

104TH CONGRESS
1ST SESSION

S. 828

To enable each State to assist applicants and recipients of aid to families with dependent children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 18 (legislative day, MAY 15), 1995

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

A BILL

To enable each State to assist applicants and recipients of aid to families with dependent children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Family Support Act of 1995”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. References to Social Security Act.

TITLE I—STRENGTHENING THE JOBS PROGRAM

- Sec. 101. Increase in required JOBS participation rates.
- Sec. 102. Promoting work.
- Sec. 103. Funding for the JOBS program and child care.
- Sec. 104. Evaluation of the JOBS program.

TITLE II—AID TO FAMILIES WITH DEPENDENT CHILDREN

Subtitle A—Requirements for Teenage Parents

- Sec. 201. Case management for parents under age 20.
- Sec. 202. Participation in educational activity.
- Sec. 203. Living arrangement requirements.

Subtitle B—State Flexibility

PART I—ESTABLISHMENT OF INTERAGENCY WELFARE REVIEW BOARD

- Sec. 211. Interagency Welfare Review Board.
- Sec. 212. Waiver application.
- Sec. 213. Review and approval of applications.
- Sec. 214. Definition of State.

PART II—ADDITIONAL PROVISIONS CONCERNING WAIVERS

- Sec. 221. Schedule for consideration of waiver applications.
- Sec. 222. State authority to establish certain AFDC rules.
- Sec. 223. Waiver authority for the JOBS program.

TITLE III—CHILD SUPPORT ENFORCEMENT

- Sec. 300. Short title.

Subtitle A—Improvements to the Child Support Collection System

PART I—ELIGIBILITY AND OTHER MATTERS CONCERNING TITLE IV—D
PROGRAM CLIENTS

- Sec. 301. Cooperation requirement and good cause exception.
- Sec. 302. State obligation to provide paternity establishment and child support enforcement services.
- Sec. 303. Distribution of payments.
- Sec. 304. Rights to notification and hearings.
- Sec. 305. Privacy safeguards.

PART II—PROGRAM ADMINISTRATION AND FUNDING

- Sec. 311. Federal matching payments.
- Sec. 312. Performance-based incentives and penalties.
- Sec. 313. Federal and State reviews and audits.
- Sec. 314. Required reporting procedures.
- Sec. 315. Automated data processing requirements.
- Sec. 316. Director of CSE program; staffing study.
- Sec. 317. Funding for secretarial assistance to State programs.
- Sec. 318. Data collection and reports by the Secretary.

PART III—LOCATE AND CASE TRACKING

- Sec. 321. Central State and case registry.
- Sec. 322. Centralized collection and disbursement of support payments.
- Sec. 323. Amendments concerning income withholding.
- Sec. 324. Locator information from interstate networks.
- Sec. 325. Expanded Federal parent locator service.
- Sec. 326. Use of social security numbers.

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

- Sec. 331. Adoption of uniform State laws.
- Sec. 332. Improvements to full faith and credit for child support orders.
- Sec. 333. State laws providing expedited procedures.

PART V—PATERNITY ESTABLISHMENT

- Sec. 341. State laws concerning paternity establishment.
- Sec. 342. Outreach for voluntary paternity establishment.

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

- Sec. 351. National Child Support Guidelines Commission.
- Sec. 352. Simplified process for review and adjustment of child support orders.

PART VII—ENFORCEMENT OF SUPPORT ORDERS

- Sec. 361. Federal income tax refund offset.
- Sec. 362. Internal Revenue Service collection of arrearages.
- Sec. 363. Authority to collect support from Federal employees.
- Sec. 364. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 365. Voiding of fraudulent transfers.
- Sec. 366. State law authorizing suspension of licenses.
- Sec. 367. Reporting arrearages to credit bureaus.
- Sec. 368. Extended statute of limitation for collection of arrearages.
- Sec. 369. Charges for arrearages.
- Sec. 370. Denial of passports for nonpayment of child support.

PART VIII—MEDICAL SUPPORT

- Sec. 381. Technical correction to ERISA definition of medical child support order.

PART IX—ACCESS AND VISITATION PROGRAMS

- Sec. 391. Grants to States for access and visitation programs.

Subtitle B—Effect of Enactment

- Sec. 395. Effective dates.
- Sec. 396. Severability.

TITLE IV—SUPPLEMENTAL SECURITY INCOME

- Sec. 401. Revised regulations applicable to the determination of disability in individuals under the age of 18.
- Sec. 402. Directory of services.
- Sec. 403. Use of standardized tests and their equivalent.

- Sec. 404. Graduated benefits for additional children.
- Sec. 405. Treatment requirements for disabled individuals under the age of 18.
- Sec. 406. Special accounts for individuals under the age of 18.
- Sec. 407. Continuing disability reviews for individuals under the age of 18.
- Sec. 408. Coordination of services for SSI children.

TITLE V—FINANCING; MISCELLANEOUS PROVISIONS

- Sec. 501. Revision of tax rules on expatriation.
- Sec. 502. Basis of assets of nonresident alien individuals becoming citizens or residents.
- Sec. 503. Earned income tax credit denied to individuals not authorized to be employed in the United States.
- Sec. 504. Earned income tax credit denied to individuals with substantial capital gain net income.
- Sec. 505. Treatment of distributions in redemption of stock held by a corporation.
- Sec. 506. Uniform alien eligibility criteria for public assistance programs.
- Sec. 507. Deeming of sponsor's income and resources to an alien under the supplemental security income, aid to families with dependent children, and food stamp programs.

1 **SEC. 2. REFERENCES TO SOCIAL SECURITY ACT.**

2 Except as otherwise specifically provided, whenever in
 3 this Act an amendment is expressed in terms of an amend-
 4 ment to or repeal of a section or other provision, the ref-
 5 erence shall be considered to be made to that section or
 6 other provision of the Social Security Act (42 U.S.C. 301
 7 et seq.).

8 **TITLE I—STRENGTHENING THE** 9 **JOBS PROGRAM**

10 **SEC. 101. INCREASE IN REQUIRED JOBS PARTICIPATION** 11 **RATES.**

12 (a) IN GENERAL.—Section 403(j)(3) (42 U.S.C.
 13 603(j)(3)) is amended—

14 (1) in subparagraph (A)—

15 (A) in clause (v), by striking “and”;

1 (B) in clause (vi), by striking the period
2 and inserting “or 1996;”; and

3 (C) by adding at the end the following new
4 clauses:

5 “(vii) 30 percent if such year is 1997;

6 “(viii) 35 percent if such year is 1998;

7 “(ix) 40 percent if such year is 1999;

8 “(x) 45 percent if such year is 2000; and

9 “(xi) 50 percent if such year is 2001 or
10 any year thereafter.”; and

11 (2) in subparagraph (B)—

12 (A) in clause (ii)(IV), by striking “fiscal
13 years 1994 and 1995” and inserting “any fiscal
14 year beginning after fiscal year 1993”; and

15 (B) in clause (iii), by striking subclauses
16 (I) and (II) and inserting the following:

17 “(I) the average monthly number of individuals
18 required or allowed by the State to participate in the
19 program under part F who have participated in such
20 program in months in the computation period (in-
21 cluding individuals who combine employment and
22 participation in such program for an average of 20
23 hours a week in that month in such period), plus the
24 number of individuals who are employed for an aver-

1 age of 20 hours a week in that month in such pe-
2 riod, divided by

3 “(II) the average monthly number of individ-
4 uals required to participate under the program
5 under part F in such period (other than individuals
6 described in subparagraph (C)(iii)(I) or (D) of sec-
7 tion 402(a)(19) with respect to whom the State has
8 exercised its option to require their participation),
9 minus the average monthly number of individuals
10 who are being sanctioned in such period pursuant to
11 section 402(a)(19)(G).”.

12 (b) CONFORMING AMENDMENTS.—The Family Sup-
13 port Act of 1988 (42 U.S.C. 1305 note) is amended by
14 striking section 204(b)(2).

15 **SEC. 102. PROMOTING WORK.**

16 (a) INCREASED EMPLOYMENT AND JOB RETEN-
17 TION.—Section 481(a) (42 U.S.C. 681(a)) is amended to
18 read as follows:

19 “SEC. 481. (a) PURPOSE.—It is the purpose of this
20 part to assist each State in providing such services as the
21 State determines to be necessary to—

22 “(1) enable individuals receiving assistance
23 under part A to enter employment as quickly as pos-
24 sible;

25 “(2) increase job retention; and

1 “(3) ensure that needy families with children
2 obtain the education, training, and employment that
3 will help them avoid long-term welfare dependence.”.

4 (b) STATE AGENCY RESPONSIBILITIES.—Section
5 482(a)(2) (42 U.S.C. 682(a)(2)) is amended—

6 (1) by striking “(2) The” and inserting “(2)(A)
7 The”; and

8 (2) by adding at the end the following new sub-
9 paragraphs:

10 “(B) The State agency shall establish procedures
11 to—

12 “(i) encourage the placement of participants in
13 jobs as quickly as possible, including using perform-
14 ance measures that reward staff performance, or
15 such other management practice as the State may
16 choose; and

17 “(ii) assist participants in retaining employ-
18 ment after they are hired.

19 “(C) The Secretary shall provide technical assistance
20 and training to States to assist the States in implementing
21 effective management practices and strategies in order to
22 achieve the purpose of this part.”.

23 (c) SERVICES AND ACTIVITIES UNDER THE JOBS
24 PROGRAM.—Section 482(d)(1)(A)(i) (42 U.S.C.
25 682(d)(1)(A)(i)) is amended—

1 (1) in the matter preceding subclause (I), by
2 striking “shall” and inserting “may”; and

3 (2) in subclause (I), by striking “(as appro-
4 priate)” and all that follows through the semicolon
5 and inserting a semicolon.

6 (d) JOB PLACEMENT VOUCHER PROGRAM.—

7 (1) ADDITION OF PROGRAM.—Section 482 (42
8 U.S.C. 682) is amended—

9 (A) in subsection (d)(1)(A)(ii)—

10 (i) in subclause (III), by striking
11 “and” at the end;

12 (ii) in subclause (IV), by striking the
13 period and inserting “; and”; and

14 (iii) by adding at the end the follow-
15 ing new subclause:

16 “(V) a job placement voucher pro-
17 gram as described in subsection (h).”;

18 (B) by redesignating subsections (h) and
19 (i) as subsections (i) and (j), respectively; and

20 (C) by inserting after subsection (g), the
21 following subsection:

22 “(h) JOB PLACEMENT VOUCHER PROGRAM.—(1)

23 The State agency may establish and operate a job place-
24 ment voucher program for individuals participating in the
25 program under this part.

1 “(2) A State that elects to operate a job placement
2 voucher program under this subsection—

3 “(i) shall establish eligibility requirements for
4 participation in the job placement voucher program;
5 and

6 “(ii) may establish other requirements for such
7 voucher program as the State deems appropriate.

8 “(3) A job placement voucher program operated by
9 a State under this subsection shall include the following
10 requirements:

11 “(A) The State shall identify, maintain, and
12 make available to an individual applying for or re-
13 ceiving assistance under part A a list of State-ap-
14 proved job placement organizations that offer serv-
15 ices in the area where the individual resides and a
16 description of the job placement and support services
17 each such organization provides. Such organizations
18 may be publicly or privately owned and operated.

19 “(B)(i) An individual determined to be eligible
20 for assistance under part A shall, at the time the in-
21 dividual becomes eligible for such assistance—

22 “(I) receive the list and description de-
23 scribed in subparagraph (A);

24 “(II) agree, in exchange for job placement
25 and support services, to—

1 “(aa) execute, within a period of
2 time permitted by the State, a con-
3 tract with a State-approved job place-
4 ment organization which provides that
5 the organization shall attempt to find
6 employment for the individual; and

7 “(bb) comply with the terms of
8 the contract; and

9 “(III) receive a job placement voucher (in
10 an amount to be determined by the State) for
11 payment to a State-approved job placement or-
12 ganization.

