. Work requirement for persons owing past-due child support.
Sec. 266. Definition of support order.
Sec. 267. Reporting arrearages to credit bureaus.
Sec. 268. Liens.
Sec. 269. State law authorizing suspension of licenses.
Sec. 270. Denial of passports for nonpayment of child support.
Sec. 271. International child support enforcement.
Sec. 272. Financial institution data matches.
Sec. 273. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
Sec. 274. Nondischargeability in bankruptcy of certain debts for the support of a child.

Subtitle H—Medical Support

Sec. 276. Correction to ERISA definition of medical child support order.
Sec. 277. Enforcement of orders for healthcare coverage.

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

Sec. 281. Grants to States for access and visitation programs.

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TITLE III—FOOD ASSISTANCE

Subtitle A—Food Stamps

Sec. 301. Short Title.

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Sec. 311. Include children under 22 years old in their parents' households.
Sec. 312. Use the cost of the thrifty food plan for allotment adjustments.
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Sec. 318. Count vendor payments for transitional housing as income.
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Sec. 324. Repeal minimum benefit adjustments.
Sec. 325. Prorate benefits on recertification.
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Sec. 345. Provide State option to lower age of caretaker exemption.
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Part 3—Administrative Flexibility Proposals

Sec. 361. Expand State authority to define certification period.
Sec. 362. Provide State option to combine allotments for expedited service households.
Sec. 363. Revise treatment of allotments for households residing in centers.

Sec. 364. Improve operation of food stamp offices.
Sec. 365. Delete Federal requirement for State employee training.
Sec. 366. Authorize oral withdrawal of fair hearing requests.
Sec. 367. Delete redundant Federal standards for administration.

Part 4—Proposals for Strengthening Retailer Management

Sec. 371. Provide authority to establish authorization periods.
Sec. 372. Provide authority to requirement information for verifying eligibility for authorization.
Sec. 373. Establish waiting period for stores that initially fail to meet authorization criteria.
Sec. 374. Disqualify retailers who intentionally submit falsified applications.
Sec. 375. Disqualify retailers who are disqualified under the WIC program.
Sec. 376. Authorize suspension of stores violating program requirements pending administrative and judicial review.
Sec. 377. Expand civil and criminal forfeiture for violations of the Food Stamp Act.
Sec. 378. Expand authority for sharing information provided by retail food stores and wholesale food concerns.

Part 5—Conforming Amendments and Effective Dates

Sec. 381. Conforming amendments.
Sec. 382. Effective dates.

Subtitle B—Child Nutrition

Sec. 391. Family or group day care homes.
Sec. 392. Reimbursement rate adjustments.
Sec. 393. Elimination of start-up and expansion grants.
Sec. 394. Authorization of appropriations.
Sec. 395. Direct Federal expenditures.

TITLE IV—TREATMENT OF ALIENS

Sec. 401. Uniform alien eligibility criteria for public assistance programs.
Sec. 402. Deeming of sponsor's income and resources to alien under TEA, SSI, and food stamp programs.
Sec. 403. Continued liability of alien and sponsor for overpayments.
Sec. 404. Requirements for sponsor's affidavit of support.

TITLE V—SUPPLEMENTAL SECURITY INCOME REFORMS

Sec. 501. Definition and eligibility rules.
Sec. 502. Eligibility redeterminations and continuing disability reviews.
Sec. 503. Dedicated savings accounts.
Sec. 504. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.
Sec. 505. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in two or more States.
Sec. 506. Denial of SSI benefits for fugitive felons and probation and parole violators.
Sec. 507. Allowance under the discretionary spending limits for increased expenditures for continuing disability reviews and disability eligibility redeterminations.

Sec. 508. Installment payment of large past-due Supplemental Security Income benefits.
Sec. 509. Recovery of Supplemental Security Income overpayments from Social Security benefits.
Sec. 510. Allowance under the discretionary spending limits for administrative expenses to implement changes to Supplemental Security Income program.
Sec. 511. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by medical insurance.

TITLE VI—SOCIAL SERVICES BLOCK GRANTS

Sec. 601. Reduction in title XX block grants to States for social services.

(b) REFERENCES.—Except as otherwise expressly provided, wherever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference is considered to be made to a section or other provision of the Social Security Act.

TITLE I—WORK-BASED ASSISTANCE

SEC. 101. PURPOSE.

The primary purpose of this title is to provide true welfare reform by repealing the program of Aid to Families with Dependent Children and replacing it with a new time-limited, conditional benefit based on work. Subtitle A of this title creates the Temporary Employment Assistance program which requires welfare recipients to work, supports and protects their children, and gives States broad new flexibility to run their welfare programs. The Work First program, established by subtitle C, provides the means to transform the system toward work, and the new consolidated child care block grant, established by

subtitle B, contains sufficient resources to ensure that recipients who work have safe and adequate care for their children. This title offers the reform American taxpayers and welfare recipients alike want and deserve.

Subtitle A—Temporary Employment Assistance

SEC. 102. STATE PLAN.

Title IV (42 U.S.C. 601 et seq.) is amended by striking part A, except for section 415 which, consistent with section 402 of this Act, is redesignated as section 407, and inserting the following:

"PART A—TEMPORARY EMPLOYMENT ASSISTANCE

"SEC. 400. AUTHORIZATION OF APPROPRIATIONS.

''For the purpose of providing assistance to families with needy children and assisting parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First program established under parts F, G, and H, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

"Subpart 1—State Plans for Temporary Employment Assistance

"SEC. 401. ELEMENTS OF STATE PLANS.

''A State plan for temporary employment assistance shall provide a description of the State program which carries out the purposes described in section 400 and shall meet the requirements of the following sections of this subpart.

"SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOYMENT ASSISTANCE.

''(a) IN GENERAL.—The State plan shall provide that any family—

''(1) with 1 or more children (or any expectant family, at the option of the State), defined as needy by the State; and

''(2) whose members have assigned their rights to support to the State in accordance with section 403(b)(1)(E)(i) and fulfill the conditions set forth in subsection (b),

shall be eligible for assistance under the plan, except as otherwise provided under this part.

''(b) WORK REQUIREMENT.—

''(1) PERSONAL RESPONSIBILITY AGREEMENT.—The State plan shall provide that not later than 30 days after the approval of an application for temporary employment assistance, a parent qualify-

ing for assistance shall execute a personal responsibility agreement as described in section 403. If a child otherwise eligible for assistance under this part is residing with a needy relative other than a parent, the State plan may require the relative to execute such a plan as a condition of the family receiving such assistance.

"(2) WORK WITHIN TWO YEARS.—The State plan shall provide that a parent or caretaker receiving assistance under the program will engage in work (as defined by the State) when the State determines the parent or caretaker is ready to engage in work, or after 24 months (whether or not consecutive) of receiving assistance under the program, whichever is earlier.

"(c) LIMITATIONS ON ELIGIBILITY.—

"(1) REQUIREMENTS TO WORK AND LOOK FOR WORK.—Except as otherwise provided in paragraph (2), the State plan shall limit eligibility of individuals and families as follows:

"(A) REFUSAL TO LOOK FOR WORK.—If an unemployed individual who has attained 18 years of age (or at State option, 19) refuses without good cause to look for work—

"(i) in the case of the first such refusal, assistance shall not be payable with respect to such individual until the date the individual begins to look for work; and

"(ii) in the case of a second or subsequent refusal, assistance shall not be payable with respect to the family of such individual until the later of—

"(I) 6 months after the date of such refusal; or

"(II) the date the individual begins to look for work.

"(B) REFUSAL TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—If an unemployed individual who has attained 18 years of age (or at State option, 19) refuses without good cause to accept a bona fide offer of employment—

"(i) in the case of the first such refusal, assistance shall not be payable with respect to such individual until the date the individual begins to work; and

"(ii) in the case of a second or subsequent refusal, assistance shall not be payable with respect to the family of such individual until the later of—

"(I) 6 months after the date of such refusal; or

"(II) the date the individual begins to work.

"(C) FAILURE TO COMPLY WITH PERSONAL RESPONSIBILITY AGREEMENT OR MUTUAL RESPONSIBILITY PLANS.—The State plan shall describe sanctions determined by the State for those circumstances when the individual fails without good cause to comply with a personal responsibility agreement (or, if the State has established a program under subpart 1 of part F and the individual is required to participate in the program, a mutual responsibility plan) signed by the individual.

"(i) In the case of the first such failure, the State shall impose on the individual a sanction determined by the State which is no more severe than the sanction provided for under subparagraph (A)(i).

"(ii) In the case of a second or subsequent failure, the State shall impose on the family of the individual a sanction determined by the State which is no more se-

vere than the sanction provided for under subparagraph (A)(ii).

"(2) TIME LIMIT ON ASSISTANCE.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the State plan shall provide that the family of an individual who, after attaining age 18 years (or age 19 years, at State option), has received assistance under the plan for 60 months, shall no longer be eligible for assistance under the plan.

"(B) HARDSHIP EXCEPTION AFTER EXPIRATION OF 60-MONTH PERIOD.—The State plan shall provide for hardship exceptions from the application of subparagraph (A) in accordance with clause (i) (or alternatively, at State option, in accordance with clause (ii)).

"(i) GENERAL EXCEPTION FORMULATION.—Except as provided in clause (ii), the State plan shall provide that eligibility shall not be denied to any family under subparagraph (A) if—

"(I) at the option of the State, the family includes an individual working 20 hours per week (or more, at the option of the State);

"(II) the family resides in an area with an unemployment rate exceeding 8 percent; or

"(III) the family is experiencing other special hardship circumstances which make it appropriate for the State to provide an exemption for such month, except that the total number of exemptions under this clause for any month shall not exceed 15 percent of the number of families to which the State is providing assistance under the plan.

"(ii) ALTERNATIVE HARDSHIP EXCEPTION FORMULATION.—A State may elect, as an alternative to clause (i), to define hardship circumstances, in which case the total number of exemptions under this clause for any month shall not exceed 20 percent of the number of families to which the State is providing assistance under the plan.

"(C) EXCLUSION FROM 60-MONTH PERIOD.—With respect to any family, the State plan shall not include in the determination of

the 60-month period under subparagraph (A) any month in which any of the following applies to the family:

"(i) TEEN PARENTS.—The parent—

"(I) is under age 18 (or age 19, at the option of the State); and

"(II) is making satisfactory progress while attending high school or an alternative technical preparation school.

"(ii) INDIVIDUALS EXEMPT FROM WORK REQUIREMENTS.—One parent in a single-parent family or each parent in a two-parent family—

"(I) is seriously ill, incapacitated, or of advanced age;

"(II)(aa) except for a child described in subclause (bb), is responsible for a child under age 1 year (or age 6 months, at the option of the State), or

"(bb) in the case of a second or subsequent child born during such period, is responsible for a child under age 3 months;

"(III) is pregnant in the 3d trimester;

"(IV) is caring for a family member who is ill or incapacitated; or

"(V) (in the case of a single custodial parent), has a demonstrated inability to obtain needed child care, as determined by the State, for one or more of the following reasons:

"(aa) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

"(bb) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

"(cc) Unavailability of appropriate and affordable formal child care arrangements.

"(D) CHILD-ONLY CASES.—With respect to any child who has not attained age 18 (or age 19, at the option of the State) and who is eligible for assistance under this part, but not as a member of a family otherwise eligible for

assistance under this part (determined without regard to this paragraph), the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which such child has not attained such age.

"(3) TREATMENT OF FAMILY INELIGIBLE FOR CASH ASSISTANCE.—The State plan shall provide that if a family is no longer eligible for cash assistance under the plan due to the application of paragraph (1) or (2)—

"(A) for purposes of determining eligibility for any other Federal or federally assisted program based on need, the family shall continue to be considered eligible for such assistance; and

"(B) in the case of a family ineligible for such assistance due solely to the application of paragraph (2), the State shall, after having assessed the needs of the child or children of the family, provide for such needs with vouchers for such family—

"(i) determined on the same basis as the State would provide assistance under the State plan to such a family with one

less individual or two less individuals, as applicable, in the case of a two-parent family,

"(ii) designed appropriately to pay third parties for shelter, goods, and services received by the child or children, and

"(iii) payable directly to the third parties.

"(4) INDIVIDUALS ON OLD-AGE ASSISTANCE OR SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT ASSISTANCE.—The State plan shall provide that no assistance shall be furnished any individual under the plan with respect to any period with respect to which the individual is receiving old-age assistance under the State plan under title I or supplemental security income under title XVI, and the individual's income and resources attributable to such sources shall be disregarded in determining the eligibility of the family of the individual for temporary employment assistance.

"(5) CHILDREN FOR WHOM FEDERAL, STATE, OR LOCAL FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS ARE MADE.—A child with respect to whom foster care maintenance payments or adoption assistance payments are made

under part E or under State or local law shall not, for the period for which such payments are made, be regarded as a needy child under this part, and such child's income and resources shall be disregarded in determining the eligibility of the family of such child for temporary employment assistance.

"(6) DENIAL OF ASSISTANCE FOR TEN YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN TWO OR MORE STATES.—The State plan shall provide that no assistance will be furnished any individual under the plan during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits or services simultaneously from 2 or more States under programs that are funded under this part of title XIX, or benefits in 2 or more States under the supplemental security income program under title XVI.

"(7) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

"(A) IN GENERAL.—The State plan shall provide that no assistance will be furnished any individual under the plan for any period if during such period the State agency has knowledge that such individual is—

"(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(ii) violating a condition of probation or parole imposed under Federal or State law.

"(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, the State plan shall provide that the State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under the plan, if the officer furnishes the agency with the

name of the recipient and notifies the agency that—

"(i) the recipient is described in clause (i) or (ii) of subparagraph (A); and

"(ii) the location or apprehension of the recipient is within such officer's official duties.

"(d) DETERMINATION OF ELIGIBILITY AND BENEFITS.—

"(1) DETERMINATION OF NEED.—The State plan shall provide that the State agency will take into consideration any income and resources—

"(A) which are legally or actually available to meet the needs of the child or relative claiming temporary employment assistance; and

"(B) which the State determines should be considered in determining the need of such child or relative.

"(2) OPTIONAL DENIAL OF ASSISTANCE TO FAMILIES HAVING ADDITIONAL CHILDREN WHILE RECEIVING ASSISTANCE.—At the option of the State, the State plan may provide that—

"(A)(i) the amount of temporary employment assistance paid to a family under the plan will not be increased by reason of the birth of

a child (other than as a result of rape or incest) to an individual included in such family if—

"(I) when the individual is a custodial parent of a needy child, the child was conceived in a month for which the individual received aid under the plan, or

"(II) when the individual is a needy child, the individual is the parent of another child who is a member of the same family and whose needs are included for purposes of making such determination;

"(ii) if the value of assistance to a family under the State plan approved under this part is reduced by reason of subclause (I), each member of the family shall be considered to be receiving such assistance for purposes of federal law including but not limited to eligibility for medical assistance under the State plan approved under title XIX for so long as assistance to the family under the State plan approved under this part would otherwise not be so reduced; and

"(B) if the State exercises the option, the State may provide the family with vouchers, in amounts not exceeding the amount of any such

reduction in assistance, that may be used only to pay for particular goods and services specified by the State as suitable for the care of the child of the parent (such as diapers, clothing, or school supplies). In addition, the State may allow an additional earned income disregard, or disregard of child support received on behalf of a child described by this subsection, in amounts that do not exceed in total the reduction in assistance that occurs as a result of a State exercising the option.

"(C) A family may be subjected to this subparagraph as long as application of this subparagraph, whether alone or together with other provisions of the State plan, does not reduce to zero the maximum assistance level for such a family.

"(3) RESOURCE AND INCOME DETERMINATION.—With respect to the determination of the total resources and income of the family of any needy child, the State plan shall provide the following:

"(A) RESOURCES.—The plan shall specify the resource limit, and describe the policy determined by the State regarding any exclusion al-

lowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

"(B) FAMILY INCOME.—The plan shall specify the extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

"(C) CHILD SUPPORT.—The plan shall specify whether (and if so, the extent to which) current child support received in excess of $50 per month on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

"(D) CHILD'S EARNINGS.—The plan shall describe the treatment of earnings of a child living in the home.

"(E) EARNED INCOME TAX CREDIT.—The plan shall provide for disregard of any refund of Federal income taxes made to a family receiving temporary employment assistance by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to such a family by an employer under section 3507 of such

Code (relating to advance payment of earned income credit).

"(4) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137.

"(e) SERVICES TO NATIVE AMERICANS.—The State plan shall specify the steps that will be taken to ensure that an appropriate share of assistance and services under the plan (and under part F and part G or H) are furnished to eligible Native Americans (including, as applicable, Indians, Alaskan Natives, and Native Hawaiians) living in the State.

"(f) SERVICES TO REFUGEES.—The State plan shall provide assurances that assistance and services furnished to refugees under the plan (and under part F and part G or H) shall be furnished in a manner that promotes their economic self-sufficiency and adjustment.

"SEC. 403. PERSONAL RESPONSIBILITY AGREEMENT.

"(a) ASSESSMENT.—The State agency responsible for administering the State plan shall make an initial assessment of the skills, prior work experience, and employability of each caretaker who applies for, or receives assistance under the State plan who—

"(1) has attained 18 years of age (or at State option, 19); or

"(2) has not attained the age specified in paragraph (1), has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

"(b) PERSONAL RESPONSIBILITY AGREEMENTS.—

"(1) IN GENERAL.—On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, shall develop an appropriate personal responsibility agreement for the individual, which—

"(A) provides that participation by the individual in job search activities is a condition of eligibility for assistance under the State plan approved under part A, except during any period for which the individual is employed full-time in an unsubsidized job;

"(B) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

"(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children

of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

''(D) may require that the individual enter the State program established under part F, if the caseworker determines that the individual will need education, training, job placement assistance, wage enhancement, or other services to become employed in the private sector;

''(E) provides that the individual must—

''(i) assign to the State any rights to support (including, but not limited to, amounts which have accrued at the time such assignment is executed) from any other person the individual may have in such individual's own behalf or in behalf of any other family member for whom the individual is applying for or receiving assistance or any other family member who is deemed to be receiving assistance for the purposes of title XIX; provided that the assignment of arrearages that accrued in a month in which the family did not receive

assistance under this part shall cease to be effective for any family no longer receiving assistance under this part to which the State applies the amendments made by the Work First and Personal Responsibility Act of 1996 to section 457(c); and

"(ii) cooperate with the State—

"(I) in establishing the paternity of a child born out of wedlock with respect to whom assistance is claimed, and

"(II) in obtaining support payments for the individual and for a child with respect to whom such assistance is claimed, or in obtaining any other payments or property due the individual or the child, unless (in either case) the individual is found to have good cause for refusing to cooperate as determined by the State agency administering the program under part D in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the

child on whose behalf assistance is claimed;

"(F) to the greatest extent possible is designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

"(G) describes the services the State will provide the individual so that the individual can obtain and keep employment in the private sector, and describes the job counseling and other services that will be provided by the State; and

"(H) at the option of the State, may require the individual to undergo appropriate substance abuse treatment.

"(2) TIMING.—The State agency shall comply with paragraph (1) with respect to an individual—

"(A) within 180 days after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of assistance under the State plan approved under this part; or

"(B) within 90 days after the individual is determined to be eligible for such assistance, in the case of any other individual.

"(c) PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION.—The State shall inform all applicants for and recipients of assistance under the State plan approved under this part of all available services under the State plan for which they are eligible.

"(d) REQUIREMENT THAT RECIPIENTS ENTER THE WORK FIRST PROGRAM.—

"(1) IN GENERAL.—On and after October 1, 2003, the State shall place recipients of assistance under the State plan under this part, who have not become employed within 1 year after signing an personal responsibility agreement, in the first available slot in the State program under part F, except as provided in paragraph (2).

"(2) EXCEPTIONS.—A state shall not require a recipient of such assistance to participate in the program if the recipient—

"(A) is ill, incapacitated, or of advanced age;

"(B) except for a child described in subparagraph (C), is responsible for a child under

age 1 year (or age 6 months, at the option of the State);

"(C) in the case of a second or subsequent child born since the recipient signed the agreement, is responsible for a child under age 3 months;

"(D) is pregnant in the third trimester;

"(E) is caring for a family member who is ill or incapacitated; or

"(F) is a single custodial parent and has a demonstrated inability to obtain needed child care, as determined by the State, for one or more of the following reasons:

"(i) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

"(ii) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

"(iii) Unavailability of appropriate and affordable formal child care arrangements.

"SEC. 404. PAYMENT OF ASSISTANCE.

"(a) STANDARDS OF ASSISTANCE.—The State plan shall specify standards of assistance, including—

"(1) the composition of the family unit for which assistance will be provided;

"(2) a standard or standards, expressed in a dollar amount or amounts, to be used in determining the need of applicants and recipients;

"(3) a standard or standards, expressed in a dollar amount or amounts, to be used in determining the amount of the assistance payment; and

"(4) the methodology to be used in determining the payment amount received by an assistance unit.

"(b) LEVEL OF ASSISTANCE.—Except as otherwise provided in this title, the State plan shall provide that—

"(1) the determination of need and the amount of assistance for all applicants and recipients shall be made on an objective and equitable basis; and

"(2) families of similar composition with similar needs and circumstances shall be treated similarly.

"(c) FAIR HEARING AND CORRECTION OF PAYMENTS.—The State plan shall provide that the State agency shall—

"(1) grant an opportunity for a fair hearing before the State agency to any individual whose request for assistance under such plan is denied or is not acted upon with reasonable promptness; and

"(2) promptly take all necessary steps to correct any overpayment or underpayment of assistance under such plan, including the request for withholding from Federal tax refunds as provided under section 416.

"(d) OPTIONAL VOLUNTARY DIVERSION PROGRAM.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), the State plan may provide, with respect to the geographic area or areas of the State that the State may select, that upon the recommendation of the caseworker responsible, the State may offer to an eligible family one-time assistance for a period of not more than three months (which assistance, if accepted by the family, shall be in lieu of any other assistance under the State plan for such period) in an amount not to exceed—

"(A) the value of the monthly benefits that would otherwise be provided to the family under the State plan; multiplied by

"(B) the number of months in the time period.

"(2) ONE-TIME LIMITATION.—Assistance pursuant to paragraph (1) shall not be made more than once to any family; and

"(3) ADJUSTMENT OF ALTERNATIVE BENEFITS.—If, during the period with respect to which the State has provided one-time assistance to a family pursuant to paragraph (1), the family applies for and (but for the one-time assistance) would be eligible under the State plan for a monthly benefit greater than the value of the amount used in the calculation under paragraph (1), then, notwithstanding paragraph (1), the State shall, for that part of the time period that remains after the family becomes eligible for the greater monthly benefit, provide monthly benefits to the family in an amount not to exceed—

"(A) the amount by which the value of the greater monthly benefit exceeds the value of the former monthly benefit, multiplied by the number of months in the time period; divided by

"(B) the whole number of months remaining in the time period.

"SEC. 405. REQUIREMENTS CONCERNING OTHER PROGRAMS.

"(a) WORK FIRST PROGRAM; WORKFORCE OR JOB PLACEMENT VOUCHER PROGRAM.—The State plan shall provide that the State has in effect—

"(1) a Work First program that meets the requirements of part F; and

"(2) a workfare program that meets the requirements of part G, or a job placement voucher program that meets the requirements of part H, but not both.

"(b) PROVISION OF CASE MANAGEMENT SERVICES.—The State plan shall provide that the State shall furnish to participants in those programs case management services that are necessary to ensure the integrated provision of benefits and services under those programs and under this part.

"(c) STATE CHILD SUPPORT AGENCY.—The State plan shall—

"(1) provide that the State has in effect a plan approved under part D and operates a child support program in substantial compliance with such plan;

"(2) provide that the State agency administering the plan approved under this part is responsible for ensuring that—

"(A) the benefits and services provided under plans under this part and part D are furnished in an integrated manner, including coordination of intake procedures with the agency administering the plan under part D;

"(B) all applicants for, and recipients of, temporary employment assistance are encouraged, assisted, and required (as provided under section 403(b)(1)(E)(ii)) to cooperate in the establishment and enforcement of paternity and child support obligations and are notified about the services available under the State plan approved under part D; and

"(C) procedures require referral of paternity and child support enforcement cases to the agency administering the plan approved under part D not later than 10 days after the application for temporary employment assistance; and

"(3) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency established pursuant to part D of the furnishing of temporary employment assistance with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock, without regard to whether the paternity of the child has been established).

"(d) CHILD WELFARE SERVICES AND FOSTER CARE AND ADOPTION ASSISTANCE.—The State plan shall provide that the State has in effect—

"(1) a State plan for child welfare services approved under part B; and

"(2) a State plan for foster care and adoption assistance approved under part E,

and operates such plans in substantial compliance with the requirements of such parts.

"(e) REPORT OF CHILD ABUSE, ETC.—The State plan shall provide that the State agency will—

"(1) report to an appropriate agency or official known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving assistance under the State plan under circumstances which indicate that the child's health or welfare is threatened thereby; and

"(2) provide such information with respect to a situation described in paragraph (1) as the State agency may have.

"(f) AVAILABILITY OF ASSISTANCE IN RURAL AREA OF STATE.—The State plan shall provide that the State agency shall consider and address any special needs of rural areas in the State to ensure that families in such areas receive assistance to become self-sufficient.

"(g) FAMILY PRESERVATION.—

"(1) IN GENERAL.—The State plan shall describe the efforts by the State to promote family preservation and stability, including efforts—

"(A) to encourage fathers to stay home and be a part of the family;

"(B) to keep families together to the extent possible; and

"(C) except to the extent provided in paragraph (2), to treat 2-parent families and 1-parent families equally with respect to eligibility for assistance.

"(2) MAINTENANCE OF TREATMENT.—The State may impose eligibility limitations relating specifically to 2-parent families to the extent such limitations are no more restrictive than such limitations in effect in the State plan in fiscal year 1995.

"(h) CHILD CARE.—The State plan shall provide that the State has in effect a plan under its program under the Child Care Development Block Grant Act of 1990.

"SEC. 406. ADMINISTRATIVE REQUIREMENTS FOR STATE PLAN.

"(a) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State, and, if administered by the subdivisions, be mandatory upon such subdivisions. If such plan is not administered uniformly

1 throughout the State, the plan shall describe the adminis-
2 trative variations.

3 "(b) SINGLE ADMINISTERING AGENCY.—The State
4 plan shall provide for the establishment or designation of
5 a single State agency to administer the plan or supervise
6 the administration of the plan.

7 "(c) FINANCIAL PARTICIPATION.—The State plan
8 shall provide for financial participation by the State con-
9 sistent with section 413.

10 "(d) REASONABLE PROMPTNESS.—The State plan
11 shall provide that all individuals wishing to apply for tem-
12 porary employment assistance shall have opportunity to
13 do so, and that such assistance shall be furnished with
14 reasonable promptness to all eligible individuals.

15 "(e) AUTOMATED DATA PROCESSING SYSTEM.—The
16 State plan may provide for the establishment and oper-
17 ation of an automated statewide management information
18 system designed effectively and efficiently to assist man-
19 agement in the administration of the State plan approved
20 under this part, so as—

21 "(1) to control and account for—

22 "(A) all the factors in the total eligibility
23 determination process under such plan for as-
24 sistance, and

"(B) the costs, quality, and delivery of payments and services furnished to applicants for and recipients of assistance; and

"(2) to notify the appropriate officials for child support, food stamp, and social service programs, and the medical assistance program approved under title XIX, whenever a recipient becomes ineligible for such assistance or the amount of assistance provided to a recipient under the State plan is changed.