13 “(ii) The State shall impose the sanctions pro-
14 vided for in section 402(a)(19)(G) on any individual
15 who does not fulfill the terms of a contract executed
16 with a State-approved job placement organization.

17 “(C) At the time an individual executes a con-
18 tract with a State-approved job placement organiza-
19 tion, the individual shall provide the organization
20 with the job placement voucher that the individual
21 received pursuant to subparagraph (B).

22 “(D)(i) A State-approved job placement organi-
23 zation may redeem for payment from the State not
24 more than 25 percent of the value of a job place-
25 ment voucher upon the initial receipt of the voucher

1 for payment of costs incurred in finding and placing
2 an individual in an employment position. The re-
3 maining value of such voucher shall not be redeemed
4 for payment from the State until the State-approved
5 job placement organization—

6 “(I) finds an employment position (as de-
7 termined by the State) for the individual who
8 provided the voucher; and

9 “(II) certifies to the State that the individ-
10 ual remains employed with the employer that
11 the organization originally placed the individual
12 with for the greater of—

13 “(aa) 6 continuous months; or

14 “(bb) a period determined by the
15 State.

16 “(ii) A State may modify, on a case-by-case
17 basis, the requirement of clause (i)(II) under such
18 terms and conditions as the State deems appro-
19 priate.

20 “(E)(i) The State shall establish performance-
21 based standards to evaluate the success of the State
22 job placement voucher program operated under this
23 subsection in achieving employment for individuals
24 participating in such voucher program. Such stand-

1 ards shall take into account the economic conditions
2 of the State in determining the rate of success.

3 “(ii) The State shall, not less than once a fiscal
4 year, evaluate the job placement voucher program
5 operated under this subsection in accordance with
6 the performance-based standards established under
7 clause (i).

8 “(iii) The State shall submit a report contain-
9 ing the results of an evaluation conducted under
10 clause (ii) to the Secretary and a description of the
11 performance-based standards used to conduct the
12 evaluation in such form and under such conditions
13 as the Secretary shall require. The Secretary shall
14 review each report submitted under this clause and
15 may require the State to revise the performance-
16 based standards if the Secretary determines that the
17 State is not achieving an adequate rate of success
18 for such State.”.

19 (2) CONFORMING AMENDMENTS.—Title IV (42
20 U.S.C. 681 et seq.) is amended—

21 (A) in section 403(*l*) (42 U.S.C. 603(*l*))—

22 (i) in paragraph (1)(A), by striking
23 “482(i)(2)” and inserting “482(j)(2)”; and

1 (ii) in paragraph (4)(A)(i), by insert-
2 ing “a job placement voucher program,”
3 after “on-the-job training.”; and

4 (B) in section 431(a)(6) (42 U.S.C.
5 629a(a)(6))—

6 (i) by striking “482(i)(5)” and insert-
7 ing “482(j)(5)”;

8 (ii) by striking “482(i)(7)(A)” and in-
9 serting “482(j)(7)(A)”.

10 (3) EFFECTIVE DATE.—The amendments made
11 by paragraphs (1) and (2) shall be effective with re-
12 spect to calendar quarters beginning with the second
13 calendar quarter beginning after the date of the en-
14 actment of this Act.

15 (e) ELIMINATION OF REQUIREMENT TO PROVIDE
16 EDUCATIONAL ACTIVITIES TO INDIVIDUALS AGE 20 OR
17 OLDER; PERMITTING STATES TO PROVIDE EMPLOYMENT
18 SERVICES FOR NON-CUSTODIAL PARENTS.—Section
19 482(d) (42 U.S.C. 682(d)) is amended—

20 (1) by striking paragraph (2);

21 (2) by redesignating paragraph (3) as para-
22 graph (2); and

23 (3) in paragraph (2), as so redesignated—

24 (A) by striking “up to 5”; and

25 (B) by striking the second sentence.

1 (f) INCREASE IN PERIOD IN WHICH EARNED INCOME
2 DISREGARD MAY APPLY UNDER WORK
3 SUPPLEMENTATION PROGRAM.—Section 482(e) (42
4 U.S.C. 682(e)) is amended in paragraphs (2)(G) and (4),
5 by striking “9 months” and inserting “12 months”.

6 (g) STATE FLEXIBILITY FOR THE JOB SEARCH PRO-
7 GRAM.—Section 482(g) (42 U.S.C. 682(g)) is amended—

8 (1) in paragraph (2)—

9 (A) by inserting “, and subject to para-
10 graph (3),” after “section 402(a)(19)(B)(i)”;
11 and

12 (B) by striking “applies)—” and all that
13 follows through the period at the end and in-
14 serting “applies) at such time or times as the
15 State agency may determine.”; and

16 (2) in paragraph (3), by inserting “, not includ-
17 ing any period of job search that occurred at the
18 same time that the individual was participating in
19 another activity under this part” after “12 months”.

20 **SEC. 103. FUNDING FOR THE JOBS PROGRAM AND CHILD**
21 **CARE.**

22 (a) FUNDING FOR THE JOBS PROGRAM.—

23 (1) INCREASE IN FUNDING.—Section 403(k)(3)
24 (42 U.S.C. 603(k)(3)) is amended—

1 (A) in subparagraph (E), by striking
2 “and”; and

3 (B) by striking subparagraph (F) and in-
4 serting the following:

5 “(F) \$1,200,000,000 in the case of the fiscal
6 year 1996,

7 “(G) \$1,300,000,000 in the case of the fiscal
8 year 1997,

9 “(H) \$1,600,000,000 in the case of the fiscal
10 year 1998,

11 “(I) \$1,900,000,000 in the case of the fiscal
12 year 1999,

13 “(J) \$2,200,000,000 in the case of the fiscal
14 year 2000, and

15 “(K) \$2,500,000,000 in the case of the fiscal
16 year 2001, and each succeeding fiscal year,”.

17 (2) APPLICABLE PERCENTAGES.—

18 (A) IN GENERAL.—Section 403(l)(1) (42
19 U.S.C. 603(l)(1)) is amended—

20 (i) by striking “(l)(1)(A) In lieu” and
21 inserting “(l)(1) In lieu”; and

22 (ii) by striking “(including expendi-
23 tures” and all that follows through sub-
24 paragraph (B), and inserting “an amount
25 equal to the greater of—

1 “(A) 70 percent; or

2 “(B) the Federal medical assistance percentage
3 (as defined in section 1118 in the case of any State
4 to which section 1108 applies, or as defined in sec-
5 tion 1905(b) in the case of any other State) plus ten
6 percentage points,

7 in the case of expenditures made by a State in operating
8 such a program for in a fiscal year.”.

9 (B) CONFORMING AMENDMENTS.—Section
10 403(*l*) (42 U.S.C. 603(*l*)) is amended—

11 (i) in paragraph (2)(A), by striking
12 “paragraph (1)(A)” and inserting “para-
13 graph (1)”; and

14 (ii) in paragraph (3)(C), by striking
15 “paragraph (1)(A)” and inserting “para-
16 graph (1)”.

17 (b) FUNDING FOR CHILD CARE.—

18 (1) FUNDING FOR JOBS AND TRANSITIONAL
19 CHILD CARE.—

20 (A) IN GENERAL.—Section 402(g)(3)(A)
21 (42 U.S.C. 602(g)(3)(A)) is amended to read as
22 follows:

23 “(3)(A) In the case of amounts expended for child
24 care pursuant to clause (i) or (ii) of paragraph (1)(A),

1 the applicable rate for purposes of section 403(a) shall be
2 the greater of—

3 “(i) 70 percent; or

4 “(ii) the Federal medical assistance percentage
5 (as defined in section 1118 in the case of any State
6 to which section 1108 applies, or as defined in sec-
7 tion 1905(b) in the case of any other State) plus ten
8 percentage points.”.

9 (B) EXTENSION OF THE TRANSITIONAL
10 CHILD CARE PROGRAM.—Section 304(b) of the
11 Family Support Act of 1988 (42 U.S.C. 602
12 note) is amended—

13 (i) by striking “(1)”; and

14 (ii) by striking paragraph (2).

15 (2) FUNDING FOR AT-RISK CHILD CARE.—Sec-
16 tion 403(n)(1)(A) (42 U.S.C. 603(n)(1)(A)) is
17 amended to read as follows:

18 “(A) 70 percent, or, if higher, the Federal med-
19 ical assistance percentage (as defined in section
20 1118 in the case of any State to which section 1108
21 applies, or as defined in section 1905(b) in the case
22 of any other State) plus ten percentage points, of
23 the expenditures by the State in providing child care
24 services pursuant to section 402(i), and in admin-

1 istering the provision of such child care services, for
2 any fiscal year; and”.

3 (c) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this section
6 shall take effect on the date of the enactment of this
7 Act.

8 (2) APPLICABLE PERCENTAGES.—The amend-
9 ments made by subsections (a)(2) and (b) shall take
10 effect on October 1, 1996.

11 **SEC. 104. EVALUATION OF THE JOBS PROGRAM.**

12 (a) EVALUATION OBJECTIVES AND DEVELOP-
13 MENT.—

14 (1) OBJECTIVES.—The Secretary shall develop
15 and implement a plan for evaluating the programs
16 operated by the States under part F of title IV of
17 the Social Security Act (42 U.S.C. 681 et seq.).
18 Such plan shall be designed to develop information
19 to—

20 (A) assess the impacts of such programs
21 with respect to—

22 (i) cost effectiveness;

23 (ii) the level of earnings achieved;

24 (iii) welfare receipt;

25 (iv) job retention;

1 (v) the effects on children; and

2 (vi) such other factors as the Sec-
3 retary may determine;

4 (B) provide guidance to the Secretary in
5 making any necessary changes and improve-
6 ments in the performance standards required by
7 section 487 of such Act (42 U.S.C. 687); and

8 (C) enable the Secretary to provide tech-
9 nical assistance to the States to assist them in
10 improving such programs and in meeting such
11 standards.

12 (2) DEVELOPMENT OF PLAN.—The plan de-
13 scribed in paragraph (1) shall be developed by the
14 Secretary in consultation with representatives of the
15 States.

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

17 (1) SECRETARY.—The term “Secretary” means
18 the Secretary of Health and Human Services.

19 (2) STATE.—The term “State” means any of
20 the 50 States, the District of Columbia, the Com-
21 monwealth of Puerto Rico, the Virgin Islands,
22 Guam, and American Samoa.

23 (c) AUTHORIZATION OF APPROPRIATIONS.—There
24 are authorized to be appropriated such sums as may be
25 necessary for fiscal years 1996 through 2000 for the pur-

1 “(C) provide that the case manager will be
2 responsible for—

3 “(i) assisting such parent in obtaining
4 appropriate services, including at a mini-
5 mum, parenting education, family planning
6 services, education and vocational training,
7 and child care and transportation services,

8 “(ii) making the determinations re-
9 quired to implement the provision of sec-
10 tion 402(a)(43),

11 “(iii) monitoring such parent’s compli-
12 ance with all program requirements, and,
13 where appropriate, providing incentives
14 and applying sanctions, and

15 “(iv) providing general guidance, en-
16 couragement, and support to assist such
17 parent in his or her role as a parent and
18 in achieving self-sufficiency.”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall be effective with respect to calendar
21 quarters beginning on or after October 1, 1996.

22 **SEC. 202. PARTICIPATION IN EDUCATIONAL ACTIVITY.**

23 (a) IN GENERAL.—Section 402(a)(19)(E) (42 U.S.C.
24 602(a)(19)(E)) is amended to read as follows:

25 “(E) that the State agency shall—

1 “(i) in the case of a custodial parent
2 who has not attained 20 years of age, has
3 not successfully completed a high school
4 education (or its equivalent), and is re-
5 quired to participate in the program (in-
6 cluding an individual who would otherwise
7 be exempt from participation in the pro-
8 gram solely by reason of subparagraph
9 (C)(iii)), require such parent to—

10 “(I) attend school,

11 “(II) participate in a program
12 that combines classroom and job
13 training, or

14 “(III) work toward attainment of
15 a high school education (or its equiva-
16 lent);

17 “(ii) in the case of custodial parent
18 who has not attained 20 years of age, but
19 has successfully completed a high school
20 education (or its equivalent), and is re-
21 quired to participate in the program (in-
22 cluding an individual who would otherwise
23 be exempt from participation in the pro-
24 gram solely by reason of subparagraph
25 (C)(iii)), require such parent to participate

1 in a JOBS activity (including a work activ-
2 ity) approved by the State;

3 “(iii) establish criteria in accordance
4 with regulations of the Secretary under
5 which a custodial parent described in
6 clauses (i) and (ii) who has not attained 20
7 years of age may be exempted from the re-
8 quirements under such clause but the
9 number of such parents exempted from
10 such requirements shall not exceed 50 per-
11 cent in fiscal year 2000 or any fiscal year
12 thereafter; and

13 “(iv) at the option of the State, some
14 or all custodial parents who are under age
15 20 (and pregnant women under age 20)
16 who are receiving aid under this part will
17 be required to participate in a program of
18 monetary incentives and penalties, consist-
19 ent with subsection (j);”.

20 (b) STATE OPTION TO PROVIDE ADDITIONAL INCEN-
21 TIVES AND PENALTIES TO ENCOURAGE TEENAGE PAR-
22 ENTS TO COMPLETE HIGH SCHOOL—Section 402 (42
23 U.S.C. 602) is amended by adding at the end the following
24 new subsection:

1 “(j)(1) If a State chooses to conduct a program of
2 monetary incentives and penalties to encourage custodial
3 parents (and pregnant women) who are under age 20 to
4 complete their high school (or equivalent) education, and
5 participate in parenting activities, the State shall amend
6 its State plan—

7 “(A) to specify the one or more political sub-
8 divisions in which the State will conduct the pro-
9 gram (or other clearly defined geographic area or
10 areas), and

11 “(B) to describe its program in detail.

12 “(2) A program under this subsection—

13 “(A) may, at the option of the State, include all
14 such parents who are under age 21;

15 “(B) may, at the option of the State, require
16 full-time participation in secondary school or equiva-
17 lent educational activities, or participation in a
18 course or program leading to a skills certificate
19 found appropriate by the State agency or parenting
20 education activities (or any combination of such ac-
21 tivities and secondary education);

22 “(C) shall require that the case manager as-
23 signed to the custodial parent pursuant to para-
24 graph (3) or (4) of section 482(b) will review the
25 needs of such parent and will assure that, either in

1 the initial development or revision of the parent's
2 employability plan, there will be included a descrip-
3 tion of the services that will be provided to the par-
4 ent and the way in which the case manager and
5 service providers will coordinate with the educational
6 or skills training activities in which the custodial
7 parent is participating;

8 “(D) shall provide monetary incentives for more
9 than minimally acceptable performance of required
10 educational activities; and

11 “(E) shall provide penalties which may be those
12 required by subsection (a)(19)(G) or, with the ap-
13 proval of the Secretary, other monetary penalties
14 that the State finds will better achieve the objectives
15 of the program.

16 “(3) When a monetary incentive is payable because
17 of the more than minimally acceptable performance of re-
18 quired educational activities by a custodial parent, the in-
19 centive shall be paid directly to such parent, regardless
20 of whether the State agency makes payment of aid under
21 the State plan directly to such parent.

22 “(4)(A) For purposes of this part, monetary incen-
23 tives paid under this subsection shall be considered aid
24 to families with dependent children.

1 “(B) For purposes of any other Federal or federally
2 assisted program based on need, no monetary incentive
3 paid under this subsection shall be considered income in
4 determining a family’s eligibility for or amount of benefits
5 under such program, and if aid is reduced by reason of
6 a penalty under this subsection, such other program shall
7 treat the family involved as if no such penalty has been
8 applied.

9 “(5) The State agency shall from time to time provide
10 such information as the Secretary may request, and other-
11 wise cooperate with the Secretary, in order to permit eval-
12 uation of the effectiveness on a broad basis of the State’s
13 program conducted under this subsection.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall be effective with respect to calendar
16 quarters beginning on or after October 1, 1996.

17 **SEC. 203. LIVING ARRANGEMENT REQUIREMENTS.**

18 (a) IN GENERAL.—Section 402(a)(43) (42 U.S.C.
19 602(a)(43)) is amended—

20 (1) in the matter preceding subparagraph (A),
21 by striking “at the option of the State,”,

22 (2) in subparagraph (A), by redesignating
23 clauses (i) and (ii) as subclauses (I) and (II), respec-
24 tively,

1 (3) by striking “(A) subject to subparagraph
2 (B),” and inserting “(A)(i) subject to clause (ii),”,
3 (4) in subclause (II) of subparagraph (A)(i), as
4 redesignated—

5 (A) by striking “(where possible)”, and

6 (B) by striking “or other adult relative”

7 and inserting “other adult relative, or other
8 adult supervising the living arrangement”, and

9 (5) by striking subparagraph (B) and inserting
10 the following:

11 “(ii) clause (i) does not apply in any case
12 in which the State agency—

13 “(I) determines that the physical or
14 emotional health or safety of such individ-
15 ual or such dependent child would be jeop-
16 ardized if such individual and such depend-
17 ent child lived in the same residence with
18 such individual’s own parent or legal
19 guardian; or

20 “(II) otherwise determines in accord-
21 ance with regulations issued by the Sec-
22 retary that there is good cause for waiving
23 such clause; and

24 “(B) if an individual is not residing in an
25 alternative adult-supervised living arrangement

1 that is approved by the State agency, the State
2 agency (in consultation with the child welfare
3 agency) is required to assist the individual in
4 locating an appropriate living arrangement;”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall be effective with respect to calendar
7 quarters beginning on or after October 1, 1997.

8 **Subtitle B—State Flexibility**

9 **PART I—ESTABLISHMENT OF INTERAGENCY**

10 **WELFARE REVIEW BOARD**

11 **SEC. 211. INTERAGENCY WELFARE REVIEW BOARD.**

12 (a) ESTABLISHMENT AND PURPOSE.—In order to fa-
13 cilitate the consideration of welfare program requirement
14 waiver requests that involve more than 1 Federal depart-
15 ment or agency, there is established an Interagency Wel-
16 fare Review Board (hereafter in this part referred to as
17 the “Board”).

18 (b) MEMBERSHIP.—The Board shall consist of the
19 following members:

20 (1) The Secretary of Agriculture (or the des-
21 ignee of the Secretary).

22 (2) The Secretary of Health and Human Serv-
23 ices (or the designee of the Secretary).

24 (3) The Secretary of Housing and Urban Devel-
25 opment (or the designee of the Secretary).

1 (4) The Secretary of Labor (or the designee of
2 the Secretary).

3 (5) The Secretary of Education (or the designee
4 of the Secretary).

5 (6) Such other individuals as the President de-
6 termines appropriate.

7 (c) CHAIRPERSON.—The President shall appoint 1
8 member of the Board to serve as Chairperson of the
9 Board.

10 (d) VACANCIES.—A vacancy in the position of Chair-
11 person shall be filled in the manner in which the original
12 appointment was made.

13 (e) NO ADDITIONAL COMPENSATION.—The members
14 of the Board may not be provided additional pay, allow-
15 ances, or benefits by reason of their service on the Board.

16 (f) POWERS.—

17 (1) ASSISTANCE OF OTHER FEDERAL ENTI-
18 TIES.—A member of the Board shall detail to the
19 Chairperson, on a nonreimbursable basis, such offi-
20 cers and employees of the department or agency
21 headed by the member, and shall make available to
22 the Chairperson such assistance as the Chairperson
23 may require to carry out the activities of the Board.

24 (2) USE OF UNITED STATES MAILS.—The
25 Chairperson may use the United States mails in the

1 same manner and under the same conditions as
2 other departments and agencies of the United
3 States.

4 (g) DUTIES.—

5 (1) IN GENERAL.—The Board shall act as the
6 central organization for coordinating the review of
7 applications submitted under section 212 by States
8 for waivers from the requirements of eligible Federal
9 low-income assistance programs that involve more
10 than 1 department or agency of the Federal Govern-
11 ment.

12 (2) DUTY TO PROVIDE TECHNICAL ASSIST-
13 ANCE.—The Board shall provide assistance and
14 technical advice to entities submitting applications
15 under section 212 and implementing an assistance
16 plan under an application approved under section
17 213.

18 **SEC. 212. WAIVER APPLICATION.**

19 Any State that is receiving or is eligible to receive
20 funds or other assistance under eligible Federal low-in-
21 come assistance programs involving more than 1 Federal
22 department or agency and desires a waiver authorized by
23 law from the Federal requirements with respect to such
24 programs may submit to the Board an application for such

1 waiver. The application shall be submitted in the form and
2 manner prescribed by the Board.

3 **SEC. 213. REVIEW AND APPROVAL OF APPLICATIONS.**

4 (a) REVIEW OF APPLICATIONS.—The Board shall re-
5 view a waiver application submitted under section 212 and
6 issue an advisory opinion with respect to such waiver ap-
7 plication. Final decisions with respect to the waiver appli-
8 cation shall be made by the Secretaries of the departments
9 or agencies that have responsibility for administering the
10 programs with respect to which the waiver is sought.

11 (b) ACTION ON APPLICATION.—The Board shall es-
12 tablish a schedule for the consideration of a waiver appli-
13 cation submitted under section 212, to assure that the
14 State will receive a final decision from the Secretaries de-
15 scribed in subsection (a) on the waiver application not
16 later than 90 days after the date the completed application
17 is received by the Board.

18 **SEC. 214. DEFINITION OF STATE.**

19 (a) IN GENERAL.—For purposes of this part, the
20 term “State” means any of the 50 States, the District
21 of Columbia, Puerto Rico, American Samoa, Guam, and
22 the Virgin Islands.

23 (b) INDIAN TRIBES.—In the case of an eligible Fed-
24 eral low-income assistance program under which aid or as-
25 sistance is provided with respect to an Indian tribe, the

1 Indian tribal organization is deemed to be a State for pur-
2 poses of this part.

3 **PART II—ADDITIONAL PROVISIONS CONCERNING**
4 **WAIVERS**

5 **SEC. 221. SCHEDULE FOR CONSIDERATION OF WAIVER AP-**
6 **PLICATIONS.**

7 Section 1115 (42 U.S.C. 1315) is amended—

8 (1) by redesignating paragraphs (1) and (2) as
9 subparagraphs (A) and (B), respectively;

10 (2) by striking “(a) In” and inserting “(a)(1)
11 In”; and

12 (3) by adding at the end the following new
13 paragraph:

14 “(2) Not later than 90 days after the date a com-
15 pleted application from a State for a waiver under para-
16 graph (1) is received by the Secretary, the Secretary shall
17 approve or disapprove such application. In considering an
18 application for a waiver, there shall be a presumption for
19 approval in the case of a request for a waiver that is simi-
20 lar in substance and scale to one that the Secretary has
21 previously approved.”.

1 **SEC. 222. STATE AUTHORITY TO ESTABLISH CERTAIN AFDC**
2 **RULES.**

3 (a) IN GENERAL.—Section 1115 (42 U.S.C. 1315)
4 is amended by adding at the end the following new sub-
5 section:

6 “(e)(1) Any State having an approved plan under
7 part A of title IV may, without receiving a waiver from
8 the Secretary pursuant to this section or otherwise, estab-
9 lish any of the program changes described in paragraph
10 (2) for purposes of providing aid or assistance under part
11 A of such title.