"(f) DISCLOSURE OF INFORMATION.—The State plan shall provide for safeguards which restrict the use or disclosure of information concerning applicants or recipients.

"(g) DETECTION OF FRAUD.—The State plan shall provide, in accordance with regulations issued by the Secretary, for appropriate measures to detect fraudulent applications for temporary employment assistance before the establishment of eligibility for such assistance.

"(h) AUDITS.—

"(1) IN GENERAL.—Each State shall audit, not less than annually, the State expenditures for the program under this part and parts F, G, and H to determine the extent to which the expenditures were made in accordance with the provisions of this part and parts F, G, and H.

"(2) AUDIT REPORTS.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature and to the Secretary of Health and Human Services.

"(3) SINGLE AUDITS.—To the extent they are not inconsistent with this section, the provisions of chapter 75 of title 31, United States Code, apply to audit requirements of this section.

"Subpart 2—Administrative Provisions

"SEC. 411. APPROVAL OF PLAN.

"(a) IN GENERAL.—The Secretary shall approve a State plan which fulfills the requirements under subpart 1 within 120 days of the submission of the plan by the State to the Secretary.

"(b) DEEMED APPROVAL.—If a State a plan has not been rejected by the Secretary during the period specified in subsection (a), the plan is considered to have been approved.

"SEC. 412. COMPLIANCE.

"In the case of any State plan for temporary employment assistance which has been approved under section 411, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in

the administration of the plan there is a failure to comply substantially with any provision required by subpart 1 to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"SEC. 413. PAYMENTS TO STATES.

"(a) COMPUTATION OF AMOUNT.—

"(1) IN GENERAL.—Subject to section 412, the Secretary of the Treasury shall pay to each State which has an approved plan for temporary employment assistance, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) or, as applicable, in section 1118) of the program expenditures by the State under that plan (other than expenditures for administrative costs of that plan and for purposes specified in paragraph (2)(B)).

"(2) WORK FIRST AND OTHER PROGRAMS.—

"(A) ENTITLEMENT; FEDERAL MATCHING SHARE.—Each State that is operating a program in accordance with a plan approved under part F and a program in accordance with part G or H shall be entitled to payment, for each fiscal year, equal to the lesser of—

"(i) the sum of the amounts allotted to the State pursuant to subparagraphs (D) and (E), or

"(ii) the greater of 60 percent or the Federal medical assistance percentage (as defined in section 1905(b) or, as applicable, in section 1118) of State expenditures for the purposes specified in subparagraph (B) (excluding any expenditures from performance bonuses provided under paragraph (4)).

"(B) USE OF FUNDS.—

"(i) Amounts available to a State pursuant to this paragraph may be used by the State—

"(I) for all costs of carrying out programs under part F and part G or part H;

"(II) for administrative costs of carrying out the program under part A;

"(III) for all costs of providing emergency assistance to needy families with children in accordance with paragraph (3); and

"(IV) to supplement amounts otherwise available for child care under section 6580b of the Child Care and Development Block Grant Act of 1990, subject to the terms and conditions, including matching requirements, under section 6580b of that Act.

"(ii) States shall not allocate to programs in which Federal financial participation is available, other than programs specified in clause (i), administrative costs for activities in fiscal year 1997 and succeeding fiscal years that in fiscal year 1995 were allocated to programs under parts A and F.

"(C) AMOUNTS FOR ALLOTMENT.—For purposes of allotment to States under subpara-

graphs (D) and (E), the amount specified in this subparagraph is as follows:

"(i) For fiscal years 1997 through 2002, the amount specified is—

"(I) $2,900,000,000 for fiscal year 1997;

"(II) $2,950,000,000 for fiscal year 1998;

"(III) $3,100,000,000 for fiscal year 1999;

"(IV) $3,350,000,000 for fiscal year 2000;

"(V) $3,800,000,000 for fiscal year 2001; and

"(VI) $3,900,000,000 for fiscal year 2002.

"(ii) For fiscal year 2003 and each succeeding fiscal year, the amount specified is the product of the following:

"(I) The amount specified in this subparagraph for the immediately preceding fiscal year.

"(II) 1.00 plus the percentage (if any) by which the average of the Consumer Price Index (as defined in

section 1(f)(5) of the Internal Revenue Code of 1986) for the most recent 12-month period for which such information is available exceeds that for the previous 12-month period.

"(III) 1.00 plus the percentage change (if any) in the participation rate required in section 488.

"(IV) 1.00 plus the percentage change in the non-exempt adult recipient caseload for the most recent quarter for which information is available, compared to that caseload for the same calendar quarter in the previous year.

"(D) BASE ALLOTMENT TO STATES.—From the amount specified in subparagraph (C) for a fiscal year, the Secretary shall first allot to each eligible State an amount equal to the amount paid to the State pursuant to section 403(a)(3) for administration of the State program under part A in fiscal year 1995.

"(E) ALLOTMENT OF REMAINDER TO STATES.—(i) From the amount specified in subparagraph (C) for a fiscal year remaining after

application of subparagraph (D), the Secretary shall allot to each State an amount bearing the same ratio to such remainder as the average monthly number of non-excempt adult recipients (as defined in clause (ii)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all eligible States for such preceding year.

"(ii) For purposes of this subparagraph, the term 'non-exempt adult recipient' in the case of any State means an individual other than a dependent child (unless such child is the custodial parent of another dependent child)—

"(I) whose needs are met (in whole or in part) with assistance provided under the State plan approved under this part, and

"(II) who is required to participate in a program under part F, G, or H.

"(iii) For purposes of clause (ii), the term 'dependent child' means a needy child—

"(I) who has been deprived of parental support or care by reason of the death, continued absence from the home (other than absence occasioned solely by reason of the performance of active duty in the uniformed services of the United States), or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece, in a place of residence maintained by one or more of such relatives as the relative's own home, and

"(II) who is—

"(aa) under the age of eighteen, or

"(bb) at the option of the State, under the age of nineteen and a full-time student in a secondary school (or in the equivalent level of vocational or technical training), if, before age

nineteen, the child reasonably may be expected to complete the secondary school program (or training).

"(iv) For purposes of clause (iii), the term 'relative with whom any dependent child is living' means the individual who is one of the relatives specified in clause (iii) and with whom the child is living (within the meaning of such subsection) in a place of residence maintained by the individual (alone or together with any one or more of the other relatives so specified) as the relative's own home.

"(F) AMOUNTS FOR INELIGIBLE PARTICIPANTS.—Not more than 10 percent of the amount payable to a State under this paragraph for a calendar quarter may be for expenditures made during the quarter with respect to program participants who are not eligible for assistance under the State plan approved under this part.

"(3) EMERGENCY ASSISTANCE.—

"(A) For purposes of paragraph (2)(B)(i)(III), the term 'emergency assistance

to needy families with children' means any of the items specified in subparagraph (B), furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under the age of 21 who is (or, within such period as may be specified by the Secretary, has been) living with any of the relatives specified in paragraph (2)(E)(iii) in a place of residence maintained by one or more of such relatives as the relative's own home, but only where—

"(i) such child is without available resources,

"(ii) the payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and

"(iii) the destitution or need for living arrangements did not arise because the child or relative refused without good cause to accept employment or training for employment.

"(B) For the purposes of subparagraph (A), the items specified include—

"(i) money payments, payments in kind, or such other payments as the State agency may specify with respect to, or medical care or any other type of remedial care recognized under State law (for which the individual is not entitled to medical assistance under the State plan under title XIX) on behalf of, such child or any other member of the household in which he is living, and

"(ii) services the Secretary may specify, but the term does not include benefits or services provided to children in the juvenile justice system.

"(4) PERFORMANCE BONUS.—

"(A) IN GENERAL.—The Secretary, in consultation with State and local government officials and other interested persons, shall develop a system of performance measures and performance bonuses that rewards States that operate programs established under parts F, G, and H that are effective in moving recipients of assistance under the State plan approved under this part into employment.

"(B) ALLOCATION FORMULA.—

"(i) IN GENERAL.—Not later than January 1, 1997, the Secretary, in consultation with State and local government officials and other interested persons, shall develop and publish in the Federal Register a formula for allocating the limitation amount specified in subparagraph (E) for the performance bonus fund for a fiscal year, based on the effectiveness of State programs established under parts F, G, and H in moving recipients of assistance under the State plan under this part into employment in the preceding fiscal year, including those who remain employed for greater periods of time. In each fiscal year specified in subparagraph (E), a State shall be entitled to receive payments equal to the limitation allocated to such State under the formula developed by the Secretary under this clause.

"(ii) FACTORS TO BE CONSIDERED.—In developing the allocation formula under clause (i), the Secretary shall take into consideration factors that affect a State's

ability to achieve a given level of employment of recipients, such as—

"(I) the proportion of families who are at greatest risk of long-term welfare dependency, or who have remained unemployed for long periods of time; and

"(II) the unemployment conditions of each State.

"(C) ANNUAL COMPLIANCE REPORTS.—Each State shall submit to the Secretary annual reports on the effectiveness of its program under part F based on the performance measures established under subparagraph (A).

"(D) USE OF PAYMENTS.—Bonus payments under this paragraph shall be used for the purposes allowable under subsection (a)(2)(B)(i).

"(E) LIMITATION AMOUNT SPECIFIED.—For purposes of the allocation formula under subparagraph (B), the limitation amount specified in this subparagraph is—

"(i) $100,000,000 for fiscal year 1997 rates, payable in fiscal year 1998;

"(ii) $100,000,000 for fiscal year 1998 rates, payable in fiscal year 1999;

"(iii) $200,000,000 for fiscal year 1999 rates, payable in fiscal year 2000;

"(iv) $200,000,000 for fiscal year 2000 rates, payable in fiscal year 2001; and

"(v) $200,000,000 for fiscal year 2001 rates, payable in fiscal year 2002.

"(b) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying amounts pursuant to this section is as follows:

"(1) The Secretary, prior to the beginning of each quarter, shall estimate the amount to be paid to the State for the quarter under subsection (a), the estimate to be based on—

"(A) a report filed by the State containing its estimate of the amount to be expended in the quarter in accordance with each provision of subsection (a) and stating the amounts appropriated or made available by the State and its political subdivision for such expenditures in the quarter, and if the sum of those amounts is less than the State's proportionate share of the total sum of such estimated expenditures, the source

or sources from which the difference is expected to be derived;

"(B) records showing the number of needy children in the State; and

"(C) such other information as the Secretary may find necessary.

"(2) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated—

"(A) reduced or increased, as the case may be, by any sum by which the Secretary of Health and Human Services finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter;

"(B) reduced by a sum equivalent to the pro rata share to which the Federal Government is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to temporary employment assistance furnished under the State plan; and

"(C) reduced by such amount as is necessary to provide the appropriate reimburse-

ment to the Federal Government that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

''(c) METHOD OF PAYMENT.—The Secretary of the Treasury, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, shall pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND REPORTING SYSTEM.

''(a) QUALITY ASSURANCE.—

''(1) IN GENERAL.—In order—

''(A) to improve the accuracy of payments of temporary employment assistance and wages under work programs under parts F, G, and H, to assess the accuracy of data reported by each State relating to its work programs and to its

implementation of the time limits established by section 402(c)(2),

"(B) to determine whether participation standards under section 488(a) have been met,

"(C) to assess the effectiveness of the State's program by applying the performance standards developed under section 413(a)(4), and

"(D) to serve such other purposes as the Secretary finds appropriate for a performance measurement system,

the Secretary shall establish and operate a quality assurance system to secure the accurate data needed to measure performance, identify areas in which corrective action is necessary, and determine the amount (if any) of the disallowance required to be repaid to the Secretary because of erroneous aid payments made by the State. A quality assurance system shall be developed based upon a collaborative effort involving the Secretary, the States and other interested parties, and shall include quantifiable program outcomes related to self-sufficiency in the categories of welfare-to-work, payment accuracy, and child support.

"(2) MODIFICATIONS TO SYSTEM.—As considered necessary, but not more often than every 2 years, the Secretary, in consultation with the States and other interested parties, shall make appropriate changes in the design and administration of the quality assurance system, including changes in benchmarks, measures, and data collection or sampling procedures.

"(b) DATA COLLECTION AND REPORTING.—

"(1) IN GENERAL.—The State plan shall provide for a quarterly report to the Secretary regarding the data described in paragraphs (2) and (3) and such additional data as the Secretary determines is needed for the quality assurance system. The data collection and reporting system under this subsection shall promote accountability, continuous improvement, and integrity in the State programs for temporary employment assistance and Work First.

"(2) DISAGGREGATED DATA.—The State shall collect the following data items on a monthly basis from disaggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

"(A) The age of adults and children (including pregnant women).

"(B) Marital or familial status of cases: married (2-parent family), widowed, divorced, separated, or never married; or child living with other adult relative.

"(C) The gender, race, educational attainment, work experience, disability status (whether the individual is seriously ill, incapacitated, or caring for a disabled or incapacitated child) of adults.

"(D) The amount of cash assistance and the amount and reason for any reduction in such assistance. Any other data necessary to determine the timeliness and accuracy of benefits and welfare diversions.

"(E) Whether any member of the family receives benefits under any of the following:

"(i) Any housing program.

"(ii) The program under the Food Stamp Act of 1977.

"(iii) The program under the Head Start Act.

"(iv) Any job training program.

"(F) The number of months since the most recent application for assistance under the plan.

"(G) The total number of months for which assistance has been provided to the families under the plan.

"(H) The employment status, hours worked, and earnings of individuals while receiving assistance, whether the case was closed due to employment, and other data needed to determine the work performance rate.

"(I) Status in Work First and workfare, including the number of hours an individual participated and the component in which the individual participated.

"(J) The number of individuals in the assistance unit and their relationship to the youngest child. Nonrecipients in the household and the relationship of each to the youngest child.

"(K) Citizenship status.

"(L) Shelter arrangement.

"(M) Unearned income (not including temporary employment assistance), such as child support, and assets.

"(N) The number of children who have a parent who is deceased, incapacitated, or unemployed.

"(O) Geographic location.

"(3) AGGREGATED DATA.—The State shall collect the following data items on a monthly basis from aggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

"(A) The number of adults receiving assistance.

"(B) The number of children receiving assistance.

"(C) The number of families receiving assistance.

"(D) The number of assistance units who had grants reduced or terminated and the reason for the reduction or termination, including sanction, employment, and exceeding the time limit for assistance.

"(E) The number of applications for assistance; the number approved and the number denied and the reason for denial.

"(4) LONGITUDINAL STUDIES.—The State shall submit selected data items for a cohort of individ-

uals who are tracked over time. This longitudinal sample shall be used for selected data items described in paragraphs (2) and (3), as determined appropriate by the Secretary.

"(c) ADDITIONAL DATA.—The report required by subsection (b) for a fiscal year quarter also shall include the following:

"(1) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—A statement of—

"(A) the percentage of the Federal funds paid to the State under Section 413 for the fiscal year quarter and used to carry out parts F and G or H that are used to cover administrative costs or overhead; and

"(B) the total amount of State funds that are used to cover such costs or overhead.

"(2) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—A statement of the total amount expended by the State during the fiscal year quarter on programs for needy families, with the amount spent on the program under this part, and the purposes for which such amount was spent, separately stated.

"(3) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The number of noncustodial parents in the State who participated in work activities during the fiscal year quarter.

"(4) REPORT ON CHILD SUPPORT COLLECTED.—The total amount of child support collected by the State agency administering the State plan under part D on behalf of a family receiving assistance under this part.

"(5) REPORT ON TRANSITIONAL SERVICES.—The total amount expended by the State for providing transitional services to families that have ceased to receive assistance under this part because of increased hours of, or increased income from, employment, together with a description of such services.

"(d) COLLECTION PROCEDURES.—The Secretary shall provide case sampling plans and data collection procedures as considered necessary to make statistically valid estimates of plan performance.

"(e) VERIFICATION.—The Secretary shall develop and implement procedures for verifying the quality of the data submitted by the State, and shall provide technical assistance, funded by the compliance penalties imposed under section 412, if such data quality falls below acceptable standards.

"SEC. 415. COMPILATION AND REPORTING OF DATA.

"(a) CURRENT PROGRAMS.—The Secretary, on the basis of the Secretary's review of the reports received from the States under section 414, shall compile such data as the Secretary believes necessary, and from time to time, publish the findings as to the effectiveness of the programs developed and administered by the States under this part. The Secretary annually shall report to Congress on the programs developed and administered by each State under this part.

"(b) RESEARCH, DEMONSTRATION AND EVALUATION.—For each fiscal year beginning with fiscal year 1996, from the appropriation account providing funds for grants to States for activities funded under section 413(a)(1), the Secretary may reserve for obligation, or transfer to other accounts funding research activities, an amount not to exceed 0.19 percent of the total amount paid to States in the previous fiscal year for activities under section 413(a)(1), and may use the reserved amounts to pay costs of the following types of research, demonstrations, and evaluations:

"(1) STATE-INITIATED RESEARCH.—States may apply for grants to cover up to 90 percent of the costs of self-evaluations of programs under State plans approved under this part.

"(2) DEMONSTRATIONS.—

"(A) IN GENERAL.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies to—

"(i) improve child well-being through reductions in illegitimacy, teen pregnancy, welfare dependency, homelessness, and poverty;

"(ii) test promising strategies by nonprofit and for-profit institutions to increase employment, earnings, child support payments, and self-sufficiency with respect to temporary employment assistance clients under State plans; and

"(iii) foster the development of child care.

"(B) ADDITIONAL PARAMETERS.—Demonstrations implemented under this paragraph—

"(i) may provide one-time capital funds to establish, expand, or replicate programs;

"(ii) may test performance-based grant-to-loan financing in which programs meeting performance targets receive grants

while programs not meeting such targets repay funding on a pro-rated basis; and

"(iii) should test strategies in multiple States and types of communities.

"(3) FEDERAL EVALUATIONS.—

"(A) IN GENERAL.—The Secretary shall conduct research on the effects, benefits, and costs of different approaches to operating welfare programs, including an implementation study based on a representative sample of States and localities, documenting the policies adopted, how such policies were implemented, the types and mix of services provided, and such other factors as the Secretary considers appropriate.

"(B) RESEARCH ON RELATED ISSUES.—The Secretary also shall conduct research on issues related to the purposes of this part, such as strategies for moving welfare recipients into the workforce quickly, reducing teen pregnancies and out-of-wedlock births, and providing adequate child care.

"(C) STATE REIMBURSEMENT.—The Secretary may reimburse a State for any research-

related costs incurred pursuant to research conducted under this paragraph.

"(D) USE OF RANDOM ASSIGNMENT.—Evaluations authorized under this paragraph should use random assignment to the maximum extent feasible and appropriate.

"(e) STUDY BY THE CENSUS BUREAU.—

"(1) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by the Work First and Personal Responsibility Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

"(2) APPROPRIATION.—For each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002, from the appropriation account providing funds for grants to States for activities funded under section 413(a)(1), the Secretary shall transfer to the Bu-

reau of the Census $10,000,000 to carry out paragraph (1). Such funds transferred to the Bureau of the Census shall remain available for obligation by the Bureau of the Census until expended.

"SEC. 416. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

"(a) IN GENERAL.—Upon receiving notice from a state agency administering a plan approved under this part that a named individual has been overpaid under the State plan approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

"(b) REGULATIONS.—The Secretary of the Treasury shall issue regulations, approved by the Secretary of Health and Human Services, that provide—

"(1) that a State may only submit under subsection (a) requests for collection of overpayments with respect to individuals—

"(A) who are no longer receiving temporary employment assistance under the State plan approved under this part,

"(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved; and

"(C) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

"(2) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under subsection (a); and

"(3) the procedures that the State and the Secretary of the Treasury will follow in carrying out this section which, to the maximum extent feasible and consistent with the specific provisions of this section, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.

"SEC. 417. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

''The programs under this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law. If an individual is the Assistant Secretary for Children and Families on the day before the enactment of this Act, that individual shall become the Assistant Secretary for Family Support.''.

SEC. 103. CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.

(a) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds) is amended—

(1) in subsection (a), by striking ''(c) and (d)'' and inserting ''(c), (d), and (e)'';

(2) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(3) by inserting after subsection (d) the following:

''(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant

to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 416 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).''.

(b) Paragraph (10) of section 6103(1) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''(c) or (d)'' each place it appears and inserting ''(c), (d), or (e)''; and

(2) by adding at the end of subparagraph (B) the following new sentence; ''Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.''.

(c) The matter preceding subparagraph (A) of section 6103(p)(4) of such Code is amended—

(1) by striking ''(10),'' before ''(11)'' and

(2) by inserting ''(10),'' after ''(9),''.

(d) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking ''section 464 or 1137 of the Social Security Act'' and inserting ''section 416, 464, or 1137 of the Social Security Act''.

SEC. 104. TERRITORIES.

(a) LIMITATIONS ON FEDERAL PAYMENTS.—Section 1108(a)(2) and (3) of the Act is amended to read as follows:

"(2) for payment to the Virgin Islands shall not exceed—

"(A) $2,800,000 with respect to fiscal years 1994, 1995, and 1996, and

"(B) $3,500,000 or, if greater, such amount adjusted by the CPI (as prescribed in subsection (f)) for fiscal year 1997 and each fiscal year thereafter; and

"(3) for payment to Guam shall not exceed—

"(A) $3,800,000 with respect to fiscal year 1994, 1995, and 1996, and

"(B) $4,750,000 or, if greater, such amount adjusted by the CPI (as prescribed in subsection (f)), for fiscal year 1997 and each fiscal year thereafter.".

(b) CPI ADJUSTMENT.—Section 1108 of the Act is amended by adding at the end the following new subsection:

"(f) For purposes of subsection (a), an amount is 'adjusted by the CPI' for months in a calendar year by multiplying that amount by the ratio of the Consumer Price Index as prepared by the Department of Labor for—

"(1) the third quarter of the preceding calendar year, to

"(2) the third quarter of calendar year 1996, and rounding the product, if not a multiple of $10,000, to the nearer multiple of $10,000.".

SEC. 105. EFFECTIVE DATES.

(a)(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by sections 102 and 104 of this Act are effective with respect to calendar quarters beginning on or after October 1, 1996.

(2)(A) Funds that would be available for obligation in fiscal year 1996 under section 415 of the Social Security Act (as amended by this Act) are available upon enactment.

(B) Amendments made by section 103 of this Act are effective upon enactment.

(b) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendments made by this subtitle, the State shall not be regarded as failing to comply with those requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this

Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature. Such a State, however, shall be subject to the funding provisions in section 413 of the Social Security Act (as amended by this Act) on and after October 1, 1996.

Subtitle B—Make Work Pay

SEC. 111. TRANSITIONAL MEDICAID BENEFITS.

(a) PERMANENT EXTENSION OF AUTHORITY.—Subsection (f) of section 1925 of the Social Security Act (42 U.S.C. 1396r–6(f)) is repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) applies to calendar quarters beginning on or after October 1, 1997, without regard to whether final regulations to carry out the repeal have been promulgated by that date.

SEC. 112. NOTICE OF AVAILABILITY REQUIRED TO BE PROVIDED TO APPLICANTS AND FORMER RECIPIENTS OF TEMPORARY EMPLOYMENT ASSISTANCE, FOOD STAMPS, AND MEDICAID.

(a) TEMPORARY EMPLOYMENT ASSISTANCE.—Section 406, as added by section 102 of this Act, is amended by adding at the end the following:

"(i) NOTICE OF AVAILABILITY OF EITC.—The State plan shall provide that the State agency shall provide written notice of the existence and availability of the earned income credit under section 32 of the Internal Revenue Code of 1986 to—

"(1) any individual who applies for assistance under the State plan, upon receipt of the application; and

"(2) any recipient of assistance under the State plan under this part (including any recipient of assistance under the plan in effect before the effective date of the Work First and Personal Responsibility Act of 1996) whose assistance is terminated, in the notice of termination of benefits.".

(b) FOOD STAMPS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by sections 323(b), 330(c), and 364(1)(C) and (D) of this Act, is amended—

(1) in paragraph (24) by striking "and" at the end;

(2) in paragraph (25) by striking the period at the end and inserting "; and"; and

(3) by inserting after paragraph (25) the following:

"(26) that whenever a household applies for food stamp benefits, and at other times the Secretary considers appropriate, the State agency shall provide to each member of such household notice of—

"(A) the existence of the earned income tax credit under section 32 of the Internal Revenue Code of 1986; and

"(B) the fact that such credit may be applicable to such member.".

(c) The second sentence of section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by—

(1) striking "plan approved" and inserting "program funded"; and

(2) inserting before ", supplemental security income" the following: "that limits receipt of benefits to households whose gross income, as defined by the State, does not exceed the poverty line, as described in subsection (c), by more than 30 per centum".

(d) MEDICAID.—Section 1902(a) (42 U.S.C. 1396(a)) is amended—

(1) by striking "and" at the end of paragraph (61);

(2) by striking the period at the end of paragraph (62) and inserting "; and"; and

(3) by inserting after paragraph (62) the following new paragraph:

''(63) provide that the State shall provide notice of the existence and availability of the earned income tax credit under section 32 of the Internal Revenue Code of 1986 to each individual applying for medical assistance under the State plan and to each individual whose eligibility for medical assistance under the State plan is terminated.''.

SEC. 113. ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT THROUGH STATE DEMONSTRATION PROGRAMS.

(a) IN GENERAL.—Section 3507 of the Internal Revenue Code of 1986 (relating to the advance payment of the earned income tax credit) is amended by adding at the end the following:

''(g) STATE DEMONSTRATIONS.—

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

''(2) DESIGNATIONS.—

"(A) IN GENERAL.—From among the States submitting proposals satisfying the requirements of paragraph (3), the Secretary (in consultation with the Secretary of Health and Human Services and the Secretary of Agriculture) may designate not more than 4 State Advance Payment Demonstrations. These States may operate demonstrations in areas that include, in the aggregate, no more than 10 percent of the total number of households participating in the program under the Food Stamp program in the immediately preceding fiscal year. Administrative costs of a State in conducting a demonstration under this section may be included for matching under section 413(a)(2) of the Social Security Act.

"(B) WHEN DESIGNATION MAY BE MADE.—Any designation under this paragraph shall be made no later than December 31, 1998.

"(C) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(i) IN GENERAL.—Designations made under this paragraph shall be effective for advance earned income payments

made after December 31, 1998, and before January 1, 2002.

"(ii) SPECIAL RULES.—

"(I) REVOCATION OF DESIGNATIONS.—The Secretary may revoke any designation made under this paragraph if the Secretary determines that the State is not complying substantially with the proposal described in paragraph (3) submitted by the State.

"(II) AUTOMATIC TERMINATION OF DESIGNATIONS.—Any failure by a State to comply with the reporting requirements described in paragraphs (3)(F) and (3)(G) shall have the effect of immediately terminating the designation under this paragraph and rendering paragraph (5)(A)(ii) inapplicable to subsequent payments.