12 “(2) The program changes described in this para-
13 graph are the following:

14 “(A) Income and resource requirements other
15 than those specified in section 402(a)(7) in order to
16 test the effect of such requirements on an individ-
17 ual’s effort to obtain employment.

18 “(B) Requirements relating to the disregard of
19 income other than those specified in section
20 402(a)(8).

21 “(C) Standards for defining unemployment
22 other than those prescribed by the Secretary pursu-
23 ant to section 407(a).

24 “(D) Rules for the eligibility for aid or assist-
25 ance under part A of title IV of an unemployed par-
26 ent without regard to section 407(b)(1)(A)(iii).

1 “(3)(A) The Secretary shall evaluate a sufficient
2 number of the program changes described in paragraph
3 (2) which are established by a State in order to determine
4 the impact of such changes on the receipt of aid to families
5 with dependent children program under part A of title IV
6 in such State, earnings achieved, costs to the Federal and
7 State governments, and such other factors as the Sec-
8 retary may determine.

9 “(B) Any State chosen by the Secretary for an eval-
10 uation under subparagraph (A) shall cooperate with such
11 evaluation.

12 “(C) There are authorized to be appropriated such
13 sums as may be necessary for the purpose of conducting
14 evaluations under this paragraph.

15 “(4) The authority provided by paragraphs (1) and
16 (2) of this subsection shall expire 5 years after the date
17 on which this subsection takes effect.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall take effect on October 1, 1996.

20 **SEC. 223. WAIVER AUTHORITY FOR THE JOBS PROGRAM.**

21 Section 1115(a) (42 U.S.C. 1315(a)) is amended—

22 (1) in the matter preceding paragraph (1), by
23 striking “part A or D of title IV” and inserting
24 “part A, D, or F of title IV”;

1 (2) in paragraph (1), by inserting “482,” after
2 “454,”; and

3 (3) in paragraph (2), by inserting “402(g),”
4 after “section 3,”.

5 **TITLE III—CHILD SUPPORT**
6 **ENFORCEMENT**

7 **SEC. 300. SHORT TITLE.**

8 This title may be cited as the “Interstate Child Sup-
9 port Responsibility Act of 1995”.

10 **Subtitle A—Improvements to the**
11 **Child Support Collection System**

12 **PART I—ELIGIBILITY AND OTHER MATTERS**
13 **CONCERNING TITLE IV-D PROGRAM CLIENTS**

14 **SEC. 301. COOPERATION REQUIREMENT AND GOOD CAUSE**
15 **EXCEPTION.**

16 (a) CHILD SUPPORT ENFORCEMENT REQUIRE-
17 MENTS.—Section 454 is amended—

18 (1) by striking “and” at the end of paragraph
19 (23);

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

22 (3) by adding after paragraph (24) the follow-
23 ing new paragraph:

24 “(25) provide that the State agency administer-
25 ing the plan under this part—

1 “(A) will make the determination specified
2 under paragraph (4), as to whether an individ-
3 ual is cooperating with efforts to establish pa-
4 ternity and secure support (or has good cause
5 not to cooperate with such efforts) for purposes
6 of the requirements of sections 402(a)(26) and
7 1912;

8 “(B) will advise individuals, both orally
9 and in writing, of the grounds for good cause
10 exceptions to the requirement to cooperate with
11 such efforts;

12 “(C) will take the best interests of the
13 child into consideration in making the deter-
14 mination whether such individual has good
15 cause not to cooperate with such efforts;

16 “(D)(i) will make the initial determination
17 as to whether an individual is cooperating (or
18 has good cause not to cooperate) with efforts to
19 establish paternity within 10 days after such in-
20 dividual is referred to such State agency by the
21 State agency administering the program under
22 part A of title XIX;

23 “(ii) will make redeterminations as to co-
24 operation or good cause at appropriate inter-
25 vals; and

1 “(iii) will promptly notify the individual,
2 and the State agencies administering such pro-
3 grams, of each such determination and redeter-
4 mination;

5 “(E) with respect to any child born on or
6 after the date 10 months after the date of the
7 enactment of this provision—

8 “(i) will not determine (or redeter-
9 mine) the mother of such child to be co-
10 operating with efforts to establish pater-
11 nity unless the mother furnishes—

12 “(I) the name of the putative fa-
13 ther (or fathers); and

14 “(II) sufficient additional infor-
15 mation to enable the State agency, if
16 reasonable efforts were made, to ver-
17 ify the identity of the person named
18 as the putative father (including such
19 information as the putative father’s
20 present address, telephone number,
21 date of birth, past or present place of
22 employment, school previously or cur-
23 rently attended, and names and ad-
24 dresses of parents, friends, or rel-
25 atives able to provide location infor-

1 mation, or other information that
2 could enable service of process on
3 such person); and

4 “(ii) in the case of a caretaker who is
5 not the mother and who is receiving pay-
6 ments for the child under part A, will de-
7 termine (or redetermine) such caretaker to
8 be reasonably cooperating with efforts to
9 establish paternity under regulations pre-
10 scribed by the Secretary; and

11 “(F)(i) (where a custodial parent who was
12 initially determined not to be cooperating (or to
13 have good cause not to cooperate) is later deter-
14 mined to be cooperating or to have good cause
15 not to cooperate) will immediately notify the
16 State agencies administering the programs
17 under part A of title XIX that this eligibility
18 condition has been met; and

19 “(ii) (where a custodial parent was initially
20 determined to be cooperating (or to have good
21 cause not to cooperate)) will not later determine
22 such individual not to be cooperating (or not to
23 have good cause not to cooperate) until such in-
24 dividual has been afforded an opportunity for a
25 hearing.”.

1 (b) AFDC AMENDMENTS.—

2 (1) Section 402(a)(11) is amended by striking
3 “furnishing of” and inserting “application for”.

4 (2) Section 402(a)(26) is amended—

5 (A) in each of subparagraphs (A) and (B),
6 by redesignating clauses (i) and (ii) as
7 subclauses (I) and (II);

8 (B) by indenting and redesignating sub-
9 paragraphs (A), (B), and (C) as clauses (i), (ii),
10 and (iv), respectively;

11 (C) in clause (ii), as redesignated—

12 (i) by striking “is claimed, or in ob-
13 taining any other payments or property
14 due such applicant or such child,” and in-
15 serting “is claimed;”; and

16 (ii) by striking “unless” and all that
17 follows through “aid is claimed; and”;

18 (D) by adding after clause (ii) the follow-
19 ing new clause:

20 “(iii) to cooperate with the State in
21 obtaining any other payments or property
22 due such applicant or such child; and”;

23 (E) in the matter preceding clause (i), as
24 redesignated, to read as follows:

25 “(26) provide—

1 “(A) that, as a condition of eligibility for
2 aid, each applicant or recipient will be required
3 (subject to subparagraph (C))—”;

4 (F) in subparagraph (A)(iv), as redesign-
5 nated, by striking “, unless such individual”
6 and all that follows through “individuals in-
7 volved”;

8 (G) by adding at the end the following new
9 subparagraphs:

10 “(B) that the State agency will imme-
11 diately refer each applicant requiring paternity
12 establishment services to the State agency ad-
13 ministering the program under part D;

14 “(C) that an individual will not be required
15 to cooperate with the State, as provided under
16 subparagraph (A), if the individual is found to
17 have good cause for refusing to cooperate, as
18 determined in accordance with standards pre-
19 scribed by the Secretary, which standards shall
20 take into consideration the best interests of the
21 child on whose behalf aid is claimed—

22 “(i) to the satisfaction of the State
23 agency administering the program under
24 part D, as determined in accordance with
25 section 454(25), with respect to the re-

1 requirements under clauses (i) and (ii) of
2 subparagraph (A); and

3 “(ii) to the satisfaction of the State
4 agency administering the program under
5 this part, with respect to the requirements
6 under clauses (iii) and (iv) of subpara-
7 graph (A);

8 “(D) that (except as provided in subpara-
9 graph (E)) an applicant requiring paternity es-
10 tablishment services (other than an individual
11 eligible for emergency assistance as defined in
12 section 406(e)) shall not be eligible for any aid
13 under this part until such applicant—

14 “(i) has furnished to the agency ad-
15 ministering the State plan under part D
16 the information specified in section
17 454(25)(E); or

18 “(ii) has been determined by such
19 agency to have good cause not to cooper-
20 ate;

21 “(E) that the provisions of subparagraph
22 (D) shall not apply—

23 “(i) if the State agency specified in
24 such subparagraph has not, within 10 days
25 after such individual was referred to such

1 agency, provided the notification required
2 by section 454(25)(D)(iii), until such noti-
3 fication is received; and

4 “(ii) if such individual appeals a de-
5 termination that the individual lacks good
6 cause for noncooperation, until after such
7 determination is affirmed after notice and
8 opportunity for a hearing; and”; and

9 (H)(i) by relocating and redesignating as
10 subparagraph (F) the text at the end of sub-
11 paragraph (A)(ii) beginning with “that, if the
12 relative” and all that follows through the semi-
13 colon;

14 (ii) in subparagraph (F), as so redesi-
15 gnated and relocated, by striking “subpara-
16 graphs (A) and (B) of this paragraph” and in-
17 serting “subparagraph (A)”; and

18 (iii) by striking “and” at the end of sub-
19 paragraph (a)(ii).

20 (c) MEDICAID AMENDMENTS.—Section 1912(a) is
21 amended—

22 (1) in paragraph (1)(B), by inserting “(except
23 as provided in paragraph (2))” after “to cooperate
24 with the State”;

1 (2) in subparagraphs (B) and (C) of paragraph
2 (1) by striking “, unless” and all that follows and
3 inserting a semicolon; and

4 (3) by redesignating paragraph (2) as para-
5 graph (5), and inserting after paragraph (1) the fol-
6 lowing new paragraphs:

7 “(2) provide that the State agency will imme-
8 diately refer each applicant or recipient requiring
9 paternity establishment services to the State agency
10 administering the program under part D of title IV;

11 “(3) provide that an individual will not be re-
12 quired to cooperate with the State, as provided
13 under paragraph (1), if the individual is found to
14 have good cause for refusing to cooperate, as deter-
15 mined in accordance with standards prescribed by
16 the Secretary, which standards shall take into con-
17 sideration the best interests of the individuals in-
18 volved—

19 “(A) to the satisfaction of the State agency
20 administering the program under part D, as de-
21 termined in accordance with section 454(25),
22 with respect to the requirements to cooperate
23 with efforts to establish paternity and to obtain
24 support (including medical support) from a par-
25 ent; and

1 “(B) to the satisfaction of the State agen-
2 cy administering the program under this title,
3 with respect to other requirements to cooperate
4 under paragraph (1);

5 “(4) provide that (except as provided in para-
6 graph (5)) an applicant requiring paternity estab-
7 lishment services (other than an individual eligible
8 for emergency assistance as defined in section
9 406(e), or presumptively eligible pursuant to section
10 1920) shall not be eligible for medical assistance
11 under this title until such applicant—

12 “(i) has furnished to the agency admin-
13 istering the State plan under part D of title IV
14 the information specified in section 454(25)(E);
15 or

16 “(ii) has been determined by such agency
17 to have good cause not to cooperate; and

18 “(5) provide that the provisions of paragraph
19 (4) shall not apply with respect to an applicant—

20 “(i) if such agency has not, within 10 days
21 after such individual was referred to such agen-
22 cy, provided the notification required by section
23 454(25)(D)(iii), until such notification is re-
24 ceived); and

1 “(B) child support payments are collected
2 through the centralized collections unit estab-
3 lished in accordance with section 454B—

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

7 “(ii) on and after October 1, 1999,
8 under each other order required to be re-
9 corded in such central case registry under
10 this paragraph or section 454A(e)—

11 “(I) if requested by either party
12 subject to such order, or

13 “(II) at the option of the State,
14 regardless of whether application is
15 made for services under this part.”.

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

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

20 “(4) provide that such State will undertake to
21 provide appropriate services under this part to—

22 “(A) each child with respect to whom an
23 assignment is effective under section
24 402(a)(26), 471(a)(17), or 1912 (except in
25 cases in which the State agency determines, in

1 accordance with paragraph (25), that it is
2 against the best interests of the child to do so);
3 and

4 “(B) each child not described in subpara-
5 graph (A)—

6 “(i) with respect to whom an individ-
7 ual applies for such services; or

8 “(ii) on and after October 1, 1998,
9 with respect to whom a support order is
10 recorded in the central State case registry
11 established under section 454A, if applica-
12 tion is made for services under this part;”;
13 and

14 (2) in paragraph (6)—

15 (A) by striking “(6) provide that” and all
16 that follows through subparagraph (A) and in-
17 serting the following:

18 “(6) provide that—

19 “(A) services under the State plan shall be
20 made available to nonresidents on the same
21 terms as to residents;”;

22 (B) in subparagraph (B)—

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

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

6 (C) in each of subparagraphs (B), (C),
7 (D), and (E), by indenting such subparagraph
8 and aligning its left margin with the left margin
9 of subparagraph (A); and

10 (D) in each of subparagraphs (B), (C),
11 and (D), by striking the final comma and in-
12 serting a semicolon.

13 (c) CONFORMING AMENDMENTS.—

14 (1) PATERNITY ESTABLISHMENT PERCENT-
15 AGE.—Section 452(g)(2)(A) (42 U.S.C.
16 652(g)(2)(A)) is amended by striking “454(6)” each
17 place it appears and inserting “454(4)(A)(ii)”.

18 (2) STATE PLAN.—Section 454(23) (42 U.S.C.
19 654(23)) is amended, effective October 1, 1998, by
20 striking “information as to any application fees for
21 such services and”.

22 (3) PROCEDURES TO IMPROVE ENFORCE-
23 MENT.—Section 466(a)(3)(B) (42 U.S.C.
24 666(a)(3)(B)) is amended by striking “in the case of
25 overdue support which a State has agreed to collect

1 under section 454(6)” and inserting “in any other
2 case”.

3 (4) DEFINITION OF OVERDUE SUPPORT.—Sec-
4 tion 466(e) (42 U.S.C. 666(e)) is amended by strik-
5 ing “or (6)”.

6 **SEC. 303. DISTRIBUTION OF PAYMENTS.**

7 (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-
8 PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE
9 RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is
10 amended—

11 (1) in subparagraph (A)—

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

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

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

19 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-
20 CEIVING AFDC.—Section 457 (42 U.S.C. 657) is amend-
21 ed—

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

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

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

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

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

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

14 “(B) the amounts received in a month
15 which represent payments for a prior month
16 which were made by the absent parent in that
17 prior month;

18 and shall be paid to the family without affecting its
19 eligibility for assistance or decreasing any amount
20 otherwise payable as assistance to such family dur-
21 ing such month;”;

22 (B) in paragraph (4), by striking “or (B)”
23 and all that follows through the period and in-
24 serting “; then (B) from any remainder,
25 amounts equal to arrearages of such support

1 obligations assigned, pursuant to part A, to any
2 other State or States shall be paid to such
3 other State or States and used to pay any such
4 arrearages (with appropriate reimbursement of
5 the Federal Government to the extent of its
6 participation in the financing); and then (C)
7 any remainder shall be paid to the family.”; and
8 (3) by inserting after subsection (a), as redesignig-
9 nated, the following new subsection:

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

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

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

19 “(B) the amounts received in a month
20 which represent payments for a prior month
21 which were made by the absent parent in that
22 prior month;

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

1 otherwise payable as assistance to such family dur-
2 ing such month;

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

6 “(3) third, from any remainder, amounts equal
7 to arrearages of such support obligations assigned,
8 pursuant to part A, to the State making the collec-
9 tion shall be retained and used by such State to pay
10 any such arrearages (with appropriate reimburse-
11 ment of the Federal Government to the extent of its
12 participation in the financing);

13 “(4) fourth, from any remainder, amounts
14 equal to arrearages of such support obligations as-
15 signed, pursuant to part A, to any other State or
16 States shall be paid to such other State or States
17 and used to pay any such arrearages (with appro-
18 priate reimbursement of the Federal Government to
19 the extent of its participation in the financing); and

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

22 (c) DISTRIBUTION TO A FAMILY NOT RECEIVING
23 AFDC.—

24 (1) IN GENERAL.—Section 457(c) (42 U.S.C.
25 657(c)) is amended to read as follows:

1 “(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RE-
2 CEIVING AFDC.—Amounts collected by a State agency
3 under this part during any month as support of a child
4 who is not receiving assistance under part A (or of a par-
5 ent or caretaker relative of such a child) shall (subject to
6 the remaining provisions of this section) be distributed as
7 follows:

8 “(1) first, amounts equal to the total of such
9 support owed for such month shall be paid to the
10 family;

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

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

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

1 pay such arrearages, in the order in which such ar-
2 rearages accrued (with appropriate reimbursement
3 of the Federal Government to the extent of its par-
4 ticipation in the financing).”.

5 (2) EFFECTIVE DATE.—The amendment made
6 by paragraph (1) shall become effective on October
7 1, 1999.

8 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-
9 ANCE UNDER TITLE IV-E.—Section 457(d) (42 U.S.C.
10 657(d)) is amended, in the matter preceding paragraph
11 (1), by striking “Notwithstanding the preceding provisions
12 of this section, amounts” and inserting the following:

13 “(d) DISTRIBUTIONS IN CASE OF A CHILD RECEIV-
14 ING ASSISTANCE UNDER TITLE IV-E.—Amounts”.

15 (e) REGULATIONS.—The Secretary of Health and
16 Human Services shall promulgate regulations—

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

21 (2) under part A of such title, establishing
22 standards applicable to States electing the alter-
23 native formula under section 457(b) of such Act for
24 distribution of collections on behalf of families re-
25 ceiving Aid to Families with Dependent Children,

1 designed to minimize irregular monthly payments to
2 such families.

3 (f) CLERICAL AMENDMENTS.—Section 454 (42
4 U.S.C. 654) is amended—

5 (1) in paragraph (11)—

6 (A) by striking “(11)” and inserting
7 “(11)(A)”; and

8 (B) by inserting after the semicolon “and”;
9 and

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

12 **SEC. 304. RIGHTS TO NOTIFICATION AND HEARINGS.**

13 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
14 amended by section 302(f), is amended by inserting after
15 paragraph (11) the following new paragraph:

16 “(12) establish procedures to provide that—

17 “(A) individuals who are applying for or
18 receiving services under this part—

19 “(i) receive notice of all proceedings in
20 which support obligations might be estab-
21 lished or modified; and

22 “(ii) receive a copy of any order estab-
23 lishing or modifying a child support obliga-
24 tion, or (in the case of a petition for modi-
25 fication) a notice of determination that

1 there should be no change in the amount
2 of the child support award, within 14 days
3 after issuance of such order or determina-
4 tion;

5 “(B) individuals applying for or receiving
6 services under this part have access to a fair
7 hearing or other formal complaint procedure
8 that meets standards established by the Sec-
9 retary and ensures prompt consideration and
10 resolution of complaints (but the resort to such
11 procedure shall not stay the enforcement of any
12 support order); and

13 “(C) the State may not provide to any
14 noncustodial parent of a child representation re-
15 lating to the establishment or modification of
16 an order for the payment of child support with
17 respect to that child, unless the State makes
18 provision for such representation outside the
19 State agency;”.

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

22 **SEC. 305. PRIVACY SAFEGUARDS.**

23 (a) STATE PLAN REQUIREMENT.—Section 454 (42
24 U.S.C. 454), as amended by section 301(a), is amended—

1 (1) by striking “and” at the end of paragraph
2 (24);

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

5 (3) by adding after paragraph (25) the follow-
6 ing:

7 “(26) provide that the State will have in effect
8 safeguards applicable to all sensitive and confidential
9 information handled by the State agency designed to
10 protect the privacy rights of the parties, including—

11 “(A) safeguards against unauthorized use
12 or disclosure of information relating to proceed-
13 ings or actions to establish paternity, or to es-
14 tablish or enforce support;

15 “(B) prohibitions on the release of infor-
16 mation on the whereabouts of 1 party to an-
17 other party against whom a protective order
18 with respect to the former party has been en-
19 tered; and

20 “(C) prohibitions on the release of infor-
21 mation on the whereabouts of 1 party to an-
22 other party if the State has reason to believe
23 that the release of the information may result
24 in physical or emotional harm to the former
25 party.”.

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

3 **PART II—PROGRAM ADMINISTRATION AND**
4 **FUNDING**

5 **SEC. 311. FEDERAL MATCHING PAYMENTS.**

6 (a) INCREASED BASE MATCHING RATE.—Section
7 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as
8 follows:

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

11 “(A) for fiscal years 1997 and 1998, 66
12 percent, and

13 “(B) for fiscal year 1999 and succeeding
14 fiscal years, 75 percent.”.

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

17 (1) in subsection (a)(1), in the matter preced-
18 ing subparagraph (A), by striking “From” and in-
19 sserting “Subject to subsection (c), from”; and

20 (2) by inserting after subsection (b) the follow-
21 ing new subsection:

22 “(c) Notwithstanding the provisions of subsection (a),
23 total expenditures for the State program under this part
24 for fiscal year 1997 and each succeeding fiscal year (ex-
25 cluding 1-time capital expenditures for automation), re-

1 duced by the percentage specified for such fiscal year
 2 under subsection (a)(2) shall not be less than such total
 3 expenditures for fiscal year 1996, reduced by 66 percent.”.

4 **SEC. 312. PERFORMANCE-BASED INCENTIVES AND PEN-**
 5 **ALTIES.**

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

9 “INCENTIVE ADJUSTMENTS TO MATCHING RATE

10 “SEC. 458. (a) INCENTIVE ADJUSTMENT.—

11 “(1) IN GENERAL.—In order to encourage and
 12 reward State child support enforcement programs
 13 which perform in an effective manner, the Federal
 14 matching rate for payments to a State under section
 15 455(a)(1)(A), for each fiscal year beginning on or
 16 after October 1, 1998, shall be increased by a factor
 17 reflecting the sum of the applicable incentive adjust-
 18 ments (if any) determined in accordance with regu-
 19 lations under this section with respect to Statewide
 20 paternity establishment and to overall performance
 21 in child support enforcement.

22 “(2) STANDARDS.—

23 “(A) IN GENERAL.—The Secretary shall
 24 specify in regulations—

25 “(i) the levels of accomplishment, and
 26 rates of improvement as alternatives to

1 such levels, which States must attain to
2 qualify for incentive adjustments under
3 this section; and

4 “(ii) the amounts of incentive adjust-
5 ment that shall be awarded to States
6 achieving specified accomplishment or im-
7 provement levels, which amounts shall be
8 graduated, ranging up to—

9 “(I) 5 percentage points, in con-
10 nection with Statewide paternity es-
11 tablishment; and

12 “(II) 10 percentage points, in
13 connection with overall performance in
14 child support enforcement.

15 “(B) LIMITATION.—In setting performance
16 standards pursuant to subparagraph (A)(i) and
17 adjustment amounts pursuant to subparagraph
18 (A)(ii), the Secretary shall ensure that the ag-
19 gregate number of percentage point increases as
20 incentive adjustments to all States do not ex-
21 ceed such aggregate increases as assumed by
22 the Secretary in estimates of the cost of this
23 section as of June 1995, unless the aggregate
24 performance of all States exceeds the projected

1 aggregate performance of all States in such cost
2 estimates.