"(3) PROPOSALS.—No State may be designated under paragraph (2) unless the State's proposal for such designation—

"(A) identifies the responsible State agency,

"(B) describes how and when the advance earned income payments will be made by that agency, including a description of any other State or Federal benefits with which such payments will be coordinated,

"(C) describes how the State will obtain the information on which the amount of advance earned income payments made to each participating resident will be determined in accordance with paragraph (4),

"(D) describes how State residents who will be eligible to receive advance earned income payments will be selected, notified of the opportunity to receive advance earned income payments from the responsible State agency, and given the opportunity to elect to participate in the program,

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

"(F) commits the State to furnishing to each participating resident, by January 31 of each year a written statement showing—

"(i) the name and taxpayer identification number of the participating resident and by January 31 the amounts paid to each participating resident, and

"(ii) the total amount of advance earned income payments made to the participating resident during the prior calendar year,

"(G) commits the State to furnishing to the Secretary by December 1 of each year a written statement showing the name and taxpayer identification number of each participating resident, and by January 31 the amounts paid to each participating resident,

"(H) commits the State to treat any advance earned income payments as described in paragraph (5) and any repayments of excessive advance earned income payments as described in paragraph (6),

"(I) commits the State to assess the development and implementation of its State Advance Payment Program, including an agreement to share its findings and lessons with other interested States in a manner to be described by the Secretary, and

"(J) is submitted to the Secretary on or before June 30, 1998.

"(4) AMOUNT AND TIMING OF ADVANCE EARNED INCOME PAYMENTS.—

"(A) AMOUNT.—

"(i) IN GENERAL.—The method for determining the amount of advance earned income payments made to each participating resident shall conform to the fullest extent possible with the provisions of subsection (c).

"(ii) SPECIAL RULE.—A State may, at its election, apply the rules of subsection (c)(2)(B) by substituting 'between 60 percent and 75 percent of the credit percentage in effect under section 32(b)(1) for an individual with the corresponding number of qualifying children' for '60 percent of the credit percentage in effect under section 32(b)(1) for such an eligible individual with 1 qualifying child' in clause (i) and 'the same percentage (as applied in clause (i))' for '60 percent' in clause (ii).

"(B) TIMING.—The frequency of advanced earned income payments may be determined on

the basis of the payroll periods of participating residents, on a single statewide schedule, or on any other reasonable basis prescribed by the State in its proposal; however, in no event may advance earned income payments be made to any participating resident less frequently than on a calendar-quarter basis.

"(5) PAYMENTS TO BE TREATED AS PAYMENTS OF WITHHOLDING AND FICA TAXES.—

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

"(i) shall neither be treated as a payment of compensation nor be included in gross income, and

"(ii) shall be treated as made out of—

"(I) amounts required to be deducted by the State and withheld for the calendar quarter by the State under section 3401 (relating to wage withholding),

"(II) amounts required to be deducted for the calendar quarter under section 3102 (relating to FICA employee taxes), and

"(III) amounts of the taxes imposed on the State for the calendar quarter under section 3111 (relating to FICA employer taxes), as if the State had paid to the Secretary, on the day on which payments are made to participating residents, an amount equal to such payments.

"(B) IF ADVANCE PAYMENTS EXCEED TAXES DUE.—If for any calendar quarter the aggregate amount of advance earned income payments made by the responsible State agency under a State Advance Payment Program exceeds the sum of the amounts referred to in subparagraph (A)(ii) (without regard to paragraph (6)(A)), each such advance earned income payment shall be reduced by an amount which bears the same ratio to such excess as such advance earned income payment bears to the aggregate amount of all such advance earned income payments.

"(6) STATE REPAYMENT OF EXCESSIVE ADVANCE EARNED INCOME PAYMENTS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of an exces-

sive advance earned income payment a State shall be treated as having deducted and withheld under section 3401 (relating to wage withholding), and as being required to pay to the United States, the repayment amount during the repayment calendar quarter.

"(B) EXCESSIVE ADVANCE EARNED INCOME PAYMENT.—For purposes of this section, the term 'excessive advance income payment' means that portion of any advance earned income payment that, when combined with other advance earned income payments previously made to the same participating resident during the same calendar year, exceeds the amount of earned income tax credit to which that participating resident is entitled under section 32 for that year.

"(C) REPAYMENT AMOUNT.—For purposes of this subsection, the term 'repayment amount' means an amount equal to 50 percent of the excess of—

"(i) excessive advance earned income payments made by a State during a particular calendar year, over

"(ii) the sum of—

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

"(II) the excessive advance earned income payments made by the State during that calendar year that have been collected from participating residents by the Secretary.

"(D) REPAYMENT CALENDAR QUARTER.—For purposes of this subsection, the term 'repayment calendar quarter' means the second calendar quarter of the third calendar year beginning after the calendar year in which an excessive earned income payment is made.

"(7) DEFINITIONS.—For purposes of this subsection:

"(A) STATE ADVANCE PAYMENT PROGRAM.—The term 'State Advance Payment Program' means the program described in a proposal submitted for designation under paragraph (1) and designated by the Secretary under paragraph (2).

"(B) RESPONSIBLE STATE AGENCY.—The term 'responsible State agency' means the single State agency that will be making the advance earned income payments to residents of

the State who elect to participate in a State Advance Payment Program.

"(C) ADVANCE EARNED INCOME PAYMENTS.—The term 'advance earned income payments' means an amount paid by a responsible State agency to residents of the State pursuant to a State Advance Payment Program.

"(D) PARTICIPATING RESIDENT.—The term 'participating resident' means an individual who—

"(i) is a resident of a State that has in effect a designated State Advance Payment Program,

"(ii) makes the election described in paragraph (3)(D) pursuant to guidelines prescribed by the State,

"(iii) certifies to the State the number of qualifying children the individual has, and

"(iv) provides to the State the certifications and statement described in subsections (b)(1), (b)(2), (b)(3), and (b)(4) (except that for purposes of this clause, the term 'any employer' shall be substituted for 'another employer' in sub-

section (b)(3)), along with any other information required by the State.''.

(b) TECHNICAL ASSISTANCE.—The Secretaries of the Treasury and Health and Human Services shall jointly ensure that technical assistance is provided to State Advance Payment Programs and that these programs are rigorously evaluated.

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

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

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

(3) participating residents report accurately the amount of the advance earned income payments made to them by the responsible State agency during the year, and

(4) recipients of excessive advance earned income payments repay those amounts.

The report shall also contain an estimate of the amount of advance earned income payments made by each responsible State agency but not reported on the tax returns of a participating resident and the amount of excessive advance earned income payments.

(d) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing technical assistance described in subsection (b), preparing the reports described in subsection (c), and providing grants to States in support of designated State Advance Payment Programs, there are authorized to be apppropriated in advance to the Secretary of the Treasury and the Secretary of Health and Human Services a total of $1,400,000 for fiscal years 1999 through 2001.

SEC. 114. CONSOLIDATED CHILD CARE AND DEVELOPMENT BLOCK GRANT.

(a) PURPOSE.—It is the purpose of this section to amend the Child Care and Development Block Grant Act of 1990 (referred to in this section as the ''CCDBG Act'') and to consolidate other child care programs into the program under that Act, in order to—

(1) eliminate program fragmentation and create a seamless system of high quality child care that allows for continuity of care for children as parents move from welfare to work;

(2) provide for parental choice among high quality child care programs; and

(3) increase the availability of high quality affordable child care in order to promote self-sufficiency and support working families.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of the CCDBG Act (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"(a) AUTHORIZATION OF DISCRETIONARY APPROPRIATIONS OF BLOCK GRANT FUNDS.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this subchapter (other than the grants awarded under subsection (b)) by the Secretary, there are authorized to be appropriated $2,000,000,000 for fiscal year 1996 and such sums as may be necessary for fiscal years 1997 through 2002.

"(b) ENTITLEMENT TO STATES.—For the purpose of providing child care services for eligible children, in addition to grants from appropriations authorized under subsection (a), there are authorized to be appropriated and States shall be entitled to receive matching grants under section 658Ob in amounts not to exceed in total $1,555,000,000 for fiscal year 1997, $1,615,000,000 for fiscal year 1998, $1,800,000,000 for fiscal year 1999, $2,200,000,000 for fiscal year 2000, $2,475,000,000 for fiscal year 2001, and $2,525,000,000 for fiscal year 2002.".

(c) USE OF BLOCK GRANT FUNDS.—

(1) SERVICES TO FAMILIES IN WELFARE-TO-WORK TRANSITION.—Section 658E(c)(3)(B) of the CCDBG Act (42 U.S.C. 9588(c)(3)(B)) is amended—

(A) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and realigning the margins accordingly;

(B) by striking ''Subject'' and inserting the following:

''(i) IN GENERAL.—Subject''; and

(C) by adding at the end the following new clause:

''(ii) SPECIAL RULES FOR FAMILIES SEEKING TO BECOME OR BECOMING INDEPENDENT OF TEMPORARY EMPLOYMENT ASSISTANCE.—

''(I) IN GENERAL.—Each State agency referred to in section 658D shall guarantee child care in accordance with this Act—

''(aa) for any individual who is participating in an education or training activity (including participation in a program established under part F, G, or H of

title IV of the Social Security Act) if the State agency administering the program under part F of that title approves the activity and determines that the individual is participating satisfactorily in the activity;

"(bb) for each family with a needy child (as defined in section 402(a)(1) of the Social Security Act) requiring such care, to the extent that such care is determined by the State agency to be necessary to permit an individual in the family to accept employment or remain employed, including in a community service job under part F, G, or H of title IV of the Social Security Act; and

"(cc) to the extent that the State agency determines that such care is necessary for the employment of an individual, if the family of which the individual is a member has ceased to receive

assistance under the State plan approved under part A of title IV of the Social Security Act by reason of increased hours of, or income from, such employment, for 12 months after the last month for which the family received assistance described in such paragraph.''.

(2) SET-ASIDES FOR QUALITY AND EXPANSION.—Section 658E(c)(3)(C) of the CCDBG Act (42 U.S.C. 9858c(c)(3)(C)) is amended by striking ''25 percent'' and inserting ''10 percent''.

(3) SUPPORT OF WELFARE-TO-WORK.—

(A) IN GENERAL.—Section 658E(c) of the CCDBG Act (42 U.S.C. 9858c(c)) is amended by adding the following:

''(6) SIGNIFICANT EXPENDITURES TO SUPPORT WELFARE-TO-WORK TRANSITION.—The State plan shall provide that the State will use significant portions of amounts provided for child care services for each of the following:

''(A) Families containing an individual receiving assistance under a State plan approved under part A of title IV of the Social Security

Act and participating in education, job search, job training, work, or workforce programs;

"(B) Families containing an individual who—

"(i) has ceased to receive assistance under the temporary employment assistance program under part A of title IV of the Social Security Act as a result of increased hours of, or increased income from, employment, and no longer qualifies for child care assistance on the basis of receiving such assistance under part A of title IV of the Social Security Act; and

"(ii) the State determines requires such child care assistance in order to continue such employment.

"(C) Families containing an individual who—

"(i) is not described in subparagraph (A) or (B); and

"(ii) has an annual income for a fiscal year below 75 percent of the State median income.".

(B) CONFORMING AMENDMENTS.—

(i) Section 658E(c)(3)(B)(i)(I) of the CCDBG Act, as redesignated by paragraph (1), is amended by inserting ''consistent with paragraph (6)'' after ''child care services''.

(ii) Subsection 658F(a) is amended by striking ''Nothing'' and inserting ''Except as provided in section 658E(c)(B)(ii), nothing''.

(4) SLIDING FEE SCALE.—Section 658E(c)(5) of the CCDBG Act (42 U.S.C. 9858c(c)(5)) is amended by inserting ''described in subparagraphs (B) and (C) of paragraph (6)'' after ''families''.

(d) LIMITED ENTITLEMENT; ALLOCATION.—

(1) IN GENERAL.—The CCDBG Act (42 U.S.C. 9858) is amended by adding after section 6580 the following new section:

''SEC. 6580b. ALLOCATION OF LIMITATION ON ENTITLEMENT.

''(a) Each State shall be entitled to payment from the Secretary of an amount equal to the lesser of—

''(1) the Federal medical assistance percentage (as defined in section 1905(b) or, as applicable, in section 1118 of the Social Security Act) of the amount of expenditures made by the State in provid-

ing child care services pursuant to this subchapter, other than expenditures of funds appropriated under subsection 658B(a); or

"(2) the limitation determined under subsection (b).

"(b) LIMITATION ON ENTITLEMENT.—Subject to the redistribution procedures under subsection (c), the limitation for a State for a fiscal year under this paragraph shall be an amount equal to the product of—

"(1) the sum of the total amounts of Federal payments for fiscal year 1994 to the State under—

"(A) section 402(g)(3)(A) of the Social Security Act (as that section was in effect before October 1, 1995) for amounts expended for child care pursuant to paragraph (1) of such subsection;

"(B) section 403(l)(1)(A) of that Act (as so in effect) for amounts expended for child care pursuant to section 402(g)(1)(A) of that Act (as so in effect), in the case of a State with respect to which section 1108 of that Act applies; and

"(C) section 403(n) of that Act (as so in effect) for child care services pursuant to section 402(i) of that Act;

divided by the total amount of such Federal payments to all States for fiscal year 1994; and

"(2) the total limitation for all States under subsection 658B(b) for such fiscal year, reduced by the amount reserved under subsection (d).

"(c) ADJUSTMENT OF LIMITATION; REALLOTMENT.—

"(1) AVAILABILITY OF UNUSED AMOUNTS FOR REALLOTMENT.—If the Secretary determines that a State will not use the full limitation amount available to it for a fiscal year (as calculated under subsection (b)), the Secretary shall—

"(A) reduce that State's limitation under subsection (b) by the amount the Secretary determines the State will not use; and

"(B) increase by no more than the amount of reductions under subparagraph (A) the limitations available to States under subsection (b) that have requested an increase in their limitations.

"(2) REALLOTMENT FORMULA.—Limitation increases available under paragraph (1) shall be made available to each State requesting an increase in its limitation amount that bears the same ratio to the total available increase in limitations as the State's

historical expenditures described in subsection (b)(1) bear to the sum of such historical expenditures for all States requesting an increase in their limitations.

"(d) AMOUNTS RESERVED FOR INDIAN TRIBES.—The Secretary shall reserve not more than 3 percent of the amount appropriated under section 658B(b) each fiscal year for payments to Indian tribes and tribal organizations with applications approved under section 658Oa(c). The amounts reserved under the prior sentence shall be available to make grants to or enter into contracts with Indian tribes or tribal organizations consistent with section 658Oa(c), without a requirement of matching funds by the Indian tribes or tribal organizations.

"(e) SAME TREATMENT AS ALLOTMENTS.—Amounts paid to a State or Indian tribe under subsections (a) and (d) shall be subject to the same requirements under this subchapter as amounts paid from the allotment under section 658Oa, except that section 658J(c) shall not apply.".

(2) CONFORMING AMENDMENTS.—(A) Section 658O of the CCDBG Act (42 U.S.C. 9858m) is amended—

(i) by striking "SEC. 658O." and inserting "SEC. 658Oa. DISCRETIONARY APPROPRIATIONS.";

(ii) in subsection (a)—

(I) in paragraph (1), by striking "this subchapter" and inserting "section 658B(a)"; and

(II) in paragraph (2), by striking 658B" and inserting "658B(a)"; and

(iii) in subsection (b)(1), by striking "section 658B" and inserting "section 658B(a)".

(B) Subsection 658J(c) of the CCDBG Act (42 U.S.C. 985m) is amended by striking "658O" and inserting "658Oa".

(e) IMPROVING QUALITY.—

(1) INCREASE IN REQUIRED FUNDING.—Section 658G of the CCDBG Act (42 U.S.C. 9858e) is amended by striking "not less than 20 percent of the".

(2) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—Section 658G of the CCDBG Act (42 U.S.C. 9858e) is further amended—

(A) by adding at the end the following new paragraphs:

"(6) BEFORE- AND AFTER-SCHOOL ACTIVITIES.—Increasing the availability of before- and after-school care.

"(7) INFANT CARE.—Increasing the availability of child care for infants under the age of 18 months.

"(8) NONTRADITIONAL WORK HOURS.—Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.";

(B) by striking "A State" and inserting "(a) IN GENERAL.—A State"; and

(C) by adding at the end the following new subsection:

"(b) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—

"(1) IN GENERAL.—The Secretary shall establish a child care quality improvement incentive initiative to make funds available to States that demonstrate progress in the implementation of—

"(A) innovative teacher training programs such as the Department of Defense staff development and compensation program for child care personnel; or

"(B) enhanced child care quality standards and licensing and monitoring procedures.

"(2) FUNDING.—From the amounts made available for each fiscal year under subsection (a), the Secretary shall reserve not to exceed $25,000,000 for each such fiscal year to carry out this subsection.".

(f) PAYMENTS.—

(1) Section 658H of the CCDBG Act (42 U.S.C. 9858f) is repealed.

(2) Section 658J(a) of the CCDBG Act (42 U.S.C. 9858h) is amended to read as follows:

"(a) IN GENERAL.—Subject to the availability of appropriations under Section 658B(a) and the limitations and other requirements under 658Ob, a State that has an application approved by the Secretary under section 658E shall be entitled to a payment in a fiscal year in an amount equal to the sum of its allotment under section 658Oa for that year and the amount determined for that State for that fiscal year under 658Ob(a).".

(g) ANNUAL REPORT.—Section 658K(a) of the CCDBG Act (42 U.S.C. 9858i) is amended by adding after paragraph (6) the following new paragraph:

"(7) specifying the total amount expended by the State for child care under part 658E(c)(3)(B)(ii), and describing the types of child care provided, such as child care provided in the case of a family that has ceased to receive assistance under part A of title IV of the Social Security Act because of increased hours of, or increased income from, employment; or child care provided in the case of a family that is not receiving assistance under

that part but would be at risk of becoming eligible for such assistance if child care was not provided.''.

(h) PROGRAM REPEALS.—

(1) STATE DEPENDENT CARE GRANTS.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871 et seq.) is repealed.

(2) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT.—The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

SEC. 115. EFFECTIVE DATES.

The amendments made by this subtitle are effective with respect to calendar quarters beginning on or after October 1, 1996.

Subtitle C—Work First

SEC. 121. WORK FIRST PROGRAM.

(a) ESTABLISHMENT AND OPERATION OF PROGRAM.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part F and inserting the following:

"PART F—WORK FIRST PROGRAM

"SEC. 481. STATE ROLE.

''(a) PROGRAM REQUIREMENTS.—Each State that operates a program under part A shall establish and oper-

ate a Work First program that meets the following requirements:

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

"(2) METHOD.—the method of the program is to connect recipients of assistance under the State plan under part A with the private sector labor market as soon as possible and offer them the support and skills necessary to remain in the labor market. Each component of the program should be permeated with an emphasis on employment and with an understanding that minimum wage jobs are a stepping stone to more highly paid employment. The program shall provide recipients with education, training, job search and placement, work supplementation, temporary subsidized jobs, or such other services as the State considers necessary to help a recipient obtain private sector employment.

"(3) JOB CREATION.—The creation of jobs, with an emphasis on private sector jobs, shall be a component of the program and shall be a priority for each State office with responsibilities under the program.

"(4) FORMS OF ASSISTANCE.—The State shall provide assistance to participants in the program in the form of education, training, job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, job counseling, assistance in establishing microenterprises, or other services to provide individuals with the support and skills necessary to obtain and keep employment in the private sector.

"(5) MUTUAL RESPONSIBILITY PLANS.—

"(A) IN GENERAL.—The State agency shall develop a mutual responsibility plan for each program participant, which will be an individualized comprehensive plan, developed by the State agency and the participant, to move the participant into a full-time unsubsidized job. The agreement should detail the education, training, or skills that the individual will be receiving to obtain a full-time unsubsidized job, and the obligations of the individual.

"(B)(i) HOURS OF PARTICIPATION REQUIREMENT.—The agreement shall provide that the individual, except as provided in clause (ii), shall participate in activities in accordance with the agreement for—

"(I) not fewer than 20 hours per week during fiscal years 1997 and 1998;

"(II) not fewer than 25 hours per week during fiscal year 1999; and

"(III) not fewer than 30 hours per week thereafter.

"(ii) At the option of the State, a parent of a child under age 6 may be required to participate in such activities for fewer hours than specified in clause (i) (but not fewer than 20 hours per week).

"(6) CASELOAD PARTICIPATION RATES.—The program shall comply with section 488.

"(7) COMMUNITY SERVICE.—On and after the date which is two years after the date of enactment of this part, (unless the State plan under part A specifically opts out of this provision) the State agency shall require a parent or caretaker who—

"(A) is receiving assistance under part A, and has received that assistance for three months;

"(B) is not exempt from work requirements; and

"(C) is not participating in the programs established under parts F, G, and H as deter-

mined under section 488, in community service employment,

to participate in community service, with minimum hours per week and tasks to be determined by the State (and the State shall offer such employment to the parent or caretaker).

"(8) NONDISPLACEMENT IN WORK ACTIVITIES.—

"(A) IN GENERAL.—A State program under this part or under part G or H may not be operated in a manner that results in—

"(i) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or the impairment of an existing contract for services or a collective bargaining agreement;

"(ii) the employment or assignment of a participant or the filling of a position when—

"(I) any other individual is on layoff from the same or an equivalent position, or

"(II) the employer has terminated the employment of a regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program under this part or under part G or H; or

"(iii) an infringement of the promotional opportunity of a currently employed individual.

Funds available to carry out the program under this part or under part G or H may not be used to assist, promote, or deter union organizing.

"(B) ENFORCING NONDISPLACEMENT PROTECTIONS.—

"(i) GRIEVANCE PROCEDURE.—Each State shall establish and maintain a grievance procedure for resolving complaints alleging violation of a prohibition or requirement of subparagraph (A). Such a procedure shall include an opportunity for a hearing. The procedure's remedies shall include, but are not limited to, termination or suspension of payments to the employer, prohibition of the placement of the pro-

gram participant, reinstatement of an employee, and other relief to make an aggrieved employee whole.

"(ii) OTHER LAWS OR CONTRACTS.—Nothing in clause (i) shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of a prohibition or requirement of subparagraph (A).

"(b) ANNUAL REPORTS.—

"(1) COMPLIANCE WITH PERFORMANCE MEASURES.—Each State that operates a program under this part shall submit to the Secretary annual reports on its performance relative to the performance-based measures established under section 413(a)(4).

"(2) COMPLIANCE WITH PARTICIPATION RATES.—Each State that operates a program under this part for a fiscal year shall submit to the Secretary a report on the participation rate achieved by the State for the fiscal year.

"SEC. 482. REVAMPED JOBS PROGRAM.

"A State that establishes a program under this part may operate a program similar to the program known as

the 'GAIN Program' that has been operated by Riverside County, California, under this Act in effect immediately before the date this part (as amended by the Work First and Personal Responsibility Act of 1996) first applies to the State of California.

"SEC. 483. USE OF PLACEMENT COMPANIES.

"(a) IN GENERAL.—A State that establishes a program under this part may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance.

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

"(1) PROVISION OF JOB READINESS AND SUPPORT SERVICES.—The contract shall require the company to provide, to any program participant who presents to the company, a voucher issued under subsection (d), intensive personalized support and job readiness services designed to prepare the individual for employment and ensure the continued success of the individual in employment.

"(2) PAYMENTS.—

"(A) IN GENERAL.—The contract shall provide for payments to be made to the company with respect to each program participant who presents to the company a voucher issued under subsection (d).

"(B) STRUCTURE.—The contract shall provide for payment of the majority of the amounts under the contract with respect to a program participant after the company has placed the participant in a position of full-time employment and the participant has been employed in the position for such period of not less than 5 months as the State deems appropriate.

"(c) COMPETITIVE BIDDING REQUIRED.—Contracts under this section shall be awarded only after competitive bidding.

"(d) VOUCHERS.—The State shall issue a voucher to each program participant whose mutual responsibility plan provides for the use of placement companies under this section, indicating that the participant is eligible for the services of such a company.

"SEC. 484. TEMPORARY SUBSIDIZED JOB CREATION.

"A State that establishes a program under this part may establish a program similar to the program known as 'JOBS Plus' that has been operated by the State of

Oregon under this Act in effect immediately before the date this part (as amended by the Work First and Personal Responsibility Act of 1996) first applies to the State of Oregon.

"SEC. 485. MICROENTERPRISE.

"(a) GRANTS AND LOANS TO NONPROFIT ORGANIZATIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE, TRAINING, AND CREDIT TO LOW-INCOME ENTREPRENEURS.—A State that establishes a program under this part may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low-income entrepreneurs for the purpose of establishing micro enterprises.

"(b) MICROENTERPRISE DEFINED.—For purposes of this section, the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

"SEC. 486. WORK SUPPLEMENTATION PROGRAM.

"(a) IN GENERAL.—A State that establishes a program under this part may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve sums that would otherwise be payable under the State plan under part A to participants in the program and use the sums instead for

the purpose of providing and subsidizing jobs for the participants (as described in subsection (c)(3)(A) and (B)).

"(b) STATE FLEXIBILITY.—

"(1) Nothing in this part, or in any State plan approved under part A, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate) a work supplementation program in accordance with this section and section 484 (as in effect before the date this part (as amended by the Work First and Personal Responsibility Act of 1996) first applies to the State).

"(2) Notwithstanding any other provision of law, a State may adjust the levels of the standards of need under the State plan as the State determines to be necessary and appropriate for carrying out a work supplementation program under this section.

"(3) Notwithstanding any other provision of law, a State operating a work supplementation program under this section may provide that the need standards in effect in those areas of the State in which the program is in operation may be different from the need standards in effect in the areas in which the program is not in operation, and the State may provide that the need standards for categories

of recipients may vary among such categories to the extent the State determines to be appropriate on the basis of ability to participate in the work supplementation program.

''(4) Notwithstanding any other provision of law, a State may make such further adjustments in the amounts of assistance provided under the plan to different categories of recipients (as determined under paragraph (3)) in order to offset increases in benefits from needs-related programs (other than the State plan approved under part A) as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

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

''(6) Notwithstanding any other provision of law, a State operating a work supplementation program under this section may reduce or eliminate the amount of earned income to be disregarded under the State pan to the extent the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

"(c) RULES RELATING TO SUPPLEMENTED JOBS.—

"(1) A work supplementation program operated by a State under this section may require that any individual who is an eligible individual (as determined under paragraph (2)) shall take a supplemented job (as defined in paragraph (3)) to the extent that supplemented jobs are available under the program. Payments by the State to individuals or to employers under the work supplementation program shall be treated as expenditures incurred by the State for temporary employment assistance under part A except as limited by subsection (d).

"(2) For purposes of this section, an eligible individual is an individual who is in a category which the State determines should be eligible to participate in the work supplementation program, and who would, at the time of placement in the job involved, be eligible for assistance under an approved State plan if the State did not have a work supplementation program in effect.

"(3) For purposes of this subsection, a supplemented job is—

"(A) a job provided to an eligible individual by the State or local agency administering the State plan under part A; or

"(B) a job provided to an eligible individual by any other employer for which all or part of the wages are paid by the State or local agency.

A State may provide or subsidize under the program any job which the State determines to be appropriate.

"(d) COST LIMITATION.—The amount of the Federal payment to a State under section 413 for expenditures incurred in making payments to individuals and employers under a work supplementation program under this section shall not exceed the amount which would otherwise be payable under section 413 if the family of each individual employed in the State program under this section had received the maximum amount of assistance payable under the State plan under part A to such a family with no income (without regard to adjustments under subsection (b)) for the lesser of—

"(1) 9 months; or

"(2) the number of months in which the individual was employed in the program.