3 “(3) DETERMINATION OF INCENTIVE ADJUST-
4 MENT.—The Secretary shall determine the amount
5 (if any) of incentive adjustment due each State on
6 the basis of the data submitted by the State pursu-
7 ant to section 454(15)(B) concerning the levels of
8 accomplishment (and rates of improvement) with re-
9 spect to performance indicators specified by the Sec-
10 retary pursuant to this section.

11 “(4) FISCAL YEAR SUBJECT TO INCENTIVE AD-
12 JUSTMENT.—The total percentage point increase de-
13 termined pursuant to this section with respect to a
14 State program in a fiscal year shall apply as an ad-
15 justment to the applicable percent under section
16 455(a)(2) for payments to such State for the suc-
17 ceeding fiscal year.

18 “(5) RECYCLING OF INCENTIVE ADJUST-
19 MENT.—A State shall expend in the State program
20 under this part all funds paid to the State by the
21 Federal Government as a result of an incentive ad-
22 justment under this section.

23 “(b) MEANING OF TERMS.—

24 “(1) STATEWIDE PATERNITY ESTABLISHMENT
25 PERCENTAGE.—

1 “(A) IN GENERAL.—For purposes of this
2 section, the term ‘Statewide paternity establish-
3 ment percentage’ means, with respect to a fiscal
4 year, the ratio (expressed as a percentage) of—

5 “(i) the total number of out-of-wed-
6 lock children in the State under 1 year of
7 age for whom paternity is established or
8 acknowledged during the fiscal year, to

9 “(ii) the total number of children re-
10 quiring paternity establishment born in the
11 State during such fiscal year.

12 “(B) ALTERNATIVE MEASUREMENT.—The
13 Secretary shall develop an alternate method of
14 measurement for the Statewide paternity estab-
15 lishment percentage for any State that does not
16 record the out-of-wedlock status of children on
17 birth certificates.

18 “(2) OVERALL PERFORMANCE IN CHILD SUP-
19 PORT ENFORCEMENT.—The term ‘overall perform-
20 ance in child support enforcement’ means a measure
21 or measures of the effectiveness of the State agency
22 in a fiscal year which takes into account factors in-
23 cluding—

1 “(A) the percentage of cases requiring a
2 child support order in which such an order was
3 established;

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

6 “(C) the ratio of child support collected to
7 child support due; and

8 “(D) the cost-effectiveness of the State
9 program, as determined in accordance with
10 standards established by the Secretary in regu-
11 lations.”.

12 (b) ADJUSTMENT OF PAYMENTS UNDER PART D OF
13 TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as
14 amended by section 311(a), is amended—

15 (1) by striking the period at the end of sub-
16 paragraph (C) and inserting a comma; and

17 (2) by adding after and below subparagraph
18 (C), flush with the left margin of the paragraph, the
19 following:

20 “increased by the incentive adjustment factor (if any) de-
21 termined by the Secretary pursuant to section 458.”.

22 (c) CONFORMING AMENDMENTS.—Section 454(22)
23 (42 U.S.C. 654(22)) is amended—

1 (1) by striking “incentive payments” the first
2 place it appears and inserting “incentive adjust-
3 ments”; and

4 (2) by striking “any such incentive payments
5 made to the State for such period” and inserting
6 “any increases in Federal payments to the State re-
7 sulting from such incentive adjustments”.

8 (d) CALCULATION OF IV-D PATERNITY ESTABLISH-
9 MENT PERCENTAGE.—

10 (1) OVERALL PERFORMANCE.—Section
11 452(g)(1) (42 U.S.C. 652(g)(1)) is amended in the
12 matter preceding subparagraph (A) by inserting “its
13 overall performance in child support enforcement is
14 satisfactory (as defined in section 458(b) and regula-
15 tions of the Secretary), and” after “1994,”.

16 (2) DEFINITION.—Section 452(g)(2)(A) (42
17 U.S.C. 652(g)(2)(A)) is amended, in the matter pre-
18 ceding clause (i)—

19 (A) by striking “paternity establishment
20 percentage” and inserting “IV-D paternity es-
21 tablishment percentage”; and

22 (B) by striking “(or all States, as the case
23 may be)”.

24 (3) MODIFICATION OF REQUIREMENTS.—Sec-
25 tion 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

1 (A) by striking subparagraph (A) and re-
2 designating subparagraphs (B) and (C) as sub-
3 paragraphs (A) and (B), respectively;

4 (B) in subparagraph (A), as redesignated,
5 by striking “the percentage of children born
6 out-of-wedlock in the State” and inserting “the
7 percentage of children in the State who are
8 born out of wedlock or for whom support has
9 not been established”; and

10 (C) in subparagraph (B), as redesign-
11 nated—

12 (i) by inserting “and overall perform-
13 ance in child support enforcement” after
14 “paternity establishment percentages”; and

15 (ii) by inserting “and securing sup-
16 port” before the period.

17 (e) REDUCTION OF PAYMENTS UNDER PART D OF
18 TITLE IV.—

19 (1) NEW REQUIREMENTS.—Section 455 (42
20 U.S.C. 655) is amended—

21 (A) by redesignating subsection (e) as sub-
22 section (f); and

23 (B) by inserting after subsection (d) the
24 following new subsection:

1 “(e)(1) Notwithstanding any other provision of law,
2 if the Secretary finds, with respect to a State program
3 under this part in a fiscal year beginning on or after Octo-
4 ber 1, 1997—

5 “(A)(i) on the basis of data submitted by a
6 State pursuant to section 454(15)(B), that the State
7 program in such fiscal year failed to achieve the IV-
8 D paternity establishment percentage (as defined in
9 section 452(g)(2)(A)) or the appropriate level of
10 overall performance in child support enforcement (as
11 defined in section 458(b)(2)), or to meet other per-
12 formance measures that may be established by the
13 Secretary, or

14 “(ii) on the basis of an audit or audits of such
15 State data conducted pursuant to section
16 452(a)(4)(C), that the State data submitted pursu-
17 ant to section 454(15)(B) is incomplete or unreli-
18 able; and

19 “(B) that, with respect to the succeeding fiscal
20 year—

21 “(i) the State failed to take sufficient cor-
22 rective action to achieve the appropriate per-
23 formance levels as described in subparagraph
24 (A)(i) of this paragraph, or

1 “(ii) the data submitted by the State pur-
2 suant to section 454(15)(B) is incomplete or
3 unreliable,

4 the amounts otherwise payable to the State under this
5 part for quarters following the end of such succeeding fis-
6 cal year, prior to quarters following the end of the first
7 quarter throughout which the State program is in compli-
8 ance with such performance requirement, shall be reduced
9 by the percentage specified in paragraph (2).

10 “(2) The reductions required under paragraph (1)
11 shall be—

12 “(A) not less than 3 nor more than 5 percent,
13 or

14 “(B) not less than 5 nor more than 7 percent,
15 if the finding is the second consecutive finding made
16 pursuant to paragraph (1), or

17 “(C) not less than 7 nor more than 10 percent,
18 if the finding is the third or a subsequent consecu-
19 tive such finding.

20 “(3) For purposes of this subsection, section
21 402(a)(27), and section 452(a)(4), a State which is deter-
22 mined as a result of an audit to have submitted incomplete
23 or unreliable data pursuant to section 454(15)(B), shall
24 be determined to have submitted adequate data if the Sec-
25 retary determines that the extent of the incompleteness

1 or unreliability of the data is of a technical nature which
2 does not adversely affect the determination of the level of
3 the State's performance.”.

4 (2) CONFORMING AMENDMENTS.—

5 (A) PAYMENTS TO STATES.—Section 403
6 (42 U.S.C. 603) is amended by striking sub-
7 section (h).

8 (B) DUTIES OF SECRETARY.—Subsections
9 (d)(3)(A), (g)(1), and (g)(3)(A) of section 452
10 (42 U.S.C. 652) are each amended by striking
11 “403(h)” and inserting “455(e)”.

12 (f) EFFECTIVE DATES.—

13 (1) INCENTIVE ADJUSTMENTS.—

14 (A) IN GENERAL.—The amendments made
15 by subsections (a), (b), and (c) shall become ef-
16 fective on October 1, 1997, except to the extent
17 provided in subparagraph (B).

18 (B) EXCEPTION.—Section 458 of the So-
19 cial Security Act, as in effect prior to the enact-
20 ment of this section, shall be effective for pur-
21 poses of incentive payments to States for fiscal
22 years prior to fiscal year 1999.

23 (2) PENALTY REDUCTIONS.—

24 (A) IN GENERAL.—The amendments made
25 by subsection (d) shall become effective with re-

1 spect to calendar quarters beginning on and
2 after the date of the enactment of this Act.

3 (B) REDUCTIONS.—The amendments
4 made by subsection (e) shall become effective
5 with respect to calendar quarters beginning on
6 and after the date which is 1 year after the
7 date of the enactment of this Act.

8 **SEC. 313. FEDERAL AND STATE REVIEWS AND AUDITS.**

9 (a) STATE AGENCY ACTIVITIES.—Section 454 (42
10 U.S.C. 654) is amended—

11 (1) in paragraph (14)—

12 (A) by striking “(14)” and inserting
13 “(14)(A)”; and

14 (B) by inserting after the semicolon “and”;

15 (2) by redesignating paragraph (15) as sub-
16 paragraph (B) of paragraph (14); and

17 (3) by inserting after paragraph (14) the fol-
18 lowing new paragraph:

19 “(15) provide for—

20 “(A) a process for annual reviews of and
21 reports to the Secretary on the State program
22 under this part—

23 “(i) which shall include such informa-
24 tion as may be necessary to measure State
25 compliance with Federal requirements for

1 expedited procedures and timely case proc-
2 essing, using such standards and proce-
3 dures as are required by the Secretary;
4 and

5 “(ii) under which the State agency
6 will determine the extent to which such
7 program is in conformity with applicable
8 requirements with respect to the operation
9 of State programs under this part (includ-
10 ing the status of complaints filed under the
11 procedure required under paragraph
12 (12)(B)); and

13 “(B) a process of extracting from the
14 State automated data processing system and
15 transmitting to the Secretary data and calcula-
16 tions concerning the levels of accomplishment
17 (and rates of improvement) with respect to ap-
18 plicable performance indicators (including IV-D
19 paternity establishment percentages and overall
20 performance in child support enforcement) to
21 the extent necessary for purposes of sections
22 452(g) and 458.”.

23 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42
24 U.S.C. 652(a)(4)) is amended to read as follows:

1 “(4)(A) review data and calculations transmit-
2 ted by State agencies pursuant to section
3 454(15)(B) on State program accomplishments with
4 respect to performance indicators for purposes of
5 section 452(g) and 458, and determine the amount
6 (if any) of penalty reductions pursuant to section
7 455(e) to be applied to the State;

8 “(B) review annual reports by State agencies
9 pursuant to section 454(15)(A) on State program
10 conformity with Federal requirements; evaluate any
11 elements of a State program in which significant de-
12 ficiencies are indicated by such report on the status
13 of complaints under the State procedure under sec-
14 tion 454(12)(B); and, as appropriate, provide to the
15 State agency comments, recommendations for addi-
16 tional or alternative corrective actions, and technical
17 assistance; and

18 “(C) conduct audits, in accordance with the
19 government auditing standards of the United States
20 Comptroller General—

21 “(i) at least once every 3 years (or more
22 frequently, in the case of a State which fails to
23 meet requirements of this part, or of regula-
24 tions implementing such requirements, concern-
25 ing performance standards and reliability of

1 program data) to assess the completeness, reli-
2 ability, and security of the data, and the accu-
3 racy of the reporting systems, used for the cal-
4 culations of performance indicators specified in
5 subsection (g) and section 458;

6 “(ii) of the adequacy of financial manage-
7 ment of the State program, including assess-
8 ments of—

9 “(I) whether Federal and other funds
10 made available to carry out the State pro-
11 gram under this part are being appro-
12 priately expended, and are properly and
13 fully accounted for; and

14 “(II) whether collections and disburse-
15 ments of support payments and program
16 income are carried out correctly and are
17 properly and fully accounted for; and

18 “(iii) for such other purposes as the Sec-
19 retary may find necessary;”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall be effective with respect to calendar
22 quarters beginning on or after the date which is 1 year
23 after the enactment of this section.