"(e) RULES OF INTERPRETATION.—

"(1) This section shall not be construed as requiring the State or local agency administering the State plan under this part to provide employee status to an eligible individual to whom the State or

local agency provides a job under the work supplementation program (or with respect to whom the State or local agency provides all or part of the wages paid to the individual by another entity under the program), or as requiring any State or local agency to require that an eligible individual filling a job position provided by another entity under the program be provided employee status by the entity during the first 13 weeks the individual fills the position.

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

"(f) PRESERVATION OF MEDICAID ELIGIBILITY.—Any State that chooses to operate a work supplementation program under this section shall provide that any individual who participates in the program, and any child or relative of the individual (or other individual) living in the same household as the individual who would be eligible for assistance under the State plan under part A if the State did not have a work supplementation program, shall be considered individuals receiving assistance under the State plan under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

"SEC. 487. PARTICIPATION RULES.

"A State that establishes a program under this part may require any individual receiving assistance under the State plan under part A to participate in the program, except for an individual described in section 402(c)(2)(C)(ii).

"SEC. 488. CASELOAD PARTICIPATION RATES.

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

"Fiscal year:	Percentage:
1997	30
1998	35
1999	40
2000	45
2001	50
2002	50
2003 or later	52.

"(b) PARTICIPATION RATE DEFINED.—

"(1) IN GENERAL.—As used in this subsection, the term 'participation rate' means, with respect to a State and a fiscal year, an amount equal to—

"(A)(i) the average monthly number of families receiving assistance that include an individual who, during the fiscal year, participate in the State program established under this part or part G or H; plus

"(ii) the average monthly number of families receiving assistance that include an individ-

ual working in unsubsidized employment for the number of hours specified in section 481(a)(5)(B); plus

"(iii) the average monthly number of families receiving assistance subject to a penalty described in section 402(c)(1) but who have not been subject to such a penalty for more than three months within the preceding 12-month period; divided by

"(B) the average monthly number of families receiving assistance that include an individual not described in section 402(c)(2)(C)(ii) and for whom a personal responsibility agreement is in effect under section 402 during the fiscal year.

"(2) SPECIAL RULE.—For each of the first six months after an individual ceases to receive assistance under a State plan approved under part A by reason of having become employed in an unsubsidized job, the individual shall be considered to be participating in the State program established under this part for the purposes of subparagraph (A), and to be an adult recipient of such assistance for the purposes of subparagraph (B).

"(c) STATE COMPLIANCE REPORTS.—Each State that operates a program under this part for a fiscal year shall submit to the Secretary a report on the participation rate of the State for the fiscal year.

"(d) EFFECT OF FAILURE TO MEET PARTICIPATION RATES.—

"(1) IN GENERAL.—If a State reports that the State has failed to achieve the participation rate required by subsection (a) for the fiscal year, the Secretary may make recommendations for changes in the State programs established under this part and part G or H. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

"(2) SECOND CONSECUTIVE FAILURE.—Notwithstanding paragraph (1), if a State fails to achieve the participation rate required by subsection (a) for 2 consecutive fiscal years, the Secretary may—

"(A) require the State to make changes in the State programs established under this part and part G or H; and

"(B) reduce by up to 5 percent the amount otherwise payable to the State under section 413(a)(1).

"SEC. 489. FEDERAL ROLE.

"(a) APPROVAL OF STATE PLANS.—

"(1) IN GENERAL.—Within 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a Work First program that meets the requirements of section 481, the Secretary shall approve the plan.

"(2) AUTHORITY TO EXTEND APPROVAL DEADLINE.—The 60-day deadline established in paragraph (1) with respect to a State may be extended in accordance with an agreement between the Secretary and the State.

"PART G—WORKFARE PROGRAM

"SEC. 490. ESTABLISHMENT AND OPERATION OF PROGRAM.

"(a) IN GENERAL.—A State that establishes a Work First program under part F shall establish and carry out either a workfare program that meets the requirements of this part or a job placement voucher program under part H.

"(b) OBJECTIVE.—The objective of the workfare program is for each program participant to find and hold a

full-time unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

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

"(d) PROVISION OF JOBS.—The State shall provide each participant in the program with a community service job that meets the requirements of subsection (e) or a subsidized job that meets the requirements of subsection (f) or (g).

"(e) COMMUNITY SERVICE JOBS.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) and (3) and section 481(a)(5)(B)(ii), each participant shall work for 20 hours per week during fiscal years 1997 and 1998, not fewer than 25 hours per week during fiscal year 1999, and not fewer than 30 hours thereafter in a community service job, and shall be paid at a rate which is 100 percent of the maximum amount of assistance that may be provided under the State plan approved under part A to a family of the same size and composition with no income.

"(2) EXCEPTION.—(A) If the participant has obtained unsubsidized part-time employment, the State shall provide the participant with a part-time community service job.

"(B) If the State provides a participant a part-time community service job under subparagraph (A), the State shall ensure that the participant works for not fewer than the number of hours specified in paragraph (1).

"(3) WAGES NOT CONSIDERED EARNED INCOME.—Wages paid under a workfare program shall not be considered to be earned income for purposes of any provision of law.

"(4) COMMUNITY SERVICE JOB DEFINED.—For purposes of this section, the term 'community service job' means—

"(A) a job provided to a participant by the State administering the State plan under part A; or

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

A State may provide or subsidize under the program any job which the State determines to be appropriate.

"(f) TEMPORARY SUBSIDIZED JOB CREATION.—A State that establishes a workfare program under this part may establish a program under this Act similar to the program operated by the State of Oregon known as 'JOBS Plus'.

"(g) WORK SUPPLEMENTATION PROGRAM.—

"(1) IN GENERAL.—A State that establishes a workfare program under this part may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to participants in the program as a community service minimum wage and use the sums instead for the purpose of providing and subsidizing private sector jobs for the participants.

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

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

"(i) USE OF PLACEMENT COMPANIES.—A State that establishes a workfare program under this part may enter into contracts in accordance with section 483 with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance.

"(j) MAXIMUM OF THREE COMMUNITY SERVICE JOBS.—A program participant may not receive more than 3 community service jobs under the program.

"PART H—JOB PLACEMENT VOUCHER PROGRAM

"SEC. 495. JOB PLACEMENT VOUCHER PROGRAM.

"A State that is not operating a workfare program under part G shall establish and operate a job placement voucher program under this part that meets the following requirements:

"(1) The program shall offer each program participant a voucher which the participant may use to obtain employment in the private sector.

"(2) An employer who receives a voucher issued under the program from an individual may redeem the voucher at any time after the individual has been employed by the employer for 6 months, unless an-

other employee of the employer was displaced by the employment of the individual.

"(3) Upon presentation of a voucher by an employer to the State agency responsible for the administration of the program, the State agency shall pay to the employer an amount equal to 50 percent of that total amount of assistance provided under the State plan under part A to the family of which the individual is a member for the most recent 12 months for which the family was eligible for such assistance.".

(b) CONFORMING AMENDMENTS.—

(1) Section 1108 of the Social Security Act (42 U.S.C. 1308) is amended—

(A) in subsection (a), by striking "or, in the case of part A of title IV, section 403(k)"; and

(B) in subsection (d), by striking "(exclusive of any amounts on account of services and items to which, in the case of part A of such title, section 403(k) applies)".

(2) Section 1902(a)(10)(A)(i)(I) of that Act (42 U.S.C. 1396a(a)(19)(A)(i)(I)) is amended—

(A) by striking "402(a)(37), 406(h), or"; and

(B) by striking "482(e)(6)" and inserting "486(f)".

(3) Section 1928(a)(1) of the Act (42 U.S.C. 1396s(a)(1)) is amended by striking "482(e)(6)" and inserting "486(f)".

(c) INTENT OF THE CONGRESS.—The Congress intends for State activities under section 484 of the Social Security Act (as added by section 121(a) of this Act) to emphasize the use of the funds that would otherwise be used to provide individuals with assistance under part A of title IV of the Social Security Act to subsidize the wages of such individuals in temporary jobs.

(d) SENSE OF THE CONGRESS.—It is the sense of the Congress that States should focus the resources of the program under part F of title IV of the Social Security Act, as amended by this subtitle, on individuals who have not attained 25 years of age in order to break the cycle of welfare dependency.

(e) EFFECTIVE DATE.—This section takes effect October 1, 1996.

SEC. 122. REGULATIONS.

The Secretary of Health and Human Services shall prescribe such regulations as may be necessary to implement the amendments made by this subtitle.

SEC. 123. APPLICABILITY TO STATES.

(a) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendments made by this title, the amendments shall apply to the State on and after such earlier date as the State may select; provided, that only funding otherwise provided for grants to States to carry out part F of title IV, as that part as in effect on January 1, 1996, shall be available to States to carry out parts F, G, and H of title IV before October 1, 1996.

(b) STATE OPTION TO DELAY APPLICABILITY UNTIL WAIVERS EXPIRE.—The amendments made by this subtitle, other than participation requirements under sections 481(a)(5)(B), 481(a)(6), and 488 of the Social Security Act, shall not apply to areas in a State with respect to which there is in effect a wavier issued under section 1115 of that Act for the State program established under part A of title IV of that Act, until the waiver expires, if the State formally notifies the Secretary of Health and Human Services that the State desires to so delay such effective date and the waiver's terms and conditions have been modified so that all cost comparisons reflect the amendments made to part A of title IV of that Act. States are subject to the funding provisions under parts A, F,

G, and H and the participation requirements under sections 481(a)(5)(B), 481(a)(6), and 488 of that Act.

SEC. 124. ONE TIME INCREASES IN WORK FIRST PROGRAM FUNDS.

To the extent that the Congressional Budget Office estimates that amendments made by subtitle A of this title increase the sum of payments to States under section 413(a)(1) of the Social Security Act, title XIX of that Act, and the Food Stamp Act of 1977 (excluding—

(1) any effects from limitations on funding for activities authorized under section 413(a)(3) of the Social Security Act, as amended by this Act,

(2) any savings resulting from the State option under section 402(d)(1)(C) of the Social Security Act, as amended by this Act, and

(3) any savings resulting from section 416 of the Social Security Act, as amended by this Act).

by less than—

$170,000,000 in fiscal year 1997,

$405,000,000 in fiscal year 1998,

$635,000,000 in fiscal year 1999,

$785,000,000 in fiscal year 2000,

$775,000,000 in fiscal year 2001, or

$825,000,000 in fiscal year 2002

then the amount(s) in section 413(a)(2)(C) of the Social Security Act for such fiscal year(s) shall be adjusted upward by such difference(s).

Subtitle D—Pregnancy and Family Stability

SEC. 131. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

(a) IN GENERAL.—Section 402(c) of the Social Security Act, as amended by section 102 of this Act, is amended by adding at the end the following:

"(8) SUPERVISED LIVING ARRANGEMENTS FOR MINORS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), in the case of any individual who is under age 18 and has never married, and who has a needy child in his or her care (or is pregnant and is eligible for temporary employment assistance under the State plan—

"(i) such individual may receive such assistance for the individual and such child (or for herself in the case of a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of

such individual as such parent's, guardian's, or adult relative's own home; and

"(ii) such assistance (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child.

"(B) ALTERNATIVE APPROPRIATE ARRANGEMENTS.—(i) In the case of an individual described in clause (ii)—

"(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

"(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, the State agency shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently (as determined by the State agency).

"(ii) For purposes of clause (i), an individual is described in this clause if—

"(I) such individual has no parent or legal guardian who is living and whose whereabouts are known;

"(II) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(III) the State agency determines that the physical or emotional health of such individual or any needy child of the individual would be jeopardized if such individual and such needy child lived in the same residence with such individual's own parent or legal guardian; or

"(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the needy child to waive the requirement of subparagraph (A) with respect to such individual.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect in the same manner as the amendment made by section 102 takes effect.

SEC. 132. NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.

(a) IN GENERAL.—Title XX of the Social Security Act (42 U.S.C. 1397–1397f), is amended by adding at the end the following:

"SEC. 2008. NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.

"(a) NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.—

"(1) ESTABLISHMENT.—The Secretary shall establish, through grant or contract, a national center for the collection and provision of programmatic information and technical assistance that relates to adolescent pregnancy prevention programs, to be known as the 'National Clearinghouse on Adolescent Pregnancy Prevention Programs'.

"(2) FUNCTIONS.—The national center established under paragraph (1) shall serve as a national information and data clearinghouse, and as a training, technical assistance, and material development source for adolescent pregnancy prevention programs including, but not limited to, abstinence programs. Such center shall—

"(A) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs, including abstinence programs, and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

"(B) develop and sponsor a variety of training institutes and curricula for adolescent pregnancy prevention program staff, including abstinence education;

"(C) identify model programs representing the various types of adolescent pregnancy prevention programs;

"(D) develop technical assistance materials and activities to assist other entities in establishing and improving adolescent pregnancy

prevention programs, including abstinence education;

"(E) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information; and

"(F) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

"(b) FUNDING.—There are authorized to be appropriated $6 million for each of fiscal years 1997 through 2001 to carry out this section.".

(b) EFFECTIVE DATE.—The amendments made by this section become effective October 1, 1996.

SEC. 133. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 403(b)(1)(D), as added by section 102 of this Act, is amended—

(1) by inserting "(i)" after "(D)"; and

(2) by adding at the end the following:

"(ii) in the case of a client who is a custodial or expectant parent who is under age 18 (or age 19, at the option of the State), has not successfully completed a high school education (or its equivalent),

and is required to participate in the Work First program (including an individual who would otherwise be exempt from participation in the program), shall provide that—

"(I) such parent shall participate in—

"(aa) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis; or

"(bb) an alternative educational or training program on a full-time (as defined by the provider) basis; and

"(II) child care will be provided in accordance with section 114 with respect to the family under the Child Care and Development Block Grant Act of 1990.".

(b) STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.—

(1) STATE PLAN.—Section 403(b)(1)(D), as amended by subsection (a) of this section, is amended further by adding at the end the following:

"(iii) at the option of the State, may provide that the client who is a custodial parent or pregnant woman who is under age 19 (or age 21, at the option of the State) shall participate in a program of monetary incentives and penalties which—

"(I) may, at the option of the State, require full-time participation by such custodial parent or pregnant woman in secondary school or equivalent educational activities, or participation in a course or program leading to a skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

"(II) shall require that the needs of such custodial parent or pregnant woman be reviewed and the program assure that, either the initial development or revision of such individual's

personal responsibility agreement, there will be included a description of the services that will be provided to the client and the way in which the program and service providers will coordinate with the educational or skills training activities in which the client is participating;

''(III) shall provide monetary incentives (to be treated as assistance under the State plan) for more than minimally acceptable performance of required educational activities;

''(IV) shall provide penalties (which may be those required by section 402(c)(1)(C) or, with the approval of the Secretary, other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities;

''(V) shall provide that when a monetary incentive is payable because of the more than minimally acceptable

performance of required educational activities by a custodial parent or pregnant woman, the incentive be paid directly to the individual, regardless of whether the State agency makes payment of assistance under the State plan directly to the individual; and

"(VI) for purposes of any other Federal or federally assisted program based on need, shall not consider any monetary incentive paid under the State plan as income in determining a family's eligibility for or amount of benefits under such program, and if assistance is reduced by reason of a penalty under this clause, such other program shall treat the family involved as if no such penalty has been applied.".

(c) EFFECTIVE DATE.—The amendments made by this section take effect in the same manner as the amendment made by section 102 takes effect.

SEC. 134. SECOND CHANCE HOMES.

(a) IN GENERAL.—Section 402(c) of the Social Security Act, as amended by sections 102 and 131 of this Act, is amended by adding after paragraph (8):

"(9) SECOND CHANCE HOMES—

"(A) IN GENERAL.—States may use funds available under section 413(a)(2)(B) for the establishment, operation, and support of second chance group homes for custodial parents under age 18 (or age 19, at the option of the State) and their children.

"(B) DEFINITION OF SECOND CHANCE HOME.—For purposes of this section, the term 'second chance home' means an entity that provides custodial parents under age 18 (or age 19, at the option of the State) and their children with a supportive and supervised living arrangement in which the parents are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. A second chance home also may serve as a network center for other supportive services that are available in the community.

"(C) TECHNICAL ASSISTANCE.—A State may use a portion of the funds described in subparagraph (A) to purchase technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering the program funded under this section.

"(D) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which a second chance home receiving funds to be expended under this paragraph is to be established. When providing funds to be expended under this paragraph, each State shall evaluate the community's commitment to establishment and planning of the home.

"(E) LIMITATIONS ON THE USE OF FUNDS.—

"(i) CONSTRUCTION.—Except as provided in clause (ii), expenditures authorized under this paragraph and section 413(a)(2)(B)(i)(V) may not be used by the State, or any person with whom the State makes arrangements to carry out the purposes of this section, for the purchase or

improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

"(ii) WAIVER.—The Secretary may waive the limitation in clause (i) upon the State's request if the Secretary finds that the request describes extraordinary circumstances to justify such a waiver and that permitting the waiver would contribute to the State's ability to carry out the purposes of this section.

"(F) RECEIPT OF PAYMENTS BY SECOND CHANCE HOMES.—Section 402(c)(8)(A)(ii) (as added by section 131(a) of the Work First and Personal Responsibility Act of 1996), is amended by striking 'or other adult relative' and inserting 'other adult relative, or second chance home described under paragraph (9) of this subsection'.".

(b) FUNDING.—Section 413(a)(2)(B)(i) of the Social Security Act, as added by section 102 of this Act, is amended by adding after subclause (IV) the following new subclause:

"(V) SECOND CHANCE HOMES.—Costs of establishing and operating Second Chance Homes under section 402(a)(9).".

(c) RECOMMENDATIONS ON USE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, after consulting with the Secretary of Defense, the Secretary of Housing and Urban Development, and the Administrator of the General Services Administration, the Secretary of Health and Human Services shall submit recommendations to the Congress on the extent to which surplus properties of the United States Government may be used for the establishment of second chance homes receiving funds under section 413 of the Social Security Act, as amended by this section.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) take effect October 1, 1996.

TITLE II—CHILD SUPPORT ENFORCEMENT

Subtitle A—Eligibility for Services; Distribution of Payments

SEC. 201. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

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

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

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

"(i) each child for whom—

"(I) assistance is provided under the State program funded under part A of this title,

"(II) benefits or services for foster care maintenance and adoption assistance are provided under the State program funded under part B of this title, or

"(III) medical assistance is provided under the State plan approved under title XIX,

unless the State agency administering the plan determines (in accordance with paragraph (29)) that it is against the best interests of the child to do so; and

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child;"; and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan;";

(C) in subparagraph (B), by inserting ''on individuals not receiving assistance under any State program funded under part A'' after ''such services shall be imposed'';

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

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking ''and'' at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting ''; and''; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.".

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

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

(3) Section 446(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking ''paragraph (4) or (6) of section 454'' and inserting ''section 454(4)''.

SEC. 202. DISTRIBUTION OF PAYMENTS.

(a) DISTRIBUTIONS THROUGH STATE CHILD SUPPORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is amended—

(1) in subparagraph (A)—

(A) by striking ''section 402(a)(26) is effective,'' and inserting ''section 403(b)(1)(E)(i) is effective, except as otherwise specifically provided in section 464 or 466(a)(3),''; and

(B) by striking ''except that'' and all that follows through the semicolon; and

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

(b) DISTRIBUTION TO A FAMILY CURRENTLY RECEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Section 457 (42 U.S.C. 657) is amended—

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

(2) in subsection (a) (as so redesignated)—

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

"(a) IN THE CASE OF A FAMILY RECEIVING TEA.—Amounts subject to section 1912 collected under this part during any month as support of a child who is receiving assistance under part A (or a parent or caretaker relative of such a child) shall (except in the case of a State exercising the option under subsection (b)) be distributed as follows:

"(1) an amount equal to the amount that will be disregarded pursuant to section 402(d)(2)(C) shall be taken from each of—

"(A) the amounts received in a month which represent payments for that month; and

"(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;";

(B) in paragraph (4), by striking "or (B)" and all that follows through the period and inserting "; then (B) from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any

other state or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family.''; and

(3) by inserting after subsection (a) (as so redesignated) the following new subsection:

''(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAMILY RECEIVING TEA.—In the case of a State electing the option under this subsection, amounts collected as described in subsection (a) that are not subject to section 1912 shall be distributed as follows:

''(1) An amount equal to the amount that will be disregarded pursuant to section 402(d)(2)(C) shall be taken from each of—

''(A) the amounts received in a month which represent payments for that month; and

''(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount

otherwise payable as assistance to such family during such month.

"(2) Second, from any remainder, amounts equal to the balance of support owed for the current month shall be paid to the family.

"(3) Third, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to the State making the collection shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).

"(4) Fourth, from any remainder, amounts equal to arrearages of such support obligation assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).

"(5) Fifth, any remainder shall be paid to the family.".

(c) DISTRIBUTION TO A FAMILY NOT RECEIVING TEA.—Section 457(c) (42 U.S.C. 657(c)) is amended to read as follows:

"(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RECEIVING TEA.—Amounts that are not subject to section 1912 collected by a State agency under this part during any month as support of a child who is not receiving assistance under part A (or of a parent or caretaker relative of such a child) shall (subject to the remaining provisions of this section) be distributed as follows:

"(1) First, amounts equal to the total of such support owed for such month shall be paid to the family.

"(2) Second, from any remainder, amounts equal to arrearages of such support obligations that have not been assigned to the State for months during which such child did not receive assistance under part A shall be paid to the family.

"(3) Third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the collection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).

"(4) Fourth, from any remainder, amounts equal to arrearges of such support obligations assigned to any other State pursuant to part A shall

be paid to such other State or States, and used to pay such arrearages, in the order in which such arrearages accrued (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).''.

(d) DISTRIBUTION TO A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Section 457(d) (42 U.S.C. 657(d)) is amended, in the matter preceding paragraph (1), by striking ''Notwithstanding the preceding provisions of this section, amounts'' and inserting the following:

''(d) DISTRIBUTIONS IN THE CASE OF A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Amounts''.

(e) REGULATIONS.—The Secretary of Health and Human Services shall promulgate regulations under part A of title IV of the Social Security Act, establishing standards applicable to the States electing the alternative formula under section 457(b) of such Act for distribution of collections on behalf of families receiving temporary employment assistance, designed to minimize irregular monthly payments to such families.

(f) CONFORMING AMENDMENTS CONCERNING COLLECTION OF CHILD SUPPORT ARREARAGES THROUGH INCOME TAX REFUND OFFSET.—

(1) Section 6402(c) of the Internal Revenue Code of 1986 is amended by striking the third sen-

tence after ''past due support has been paid to the State''.

(2) Section 6402(d)(2) of such Code is amended in the first sentence by striking ''after'' and inserting ''before'' and by striking ''with respect to past-due support collected pursuant to an assignment under section 402(a)(26) of the Social Security Act and''.

(3) Section 464(a) (42 U.S.C. 664) is amended—

(A) by striking ''(a)'' and inserting ''(a) OFFSET AUTHORIZED.—'';

(B) in paragraph (1)—

(i) in the first sentence, by striking ''which has been assigned to such State pursuant to section 402(a)(26) or section 471(a)(17)''; and

(ii) in the second sentence, by striking ''in accordance with section 457(b)(4) or (d)(3)'' and inserting ''as provided in paragraph (2)'';

(C) by amending paragraph (2) to read as follows:

"(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

"(A) in accordance with section 457(a)(4) or (d)(3), in the case of past-due support assigned to a State under part A of title IV of the Social Security Act; and

"(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned."; and

(D) in paragraph (3)—

(i) by striking "or (2)" each place it appears; and

(ii) in subparagraph (B), by striking "under paragraph (2)" and inserting "on account of past-due support described in paragraph (2)(B)".

(4) Section 464(b) is amended—

(A) by striking "(b)(1)" and inserting "(b) REGULATIONS.—"; and

(B) by striking paragraph (2).

(5) Section 464(c) is amended—

(A) by striking "(c)(1) Except as provided in paragraph (2), as" and inserting "(c) DEFINITION.—As"; and

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

(g) CLERICAL AMENDMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (11)—

(A) by striking ''(11)'' and inserting ''(11)(A)''; and

(B) by inserting after the semicolon ''and''; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section become effective on October 1, 1996.

(2) FAMILY NOT RECEIVING TEA.—The amendments made by subsections (c) and (f) (3), (4), and (5) become effective on October 1, 1999.

(3) SPECIAL RULES.—

(A) APPLICABILITY.—A State may elect to have the amendments made by any subsection of this section become effective only with respect to child support cases beginning on or after the effective date of such subsection.

(B) DELAYED IMPLEMENTATION.—A State may elect to have the amendments made by this

section (other than subsections (c) and (f)) become effective on a date later than October 1, 1996, which date shall coincide with the operation of the single statewide automated data processing and information retrieval system required by section 454A of the Social Security Act (as added by section 244(a)(2) of this Act) and the State disbursement unit required by section 454B of the Social Security Act (as added by section 212(b) of this Act).

SEC. 203. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 201(b) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting ''; and''; and

(3) by adding after paragraph (25) the following new paragraph:

''(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of one party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of one party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) becomes effective on October 1, 1997.

SEC. 204. RIGHTS TO NOTIFICATION.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 202(g) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State

plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

"(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;".

(b) EFFECTIVE DATE. —The amendment made by subsection (a) becomes effective on October 1, 1997.

Subtitle B—Locate and Case Tracking

SEC. 211. STATE CASE REGISTRY.

Section 454A, as added by section 244(a)(2) of this Act, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as information on case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support

cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY EMPLOYMENT ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs under part A, programs under State plans under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 212. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 201(b) and 203(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting ''; and''; and

(3) by adding after paragraph (26) the following new paragraph:

''(27) provide that, on and after October 1, 1998, the State agency will—

''(A) operate a State disbursement unit in accordance with section 454B; and

''(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

''(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 245(a)(2) of this Act, is amended by inserting after section 454A the following new section:

"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders—

"(A) in all cases being enforced by the State pursuant to section 454(4); and

"(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the wages of the absent parent are subject to withholding pursuant to section 466(a)(8)(B).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given one location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the States agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 245(a)(2) and as amended by section 211 of this Act, is amended by adding at the end the following new subsection:

COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

"(i) within 2 business days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State of notice of, and the income source subject to, such withholding; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATE.—The amendments made by this section become effective on October 1, 1998.

SEC. 213. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 201(b), 203(a), and 212(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of this section (other than subsection (f)) not later than October 1, 1997.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—

"(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1996 and includes any governmental entity and any labor organization.

"(ii) LABOR ORGANIZATION.—The term 'labor organization' has the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an

employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in two or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating one State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall no-

tify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

"(A) not later than 20 days after the date the employer hires the employee; or

"(B) in the case of an employer transmitting reports magnetically or electronically, by two monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or, at the option of the employer, an equivalent form, and may be transmitted by first class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which does not exceed—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a

support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to the employer.

''(g) TRANSMISSION OF INFORMATION.—

''(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

''(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals

for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counter-

intelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission'' after ''paragraph (2)''.

SEC. 214. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

''(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

''(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph

(1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)''.

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

''(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

''(i) that the withholding has commenced; and

''(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

''(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).''.

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows ''administered by'' and inserting ''the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.''.

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking ''to the appropriate agency'' and all that follows and inserting ''to the State disbursement unit within 2 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall comply with the procedural rules relating to income withholding of the State in which the employee works, regardless of the State where the notice originates.'';

(ii) in clause (ii), by inserting ''be in a standard format prescribed by the Secretary, and'' after ''shall''; and

(iii) by adding at the end the following new clause:

''(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.''.

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking ''any em-

ployer'' and all that follows and inserting ''any employer who—

''(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

''(ii) fails to withhold support from wages, or to pay such amounts to the State disbursement unit in accordance with this subsection.''.

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

''(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.''.

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 215. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 216. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows subsection (c)) and inserting ", for the purposes of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child custody or visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child custody or visitation rights;

"(B) against whom such an obligation is sought; or

"(C) to whom such an obligation is owed, including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in the flush paragraph at the end, by adding the following: "No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be

harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).''.

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking ''support'' and inserting ''support or to seek to enforce orders providing child custody or visitation rights''; and

(2) in paragraph (2), by striking '', or any agent of such court; and'' and inserting ''or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;''.

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting ''in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)'' before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

''(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).''.

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f), (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting ''Federal'' before ''Parent'' each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding ''**FEDERAL**'' before ''**PARENT**''.

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) identify the individuals who owe or are owed support (or with respect to or on behalf of whom support ob-

ligations are sought to be established), and the State or States which have the case.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary, not later than April 1, 1997, shall establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a parterntiy establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclosure information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States on a quarterly basis shall report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence

or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.''.

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

''(B) the Federal Parent Locator Service established under section 453;''.

(B) Section 454(13) (42 U.S.C. 654(13)) is amended by inserting ''and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan'' before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''Secretary of Health, Education, and Welfare'' each place such term ap-

pears and inserting ''Secretary of Health and Human Services'';

(B) in subparagraph (B), by striking ''such information'' and all that follows and inserting ''information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;'';

(C) by striking ''and'' at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

''(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Director of New Hires established under section 453(i) of the Social Security Act, and''.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the

Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesig-

nating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.".

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking

"(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.".

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

SEC. 217. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 215 of this Act, is amended by adding at the end the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C) is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the first sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named

in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.'';

(3) in clause (ii), by inserting ''or marriage certificate'' after ''Such numbers shall not be recorded on the birth certificate'';

(4) in clause (vi), by striking ''may'' and inserting ''shall''; and

(5) by adding at the end the following new clauses:

''(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

"(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgment in the records relating to the matter, for the purpose of responding to requests for information from any agency operating pursuant to part D of title IV.".

Subtitle C—Streamlining and Uniformity of Procedures

SEC. 221. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—

"(1) ENACTMENT AND USE.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998 by the National Conference of Commissioners on Uniform State Laws.

(2) EMPLOYERS TO FOLLOW PROCEDURAL RULES OF STATE WHERE EMPLOYEE WORKS.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act shall follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor is employed.

SEC. 222. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking ''subsection (e)'' and inserting ''subsections (e), (f), and (i);

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

'' 'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary

absence of any of them is counted as part of the 6-month period.''; (3) in subsection (c), by inserting ''by a court of a State'' before ''is made''; (4) in subsection (c)(1), by inserting ''and subsections (e), (f), and (g)'' after ''located''; (5) in subsection (d)—

(A) by inserting ''individual'' before ''contestant''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)''; (6) in subsection (e), by striking ''make a modification of a child support order with respect to a child that is made'' and inserting ''modify a child support order issued''; (7) in subsection (e)(1), by inserting ''pursuant to subsection (i)'' before the semicolon; (8) in subsection (e)(2)—

(A) by inserting ''individual'' before ''contestant'' each place such term appears; and

(B) by striking ''to that court's making the modification and assuming'' and inserting ''with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume''; (9) in subsection (e)(2)(A), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (10) in subsection (e)(2)(B), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (11) in subsection (e)(2)(C), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (12) in subsection (e)(2)(D), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (13) in subsection (e)(2)(E), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (14) in subsection (e)(2)(F), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (15) in subsection (e)(2)(G), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (16) in subsection (e)(2)(H), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (17) in subsection (e)(2)(I), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (18) in subsection (e)(2)(J), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (19) in subsection (e)(2)(K), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (20) in subsection (e)(2)(L), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (21) in subsection (e)(2)(M), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (22) in subsection (e)(2)(N), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (23) in subsection (e)(2)(O), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (24) in subsection (e)(2)(P), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (25) in subsection (e)(2)(Q), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (26) in subsection (e)(2)(R), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (27) in subsection (e)(2)(S), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (28) in subsection (e)(2)(T), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (29) in subsection (e)(2)(U), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (30) in subsection (e)(2)(V), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (31) in subsection (e)(2)(W), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (32) in subsection (e)(2)(X), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (33) in subsection (e)(2)(Y), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (34) in subsection (e)(2)(Z), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (35) in subsection (e)(2)(AA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (36) in subsection (e)(2)(BB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (37) in subsection (e)(2)(CC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (38) in subsection (e)(2)(DD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (39) in subsection (e)(2)(EE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (40) in subsection (e)(2)(FF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (41) in subsection (e)(2)(GG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (42) in subsection (e)(2)(HH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (43) in subsection (e)(2)(II), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (44) in subsection (e)(2)(JJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (45) in subsection (e)(2)(KK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (46) in subsection (e)(2)(LL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (47) in subsection (e)(2)(MM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (48) in subsection (e)(2)(NN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (49) in subsection (e)(2)(OO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (50) in subsection (e)(2)(PP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (51) in subsection (e)(2)(QQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (52) in subsection (e)(2)(RR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (53) in subsection (e)(2)(SS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (54) in subsection (e)(2)(TT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (55) in subsection (e)(2)(UU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (56) in subsection (e)(2)(VV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (57) in subsection (e)(2)(WW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (58) in subsection (e)(2)(XX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (59) in subsection (e)(2)(YY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (60) in subsection (e)(2)(ZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (61) in subsection (e)(2)(AAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (62) in subsection (e)(2)(BBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (63) in subsection (e)(2)(CCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (64) in subsection (e)(2)(DDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (65) in subsection (e)(2)(EEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (66) in subsection (e)(2)(FFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (67) in subsection (e)(2)(GGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (68) in subsection (e)(2)(HHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (69) in subsection (e)(2)(III), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (70) in subsection (e)(2)(JJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (71) in subsection (e)(2)(KKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (72) in subsection (e)(2)(LLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (73) in subsection (e)(2)(MMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (74) in subsection (e)(2)(NNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (75) in subsection (e)(2)(OOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (76) in subsection (e)(2)(PPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (77) in subsection (e)(2)(QQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (78) in subsection (e)(2)(RRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (79) in subsection (e)(2)(SSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (80) in subsection (e)(2)(TTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (81) in subsection (e)(2)(UUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (82) in subsection (e)(2)(VVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (83) in subsection (e)(2)(WWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (84) in subsection (e)(2)(XXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (85) in subsection (e)(2)(YYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (86) in subsection (e)(2)(ZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (87) in subsection (e)(2)(AAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (88) in subsection (e)(2)(BBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (89) in subsection (e)(2)(CCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (90) in subsection (e)(2)(DDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (91) in subsection (e)(2)(EEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (92) in subsection (e)(2)(FFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (93) in subsection (e)(2)(GGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (94) in subsection (e)(2)(HHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (95) in subsection (e)(2)(IIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (96) in subsection (e)(2)(JJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (97) in subsection (e)(2)(KKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (98) in subsection (e)(2)(LLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (99) in subsection (e)(2)(MMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (100) in subsection (e)(2)(NNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (101) in subsection (e)(2)(OOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (102) in subsection (e)(2)(PPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (103) in subsection (e)(2)(QQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (104) in subsection (e)(2)(RRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (105) in subsection (e)(2)(SSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (106) in subsection (e)(2)(TTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (107) in subsection (e)(2)(UUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (108) in subsection (e)(2)(VVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (109) in subsection (e)(2)(WWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (110) in subsection (e)(2)(XXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (111) in subsection (e)(2)(YYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (112) in subsection (e)(2)(ZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (113) in subsection (e)(2)(AAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (114) in subsection (e)(2)(BBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (115) in subsection (e)(2)(CCCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (116) in subsection (e)(2)(DDDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (117) in subsection (e)(2)(EEEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (118) in subsection (e)(2)(FFFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (119) in subsection (e)(2)(GGGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (120) in subsection (e)(2)(HHHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (121) in subsection (e)(2)(IIIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (122) in subsection (e)(2)(JJJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (123) in subsection (e)(2)(KKKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (124) in subsection (e)(2)(LLLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (125) in subsection (e)(2)(MMMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (126) in subsection (e)(2)(NNNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (127) in subsection (e)(2)(OOOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (128) in subsection (e)(2)(PPPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (129) in subsection (e)(2)(QQQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (130) in subsection (e)(2)(RRRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (131) in subsection (e)(2)(SSSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (132) in subsection (e)(2)(TTTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (133) in subsection (e)(2)(UUUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (134) in subsection (e)(2)(VVVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (135) in subsection (e)(2)(WWWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (136) in subsection (e)(2)(XXXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (137) in subsection (e)(2)(YYYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (138) in subsection (e)(2)(ZZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (139) in subsection (e)(2)(AAAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (140) in subsection (e)(2)(BBBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (141) in subsection (e)(2)(CCCCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (142) in subsection (e)(2)(DDDDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (143) in subsection (e)(2)(EEEEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (144) in subsection (e)(2)(FFFFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (145) in subsection (e)(2)(GGGGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (146) in subsection (e)(2)(HHHHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (147) in subsection (e)(2)(IIIIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (148) in subsection (e)(2)(JJJJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (149) in subsection (e)(2)(KKKKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (150) in subsection (e)(2)(LLLLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (151) in subsection (e)(2)(MMMMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (152) in subsection (e)(2)(NNNNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (153) in subsection (e)(2)(OOOOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (154) in subsection (e)(2)(PPPPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (155) in subsection (e)(2)(QQQQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (156) in subsection (e)(2)(RRRRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (157) in subsection (e)(2)(SSSSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (158) in subsection (e)(2)(TTTTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (159) in subsection (e)(2)(UUUUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (160) in subsection (e)(2)(VVVVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (161) in subsection (e)(2)(WWWWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (162) in subsection (e)(2)(XXXXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (163) in subsection (e)(2)(YYYYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (164) in subsection (e)(2)(ZZZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (165) in subsection (e)(2)(AAAAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (166) in subsection (e)(2)(BBBBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (167) in subsection (e)(2)(CCCCCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (168) in subsection (e)(2)(DDDDDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (169) in subsection (e)(2)(EEEEEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (170) in subsection (e)(2)(FFFFFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (171) in subsection (e)(2)(GGGGGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (172) in subsection (e)(2)(HHHHHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (173) in subsection (e)(2)(IIIIIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (174) in subsection (e)(2)(JJJJJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (175) in subsection (e)(2)(KKKKKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (176) in subsection (e)(2)(LLLLLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (177) in subsection (e)(2)(MMMMMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (178) in subsection (e)(2)(NNNNNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (179) in subsection (e)(2)(OOOOOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (180) in subsection (e)(2)(PPPPPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (181) in subsection (e)(2)(QQQQQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (182) in subsection (e)(2)(RRRRRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (183) in subsection (e)(2)(SSSSSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (184) in subsection (e)(2)(TTTTTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (185) in subsection (e)(2)(UUUUUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (186) in subsection (e)(2)(VVVVVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (187) in subsection (e)(2)(WWWWWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (188) in subsection (e)(2)(XXXXXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (189) in subsection (e)(2)(YYYYYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (190) in subsection (e)(2)(ZZZZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (191) in subsection (e)(2)(AAAAAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (192) in subsection (e)(2)(BBBBBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (193) in subsection (e)(2)(CCCCCCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (194) in subsection (e)(2)(DDDDDDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (195) in subsection (e)(2)(EEEEEEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (196) in subsection (e)(2)(FFFFFFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (197) in subsection (e)(2)(GGGGGGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (198) in subsection (e)(2)(HHHHHHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (199) in subsection (e)(2)(IIIIIIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (200) in subsection (e)(2)(JJJJJJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (201) in subsection (e)(2)(KKKKKKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (202) in subsection (e)(2)(LLLLLLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (203) in subsection (e)(2)(MMMMMMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (204) in subsection (e)(2)(NNNNNNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (205) in subsection (e)(2)(OOOOOOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (206) in subsection (e)(2)(PPPPPPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (207) in subsection (e)(2)(QQQQQQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (208) in subsection (e)(2)(RRRRRRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (209) in subsection (e)(2)(SSSSSSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (210) in subsection (e)(2)(TTTTTTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (211) in subsection (e)(2)(UUUUUUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (212) in subsection (e)(2)(VVVVVVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (213) in subsection (e)(2)(WWWWWWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (214) in subsection (e)(2)(XXXXXXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (215) in subsection (e)(2)(YYYYYYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (216) in subsection (e)(2)(ZZZZZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (217) in subsection (e)(2)(AAAAAAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (218) in subsection (e)(2)(BBBBBBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (219) in subsection (e)(2)(CCCCCCCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (220) in subsection (e)(2)(DDDDDDDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (221) in subsection (e)(2)(EEEEEEEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (222) in subsection (e)(2)(FFFFFFFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (223) in subsection (e)(2)(GGGGGGGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (224) in subsection (e)(2)(HHHHHHHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (225) in subsection (e)(2)(IIIIIIIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (226) in subsection (e)(2)(JJJJJJJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (227) in subsection (e)(2)(KKKKKKKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (228) in subsection (e)(2)(LLLLLLLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (229) in subsection (e)(2)(MMMMMMMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (230) in subsection (e)(2)(NNNNNNNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (231) in subsection (e)(2)(OOOOOOOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (232) in subsection (e)(2)(PPPPPPPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (233) in subsection (e)(2)(QQQQQQQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (234) in subsection (e)(2)(RRRRRRRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (235) in subsection (e)(2)(SSSSSSSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (236) in subsection (e)(2)(TTTTTTTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (237) in subsection (e)(2)(UUUUUUUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (238) in subsection (e)(2)(VVVVVVVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (239) in subsection (e)(2)(WWWWWWWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (240) in subsection (e)(2)(XXXXXXXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (241) in subsection (e)(2)(YYYYYYYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (242) in subsection (e)(2)(ZZZZZZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (243) in subsection (e)(2)(AAAAAAAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (244) in subsection (e)(2)(BBBBBBBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (245) in subsection (e)(2)(CCCCCCCCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (246) in subsection (e)(2)(DDDDDDDDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (247) in subsection (e)(2)(EEEEEEEEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (248) in subsection (e)(2)(FFFFFFFFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (249) in subsection (e)(2)(GGGGGGGGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (250) in subsection (e)(2)(HHHHHHHHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (251) in subsection (e)(2)(IIIIIIIIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (252) in subsection (e)(2)(JJJJJJJJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (253) in subsection (e)(2)(KKKKKKKKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (254) in subsection (e)(2)(LLLLLLLLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (255) in subsection (e)(2)(MMMMMMMMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (256) in subsection (e)(2)(NNNNNNNNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (257) in subsection (e)(2)(OOOOOOOOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (258) in subsection (e)(2)(PPPPPPPPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (259) in subsection (e)(2)(QQQQQQQQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (260) in subsection (e)(2)(RRRRRRRRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (261) in subsection (e)(2)(SSSSSSSSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (262) in subsection (e)(2)(TTTTTTTTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (263) in subsection (e)(2)(UUUUUUUUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (264) in subsection (e)(2)(VVVVVVVVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (265) in subsection (e)(2)(WWWWWWWWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (266) in subsection (e)(2)(XXXXXXXXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (267) in subsection (e)(2)(YYYYYYYYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (268) in subsection (e)(2)(ZZZZZZZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (269) in subsection (e)(2)(AAAAAAAAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (270) in subsection (e)(2)(BBBBBBBBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (271) in subsection (e)(2)(CCCCCCCCCCC), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (272) in subsection (e)(2)(DDDDDDDDDDD), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (273) in subsection (e)(2)(EEEEEEEEEEE), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (274) in subsection (e)(2)(FFFFFFFFFFF), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (275) in subsection (e)(2)(GGGGGGGGGGG), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (276) in subsection (e)(2)(HHHHHHHHHHH), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (277) in subsection (e)(2)(IIIIIIIIIII), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (278) in subsection (e)(2)(JJJJJJJJJJJ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (279) in subsection (e)(2)(KKKKKKKKKKK), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (280) in subsection (e)(2)(LLLLLLLLLLL), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (281) in subsection (e)(2)(MMMMMMMMMMM), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (282) in subsection (e)(2)(NNNNNNNNNNN), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (283) in subsection (e)(2)(OOOOOOOOOOO), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (284) in subsection (e)(2)(PPPPPPPPPPP), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (285) in subsection (e)(2)(QQQQQQQQQQQ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (286) in subsection (e)(2)(RRRRRRRRRRR), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (287) in subsection (e)(2)(SSSSSSSSSSS), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (288) in subsection (e)(2)(TTTTTTTTTTT), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (289) in subsection (e)(2)(UUUUUUUUUUU), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (290) in subsection (e)(2)(VVVVVVVVVVV), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (291) in subsection (e)(2)(WWWWWWWWWWW), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (292) in subsection (e)(2)(XXXXXXXXXXX), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (293) in subsection (e)(2)(YYYYYYYYYYY), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (294) in subsection (e)(2)(ZZZZZZZZZZZ), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (295) in subsection (e)(2)(AAAAAAAAAAAA), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (296) in subsection (e)(2)(BBBBBBBBBBBB), by inserting ''or the State of continuing, exclusive jurisdiction'' after ''the State''; (297) in subsection (

(9) by redesignating subsections (f) and (g) as subsections (g) and (h) respectively;

(10) by inserting after subsection (e) the following new subsection:

(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

''(1) If only 1 court has issued a child support order, the order of that court must be recognized.

''(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

''(3) If 2 of more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction,";

(11) in subsection (g) (as so redesignated)—

(A) by striking "**PRIOR**" and inserting "**MODIFIED**"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order

issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.''.

SEC. 223. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 215 and 217(a) of this Act, is amended by adding at the end the following new paragraph:

''(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

''(A) the State shall respond within 5 business days to a request made by another State to enforce a support order (and for this purpose the term 'business day' means a day on which State offices are open for regular business);

''(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

''(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 224. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking ''and'' at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting ''; and''; and

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

''(11) not later than December 31, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

''(A) collection of child support through income withholding;

''(B) imposition of liens; and

''(C) administrative subpoenas.''.

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking ''and'' at the end of subparagraph (C);

(2) by inserting ''and'' at the end of subparagraph (D); and

(3) by adding at the end the following new subparagraph:

''(E) no later than April 1, 1997, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition

of liens, and issuance of administrative subpoenas in interstate child support cases;''.

SEC. 225. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 214 of this Act, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: ''Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.''; and

(2) by inserting after subsection (b) the following new subsection:

''(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection, for purposes of the requirement of subsection (a)(2), are the following:

''(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to rec-

ognize and enforce the authority of State agencies of other States) to take the following actions:

"(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) ACCESS TO CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case

of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities, including—

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access), as provided pursuant to agreements described in subsection (a)(18).

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASED MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support pay-

ments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, tele-

phone number, driver's license number, and name, address, and name and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for

any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.".

"(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 245(a)(2) and as

amended by sections 211 and 212(c) of this Act, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).".

Subtitle D—Paternity Establishment

SEC. 231. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

"(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of

less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in

any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child, subject to such good cause exceptions, taking into account the best interests of the child, as the State may establish.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by

hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures

must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

''(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

''(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

''(I) the father and mother have signed a voluntary acknowledgment of paternity; or

''(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause precludes a State agency from obtaining an admission of pa-

ternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

"(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgement of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgement within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgement of paternity may be challenged

in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGEMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgement of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to

establish paternity are not entitled to a trial by jury.

"(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGEMENTS AND ADJUDICATIONS IN STATE REGISTRY OF

BIRTH RECORDS.—Procedures under which voluntary acknowledgements and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.''.

(b) NATIONAL PATERNITY ACKNOWLEDGEMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting '', and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee'' before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking ''a simple civil process for voluntarily acknowledging paternity and''.

SEC. 232. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting ''and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate'' before the semicolon.

SEC. 233. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by sections 201(b), 203(a), 212(a), and 213(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28 and inserting ''; and''; and

(3) by inserting after paragraph (28) the following new paragraph:

''(29) provide that the State agency administering the plan under this part—

''(A) will make the determination specified under paragraph (4), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of sections 403(b)(1)(E)(i) and 1912;

''(B) will advise individuals, both orally and in writing, of the grounds for good cause exceptions to the requirement to cooperate with such efforts;

''(C) will take the best interests of the child into consideration in making the deter-

mination whether such individual has good cause not to cooperate with such efforts;

"(D)(i) will make the initial determination as to whether an individual is cooperating (or has good cause not to cooperate) with efforts to establish paternity within 10 days after such individual is referred to such State agency by the State agency administering the program under part A or title XIX;

"(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

"(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

"(E) with respect to any child born on or after the date 10 months after enactment of this provision, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes—

"(i) the name of the putative father (or fathers); and

"(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person); and

"(F)(i) (where a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A and title XIX that this eligibility condition has been met; and

"(ii) (where a custodial parent was initially determined to be cooperating (or to have good cause not to cooperate)) will not later determine such individual not to be cooperating (or not to

have good cause not to cooperate) until such individual has been afforded an opportunity for a hearing.''.

(b) MEDICAID AMENDMENTS.—Section 1912(a) (42 U.S.C. 1396k(a)) is amended—

(1) in paragraph (1)(B), by inserting ''(except as provided in paragraph (2))'' after ''to cooperate with the State'';

(2) in subparagraphs (B) and (C) of paragraph (1) by striking '', unless'' and all that follows and inserting a semicolon; and

(3) by redesignating paragraph (2) as paragraph (6), and inserting after paragraph (1) the following new paragraphs:

''(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV;

''(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into con-

sideration the best interests of the individuals involved—

"(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(29), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

"(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

"(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services (other than an individual presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant—

"(i) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(29)(E); or

"(ii) has been determined by such agency to have good cause not to cooperate; and

"(5) provide that the provisions of paragraph (4) shall not apply with respect to an applicant—

"(i) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(29)(D)(iii), until such notification is received); and

"(ii) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.".

(c) EFFECTIVE DATE.—The amendments made by this section are effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after the date of the enactment of this amendment (or such earlier quarter as the State may select) for assistance under a State plan approved under part A of title IV of the Social Security Act or for medical assistance under a State plan approved under title XIX of such Act.

Subtitle E—Program Administration and Funding

SEC. 241. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a cost neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. The Secretary shall include procedures that ensure that the total incentives paid to all States for a fiscal year under the new incentive system do not exceed the total incentives that would have been paid to all States for such fiscal year under the system that was in effect during fiscal year 1995. Not later than October 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan ap-

proved under part A of this title'' and inserting ''assistance under a program funded under part A'';

(2) in subsection (b)(1)(A), by striking ''section 402(a)(26)'' and inserting ''section 402(a)(2)'';

(3) in subsections (b) and (c)—

(A) by striking ''AFDC collections'' each place it appears and inserting ''title IV–A collections'', and

(B) by striking ''non-AFDC collections'' each place it appears and inserting ''non-title IV–A collections''; and

(4) in subsection (c), by striking ''combined AFDC/non-AFDC administrative costs'' both places it appears and inserting ''combined title IV–A/non-title IV–A administrative costs''.

(c) CALCULATION OF IV–D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking ''75'' and inserting ''90''.

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;".

(3) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter preceding clause (i)—

(A) by striking "paternity establishment percentage" and inserting "IV–D paternity establishment percentage"; and

(B) by striking "(or all States, as the case may be)".

(4) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended by adding at the end the following new sentence: "In meeting the 90 percent paternity establishment requirement, a State may calculate either the paternity establishment rate of cases in the program funded under this part or the paternity establishment rate of all out-of-wedlock births in the State.".

(5) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as so redesignated), by striking ''the percentage of children born out-of-wedlock in a State'' and inserting ''the percentage of children in a State who are born out of wedlock or for whom support has not been established''; and

(C) in subparagraph (B) (as so redesignated) by inserting ''and securing support'' before the period.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

SEC. 242. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking ''(14)'' and inserting ''(14)(A)'';

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

''(15) provide for—

''(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV–D paternity establishment percentages to the extent necessary for purposes of sections 452(g) and 458).".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652 (a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar

quarters beginning 12 months or more after the date of the enactment of this Act.

SEC. 243. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 201(b), 203(a), 212(a), 213(a), and 233 of this Act, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 244. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL. Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State,";

(B) by inserting "and operation by the State agency" after "for the establishment";

(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";

(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";

(E) by striking "(i)"; and

(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to

perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the IV–D paternity establishment percentage for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act no later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 203(a)(1) of this Act, is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of this Act, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 244(a)(3) of the Work First and Personal Responsibility Act of 1996;".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking ''which the Secretary'' and all that follows and inserting '', and''; and

(B) by adding at the end the following new paragraph:

''(3)(A) Subject to the limitation in subparagraph (C), the Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995), but limited to the amount approved for States in the advance planning documents of such States submitted on or before May 1, 1995.

''(B) Subject to the limitation in subparagraph (C), the Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, 80 percent of so much of the State expenditures described in paragraph (1)(B) (other than expenditures with respect to which payment is made under subparagraph (A)) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(C) LIMITATION ON PAYMENTS UNDER TEMPORARY SPECIAL FEDERAL MATCHING RATE.—

"(i) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggregate under this paragraph for fiscal years 1996 through 2001, which is the maximum amount to which States may be entitled under this paragraph for such fiscal period.

"(ii) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under this paragraph for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

"(iii) ALLOCATION FORMULA.—The regulations referred to in clause (ii) shall prescribe a formula for allocating the amount specified in clause (i) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

"(I) the relative size of State caseloads under such part; and

"(II) the level of automation needed to meet the automated data processing requirements of such part.".

(c) Subsection (b) of this section is repealed effective September 30, 2001.

(d) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is amended by striking "1995" and inserting "2001".

SEC. 245. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) From the appropriation account providing funds for payments to States under section 455(a) for a fiscal year, the Secretary may use an amount not to exceed 0.5 percent of reimbursements by States to the Federal Government pursuant to section 457(a) during the preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preced-

ing fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 216 of this Act, is amended by adding at the end the following new subsection:

"(o) RECOVERY OF COSTS.—From the appropriation account providing funds for payments to States for under section 455(a), the Secretary may use an amount not to exceed 2 percent of the total reimbursements by States to the Federal Government pursuant to section 457(a) during the preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs in-

curred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.''.

SEC. 246. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking ''this part;'' and inserting ''this part, including—''; and

(B) by adding at the end the following new clauses:

''(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

''(ii) the cost to the States and to the Federal Government of so furnishing the services; and

''(iii) the number of cases involving families—

''(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (1) cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year;";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) are effective with respect to fiscal year 1996 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 251. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—Procedures under which the State shall review and adjust each support order being enforced under this part if there is an assignment under part A or upon the request of either parent. Such procedures shall provide the following:

"(A) IN GENERAL.—

"(i) 3-YEAR CYCLE.—Except as provided in subparagraphs (B) and (C), the State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(ii) METHODS OF ADJUSTMENT.—The State may elect to review and, if appropriate, adjust an order pursuant to clause (i) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Any adjust-

ment under this subparagraph (A) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) AUTOMATED METHOD.—The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(C) REQUEST UPON SUBSTANTIAL CHANGE IN CIRCUMSTANCES.—The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(D) NOTICE OF RIGHT TO REVIEW.—The State shall provide notice not less than once every 3 years to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust

the order pursuant to this paragraph. The notice may be included in the order.''.