1 **SEC. 314. REQUIRED REPORTING PROCEDURES.**

2 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.
3 652(a)(5)) is amended by inserting “, and establish proce-
4 dures to be followed by States for collecting and reporting
5 information required to be provided under this part, and
6 establish uniform definitions (including those necessary to
7 enable the measurement of State compliance with the re-
8 quirements of this part relating to expedited processes and
9 timely case processing) to be applied in following such pro-
10 cedures” before the semicolon.

11 (b) STATE PLAN REQUIREMENT.—Section 454 (42
12 U.S.C. 654), as amended by sections 301(a) and 305(a),
13 is amended—

14 (1) by striking “and” at the end of paragraph
15 (25);

16 (2) by striking the period at the end of para-
17 graph (26) and inserting “; and”; and

18 (3) by adding after paragraph (26) the follow-
19 ing:

20 “(27) provide that the State shall use the defi-
21 nitions established under section 452(a)(5) in col-
22 lecting and reporting information as required under
23 this part.”.

24 **SEC. 315. AUTOMATED DATA PROCESSING REQUIREMENTS.**

25 (a) REVISED REQUIREMENTS.—

1 (1) STATE PLAN.—Section 454(16) (42 U.S.C.
2 654(16)) is amended—

3 (A) by striking “, at the option of the
4 State,”;

5 (B) by inserting “and operation by the
6 State agency” after “for the establishment”;

7 (C) by inserting “meeting the requirements
8 of section 454A” after “information retrieval
9 system”;

10 (D) by striking “in the State and localities
11 thereof, so as (A)” and inserting “so as”;

12 (E) by striking “(i)”; and

13 (F) by striking “(including, but not limited
14 to,” and all that follows and to the semicolon.

15 (2) AUTOMATED DATA PROCESSING.—Part D of
16 title IV (42 U.S.C. 651–669) is amended by insert-
17 ing after section 454 the following new section:

18 “AUTOMATED DATA PROCESSING

19 “SEC. 454A. (a) IN GENERAL.—In order to meet the
20 requirements of this section, for purposes of the require-
21 ment of section 454(16), a State agency shall have in op-
22 eration a single statewide automated data processing and
23 information retrieval system which has the capability to
24 perform the tasks specified in this section, and performs
25 such tasks with the frequency and in the manner specified

1 in this part or in regulations or guidelines of the Sec-
2 retary.

3 “(b) PROGRAM MANAGEMENT.—The automated sys-
4 tem required under this section shall perform such func-
5 tions as the Secretary may specify relating to management
6 of the program under this part, including—

7 “(1) controlling and accounting for use of Fed-
8 eral, State, and local funds to carry out such pro-
9 gram; and

10 “(2) maintaining the data necessary to meet
11 Federal reporting requirements on a timely basis.

12 “(c) CALCULATION OF PERFORMANCE INDICA-
13 TORS.—In order to enable the Secretary to determine the
14 incentive and penalty adjustments required by sections
15 452(g) and 458, the State agency shall—

16 “(1) use the automated system—

17 “(A) to maintain the requisite data on
18 State performance with respect to paternity es-
19 tablishment and child support enforcement in
20 the State; and

21 “(B) to calculate the IV–D paternity es-
22 tablishment percentage and overall performance
23 in child support enforcement for the State for
24 each fiscal year; and

1 “(2) have in place systems controls to ensure
2 the completeness, and reliability of, and ready access
3 to, the data described in paragraph (1)(A), and the
4 accuracy of the calculations described in paragraph
5 (1)(B).

6 “(d) INFORMATION INTEGRITY AND SECURITY.—The
7 State agency shall have in effect safeguards on the integ-
8 rity, accuracy, and completeness of, access to, and use of
9 data in the automated system required under this section,
10 which shall include the following (in addition to such other
11 safeguards as the Secretary specifies in regulations):

12 “(1) POLICIES RESTRICTING ACCESS.—Written
13 policies concerning access to data by State agency
14 personnel, and sharing of data with other persons,
15 which—

16 “(A) permit access to and use of data only
17 to the extent necessary to carry out program re-
18 sponsibilities;

19 “(B) specify the data which may be used
20 for particular program purposes, and the per-
21 sonnel permitted access to such data; and

22 “(C) ensure that data obtained or disclosed
23 for a limited program purpose is not used or
24 redisclosed for another, impermissible purpose.

1 “(2) SYSTEMS CONTROLS.—Systems controls
2 (such as passwords or blocking of fields) to ensure
3 strict adherence to the policies specified under para-
4 graph (1).

5 “(3) MONITORING OF ACCESS.—Routine mon-
6 itoring of access to and use of the automated sys-
7 tem, through methods such as audit trails and feed-
8 back mechanisms, to guard against and promptly
9 identify unauthorized access or use.

10 “(4) TRAINING AND INFORMATION.—The State
11 agency shall have in effect procedures to ensure that
12 all personnel (including State and local agency staff
13 and contractors) who may have access to or be re-
14 quired to use sensitive or confidential program data
15 are fully informed of applicable requirements and
16 penalties, and are adequately trained in security pro-
17 cedures.

18 “(5) PENALTIES.—The State agency shall have
19 in effect administrative penalties (up to and includ-
20 ing dismissal from employment) for unauthorized ac-
21 cess to, or disclosure or use of, confidential data.”.

22 (3) REGULATIONS.—Section 452 (42 U.S.C.
23 652) is amended by adding at the end the following
24 new subsection:

1 “(j) The Secretary shall prescribe final regulations
2 for implementation of the requirements of section 454A
3 not later than 2 years after the date of the enactment of
4 this subsection.”.

5 (4) IMPLEMENTATION TIMETABLE.—Section
6 454(24) (42 U.S.C. 654(24)), as amended by sec-
7 tions 301(a), 305(a)(2) and 314(b)(1), is amended
8 to read as follows:

9 “(24) provide that the State will have in effect
10 an automated data processing and information re-
11 trieval system—

12 “(A) by October 1, 1996, meeting all re-
13 quirements of this part which were enacted on
14 or before the date of the enactment of the Fam-
15 ily Support Act of 1988; and

16 “(B) by October 1, 1999, meeting all re-
17 quirements of this part enacted on or before the
18 date of the enactment of the Interstate Child
19 Support Responsibility Act of 1995 (but this
20 provision shall not be construed to alter earlier
21 deadlines specified for elements of such sys-
22 tem), except that such deadline shall be ex-
23 tended by 1 day for each day (if any) by which
24 the Secretary fails to meet the deadline imposed
25 by section 452(j);”.

1 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
2 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section
3 455(a) (42 U.S.C. 655(a)) is amended—

4 (1) in paragraph (1)(B)—

5 (A) by striking “90 percent” and inserting
6 “the percent specified in paragraph (3)”;

7 (B) by striking “so much of”; and

8 (C) by striking “which the Secretary” and
9 all that follows through “thereof”; and

10 (2) by adding at the end the following new
11 paragraph:

12 “(3)(A) The Secretary shall pay to each State, for
13 each quarter in fiscal years 1996 through 2001, the per-
14 centage specified in subparagraph (B) of so much of State
15 expenditures described in paragraph (1)(B) as the Sec-
16 retary finds are for a system meeting the requirements
17 specified in section 454(16) and 454A, subject to subpara-
18 graph (C).

19 “(B) The percentage specified in this subparagraph,
20 for purposes of subparagraph (A), is the higher of—

21 “(i) 80 percent, or

22 “(ii) the percentage otherwise applicable to
23 Federal payments to the State under paragraph
24 (1)(A) (as adjusted pursuant to section 458).

1 “(C)(i) The Secretary may not pay more than
2 \$260,000,000 in the aggregate under this paragraph for
3 fiscal years 1996, 1997, 1998, 1999, 2000, and 2001.

4 “(ii) The total amount payable to a State under this
5 paragraph for fiscal years 1996, 1997, 1998, 1999, 2000,
6 and 2001 shall not exceed the limitation determined for
7 the State by the Secretary in regulations.

8 “(iii) The regulations referred to in clause (ii) shall
9 prescribe a formula for allocating the amount specified in
10 clause (iii) among States with plans approved under this
11 part, which shall take into account—

12 “(I) the relative size of State caseloads under
13 this part; and

14 “(II) the level of automation needed to meet the
15 automated data processing requirements of this
16 part.”.

17 (c) CONFORMING AMENDMENT.—Section 123(c) of
18 the Family Support Act of 1988 (102 Stat. 2352; Public
19 Law 100–485) is repealed.

20 **SEC. 316. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.**

21 (a) REPORTING TO SECRETARY.—Section 452(a) (42
22 U.S.C. 652(a)) is amended in the matter preceding para-
23 graph (1) by striking “directly”.

24 (b) STAFFING STUDIES.—

1 (1) SCOPE.—The Secretary of Health and
2 Human Services (in this subsection referred to as
3 the “Secretary”) shall, directly or by contract, con-
4 duct studies of the staffing of each State child sup-
5 port enforcement program under part D of title IV
6 of the Social Security Act. Such studies shall—

7 (A) include a review of the staffing needs
8 created by requirements for automated data
9 processing, maintenance of a central case reg-
10 istry and centralized collections of child sup-
11 port, and of changes in these needs resulting
12 from changes in such requirements; and

13 (B) examine and report on effective staff-
14 ing practices used by the States and on rec-
15 ommended staffing procedures.

16 (2) FREQUENCY OF STUDIES.—The Secretary
17 shall complete the first staffing study required under
18 paragraph (1) not later than October 1, 1997, and
19 may conduct additional studies subsequently at ap-
20 propriate intervals.

21 (3) REPORT TO THE CONGRESS.—The Sec-
22 retary shall submit a report to the Congress stating
23 the findings and conclusions of each study conducted
24 under this subsection.

1 **SEC. 317. FUNDING FOR SECRETARIAL ASSISTANCE TO**
2 **STATE PROGRAMS.**

3 Section 452 (42 U.S.C. 652), as amended by section
4 315(a)(3), is amended by adding at the end the following
5 new subsection:

6 “(k)(1) There shall be available to the Secretary,
7 from amounts appropriated for fiscal year 1996 and each
8 succeeding fiscal year for payments to States under this
9 part, the amount specified in paragraph (2) for the costs
10 to the Secretary for—

11 “(A) information dissemination and technical
12 assistance to States, training of State and Federal
13 staff, staffing studies, and related activities needed
14 to improve programs (including technical assistance
15 concerning State automated systems);

16 “(B) research, demonstration, and special
17 projects of regional or national significance relating
18 to the operation of State programs under this part;
19 and

20 “(C) operation of the Federal Parent Locator
21 Service under section 453, to the extent such costs
22 are not recovered through user fees.

23 “(2) The amount specified in this paragraph for a
24 fiscal year is the amount equal to a percentage of the re-
25 duction in Federal payments to States under part A on
26 account of child support (including arrearages) collected

1 in the preceding fiscal year on behalf of children receiving
 2 aid under such part A in such preceding fiscal year (as
 3 determined on the basis of the most recent reliable data
 4 available to the Secretary as of the end of the third cal-
 5 endar quarter following the end of such preceding fiscal
 6 year), equal to—

7 “(A) 1 percent, for the activities specified in
 8 subparagraphs (A) and (B) of paragraph (1); and

9 “(B) 2 percent, for the activities specified in
 10 subparagraph (C) of paragraph (1).”.