SEC. 252. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

''(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

''(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

''(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

''(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to

the last known address of the consumer, that the report will be requested; and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

SEC. 253. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT EN-

FORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of establishing, modifying, or enforcing a child support obligation of that individual.

(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly or negligently discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

(A) the greater of—

(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

(ii) the sum of—

(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

(B) the costs (including attorney's fees) of the action.

(d) DEFINITIONS.—For purposes of this section—

(1) FINANCIAL INSTITUTION.—The term ''financial institution'' means—

(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(v));

(C) any Federal credit union or State credit union, as defined in section 101 of the Fed-

eral Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

(2) FINANCIAL RECORD.—The term ''financial record'' has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

(3) STATE CHILD SUPPORT ENFORCEMENT AGENCY.—The term ''State child support enforcement agency'' means a State agency which administers a State program for establishing and enforcing child support obligations.

Subtitle G—Enforcement of Support Orders

SEC. 261. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking ''and'' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

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

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section become effective October 1, 1997.

SEC. 262. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States

Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would

apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS.—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of

the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed in applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individ-

ual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are

considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as

necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owned by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding or additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINTIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administra-

tive agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

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

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United

States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking ''and'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(C) by adding after subparagraph (C) the following: new subparagraph:

''(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.''.

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting ''or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p)),'' before ''which—'';

(B) in subparagraph (B)(i), by striking ''(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))'' and inserting ''(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 662(i)(2)))''; and

(C) in subparagraph (B)(ii), by striking ''(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))'' and inserting ''(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 662(i)(3)))''.

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting ''(OR FOR BENEFIT OF)'' before ''SPOUSE OR''; and

(B) in paragraph (1), in the 1st sentence, by inserting ''(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)'' before ''in an amount sufficient''.

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section become effective 6 months after the date of the enactment of this Act.

SEC. 263. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term ''court'' has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) the term ''child support'' has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 262(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

"(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary."

(2) PAYMENTS CONSISTENT WITH ASSIGNMENT OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 402(a)(2) of the Social Security Act (42 U.S.C. 602(a)(2)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned

on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.''.

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 264. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 221 of this Act, is amended by adding at the end the following new subsection:

''(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

''(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia or fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

SEC. 265. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) of the Social Security Act (42 U.S.C. 666(a)), as amended by sections 215, 217(a), and 223 of this Act, is amended by adding at the end the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to seek a court order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount whose payment is overdue as determined under a court order, or an order of an administrative process established under State law, for support and mainte-

nance of a child, or of a child and the parent with whom the child is living.''.

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C. 666(a)) is amended by striking ''and (7)'' and inserting ''(7), and (15)''.

SEC. 266. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 216 and 246(b) of this Act, is amended by adding at the end the following new subsection:

''(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.''.

SEC. 267. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

"(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined).".

SEC. 268. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) LIENS.—Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, without registration of the underlying order.".

SEC. 269. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 215, 217(a), 223, and 265 of this Act, is amended by adding at the end the following:

"(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of, driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 270. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 246 of this Act, is amended by adding at the end the following new subsection:

''(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, limitation of passports) pursuant to section 270(b) of the Work First and Personal Responsibility Act of 1996.

''(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.''.

(2) STATE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654) as amended by sections 201(b), 203(a), 212(b), 213(a), 233, and 244(b) of this Act, is amended—

(A) by striking ''and'' at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting ''; and''; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State shall, upon certification by the Secretary of Health and Human Services transmitted under section 452(k) of the Social Security Act, refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section become effective October 1, 1996.

SEC. 271. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 262(a) of this Act, is amended by adding after section 459 the following new section:

"SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

''(a) AUTHORITY FOR DECLARATIONS.—

''(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substan-

tially in conformity with the standards prescribed under subsection (b).

"(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

"(A) the procedures established by the foreign nation regarding the establishment and enforcement of duties of support have been so changed, or the foreign nation's implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Child support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of support payments under such orders.

"(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

"(C) An agency of the foreign country is designated as a Central Authority responsible for—

"(i) facilitating child support enforcement in cases involving residents of the foreign nation and residents of the United States; and

"(ii) ensuring compliance with the standards established pursuant to this subsection.

"(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

"(c) DESGINATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate child support enforcement in cases involving residents of the United States and residents of foreign nations that are the subject of a declaration under this section, by activities including—

"(1) development of uniform forms and procedures for use in such cases;

"(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

"(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

"(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of child support obligations with foreign coun-

tries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.''.

''(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 201(b), 203(a), 212(b), 213(a), 233, 244(b), and 270(a)(2) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting ''; and''; and

(3) by adding after paragraph (31) the following new paragraph:

''(32)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

''(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

"(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country of foreign obligee (but costs may at State option be assessed against the obligor).".

SEC. 272. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 215, 217(a), 223, 265, and 269 of this Act, is amended by adding at the end the following new paragraph:

"(17) FINANCIAL INSTITUTION DATA MATCHES.—

"(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

"(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying infor-

mation for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

"(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

"(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FINANCIAL INSTITUTION.—The term 'financial institution' means any Federal or State commercial savings bank, including savings association or cooperative bank, Federal- or State-chartered credit union, benefit association, insurance company, safe deposit company, money-market mutual fund, or any similar entity authorized to do business in the State; and

"(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.".

SEC. 273. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 215, 217(a), 223, 265, 269, and 272 of this Act, is amended by adding at the end the following new paragraph:

"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parents of such child is receiving assistance under the State program under part A, shall be enforceable, joint and severally, against the parents of the noncustodial parents of such child.".

SEC. 274. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (16) by striking the period at the end and inserting "; or",

(2) by adding at the end the following:

"(17) to a State or municipality for assistance provided by such State or municipality under a State program funded under part A of title IV of the Social Security Act to the extent that such assistance is provided for the support of a child of the debtor.", and

(3) in paragraph (5), by striking "(26)" and inserting "(2)".

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) of the Social Security Act (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) to a State (as defined in such section) or municipality (as defined in such section) for assistance provided by such State or municipality under a State program funded under part A of title IV is not dischargeable under section 727, 1141, 1228(a), 1228(b), or 1328(b) of title 11 of the United States Code to the extent that such assistance is provided for the support of a child of the debtor (as defined in such section).".

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section apply only with respect to cases commenced under title 11 of the United State Code after the effective date of this section.

Subtitle H—Medical Support

SEC. 276. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking ''issued by a court of competent jurisdiction'';

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following: ''if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JULY 1, 1996.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the first plan year beginning on or after July 1, 1996, if—

(A) during the period following the day before the date of enactment of this Act and before the first plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) the plan amendment applies retroactively to the period specified in subparagraph (A).

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 277. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 215, 217(a), 223, 265, 269, 272, and 273 of this Act, is amended by adding at the end the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders established or modified pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State

agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice.''.

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

SEC. 281. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

''SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

''(a) IN GENERAL.—The Secretary shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

''(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1996 or 1997; or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in sub-

section (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or non-profit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

Subtitle J—Effect of Enactment

SEC. 291. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, are effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title are effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions, but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

TITLE III—FOOD ASSISTANCE

Subtitle A—Food Stamps

SEC. 301. SHORT TITLE.

This subtitle may be cited as ''The Food Stamp Act Amendments of 1996''.

PART 1—BUDGETARY PROPOSALS

SEC. 311. INCLUDE CHILDREN UNDER 22 YEARS OLD IN THEIR PARENTS' HOUSEHOLDS.

Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking the first parenthetical phrase in the second sentence.

SEC. 312. USE THE COST OF THE THRIFTY FOOD PLAN FOR ALLOTMENT ADJUSTMENTS.

Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) in clause (11), by inserting ''until October 1, 1996,'' after ''thereafter,''; and

(2) by adding a new third sentence at the end as follows: ''On October 1, 1996, and each October 1 thereafter, adjust the cost of such diet to reflect the cost of the thrifty food plan in the preceding June, and round the result to the nearest lower dollar increment for each household size.''.

SEC. 313. LOWER AGE FOR EXCLUDING STUDENTS' EARNINGS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking ''is 21 years of age or younger'' and inserting ''has not reached the age of 18''.

SEC. 314. COUNT GOVERNMENTAL ENERGY ASSISTANCE AS INCOME.

(a) Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended to read as follows:

''(11) a 1-time payment or allowance made under a Federal or State law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device,''.

(b) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2104(e)) is amended by striking ''If a State agency elects'' and all that follows through ''season for which it was provided.''.

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

(1) striking, in paragraph (1)(B), '', not including energy or utility-cost assistance,'';

(2) striking paragraph (2)(C); and

(3) adding at the end the following:

"(4)(A) For purposes of subsection (d)(1), a payment made under a Federal or State law to provide energy assistance to a household shall be considered money payable directly to the household.

"(B) For purposes of subsection (e), an expense paid on behalf of a household under a Federal or State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.".

(d) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended by—

(1) striking "(1) Notwithstanding any other provision of law unless" and inserting "Notwithstanding any other provision of law except the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), and any";

(2) striking, in paragraph (1), "food stamps,"; and

(3) striking paragraph (2).

SEC. 315. REDUCE THE STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking the first two sentences and inserting "The Secretary shall allow a standard deduction for each household in the 48 contiguous States

and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of—

"(1) for fiscal year 1996, $130, $222, $183, $260, and $114, respectively;

"(2) for fiscal years 1997 through 2000, $122, $208, $171, $244, and $106, respectively; and

"(3) on October 1, 2000, and each October 1 thereafter, the Secretary shall adjust the standard deduction to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the 12-month period ending the preceding June 30.".

SEC. 316. PROVIDE A STATE OPTION TO MANDATE USE OF STANDARD UTILITY ALLOWANCES.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by inserting before "No such allowance may be used" the following new sentence "A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if (1) the State agency has developed one or more standards that include the cost of heating and cooling and one or more standards that do not include the cost of heating and cooling; and (2) the Secretary finds that the standards will not result in increased program costs.".

SEC. 317. REVISE INDEXATION OF VEHICLE ASSET LIMITATION.

The first sentence of section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking ''through September 30, 1996'' and all that follows through ''such date and on'' and inserting ''and shall be adjusted on October 1, 1996, and''.

SEC. 318. COUNT VENDOR PAYMENTS FOR TRANSITIONAL HOUSING AS INCOME.

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

(1) striking subparagraph (F); and

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

SEC. 319. STRENGTHEN PENALTIES FOR NONCOMPLIANCE WITH WORK REQUIREMENTS.

(a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking ''(d)(1) Unless otherwise exempted by the provisions'' and all that follows through the end of paragraph (1) and inserting the following:

''(d)(1)(A) No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

"(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

"(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

"(I) the applicable Federal or State minimum wage; or

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

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C)(i) The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D)(i) The Secretary shall determine the meaning of 'good cause' for the purpose of this paragraph.

"(ii) The Secretary shall determine the meaning of 'voluntarily quitting' and 'reduces work effort' for the purpose of this paragraph.

"(iii)(I) Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

"(aa) the meaning of any term in subparagraph (A);

"(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v)(I) For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

"(II) A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

"(vi) If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.".

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

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

''(f) An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.''.

SEC. 320. PROVIDE A STATE OPTION TO REQUIRE COOPERATION WITH CHILD SUPPORT ENFORCEMENT AGENCIES.

(a) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding new subsections (i) and (j) at the end as follows:

''(i) At the option of the State, no natural or adoptive parent or other individual who is living with and exercising parental control over a child under the age of eighteen who has an absent parent shall be eligible to participate in the food stamp program unless the natural or adoptive parent or individual cooperates with the State agency administering the program under part D of title IV of the Social Security Act (or is determined by such State agency to have good cause not to cooperate) in (1) establishing the paternity of such child (if born out of wedlock), and

(2) obtaining support for such child or for the parent or individual and for such child. Notwithstanding any provision of part D of title IV of the Social Security Act, no person required under this subsection to cooperate with the State agency administering the program under part D of title IV of the Social Security Act may be required to pay a fee or other costs for services provided under such program.

''(j)(1) At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified non-custodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

''(A) in establishing the paternity of the child (if the child is born out of wedlock); and

''(B) in providing support for the child.

''(2)(A) The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

''(B) The State agency shall develop procedures, using guidelines developed under subparagraph (A), for

determining whether an individual is refusing to cooperate under paragraph (1).

"(3) Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(4) The State agency shall have in effect, with respect to information collected by the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) procedures for obtaining such information which are compatible with procedures established under and consistent with the requirements of that part; and

"(B) safeguards on the maintenance, disclosure, and use of such information which comply with standards and requirements of that part with respect to such safeguards.".

SEC. 321. PROVIDE FOR DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by this Act, is further amended by adding at the end the following new subsection:

"(k) An individual shall be ineligible to participate in the food stamp program as a member of any household for a 10-year period if the individual is found by a State

agency to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple benefits simultaneously under the food stamp program.''.

SEC. 322. ESTABLISH ADDITIONAL WORK REQUIREMENTS.

(a) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by this Act, is further amended by adding at the end the following new subsection:

''(l)(1) In this subsection, the term 'work program' means—

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

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

''(C) a program of employment or training operated or supervised by a State or local government which meets standards deemed appropriate by the Governor, including a program under section 6(d)(4).

''(2) An individual is not eligible to participate in the food stamp program as a member of any household if, during the preceding 12 months, the individual received food stamp benefits for not less than 6 months during which the individual did not—

"(A) work 20 hours or more per week, averaged monthly;

"(B) participate in a workfare program under section 20 or a comparable State or local workfare program;

"(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

"(D) participate in and comply with the requirements of a work program for 20 hours or more per week.

"(3) Paragraph (2) shall not apply to an individual if the individual is—

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

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with a dependent child under 18 years of age;

"(D) a pregnant woman;

"(E) unable to participate in an employment and training program because the State in which the individual resides does not provide sufficient opportunities for participation in such programs; or

"(F) otherwise exempt under section 6(d)(2).

"(4)(A) The Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individual reside—

"(i) has an unemployment rate of over 7 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for the individuals.

"(B) The Secretary shall report the basis for a waiver under subparagraph (A) the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

(b) Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking paragraph (1) and inserting the following:

"(1)(A) To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

"(i) for fiscal year 1996, $75,000,000;

"(ii) for fiscal year 1997, $80,000,000;

"(iii) for fiscal year 1998, $90,000,000;

"(iv) for fiscal year 1999, $95,000,000;

"(v) for fiscal year 2000, $95,000,000;

"(vi) for fiscal year 2001, $95,000,000; and

"(vii) for fiscal year 2002, $95,000,000.

"(B) A State agency shall not reduce non-federal expenditures to carry out employment and training programs during any fiscal year after fiscal year 1995 from the level of State agency expenditures to carry out employment and training programs in fiscal year 1995.

"(C) The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that considers the population in each State affected by section 6(d)(4)(O).

"(D)(i) A State agency promptly shall notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (C).

"(ii) On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(E) Notwithstanding subparagraphs (A) through (D), the Secretary shall ensure that each State agency operating an employment and training

program shall receive not less than $50,000 in each fiscal year.''.

(c) Section 16(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: '', including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work''.

SEC. 323. ESTABLISH COMPARABLE TREATMENT FOR DISQUALIFICATION.

(a) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by this Act, is further amended by adding at the end the following new subsection:

''(m)(1) If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

''(2) If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Social Security

Act (42 U.S.C. 601 et seq.) to impose the same disqualification under the food stamp program.

''(3) A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.''.

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

(1) in paragraph (24), by striking ''and'' at the end;

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

(3) by adding at the end the following:

''(26) the guidelines the State agency uses in carrying out section 6(m); and''.

(c) Section 6(d)(2)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking ''that is comparable to a requirement of paragraph (1)''.

SEC. 324. REPEAL MINIMUM BENEFIT ADJUSTMENTS.

Section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking in the proviso '', and shall be adjusted'' and all that follows through ''$5''.

SEC. 325. PRORATE BENEFITS ON RECERTIFICATION.

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

SEC. 326. PROHIBIT ALLOTMENT INCREASES FOR PENALTIES UNDER OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

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

''(d) If the benefits of a household are reduced under a Federal, State, or local law relating to a welfare or public assistance program because of a penalty or for the failure to perform an action required under the law or program, for the duration of the reduction the household may not receive an increased allotment as the result of a decrease is the income of the household to the extent that the decrease is the result of the reduction. The State agency may reduce the allotment of the household by not more than 25 percent.''.

SEC. 327. PERMIT STATES TO DETERMINE MOST USEFUL AND RELIABLE MEANS OF VERIFICATION.

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

(1) striking in subsection (e)(3) all that follows ''\, and that the State agency shall'' through ''(E)'';

(2) inserting after the paragraph designation (19) of subsection (e) ''at the option of the State agency,''; and

(3) adding at the end the following new subsection:

''(p) Notwithstanding any other provision of law, State agencies (described in section 3(n)(1) of this Act) shall not be required to use an income and eligibility verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7) or the immigration status verification system established under section 1137(d) of the Social Security Act (42 U.S.C. 1320b–7Id)).''.

SEC. 328. EXPAND CLAIMS COLLECTION METHODS.

(a) Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended by—

(1) striking subsection (b) and inserting the following:

''(b)(1) Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

''(A) reducing the allotment of the household;

''(B) withholding amounts from unemployment compensation from a member of the household under subsection (c);

"(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

"(D) any other means.

"(2) Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

"(3) If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall reduce the monthly allotment of the household under paragraph (1)(A) by the greater of—

"(A) 10 percent of the monthly allotment of the household; or

"(B) $10.

"(4) A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment."; and

(2) in subsection (d) by—

(A) striking "as determined under subsection (b) and except for claims arising from

an error of the State agency,'' and inserting ''; as determined under subsection (b)(1),''; and

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

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

(1) striking ''and excluding claims'' and all that follows through ''such section''; and

(2) inserting before the semicolon at the end the following: ''or a Federal income tax refund as authorized by section 3720A of title 31, United States Code''.

(c) Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking ''25 percent during the period beginning October 1, 1990'' and all that follows through ''error of a State agency'' and inserting the following:

''25 percent of the overissuances collected by the State agency under section 13, except those overissuances arising from an error of the State agency''.

(d) Section 6402(d) of the Internal Revenue Code (26 U.S.C. 6402(d)) is amended by—

(1) inserting in paragraph (1) after ''any Federal agency'' the following: ''(or any State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977)''; and

(2) inserting in the second sentence of paragraph (2) after ''a Federal agency'' the following: ''(or a State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977)''.

SEC. 329. AUTHORIZE STATES TO OPERATE SIMPLIFIED FOOD STAMP PROGRAMS.

(a) The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding the following new section 24:

''SIMPLIFIED FOOD STAMP PROGRAM

''SEC. 24. (a) In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

''(b) Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as 'Simplified Program') for households described in paragraph (c)(1), statewide or in a political subdivision of the state, in accordance with this section.

''(c) If a State elects to carry out a Simplified Program, within the State or a political subdivision of the State—

"(1) only households in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall receive benefits under this section. Such households shall be eligible automatically to participate in the Simplified Program; and

"(2) subject to subsection (f), benefits under the Simplified Program shall be determined under rules and procedures established by the State under—

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

"(B) the food stamp program; or

"(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program.

"(d)(1) A State agency may not operate a Simplified Program unless the Secretary approves a State plan for the operation of the Simplified Program under paragraph (2).

"(2) The Secretary may approve any State plan to carry our a Simplified Program if the Secretary determines that the plan—

"(A) simplifies program administration while fulfilling the goals of the food stamp program to permit low-income households to obtain a more nutritious diet;

"(B) complies with this section;

"(C) would not increase Federal costs for any fiscal year; and

"(D) would not substantially alter, as determined by the Secretary, the appropriate distribution of benefits according to household need.

"(e)(1) During each fiscal year and not later than 90 days after the end of each fiscal year, the Secretary shall determine, using data provided by the State agency and which the Secretary considers appropriate, whether a Simplified Program being carried out by a State agency is increasing Federal costs under this Act above what the costs would have been for the same population had they been subject to the rules of the Food Stamp Program.

"(2) If the Secretary determines that the Simplified Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after

the Secretary makes the determination under paragraph (1).

"(3)(A) Not later than 90 days after the date of a notification under paragraph (2), the State shall submit a plan for approval by the Secretary for prompt corrective action that is designed to prevent the Simplified Program from increasing Federal costs under this Act.

"(B) If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Simplified Program and the State agency shall be ineligible to operate a future Simplified Program.

"(f)(1) In operating a Simplified Program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State program funded part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

"(2) In operating a Simplified Program, a State or political subdivision shall comply with the requirements of—

"(A) subsection 5(e) to the extent that it requires an excess shelter expense deduction;

"(B) section 7 (a) through (g);

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

"(D) section 8 (b) and (d);

"(E) section 11 (a), (c), (d), and (n);

"(F) section 11(e) (8), (9), (12), (15), (17), (19), (23), and (24);

"(G) section 11(e)(2), to the extent that it requires the State agency to provide an application to households on the first day they contact a food stamp office in person during office hours to make what reasonably may be interpreted as an oral or written request for food stamp assistance and to allow those households to file the application on the same day.

"(H) section 11(e)(3), to the extent that it requires the State agency to complete certification of an eligible household and provide an allotment retroactive to the period of application to an eligible household not later than 30 days following the filing of an application;

"(I) section 11(e)(10) (or a comparable requirement established by the State under a State pro-

gram funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(J) section 16.

"(3) Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the Program.".

(b) Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017), as amended by this Act, is further amended by striking subsection (e) and redesignating subsection (f) as subsection (e).

(c) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by this Act, is further amended by adding after paragraph (26), as added by section 323(b) of this Act, the following new paragraph:

"(27) if a State elects to carry out a Simplified Food Stamp Program under section 24, the plans of the State agency for operating the Simplified Program, including—

"(A) the rules and procedures to be followed by the State to determine food stamp benefits; and

"(B) a description of the method by which the State will carry out a quality control system under section 16(c).".

(d) Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by—

(1) striking subsection (i); and

(2) redesignating subsections (j) through (l) as subjections (i) through (k), respectively.

SEC. 330. REAUTHORIZE APPROPRIATIONS FOR THE FOOD STAMP PROGRAM.

The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking "1997" and inserting "2002".

PART 2—NONBUDGETARY PROPOSALS

SEC. 341. EXPAND DEFINITION OF COUPON.

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking "or type of certificate" and inserting "type of certificate, authorization card, cash or check issued in lieu of a coupon, or an access device, including an electronic benefits transfer card or a personal identification number,".

SEC. 342. CLARIFY DEFINITION OF HOMELESS INDIVIDUAL.

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

SEC. 343. PROVIDE STATE OPTION FOR ELIGIBILITY STANDARDS.

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

''(b) Except as otherwise provided in this Act, the Secretary.''.

SEC. 344. DOUBLE PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

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

(1) in clause (i), by striking ''six months upon'' and inserting ''1 year on''; and

(2) in clause (ii), by striking ''1 year'' and inserting ''2 years''.

SEC. 345. PROVIDE STATE OPTION TO LOWER AGE OF CARETAKER EXEMPTION.

Section 6(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)) is amended by striking subparagraph (B) and inserting the following:

''(B) a parent or other member of a household with responsibility for the care of (i) a de-

pendent child under the age of 6 or any lower age designated by the State agency that is not under the age of 1 if adequate child care is not available, or (ii) an incapacitated person;''.

SEC. 346. REVISE EMPLOYMENT AND TRAINING.

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

(1) in subparagraph (A)—

(A) by striking ''Not later than April 1, 1987, each'' and inserting ''Each'';

(B) by inserting ''work,'' after ''skills, training,''; and

(C) by adding at the end the following: ''Each component of an employment and training program carried out under this paragraph may be delivered through a statewide workforce development system, unless the component is not available locally through the statewide workforce development system.'';

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: '', except that the State agency shall retain the option to apply employment require-

ments prescribed under this subparagraph to a program applicant at the time of application:'';

(B) in clause (i), by striking ''with terms and conditions'' and all that follows through ''time of application''; and

(C) in clause (iv)—

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

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—

(A) in clause (i), by striking ''to which the application'' and all that follows through ''30 days or less'';

(B) in clause (ii), by striking ''but with respect'' and all that follows through ''child care''; and

(C) in clause (iii), by striking '', on the basis of'' and all that follows through ''clause (ii)'' and inserting ''the exemption continues to be valid'';

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

(5) in subparagraph (G)—

(A) by striking ''(G)(i) The State'' and inserting ''(G) The State''; and

(B) by striking clause (ii);

(6) in subparagraph (H), by striking ''(H)(i) The Secretary'' and all that follows through ''(ii) Federal funds'' and inserting ''(H) Federal funds'';

(7)(A) by striking subparagraphs (K) and (L) and inserting the following:

''(K) Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).''; and

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

(8) in subparagraph (L) (as redesignated by paragraph (8)(B))—

(A) by striking ''(L)(i) The Secretary'' and inserting ''(L) The Secretary''; and

(B) by striking clause (ii).

(b) Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking ''(5)(A) The Secretary'' and inserting ''(5) The Secretary''; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 347. DISQUALIFY FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by this Act, is further amended by adding at the end the following new subsection:

''(k) No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

''(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual

fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

"(2) violating a condition of probation or parole imposed under Federal or State law.".

SEC. 348. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

(a) Section 7(g) of the Food Stamp Act of 1977 (7 U.S.C. 2016(g)) is amended by—

(1) striking "(1)";

(2) striking paragraph (2); and

(3) striking "(A)" and "(B)" and inserting in lieu thereof "(1)" and "(2)", respectively.

(b) Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended by—

(1) striking paragraph (1) and inserting the following:

"(1)(A) Each State agency shall implement an electronic benefit transfer system in which household benefits determined under section 8(a) or 24 are issued from and stored in a central databank before October 1, 2002, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

"(B) Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

"(C) An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

"(i) commercial electronic funds transfer technology;

"(ii) the need to permit interstate operation and law enforcement monitoring; and

"(iii) the need to permit monitoring and investigations by authorized law enforcement agencies.";

(2) striking subparagraph (2)(A) and redesignating subparagraphs (B) through (H) as (A) through (G), respectively; and

(3) adding at the end the following:

"(7) A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

"(8)(A) A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

"(B) If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card."; and

(c) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by inserting before the period at the end of the first sentence the following: "unless such centers, organizations, institutions, shelters, group living arrangements, and establishments are equipped with point-of-sale devices for the purpose of participating in electronic benefit transfer delivery systems".

SEC. 349. AUTHORIZE EXCHANGE OF LAW ENFORCEMENT INFORMATION.

Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)), as amended by this Act, is further amended as follows—

(1) by striking "and" before "(C)"; and

(2) by adding at the end the following: "and (D) notwithstanding any other law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State

agency with the name of the member and notifies the agency that—

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

"(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

"(ii) locating or apprehending the member is an official duty; and

"(iii) the request is being made in the proper exercise of an official duty; and

"(E) the safeguards shall not prevent compliance with paragraph (16);".

SEC. 350. SIMPLIFY ADMINISTRATION OF EXPEDITED SERVICE.

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

(1) in subparagraph (A)—

(A) by striking ''five days'' and inserting ''7 days''; and

(B) by inserting ''and'' at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B), as redesignated by paragraph (3), by striking '', (B), or (C)''.

PART 3—ADMINISTRATIVE FLEXIBILITY PROPOSALS

SEC. 361. EXPAND STATE AUTHORITY TO DEFINE CERTIFICATION PERIOD.

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

SEC. 362. PROVIDE STATE OPTION TO COMBINE ALLOTMENTS FOR EXPEDITED SERVICE HOUSEHOLDS.

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

"(3) A State agency may provide to an eligible household applying after the 15th day of the month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.".

SEC. 363. REVISE TREATMENT OF ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

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

"(f)(1) In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State may provide an allotment for the individual to—

"(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

"(B) the individual, if the individual leaves the center.

"(2) A State agency may require an individual referred to in paragraph (1) to designate the center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.".

SEC. 364. IMPROVE OPERATION OF FOOD STAMP OFFICES.

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

(1) in subsection (e)—

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

"(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households with low-income members who reside in rural areas, homeless individuals, households residing on reservations, and households in which a substantial number of members speak a language other than English.

"(B) In carrying out subparagraph (A), a State agency—

"(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

"(ii) shall develop an application containing the information necessary to comply with this Act;

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

"(iv) shall consider an application that contains the name, address, and signature of the applicant filed on the date the applicant submits the application; and

"(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

"(I) the information contained in the application is true; and

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

"(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

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

"(C) Nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other features of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records.

"(D) The signature of any adult under this paragraph shall be sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement.";

(B) in paragraph (3) by striking "and that the State agency shall provide the household" and all that follows through "representative of the State agency.";

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

(D)(i) by redesignating paragraphs (15) through (27) as paragraphs (14) through (25), respectively; and

(2) in subsection (i)—

(A) by striking ''(i) Notwithstanding'' and all that follows through ''(2) and inserting the following:

''(i)(1) Notwithstanding any other provision of law,''; and

(B) by striking ''; (3) households'' and all that follows through ''title IV of the Social Security Act. No'' and inserting a period and the following:

''(2) Other than in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no.''.

SEC. 365. DELETE FEDERAL REQUIREMENT FOR STATE EMPLOYEE TRAINING.

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

(1) inserting ''and'' at the end of subparagraph (B);

(2) striking in subparagraph (B), ''United States Civil Service Commission'' and inserting ''Office of Personnel Management''; and

(3) striking subparagraphs (C) through (E).

SEC. 366. AUTHORIZE ORAL WITHDRAWAL OF FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: ''At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for a fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing.''.

SEC. 367. DELETE REDUNDANT FEDERAL STANDARDS FOR ADMINISTRATION.

(a) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by striking ''the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or''.

(c) Section 16(c)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking ''pursuant to subsection (b)''.

PART 4—PROPOSALS FOR STRENGTHENING RETAILER MANAGEMENT

SEC. 371. PROVIDE AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following—

''(3) The Secretary shall establish specific time periods during which authorization to accept and redeem coupons or to redeem benefits through an electronic benefit transfer system shall be valid under the food stamp program.''.

SEC. 372. PROVIDE AUTHORITY TO REQUIRE INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

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

(1) in the first sentence, by inserting '', which may include relevant income and sales tax filing documents,'' after ''submit information''; and

(2) by inserting after the first sentence the following: ''The regulations may require retail food

stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.''.

SEC. 373. ESTABLISH WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: ''A retail food store or wholesale food concern that is denied approval to accept and redeem coupons because the store or concern does not meet criteria for approval established by the Secretary may not, for at least 6 months, submit a new application to participate in the program. The Secretary may establish a longer time period under the preceding sentence, including permanent disqualification, that reflects the severity of the basis of the denial.''.

SEC. 374. DISQUALIFY RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

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

(1) striking at the end of paragraph (2) ''and'';

(2) striking in paragraph (3) the period at the end and inserting ", and"; and

(3) adding at the end the following:

"(4) for a reasonable period of time to be determined by the Secretary, including permanent disqualification, on the knowing submission of an application for the approval or reauthorization to accept and redeem coupons that contain false information about a substantive matter that was a part of the application.".

SEC. 375. DISQUALIFY RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

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

"(g)(1) The Secretary shall issue regulations providing criteria for the disqualification under this Act of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

"(2) A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) notwithstanding section 14, shall not be subject to judicial or administrative review.".

SEC. 376. AUTHORIZE SUSPENSION OF STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

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

(1) redesignating the first through seventeenth sentences as paragraphs (1) through (17), respectively; and

(2) adding at the end the following:

"(18) Notwithstanding any other provision of this subsection, any permanent disqualification of a retail food store or wholesale food concern under paragraph (3) or (4) of section 12(b) shall be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or judicial review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.".

SEC. 377. EXPAND CIVIL AND CRIMINAL FORFEITURE FOR VIOLATIONS OF THE FOOD STAMP ACT.

(a) The first sentence of section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking ''or intended to be furnished''.

(b) Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024) is amended by adding the following new subsections:

''(h) CIVIL FORFEITURE.—

''(1) any property, real or personal,

''(A) constituting, derived from, or traceable to any proceeds obtained directly or indirectly from, or

''(B) used, or intended to be used, to commit or to facilitate,

the commission of a violation (other than a misdemeanor) of subsection (b) or (c) of this section, shall be subject to forfeiture to the United States.

''(2) The provisions of chapter 46 of title 18, relating to civil forfeitures shall extend to a seizure or forfeiture under this subsection, insofar as applicable and not inconsistent with the provisions of this subsection, except that such duties as are imposed upon the Secretary of the Treasury under chapter 46 shall be performed with respect to seizures and forfeitures under this section by such officers,

agents, and other persons as designated for that purpose by the Secretary, U.S. Department of Agriculture.

"(3) Forfeitures imposed under this subsection shall be in addition to any criminal sanctions imposed against the owner of the forfeited property.

"(i) CRIMINAL FORFEITURE.—

"(1) In imposing sentence upon any person convicted of a violation (other than a misdemeanor) of subsection (b) or subsection (c) of this section, the court shall order that the person forfeit to the United States, irrespective of any State law—

"(A) any property, real or personal, constituting, derived from, or traceable to any proceeds such person obtained directly or indirectly as a result of such violation; and

"(B) any of such person's property used, or intended to be used, to commit or to facilitate the commission of such violation.

"(2) All property subject to forfeiture under this subsection, any seizure and disposition thereof, and any proceeding relating thereto, shall be governed by section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), with the exception of section 413(d),

insofar as applicable and not inconsistent with the provisions of this subsection.

"(3) Restraining orders available under section 413(e) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853(e)) shall apply to assets otherwise subject to forfeiture under section 413(p) of that Act (21 U.S.C. 853(p)), as incorporated in this subsection.".

SEC. 378. EXPAND AUTHORITY FOR SHARING INFORMATION PROVIDED BY RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

(a) Section 205(c)(2)(C)(iii) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)) as amended by section 316(a) of the Social Security Administrative Reform Act of 1994 (P.L. 103–296; 108 Stat. 1464), is amended by—

(1) inserting in the first sentence of subclause (II) after "instrumentality of the United States" the following: ", or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)";

(2) inserting in the last sentence of subclause (II) "or State" after "other Federal"; and

(3) inserting in subclause (III) ''or a State'' after ''United States''.

(b) Section 6109(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6109(f)(2)) (as added by section 316(b) of the Social Security Administrative Reform Act of 1994 (P.L. 103–296; 108 Stat. 1464), is amended by—

(1) inserting in paragraph (A) after ''instrumentality of the United States'' the following '', or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)'';

(2) inserting in the last sentence of subparagraph (A) ''or State'' after ''other Federal''; and

(3) inserting in subparagraph (B) ''or a State'' after ''United States''.

PART 5—CONFORMING AMENDMENTS AND EFFECTIVE DATES

SEC. 381. CONFORMING AMENDMENTS.

(a) Section 5(k)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(1)(A)) is amended by striking ''for aid to families with dependent children''.

(b) Section 6(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2015(e)(6)) is amended by striking ''aid to families with dependent children'' and inserting ''assistance''.

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

(1) striking in the first complete sentence of subsection (e)(2) ''aid to families with dependent children''; and

(2) striking in subsection (i) ''aid to families with dependent children''.

(d) Section 16(g) of the Food Stamp Act of 1977 (7 U.S.C. 2025(g)) is amended in item (4) by striking ''Aid to Families with Dependent Children Program'' and inserting ''program''.

(e) Section 17(b) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)) is amended by—

(1) striking in the first sentence of paragraph (1)(A) ''aid to families with dependent children'' and inserting ''assistance'';

(2) striking in paragraph (3)(B) ''for recipients of aid to families with dependent children'';

(3) inserting before the period at the end of the first sentence in paragraph (3)(B) the following: ''for recipients of assistance under part A of title IV

of the Social Security Act (42 U.S.C. 601 et seq.)''; and

(4) striking in paragraph (3)(C) ''`aid to families with dependent children'`'' and inserting the following: ''assistance under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)''.

SEC. 382. EFFECTIVE DATES.

Except as otherwise provided in this subtitle, the provisions of this subtitle become effective on the first day of the second month after the month of enactment.

Subtitle B—Child Nutrition

SEC. 391. FAMILY OR GROUP DAY CARE HOMES.

(a) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking ''(3)(A) Institutions'' and all that follows through the end of subparagraph (A) and inserting the following:

''(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATION.—

''(A) REIMBURSEMENT FACTOR.—

''(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the

organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at

least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the eligibility requirements for free or reduced price meals under section 9 and whose eligibility is verified by the sponsoring organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided

under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility requirements for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on October 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded

adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be

rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility requirements for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in

accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who meet the eligibility requirements for free or reduce price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who do not meet the eligibility requirements for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors describe in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary eligibility information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized

under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the income eligibility guidelines standard for free or reduced price meals under section 9 to be a child who is eligible for free or reduced price meals under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have eligibility information collected from parents or other caretakers.".

(b) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—The Secretary shall reserve $5,000,000 of the amount made available to carry out this section for fiscal year 1996.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the implementation

of the amendments to subparagraph (A) made by section 391(a) of the Work First and Personal Responsibility Act of 1996.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) $30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family day care homes participating in the program during fiscal year 1994.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A) (as amended by section 391(a) of the Work First and Personal Responsibility Act of 1996).".

(c) PROVISION OF DATA.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)), as amended by subsection (b), is further amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group

day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide data for each elementary school in the State, or shall direct each school within the State to provide data for the school, to approve family or group day care home sponsoring organizations that request the data, on the percentage of entrolled children who are certified eligible for free or reduced price meals.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family

or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.".

(d) CONFORMING AMENDMENTS.—Section 17(c) of the National School Lunch act is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section become effective on the date of enactment of this subtitle.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by subsections (a), (c), and (d) become effective on October 1, 1996.

SEC. 392. REIMBURSEMENT RATE ADJUSTMENTS.

(a) IN GENERAL.—

(1) COMMODITY RATE.—Section 6(e)(1)(B) of the National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking ''¼ cent'' and inserting ''lower cent increment''.

(2) LUNCH, BREAKFAST, AND SUPPLEMENT RATES.—Section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759(a)(3)(B)) is amended by striking ''one fourth cent'' and inserting ''lower cent increment''.

(3) SUMMER PROGRAM RATES.—Section 13(b)(1) of the National School Lunch Act (42 U.S.C. 1761(b)(1)) is amended by striking ''one fourth cent'' and inserting ''lower cent increment''.

(4) SPECIAL MILK PROGRAM RATES.—Section 3(a)(8) of the Child Nutrition Act of 1966 (42

U.S.C. 1772(a)(8)) is amended by striking ''one-fourth cent'' and inserting ''lower cent increment''.

(5) REDUCED PRICE BREAKFAST RATES.—Section 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(B)) is amended by striking ''one fourth cent'' and inserting ''lower cent increment''.

(6) SEVERE NEED RATES.—Section 4(b)(2)(B)(ii) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(2)(B)(ii)) is amended by striking ''one-fourth cent'' and inserting ''lower cent increment''.

(b) EFFECTIVE DATES.—The amendments made by subsection (a) become effective on July 1, 1996.

SEC. 393. ELIMINATION OF START-UP AND EXPANSION GRANTS.

(a) Section 4 of the Child Nutrition Act of 1996 (42 U.S.C. 1773) is amended by striking subsection (g).

(b) The amendment made by this subsection (a) becomes effective on October 1, 1996.

SEC. 394. AUTHORIZATION OF APPROPRIATIONS.

Section 19(i) of the Child Nutrition Act (42 U.S.C. 1788(i)) is amended—

(a) in the first sentence of paragraph (2)(A), by striking ''and each succeeding fiscal Year'';

(b) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(c) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of the fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than $75,000 per fiscal year.

"(ii) INSUFFICIENT FUNDS.—If an amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant, including minimum grants, shall be ratably reduced.".

SEC. 395. DIRECT FEDERAL EXPENDITURES.

(a) COMMODITY ASSISTANCE.—Section 6(g) of the National School Lunch Act (42 U.S.C. 1755(g)) is amended by striking ''12 percent'' and inserting ''8 percent''.

(b) The amendment made by this section becomes effective on July 1, 1996.

TITLE D—TREATMENT OF ALIENS

SEC. 401. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS.

(a) FEDERAL AND FEDERALLY-ASSISTED PROGRAMS.—

(1) PROGRAM ELIGIBILITY CRITERIA.—

(A) TEMPORARY EMPLOYMENT ASSISTANCE.—Section 402(c), as amended by sections 101(a) and 112 of this Act, is further amended by adding at the end the following paragraph:

''(9) RESTRICTION OF ELIGIBILITY TO CITIZENS AND LEGAL IMMIGRANTS.—The State plan shall provide that, in order to be eligible for assistance under the State plan, an individual must be either—

''(A) a citizen or national of the United States, or

''(B) a qualified alien (as defined in section 1145(a)), provided that such alien is not disqualified from receiving assistance under a State plan approved under this part by or pur-

suant to section 210(f) or 245A(h) of the Immigration and Nationality Act or any other provision of law;''.

(B) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(1)(B)(i) is amended to read as follows:

''(B)(i) is a resident of the United States, and is either (I) a citizen or national of the United States, or (II) a qualified alien (as defined in section 1145(a)), or''.

(C) MEDICAID.—

(i) Section 1903(v)(1) is amended to read as follows:

''(v)(1) Notwithstanding the preceding provisions of this section—

''(A) no payment may be made to a State under this section for medical assistance furnished to an individual who is disqualified from receiving such assistance by or pursuant to section 210(f) or 245A(h) of the Immigration and Nationality Act or any other provision of law, and

''(B) except as provided in paragraph (2), no such payment may be made for medical assistance furnished to an individual who is not—

"(i) a citizen or national of the United States, or

"(ii) a qualified alien (as defined in section 1145(a)).".

(ii) Section 1903(v)(2) is amended—

(I) by striking "paragraph (1)" and inserting "paragraph (1)(B)"; and

(II) by striking "alien" each place it appears and inserting "individual".

(iii) Section 1902(a) is amended in the last sentence by striking "alien" and all that follows and inserting "individual who is not (A) a citizen or national of the United States, or (B) a qualified alien (as defined in section 1145(a)) only in accordance with section 1903(v).".

(iv) Section 1902(b)(3) is amended by inserting "or national" after "citizen".

(2) DEFINITION OF "QUALIFIED ALIEN".—Title XI is amended by adding at the end the following new section:

"UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS

"SEC. 1145. (a) DEFINITIONS.—For purposes of the programs under part A of title IV and titles XVI and XIX of this Act—

"(1) QUALIFIED ALIEN.—The term 'qualified alien' means an alien—

"(A) who is lawfully admitted for permanent residence within the meaning of section 101(a)(20) of the Immigration and Nationality Act;

"(B) who is admitted as a refugee pursuant to section 207 of such Act;

"(C) who is granted asylum pursuant to section 208 of such Act;

"(D) who is a Cuban or Haitian entrant, as defined in section 501(e) of the Refugee Education Assistance Act of 1980 (Public Law 96–422);

"(E) whose deportation is withheld pursuant to section 243(h) of the Immigration and Nationality Act;

"(F) whose deportation is suspended pursuant to section 244 of such Act;

"(G) who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980;

"(H) who is lawfully admitted for temporary residence pursuant to section 210 or 245A of such Act;

"(I) who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year;

"(J) who is within a class of aliens lawfully present within the United States pursuant to any other provision of such Act, provided that—

"(i) the Attorney General determines (and such determination shall not be judicially reviewable) that the continued presence of such class of aliens serves a humanitarian or other compelling public interest, and

"(ii) the Secretary of Health and Human Services and the Commissioner of Social Security determine (and such determination shall not be judicially reviewable) that such interest would be further served by treating each alien within such class as

a 'qualified alien' for purposes of this Act; or

"(K) who is the spouse or unmarried child under 21 years of age of a citizen of the United States, or the parent of such a citizen if the citizen is 21 years of age or older, and with respect to whom an application for adjustment to lawful permanent residence is pending;

such status not having changed.

"(2) SPONSOR.—The term 'sponsor' means, with respect to a qualified alien, an individual who—

"(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

"(B) is 18 years of age or over;

"(C) is domiciled in any State, the District of Columbia, or any territory or possession of the United States; and

"(D) has executed an affidavit of support for such alien in accordance with section 213 of the Immigration and Nationality Act.".

(3) CONFORMING AMENDMENT.—Section 244A(f)(1) of the Immigration and Nationality Act is amended by inserting "and shall not be considered to be a 'qualified alien' within the meaning of sec-

tion 1145(a) of the Social Security Act'' immediately before the semicolon.

(b) STATE AND LOCAL PROGRAMS.—A State, or a political subdivision of a State, may provide that an alien is not eligible for any program of cash assistance (other than assistance related to pre-school, elementary, or secondary education) or medical assistance (other than emergency medical assistance) based on need that is furnished by such State or political subdivision unless such alien is a ''qualified alien'' within the meaning of section 1145(a) of the Social Security Act (as added by subsection (a)(2) of this section).

(c) EFFECTIVE DATE.—The amendments made by this section are effective with respect to benefits furnished on the basis of any application filed after the date of enactment of this Act.

SEC. 402. DEEMING OF SPONSOR'S INCOME AND RESOURCES TO ALIEN UNDER TEA, SSI, AND FOOD STAMP PROGRAMS.

(a) EXTENSION OF DEEMING PERIOD TO DATE OF NATURALIZED CITIZENSHIP.—Section 1145 of the Social Security Act, as added by section 401 of this Act, is amended by adding at the end the following new subsection:

"(b) DEEMING OF INCOME TO SPONSORED ALIEN UNTIL NATURALIZATION FOR PURPOSES OF CERTAIN ASSISTANCE PROGRAMS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, for purposes of the programs under titles IV–A and XVI and the program under the Food Stamp Act of 1977, the income and resources of the sponsor of a qualified alien, and of the sponsor's spouse, shall be deemed to be available to such alien, in accordance with the applicable provisions of each such program, until the date on which the alien achieves United States citizenship through naturalization pursuant to the Immigration and Nationality Act.

"(2) EXCEPTIONS.—The income and resources of a sponsor shall not be deemed available to a qualified alien in the following circumstances:

"(A) ELDERLY ALIEN AFTER 5 YEARS' RESIDENCE.—The alien has been lawfully admitted to the United States for permanent residence, has attained 75 years of age, and has resided in the United States for at least 5 years.

"(B) ALIEN A VETERAN.—The alien—

"(i) is a veteran (as defined in section 101 of title 38, United States Code) with

a discharge characterized as an honorable discharge,

"(ii) is on active duty (other than active duty for training) in the Armed Forces of the United States, or

"(iii) is the spouse (other than a divorced spouse), surviving spouse, or unmarried minor dependent child of an individual described in clause (i) or (ii).

"(C) ALIEN A TAXPAYER.—(i) Taxes have been paid (as determined in accordance with clause (ii)) under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 for each of 20 different calendar quarters with respect to the self-employment income or employment of the alien, or spouse of the alien, or parent of the alien (in the case of an alien under age 25).

"(ii) For purposes of clause (i), the taxes described in such clause shall, in the absence of any evidence to the contrary, be assumed to have been paid with respect to any wages and self-employment income for which such alien, parent, or spouse has been credited in the records maintained by the Commissioner of Social Security for purposes of the administration

of the Federal Old-Age, Survivors, and Disability Insurance program authorized by title II of this Act.

"(iii) The Social Security Administration, by regulation, shall provide a simplified method for assigning an individual's annual earnings in a year to a given calendar quarter. Earnings assigned to a given calendar quarter are considered to be acquired as of the first day of that quarter.

"(D) ALIEN WHOSE SPONSOR RECEIVES TEA OR SSI BENEFITS.—The provisions of paragraph (1) shall not apply to any alien for any month for which such alien's sponsor receives any of the following benefits—

"(i) temporary employment assistance under part A of title IV;

"(ii) supplemental security income under title XVI; or

"(iii) federally administered State supplementary payments pursuant to section 1616(a) of this Act or to section 212(b) of Public Law 93–66.

"(E) FOOD STAMPS EXEMPTION FOR BLIND OR DISABLED ALIEN.—The provisions of

paragraph (1) shall not apply to the program under the Food Stamp Act of 1977 with respect to an alien for any month for which such alien receives supplemental security income under title XVI by reason of blindness (as determined under section 1614(a)(2)) or disability (as determined under section 1614(a)(3)), provided that such blindness or disability commenced after the date of such individual's admission into the United States for permanent residence.

"(3) REGULATIONS PROVIDING FOR HARDSHIP EXCEPTIONS.—The Secretary of Health and Human Services, the Commissioner of Social Security, and the Secretary of Agriculture, after consultation together, may each promulgate regulations providing for alteration or suspension of the application of paragraph (1) in cases (including cases in which the sponsored alien is the subject of domestic violence or other abuse by the sponsor) where such application to a qualified alien, for purposes of determining eligibility for a program administered by such official, would be inequitable in the circumstances.

"(4) INAPPLICABILITY TO MEDICAID.—The provisions of paragraph (1) shall be inapplicable to the

determination of the eligibility of a qualified alien for benefits under title XIX.''.

(b) AMENDMENTS TO PROGRAM STATUTES.—

(1) TEMPORARY EMPLOYMENT ASSISTANCE.—Section 415 of the Social Security Act is redesignated as section 407, and is amended—

(A) in subsection (a)—

(i) by striking ''an alien described in clause (B) of section 402(a)(33)'' and inserting ''a qualified alien (as defined in section 1145(a))''; and

(ii) by striking ''for a period of three years after the individual's entry into the United States'' and inserting '', subject to the exceptions in subsection (f), during the period (if any) determined pursuant to section 1145(b) with respect to such alien'';

(B) in subsection (b)—

(i) in paragraph (1)(B)(ii), by striking ''section 402(a)(7)'' and inserting ''section 402(d)'';

(ii) in paragraph (2)(A), by striking ''aid'' and inserting ''assistance''; and

(iii) in paragraph (2)(B), by striking ''$1,500'' and inserting ''$2,000''; and

(C) in subsection (c)(1), in the first and second sentences, and in subsection (d)—

(i) by striking ''aid'' each place it appears and inserting ''assistance''; and

(ii) by striking ''during the period of three years after his or her entry into the United States'' and inserting ''during the period (if any) determined pursuant to section 1145(b) with respect to such alien''.

(2) SUPPLEMENTAL SECURITY INCOME.—

(A) Section 1621(a) of the Social Security Act is amended by striking ''for a period of 5 years after the individual's entry into the United States'' and inserting ''during the period (if any) determined pursuant to section 1145(b) with respect to such alien''.

(B) Section 1621(c) of the Social Security Act is amended by striking ''during the period of 5 years after such alien's entry into the United States'' and inserting ''during the period (if any) determined pursuant to section 1145 with respect to such alien''.

(C) Section 1621(d) of the Social Security Act is amended by striking ''during the period of 5 years after entry into the United States''

and inserting ''during the period (if any) determined pursuant to section 1145(b) with respect to such alien''.

(D) Section 1621(e) of the Social Security Act is amended by striking ''during the period of 5 years after such alien's entry into the United States'' and inserting ''during the period (if any) determined pursuant to section 1145(b) with respect to such alien''.

(3) FOOD STAMPS.—Section 5(i) of the Food Stamp Act of 1977 is amended—

(A) in paragraph (1), by striking ''for a period of three years after the individual's entry into the United States'' and inserting ''for the period (if any) determined pursuant to section 1145(b) of the Social Security Act with respect to such alien'';

(B) in paragraph (2)(B)(ii), by striking ''$1,500'' and inserting ''$2,000'';

(C) in paragraph (2)(C), by striking ''during the period of three years after entry into the United States'' and inserting ''during the period (if any) determined pursuant to section 1145(b) of the Social Security Act with respect to such alien''; and

(D) in paragraph (2)(D), by striking ''during the period of three years after such alien's entry into the United States'' and inserting ''during the period (if any) determined pursuant to section 1145(b) of the Social Security Act with respect to such alien''.

(c) STATE AND LOCAL PROGRAMS.—A State, or a political subdivision of a State, may provide that an alien is not eligible for any program of cash assistance (other than assistance related to pre-school, elementary, or secondary education) based on need that is furnished by such State or political subdivision for any month if such alien has been determined to be ineligible for such month for benefits under—

(1) the program of temporary employment assistance under part A of title IV of the Social Security Act, as a result of the application of section 407 of such Act;

(2) the program of supplemental security income under title XVI of the Social Security Act, as a result of the application of section 1611(e)(4) or 1621 of such Act; or

(3) the Food Stamp Act of 1977, as a result of the application of section 5(i) or 6(i) of such Act.

(d) EFFECTIVE DATE.—

(1) The amendments made by this section are effective with respect to benefits under the program of temporary employment assistance authorized by part A of title IV of the Social Security Act, the program of supplemental security income authorized by title XVI of the Social Security Act, and the program authorized by the Food Stamp Act of 1977, payable for months beginning on or after the date 60 days after enactment of this Act, on the basis of—

(A) an application filed after such date, or

(B) an application filed on or before such date by or on behalf of an individual subject to the provisions of section 1621(a) or section 415 (which is renumbered as section 407 by subsection (b) of this section and section 102 of this Act, effective as of October 1, 1996) of the Social Security Act or section 5(i)(1) of the Food Stamp Act of 1977 (as the case may be) on such date.

SEC. 403. CONTINUED LIABILITY OF ALIEN AND SPONSOR FOR OVERPAYMENTS.

(a) TEMPORARY EMPLOYMENT ASSISTANCE.—Section 407(d) (as redesignated and amended by section 402(b) of this Act) is amended by adding at the end the

following sentence: ''If an individual who is an alien subject to this subsection is naturalized as a citizen of the United States, such naturalization shall have no effect upon the continued application of this subsection to such individual or to such individual's sponsor.''.

(b) SUPPLEMENTAL SECURITY INCOME.—Section 1621(e) is amended by adding at the end the following sentence: ''If an individual who is an alien subject to this subsection is naturalized as a citizen of the United States, such naturalization shall have no effect upon the continued application of this subsection to such individual or to such individual's sponsor.''.

(c) FOOD STAMPS.—Section 5(i)(2)(D) of the Food Stamp Act of 1977 is amended by adding at the end the following sentence: ''If an individual who is an alien subject to this subsection is naturalized as a citizen of the United States, such naturalization shall have no effect upon the continued application of this subsection to such individual or to such individual's sponsor.''.

SEC. 404. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) SPONSOR'S AFFIDAVIT OF SUPPORT.—Section 213 of the Immigration and Nationality Act (8 U.S.C. 1183) is amended—

(1) in the heading, by striking ''ON GIVING BOND'' and inserting ''UPON PROVISION OF BOND OR GUARANTEE OF FINANCIAL RESPONSIBILITY'';

(2) by designating the existing matter as subsection (a); and

(3) by adding at the end a new subsection as follows:

''(b)(1) ATTORNEY GENERAL'S DISCRETION TO ADMIT ALIEN.—An alien excludable under paragraph (4) of section 212(a) may, if otherwise admissible, be admitted in the discretion of the Attorney General upon a finding by the Attorney General that—

''(A) the alien has received a guarantee of financial responsibility in such form as may be prescribed pursuant to paragraph (4) and meeting the conditions described in paragraph (2); and

''(B) taking into consideration all relevant circumstances, it is reasonable to expect that the sponsor has the financial capacity to meet the obligations of the guarantee.''

''(2) SUBSTANCE OF GUARANTEE OF SUPPORT.—A guarantee of financial responsibility for an alien must—

''(A) be signed in the presence of an immigration officer or consular officer (or in the presence of a notary public) by an individual (referred to in this

subsection as the 'sponsor') who is 18 years of age or older, is of good moral character, and is a citizen or national of the United States or an alien lawfully admitted for permanent residence domiciled in any of the several States of the United States, the District of Columbia, or any territory or possession of the United States; and

"(B) provide that the sponsor enters into a legally binding commitment to furnish to or on behalf of the alien financial support sufficient to meet the alien's basic subsistence needs until the alien achieves United States citizenship through naturalization pursuant to the Immigration and Nationality Act.

"(3) ENFORCEABILITY OF GUARANTEE OF SUPPORT.—Any guarantee of financial support executed on behalf of an alien pursuant to this subsection must be enforceable against the sponsor and may be enforced against the sponsor in a civil suit brought by the sponsored alien or by the Federal government, any State, district, territory, or possession of the United States (or any subdivision of such State, district, territory, or possession of the United States) which provides benefits to the alien in any court of competent jurisdiction, except that no action may

be brought against a sponsor if the sponsor is receiving cash or food stamp benefits (as defined in paragraph (7)).

"(4) FORM OF GUARANTEE OF SUPPORT.—Not later than 90 days after the date of enactment of this section, the Secretary of State, the Attorney General, the Secretary of Health and Human Services, the Secretary of Agriculture, and the Commissioner of Social Security shall jointly establish the form of the guarantee of financial support described in this section.

"(5) LIMITATION OF LIABILITY.—The guarantee of financial support established pursuant to this section shall only apply with respect to cash or food stamp benefits (as defined in paragraph (7)) provided to an alien before the earliest of the following:

"(A) CITIZENSHIP.—The date the alien becomes a citizen of the United States.

"(B) VETERAN.—The first date the alien is described in section 1145(b)(2)(B) of the Social Security Act.

"(C) PAYMENT OF SOCIAL SECURITY TAXES.—The first date as of which the condition described in section 1145(b)(2)(C) of the Social Security Act is met with respect to the alien.

"(D) ELDERLY ALIEN.—The first date the alien is described in section 1145(b)(2)(A) of the Social Security Act.

"(6) NONAPPLICATION DURING CERTAIN PERIODS.—The contract established by this section shall not apply with respect to cash or food stamp benefits (as defined in paragraph (7)) provided to an alien during any period in which the sponsor is receiving such benefits.

"(7) DEFINITION OF CASH OR FOOD STAMP BENEFITS.—For the purposes of this section the term 'cash or food stamp benefits' means Federal assistance provided under title IV–A or XVI of the Social Security Act, under the Food Stamp Act of 1977, or under similar programs of a State or a political subdivision of a State that provides direct cash (or cash equivalent) assistance for the purpose of income maintenance and in which the eligibility of an individual, household, or family unit for such benefits under the program, or the amount of such benefits, or both, are determined on the basis of income, resources, or financial need of the individual, household, or unit. Such term does not include any program insofar as it provides medical, housing, education, job training, food, or in-kind assistance or social services.".

(b) EFFECTIVE DATE.—The amendments made by this section apply to affidavits of support executed on or

after the date 90 days after the date of establishment of the form for such affidavits under section 213(b)(4) of the Immigration and Nationality Act, as added by this section.

TITLE V—SUPPLEMENTAL SECURITY INCOME REFORMS

SEC. 501. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking ''An individual'' and inserting ''Except as provided in subparagraph (C), an individual'';

(2) in subparagraph (A), by striking ''(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)'';

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

''(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a contin-

uous period of not less than 12 months. Notwithstanding the preceding sentence, no individual under the age of 18 who engages in substantial gainful activity (determined in accordance with regulations prescribed pursuant to subparagraph (E)) may be considered to be disabled.''; and

(5) in subparagraph (F), as so redesignated by paragraph (3) of this subsection, by striking ''(D)'' and inserting ''(E)''.

(b) CHANGES RESPECTING CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavioral function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) CONFORMING AMENDMENT TO MEDICAL IMPROVEMENT REVIEW STANDARD AS IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—

(1) IN GENERAL.—Section 1614(a)(4) (42 U.S.C. 1382c(a)(4)) is amended—

(A) by redesignating subclauses (I) and (II) of clauses (i) and (ii) of subparagraph (B) as subclauses (aa) and (bb), respectively;

(B) by redesignating clauses (i) and (ii) of subparagraphs (A) and (B) as subclauses (I) and (II), respectively;

(C) by redesignating subparagraphs (A) through (D) as clauses (i) through (iv), respectively, and by moving their left hand margin 2 ems to the right;

(D) by inserting before clause (i) (as redesignated by subparagraph (C)) the following:

"(A) in the case of an individual who is age 18 or older—";

(E) at the end of subparagraph (A)(iv) (as redesignated by subparagraphs (C) and (D)), by striking the period and inserting "; or";

(F) by inserting after and below subparagraph (A)(iv) (as so redesignated) the following:

"(B) in the case of an individual who is under the age of 18—

"(i) substantial evidence which demonstrates that there has been any medical improvement in the individual's impairment or combination of impairments, and that such impairment or combination of impairments no longer results in marked and severe functional limitations; or

"(ii) substantial evidence which demonstrates that, as determined on the basis of new or improved diagnostic techniques or evaluations, the individual's impairment or combination of impairments is not as disabling as it was considered to be at the time of the most recent prior decision that he or she was under a disability or continued to be under a disability, and such impairment or combination of impairments does not result in marked and severe functional limitations; or

"(iii) substantial evidence (which may be evidence on the record at the time any prior determination of eligibility for benefits based on disability was made, or newly

obtained evidence which relates to that determination) which demonstrates that a prior determination was in error.''; and

(G) in the first sentence following subparagraph (B) (as added by subparagraph (F)), by—

(i) inserting ''(i)'' before ''to restore''; and

(ii) inserting '', or (ii) in the case of an individual under the age of 18, to eliminate or improve the individual's impairment or combination of impairments so that it no longer results in marked and severe functional limitations'' before the period.

(2) EFFECTIVE DATE.—The amendments made by this subsection are effective upon enactment.

(d) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—Except where otherwise specified, subsections (a) and (b) apply to applications filed on or after the date of the enactment of this Act, without regard to whether implementing regulations have been issued.

(2) REGULATIONS.—The Commissioner of Social Security shall issue regulations implementing subsections (a), (b), and (c).

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Beginning on January 1, 1997, and ending not later than January 1, 1998, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is eligible for supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of subsections (a) or (b) of this section. With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing

eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—Subsections (a) and (b) of this section and the redetermination under subparagraph (A) of this paragraph only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1998.

(C) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 502. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.

1382c(a)(3)(H)), as so redesignated by section 501(a)(3) of this Act, is amended—

(1) by inserting ''(i)'' after ''(H)''; and

(2) by adding at the end the following new clause:

''(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

''(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-

tion 501(a)(3) of this Act and as amended by subsection (a) of this section, is amended by adding at the end the following new clause:

''(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

''(I) during the 1-year period beginning on the individual's 18th birthday; and

''(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.''.

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 501(a)(3) of this Act and as amended by subsections (a)

and (b) of this section, is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the first month of eligibility based on an application of an individual for benefits under this title, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, for the condition which was the basis for proving benefits under this title.".

(d) EFFECTIVE DATE.—The amendments made by this section apply to benefits for months beginning on or after the date of the enactment of this Act, without regard

to whether regulations have been issued to implement such amendments.

SEC. 503. DEDICATED SAVINGS ACCOUNTS.

(a) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following:

''(xiv) A representative payee may pay any lump sum payment equal to or greater than 6 times the Federal benefit rate for the benefit of a child into a dedicated savings account that must only be used to purchase for such child, or an individual for whom such an account was established prior to his attainment of age 18—

''(I) education and job skills training;

''(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

''(III) appropriate therapy and rehabilitation.''.

(b) EXCLUSION OF DEDICATED SAVINGS ACCOUNTS.—

(1) Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(A) by striking ''and'' at the end of paragraph (10),

(B) by striking the period at the end of paragraph (11) and inserting ''; and'', and

(C) by inserting after paragraph (11) the following:

''(12) the initial and any subsequent lump sum payment deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv), so long as such monies are being used for a purpose listed in that section.''.

(2) Section 1612(b) (42 U.S.C. 1382a(b)) is amended:

(A) by striking ''and'' at the end of paragraph (19),

(B) by striking the period at the end of paragraph (20) and inserting thereafter ''and,'', and

(C) by inserting after paragraph (20) the following new paragraph:

''(21) interest earned on a dedicated savings account as described in section 1631(a)(2)(B)(xiv) so long as monies in such account are used for a purpose listed in such section.''.

(c) PENALTIES FOR MISUSE OF FUNDS.—Knowing and willful use of funds in a dedicated savings account by the representative payee for any purpose other than those listed in subsection (a) constitutes fraud and is subject to penalties under section 1632.

(d) EFFECTIVE DATE.—The amendments made by this section apply to payments made after the date of enactment of this Act.

SEC. 504. DENIAL OF SSI BENEFITS BY REASON OF DISABILITY TO DRUG ADDICTS AND ALCOHOLICS.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 501(a)(3) of this Act, is amended by adding at the end the following:

''(J) Notwithstanding subparagraph (A), an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1611(e) (42 U.S.C. 1382(e)) is amended by striking paragraph (3).

(2) Section 1631(a)(2)(A)(ii) (42 U.S.C. 1383(a)(2)(A)(ii)) is amended—

(A) by striking ''(I)''; and

(B) by striking subclause (II).

(3) Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended—

(A) by striking clause (vii);

(B) in clause (viii), by striking ''(ix)'' and inserting ''(viii)'';

(C) in clause (ix)—

(i) in subclause (I), by striking ''(viii)''; and inserting ''(vii)''; and

(ii) in subclause (II),

(I) by striking the comma after ''incompetent'' and inserting ''or''; and

(II) by striking all that follows ''15 years'' and inserting a period;

(D) in clause (xiii)—

(i) by striking ''(xii)'' and inserting ''(xi)''; and

(ii) by striking ''(xi)'' and inserting ''(x)''; and

(E) by redesignating clauses (viii) through (xiv) as clauses (vii) through (xiii), respectively.

(4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking all that follows ''$25.00 per month'' and inserting a period.

(5) Section 1634 (42 U.S.C. 1383c) is amended by striking subsection (e).

(6) Section 201(c)(1) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended—

(A) by striking ''—'' and all that follows through ''(A)'' the 1st place such term appears;

(B) by striking ''and'' the 3rd place such term appears;

(C) by striking subparagraph (B);

(D) by striking ''either subparagraph (A) or subparagraph (B)'' and inserting ''the preceding sentence''; and

(E) by striking ''subparagraph (A) or (B)'' and inserting ''the preceding sentence''.

(c) EFFECTIVE DATE.—(1) The amendments made by this section apply to applications filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION AND NOTICE TO CURRENT RECIPIENTS.—Notwithstanding any other provision of law, in the case of an individual who is eligible for supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by this section, such amendments

shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act. As used in the preceding sentence, the phrase ''supplemental security income benefits under title XVI'' includes supplementary payments pursuant to an agreement for federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement for federal administration under section 212(b) of Public Law 93–66.

(d) SUPPLEMENTAL FUNDING FOR ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAMS.—

(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are hereby appropriated to supplement State and Tribal programs funded under section 1933 of the Public Health Service Act (42 U.S.C. 300x–33), $50,000,000 for each of the fiscal years 1997 and 1998.

(2) ADDITIONAL FUNDS.—Amounts appropriated under paragraph (1) shall be in addition to any funds otherwise appropriated for allotments under section 1933 of the Public Health Service Act

(42 U.S.C. 300x–33) and shall be allocated pursuant to that section.

(3) USE OF FUNDS.—A State or Tribal government receiving an allotment under this subsection shall consider as priorities, for purposes of expending funds allotted under this subsection, activities relating to the treatment of the abuse of alcohol and other drugs.

SEC. 505. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

Section 1632 (42 U.S.C. 1383a) is amended by adding at the end the following:

''(c)(1) If any individual is convicted of fraudulently misrepresenting residence in order to obtain benefits simultaneously in two or more States, then the court may, in addition to all other penalties provided by law, impose a penalty that an individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the

individual in order to receive benefits simultaneously from 2 or more States under programs that are funded under part A of title IV, or title XIX of this Act, the consolidated program of food assistance under title III of the Work First and Personal Responsibility Act of 1996, or the Food Stamp Act of 1977 (as in effect before the effective date of title III of the Work First and Personal Responsibility Act of 1996), or benefits in 2 or more States under the supplemental security income program under title XVI of this Act.

''(2) As soon as practicable after an additional penalty has, pursuant to paragraph (1), been imposed with respect to any individual, an official of a court making such imposition shall notify the Commissioner of such imposition.

''(3) If any individual with respect to whom an additional penalty has been imposed pursuant to paragraph (1) is granted a pardon by the President of the United States, such additional penalty shall not apply for any month beginning after the date on which such pardon was granted.''.

SEC. 506. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 504(b)(1) of this Act, is amended by inserting after paragraph (2) the following:

"(3) A court of law may, in addition to all other penalties provided by law, impose on the individual ineligibility for benefits under this title with respect to any month if, throughout the month, the person is—

"(A) fleeing custody or confinement after conviction, under the laws of the place from which the person flees, for a crime which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.

"(4) As soon as practicable after the additional penalty has been imposed pursuant to paragraph (3) with respect to any individual, an official of the court making such imposition shall notify the Commissioner of such imposition.".

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C.

1383(e)) is amended by inserting after paragraph (3) the following:

"(4) Notwithstanding any other provision of law (other than section 6103 of the Internal Revenue Code of 1986), the Commissioner shall furnish any Federal, State, or local law enforcement agency, upon the written request of the head of the agency, with the current address of any recipient of benefits under this title, if the agency furnishes the Commissioner with the name of the recipient, and other identifying information as required by the Commissioner reasonably to establish the unique identity of the recipient, and a statement from a court of competent jurisdiction and notifies the Commissioner that the recipient—

"(A) has been found by a court of competent jurisdiction to be fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) has been found by a court of competent jurisdiction to be violating a condition of probation or parole imposed for a crime as in (A) above under Federal or State law.".

SEC. 507. ALLOWANCE UNDER THE DISCRETIONARY SPENDING LIMITS FOR INCREASED EXPENDITURES FOR CONTINUING DISABILITY REVIEWS AND DISABILITY ELIGIBILITY REDETERMINATIONS.

(a) Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding the following new subparagraph:

"(H) CONTINUING DISABILITY REVIEWS AND DISABILITY ELIGIBILITY REDETERMINATIONS.—(i) When an appropriations Act is enacted for fiscal year 1996, 1997, 1998, 1999, 2000, 2001, or 2002 that specifies, under the heading "Limitation on Administrative Expenses" for the Social Security Administration, an amount for expenses for continuing disability reviews or disability eligibility redeterminations conducted pursuant to section 221(i) of the Social Security Act (42 U.S.C. 421(i)), section 1614(a)(3)(H) of the Social Security Act (42 U.S.C. 1382c(a)(3)(H)), section 1633 of the Social Security Act (42 U.S.C. 1383(b), or section 208 of the Social

Security Independence and Program Improvements Act of 1994 (Public Law 103–296), to the extent that appropriations are enacted that provide new budget authority, provide additional obligations limitation, or result in additional outlays, the discretionary spending limits for that fiscal year under section 601(a)(2) of the Congressional Budget Act of 1974 shall be adjusted by the new budget authority and the additional outlays for that purpose, but shall not exceed the amounts set forth below—

"(I) for fiscal year 1996, $60,000,000 in new budget authority and additional obligations limitation and $60,000,000 in additional outlays;

"(II) for fiscal year 1997, $260,000,000 in new budget authority and additional obligations limitation and $250,000,000 in additional outlays;

"(III) for fiscal year 1998, $475,000,000 in new budget authority and additional obligations limitation and $460,000,000 in additional outlays;

"(IV) for fiscal year 1999, $715,000,000 in new budget authority and additional obliga-

tions limitation and $700,000,000 in additional outlays;

"(V) for fiscal year 2000, $760,000,000 in new budget authority and additional obligations limitation and $760,000,000 in outlays;

"(VI) for fiscal year 2001, $715,000,000 in new budget authority and additional obligations limitation and $715,000,000 in outlays;

"(VII) for fiscal year 2002, $665,000,000 in new budget authority and additional obligations limitation and $665,000,000 in outlays;

"(ii) As used in this subparagraph—

"(I) the term 'new budget authority' shall mean budget authority, in any fiscal year, in excess of $100 million;

"(II) the term 'additional obligations limitation' shall mean obligations limitation, in any fiscal year, in excess of $100 million; and

"(III) the term 'additional outlays' shall mean outlays, in any fiscal year, in excess of $200 million.".

(b) Section 606 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding the following new subsection:

"(e) DISABILITY REVIEW AND ELIGIBILITY REDETERMINATION ADJUSTMENT.—(1) For purposes of points of order under this Act and concurrent resolutions on the budget, when the Appropriations Committee reports an appropriations measure for fiscal year 1996, 1997, 1988, 1999, 2000, 2001, or 2002 that specifies, under the heading 'Limitation on Administrative Expenses' for the Social Security Administration, an amount for expenses for continuing disability reviews or disability eligibility redeterminations pursuant to section 221(i) of the Social Security Act (42 U.S.C. 421(i)), section 1614(a)(3)(H) of the Social Security Act (42 U.S.C. 1382c(a)(3)(H)), section 1633 of the Social Security Act (42 U.S.C. 1383b), or section 208 of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103–296), or when a conference committee submits a conference report thereon—

"(A) the discretionary spending limits for that fiscal year—

"(i) under section 601(a)(2), or

"(ii) as set forth in the most recently adopted concurrent resolution on the budget;

"(B) the allocations to the Committee on Appropriations of the Senate and the House for that fiscal year under sections 302(a) and 602(a); and

"(C) the appropriate budgetary aggregates for that fiscal year in the most recently adopted concurrent resolution on the budget

shall be adjusted in accordance with paragraph (2).

"(2) ADJUSTMENT OF BUDGETARY LEVELS.—The adjustments required by paragraph (1) shall be made by the Chairman of the Committee on the Budget of the Senate or the House of Representatives (as the case may be) and shall reflect the new budget authority and the additional outlays for continuing disability reviews and disability eligibility redeterminations provided in that measure or conference report, but shall not exceed the levels set forth in section 251(b)(2)(H) of the Balanced Budget and Emergency Deficit Control Act of 1985, for any year. These adjusted discretionary spending limits, allocations, and aggregates shall be considered the appropriate limits, allocations, and aggregates for purposes of congressional enforcement of this Act and concurrent budget resolutions under this Act.

"(3) REPORTING REVISED SUBALLOCATIONS.—Following the adjustments made under paragraph (2), the Committees on Appropriations of the Senate and the House of Representatives may report appropriately revised suballocations pursuant to sections 302(b) and 602(b) of this Act to carry out this subsection.

"(4) ADDITIONAL AMOUNTS.—As used in this section, the term 'new budget authority' shall mean budget authority for a fiscal year in excess of $100 million, and the term 'additional outlays' shall mean outlays for a fiscal year in excess of $200 million.".

SEC. 508. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.

(a) IN GENERAL.—Section 1631(a) is amended by adding at the end a new paragraph as follows:

"(10)(A) If an individual is eligible for past-due monthly benefits under this title (which includes, for purposes of this paragraph, State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this title or section 212(b) of Public Law 93–66) in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

"(i) twelve, and

"(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse), then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

"(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed three installments that are made at six-month intervals.

"(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

"(iii) In the case of an individual who has—

"(I) outstanding debt attributable to—

"(aa) food,

"(bb) clothing,

"(cc) shelter, or

"(dd) medically necessary services, supplies or equipment, or medicine; or

"(II) current expenses or expenses anticipated in the near term attributable to—

"(aa) medically necessary services, supplies or equipment, or medicine; or

"(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary of Health and Human Services under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, prepaid plan, or other arrangement, the limitation specified

in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses.

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within twelve months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) is amended by inserting "(subject to paragraph (10))" before "in such installments".

(c) EFFECTIVE DATE.—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act (including State supplementary payments made by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of such Act or section 212(b) of Public Law 93–66) after the third month following the month in which this Act is enacted.

SEC. 509. RECOVERY OF SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS.

''(a) IN GENERAL.—Title XI is amended by adding after section 1145 (as added by section 401 and amended by section 402 of this Act) a new section as follows:

''SEC. 1146. RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS.

''(a) IN GENERAL.—Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made to any person under the supplemental security income program authorized by title XVI of this Act (which includes, for purposes of this section, State supplementary payments which are made by the Commissioner under an agreement pursuant to section 1616(a) of this Act or section 212(b) of Public Law 93–66), and the Commissioner is unable to make proper adjustment or recovery of the amount so incorrectly paid as provided in section 1631(b) of this Act, the Commissioner (notwithstanding section 207 of this Act) may recover the amount incorrectly paid by decreasing any amount which is payable under the Federal Old-Age and Survivors Insurance program or the Federal Disability Insurance program authorized by title II of this Act to that person or his estate.

"(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR AMOUNT.—Notwithstanding sections 1611 (a) and (b) of this Act, in any case in which the Commissioner takes action in accordance with subsection (a) to recover an overpayment from any person, neither that person, nor any individual whose eligibility or benefit amount is determined by considering any part of that person's income, shall, as a result of such action—

"(1) become eligible under the program of supplemental security income benefits under title XVI of this Act, or

"(2) if such person or individual is already so eligible, become eligible for increased benefits thereunder.".

(b) CONFORMING CHANGES.—

(1) Section 204 is amended by adding at the end a new subsection as follows:

"(g) For payments which are adjusted or withheld to recover an overpayment of supplemental security income benefits paid under title XVI of this Act (including State supplementary payments which were paid under an agreement pursuant to section 1616(a) of this Act or section 212(b) of Public Law 93–66), see section 1146.".

(2) Section 1631(b) is amended by adding at the end a new paragraph as follows:

"(5) For the recovery of overpayments of benefits under this title from benefits payable under title II, see section 1146.".

(c) EFFECTIVE DATE.—The amendments made by this section take effect upon the date of the enactment of this Act and shall apply to overpayments outstanding on or after such date.

SEC. 510. ALLOWANCE UNDER THE DISCRETIONARY SPENDING LIMITS FOR ADMINISTRATIVE EXPENSES TO IMPLEMENT CHANGES TO SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by section 507 of this Act, is further amended by adding at the end the following new subparagraph:

"(I) ADMINISTRATIVE EXPENSES TO IMPLEMENT REFORMS TO SUPPLEMENTAL SECURITY INCOME PROGRAM MADE BY THE WORK FIRST AND PERSONAL RESPONSIBILITY ACT OF 1996.—When an appropriations Act is enacted for fiscal year 1996, 1997, or 1998 that specifies, under the heading 'Limitation on Administrative Expenses' for the Social Security Administration, an amount for expenses to implement reforms to the supplemental security income program made by the Work First and

Personal Responsibility Act of 1996, to the extent that appropriations are enacted that provide budget authority and result in outlays, the discretionary spending limits for that fiscal year under section 601(a)(2) of the Congressional Budget Act of 1974 shall be adjusted by the budget authority and the outlays for that purpose, but shall not exceed the amounts set forth below—

"(i) for fiscal year 1996, $50,000,000 in budget authority and $47,000,000 in outlays;

"(ii) for fiscal year 1997, $250,000,000 in budget authority and $238,000,000 in outlays;

"(iii) for fiscal year 1998, $0 in budget authority and $15,000,000 in outlays.".

(b) Section 606 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding the following new subsection:

"(f) ADMINISTRATIVE EXPENSES TO IMPLEMENT REFORMS TO SUPPLEMENTAL SECURITY INCOME PROGRAM ADJUSTMENT.—(1) For purposes of points of order under this Act and concurrent resolutions on the budget, when the Appropriations Committee reports an appropriations measure for fiscal year 1996, 1997, or 1998 that specifies, under the heading 'Limitation on Administrative Expenses' for the Social Security Administration, an

amount for expenses to implement reforms to the supplemental security income program made by the Work First and Personal Responsibility Act of 1996, or when a conference committee submits a conference report thereon—

"(A) the discretionary spending limits for that fiscal year—

"(i) under section 601(a)(2), or

"(ii) as set forth in the most recently adopted concurrent resolution on the budget;

"(B) the allocations to the Committees on Appropriations of the Senate and the House for that fiscal year under sections 302(a) and 602(a); and

"(C) the appropriate budgetary aggregates for that fiscal year in the most recently adopted concurrent resolution on the budget

shall be adjusted in accordance with paragraph (2).

"(2) ADJUSTMENT OF BUDGETARY LEVELS.—The adjustments required by paragraph (1) shall be made by the chairman of the Committee on the Budget of the Senate or the House of Representatives (as the case may be) and shall reflect the budget authority and the outlays for expenses to implement reforms to the supplemental security income program made by the Work First and Personal Responsibility Act of 1996 provided in that measure or conference report, but shall not exceed the levels set

forth in section 251(b)(2)(I) of the Balanced Budget and Emergency Deficit Control Act of 1985, for any year. These adjusted discretionary spending limits, allocations, and aggregates shall be considered the appropriate limits, allocations, and aggregates for purposes of congressional enforcement of this Act and concurrent budget resolutions under this Act.

''(3) REPORTING REVISED SUBALLOCATIONS.—Following the adjustments made under paragraph (2), the Committees on Appropriations of the Senate and the House of Representatives may report appropriately revised suballocations pursuant to sections 302(b) and 602(b) of this Act to carry out this subsection.''.

SEC. 511. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking ''or'' after ''XIX,''; and

(2) by inserting ''or, in the case of an eligible individual under the age of 18 receiving payments (with respect to such individual) under any health insurance policy issued by a private provider of such insurance'' after ''section 1614(f)(2)(B),''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to benefits for months beginning 90 or more days after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

TITLE F—SOCIAL SERVICES BLOCK GRANTS

SEC. 601. REDUCTION IN TITLE XX BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking ''and'' at the end of paragraph (4);

(2) in paragraph (5), by striking ''fiscal year after fiscal year 1989.'' and inserting ''of fiscal years 1990 through 1995;''; and

(3) by adding at the end the following:

''(6) $2,730,000,000 for fiscal year 1996; and

''(7) $2,520,000,000 for fiscal year 1997 and each succeeding fiscal year.''.

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