11 **SEC. 318. DATA COLLECTION AND REPORTS BY THE SEC-**
 12 **RETARY.**

13 (a) ANNUAL REPORT TO CONGRESS.—

14 (1) IN GENERAL.—Section 452(a)(10)(A) (42
 15 U.S.C. 652(a)(10)(A)) is amended—

16 (A) by striking “this part;” and inserting
 17 “this part, including—”; and

18 (B) by adding at the end the following in-
 19 dented clauses:

20 “(i) the total amount of child support
 21 payments collected as a result of services
 22 furnished during such fiscal year to indi-
 23 viduals receiving services under this part;

1 “(ii) the cost to the States and to the
2 Federal Government of furnishing such
3 services to those individuals; and

4 “(iii) the number of cases involving
5 families—

6 “(I) who became ineligible for aid
7 under part A during a month in such
8 fiscal year; and

9 “(II) with respect to whom a
10 child support payment was received in
11 the same month;”.

12 (2) CERTAIN DATA.—Section 452(a)(10)(C) (42
13 U.S.C. 652(a)(10)(C)) is amended—

14 (A) in the matter preceding clause (i), by
15 striking “with the data required under each
16 clause being separately stated for cases” and all
17 that follows through “part:” and inserting “sep-
18 arately stated for cases where the child is re-
19 ceiving aid to families with dependent children
20 (or foster care maintenance payments under
21 part E), or formerly received such aid or pay-
22 ments and the State is continuing to collect
23 support assigned to it under section 402(a)(26),
24 471(a)(17), or 1912, and all other cases under
25 this part—”;

1 (B) in each of clauses (i) and (ii), by strik-
2 ing “, and the total amount of such obliga-
3 tions”;

4 (C) in clause (iii), by striking “described
5 in” and all that follows through the semicolon
6 and inserting “in which support was collected
7 during the fiscal year;”;

8 (D) by striking clause (iv); and

9 (E) by redesignating clause (v) as clause
10 (vii), and inserting after clause (iii) the follow-
11 ing new clauses:

12 “(iv) the total amount of support col-
13 lected during such fiscal year and distrib-
14 uted as current support;

15 “(v) the total amount of support col-
16 lected during such fiscal year and distrib-
17 uted as arrearages;

18 “(vi) the total amount of support due
19 and unpaid for all fiscal years; and”.

20 (3) USE OF FEDERAL COURTS.—Section
21 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amend-
22 ed by striking “on the use of Federal courts and”.

23 (4) ADDITIONAL INFORMATION NOT NEC-
24 ESSARY.—Section 452(a)(10) (42 U.S.C.

1 652(a)(10)) is amended by striking all that follows
2 subparagraph (I).

3 (b) DATA COLLECTION AND REPORTING.—Section
4 469 (42 U.S.C. 669) is amended—

5 (1) by striking subsections (a) and (b) and in-
6 serting the following:

7 “(a) The Secretary shall collect and maintain, on a
8 fiscal year basis, up-to-date statistics, by State, with re-
9 spect to services to establish paternity and services to es-
10 tablish child support obligations, the data specified in sub-
11 section (b), separately stated, in the case of each such
12 service, with respect to—

13 “(1) families (or dependent children) receiving
14 aid under plans approved under part A (or E); and

15 “(2) families not receiving such aid.

16 “(b) The data referred to in subsection (a) are—

17 “(1) the number of cases in the caseload of the
18 State agency administering the plan under this part
19 in which such service is needed; and

20 “(2) the number of such cases in which the
21 service has been provided.”; and

22 (2) in subsection (c), by striking “(a)(2)” and
23 inserting “(b)(2)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall be effective with respect to fiscal year
3 1996 and succeeding fiscal years.

4 **PART III—LOCATE AND CASE TRACKING**

5 **SEC. 321. CENTRAL STATE AND CASE REGISTRY.**

6 Section 454A, as added by section 315(a)(2), is
7 amended by adding at the end the following new sub-
8 sections:

9 “(e) CENTRAL CASE REGISTRY.—

10 “(1) IN GENERAL.—The automated system re-
11 quired under this section shall perform the func-
12 tions, in accordance with the provisions of this sub-
13 section, of a single central registry containing
14 records with respect to each case in which services
15 are being provided by the State agency (including,
16 on and after October 1, 1998, each order specified
17 in section 466(a)(12)), using such standardized data
18 elements (such as names, social security numbers or
19 other uniform identification numbers, dates of birth,
20 and case identification numbers), and containing
21 such other information (such as information on case
22 status) as the Secretary may require.

23 “(2) PAYMENT RECORDS.—Each case record in
24 the central registry shall include a record of—

1 “(A) the amount of monthly (or other peri-
2 odic) support owed under the support order,
3 and other amounts due or overdue (including
4 arrearages, interest or late payment penalties,
5 and fees);

6 “(B) all child support and related amounts
7 collected (including such amounts as fees, late
8 payment penalties, and interest on arrearages);

9 “(C) the distribution of such amounts col-
10 lected; and

11 “(D) the birth date of the child for whom
12 the child support order is entered.

13 “(3) UPDATING AND MONITORING.—The State
14 agency shall promptly establish and maintain, and
15 regularly monitor, case records in the registry re-
16 quired by this subsection, on the basis of—

17 “(A) information on administrative actions
18 and administrative and judicial proceedings and
19 orders relating to paternity and support;

20 “(B) information obtained from matches
21 with Federal, State, or local data sources;

22 “(C) information on support collections
23 and distributions; and

24 “(D) any other relevant information.

1 “(f) DATA MATCHES AND OTHER DISCLOSURES OF
2 INFORMATION.—The automated system required under
3 this section shall have the capacity, and be used by the
4 State agency, to extract data at such times, and in such
5 standardized format or formats, as may be required by
6 the Secretary, and to share and match data with, and re-
7 ceive data from, other data bases and data matching serv-
8 ices, in order to obtain (or provide) information necessary
9 to enable the State agency (or Secretary or other State
10 or Federal agencies) to carry out responsibilities under
11 this part. Data matching activities of the State agency
12 shall include at least the following:

13 “(1) DATA BANK OF CHILD SUPPORT OR-
14 DERS.—Furnishing to the Data Bank of Child Sup-
15 port Orders established under section 453(h) (and
16 updating as necessary, with information, including
17 notice of expiration of orders) minimal information
18 specified by the Secretary on each child support case
19 in the central case registry.

20 “(2) FEDERAL PARENT LOCATOR SERVICE.—
21 Exchanging data with the Federal Parent Locator
22 Service for the purposes specified in section 453.

23 “(3) AFDC AND MEDICAID AGENCIES.—Ex-
24 changing data with State agencies (of the State and
25 of other States) administering the programs under

1 part A and title XIX, as necessary for the perform-
2 ance of State agency responsibilities under this part
3 and under such programs.

4 “(4) INTRA- AND INTERSTATE DATA
5 MATCHES.—Exchanging data with other agencies of
6 the State, agencies of other States, and interstate
7 information networks, as necessary and appropriate
8 to carry out (or assist other States to carry out) the
9 purposes of this part.”.

10 **SEC. 322. CENTRALIZED COLLECTION AND DISBURSEMENT**
11 **OF SUPPORT PAYMENTS.**

12 (a) STATE PLAN REQUIREMENT.—Section 454 (42
13 U.S.C. 654), as amended by sections 301(a), 305(a) and
14 314(b), is amended—

15 (1) by striking “and” at the end of paragraph
16 (26);

17 (2) by striking the period at the end of para-
18 graph (27) and inserting “; and”; and

19 (3) by adding after paragraph (27) the follow-
20 ing new paragraph:

21 “(28) provide that the State agency, on and
22 after October 1, 1998—

23 “(A) will operate a centralized, automated
24 unit for the collection and disbursement of child

1 support under orders being enforced under this
2 part, in accordance with section 454B; and

3 “(B) will have sufficient State staff (con-
4 sisting of State employees), and, at State op-
5 tion, contractors reporting directly to the State
6 agency to monitor and enforce support collec-
7 tions through such centralized unit, including
8 carrying out the automated data processing re-
9 sponsibilities specified in section 454A(g) and
10 to impose, as appropriate in particular cases,
11 the administrative enforcement remedies speci-
12 fied in section 466(c)(1).”.

13 (b) ESTABLISHMENT OF CENTRALIZED COLLECTION
14 UNIT.—Part D of title IV (42 U.S.C. 651–669) is amend-
15 ed by adding after section 454A the following new section:

16 “CENTRALIZED COLLECTION AND DISBURSEMENT OF
17 SUPPORT PAYMENTS

18 “SEC. 454B. (a) IN GENERAL.—In order to meet the
19 requirement of section 454(28), the State agency must op-
20 erate a single, centralized, automated unit for the collec-
21 tion and disbursement of support payments, coordinated
22 with the automated data system required under section
23 454A, in accordance with the provisions of this section,
24 which shall be—

25 “(1) operated directly by the State agency (or
26 by 2 or more State agencies under a regional cooper-

1 ative agreement), or by a single contractor respon-
2 sible directly to the State agency; and

3 “(2) used for the collection and disbursement
4 (including interstate collection and disbursement) of
5 payments under support orders in all cases being en-
6 forced by the State pursuant to section 454(4).

7 “(b) REQUIRED PROCEDURES.—The centralized col-
8 lections unit shall use automated procedures, electronic
9 processes, and computer-driven technology to the maxi-
10 mum extent feasible, efficient, and economical, for the col-
11 lection and disbursement of support payments, including
12 procedures—

13 “(1) for receipt of payments from parents, em-
14 ployers, and other States, and for disbursements to
15 custodial parents and other obligees, the State agen-
16 cy, and the State agencies of other States;

17 “(2) for accurate identification of payments;

18 “(3) to ensure prompt disbursement of the cus-
19 todial parent’s share of any payment; and

20 “(4) to furnish to either parent, upon request,
21 timely information on the current status of support
22 payments.”.

23 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
24 added by section 315(a)(2) and as amended by section

1 321, is amended by adding at the end the following new
2 subsection:

3 “(g) CENTRALIZED COLLECTION AND DISTRIBUTION
4 OF SUPPORT PAYMENTS.—The automated system re-
5 quired under this section shall be used, to the maximum
6 extent feasible, to assist and facilitate collections and dis-
7 bursement of support payments through the centralized
8 collections unit operated pursuant to section 454B,
9 through the performance of functions including at a mini-
10 mum—

11 “(1) generation of orders and notices to em-
12 ployers (and other debtors) for the withholding of
13 wages (and other income)—

14 “(A) within 2 working days after receipt
15 (from the directory of New Hires established
16 under section 453(i) or any other source) of no-
17 tice of and the income source subject to such
18 withholding; and

19 “(B) using uniform formats directed by
20 the Secretary;

21 “(2) ongoing monitoring to promptly identify
22 failures to make timely payment; and

23 “(3) automatic use of enforcement mechanisms
24 (including mechanisms authorized pursuant to sec-
25 tion 466(c)) where payments are not timely made.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall become effective on October 1, 1998.

3 **SEC. 323. AMENDMENTS CONCERNING INCOME WITHHOLD-**
4 **ING.**

5 (a) MANDATORY INCOME WITHHOLDING.—

6 (1) FROM WAGES.—Section 466(a)(1) (42
7 U.S.C. 666(a)(1)) is amended to read as follows:

8 “(1)(A) Procedures described in subsection (b)
9 for the withholding from income of amounts payable
10 as support in cases subject to enforcement under the
11 State plan.

12 “(B) Procedures under which all child support
13 orders issued (or modified) before October 1, 1996,
14 and which are not otherwise subject to withholding
15 under subsection (b), shall become subject to with-
16 holding from wages as provided in subsection (b) if
17 arrearages occur, without the need for a judicial or
18 administrative hearing.”.

19 (2) REPEAL OF CERTAIN PROVISIONS CONCERN-
20 ING ARREARAGES.—Section 466(a)(8) (42 U.S.C.
21 666(a)(8)) is repealed.

22 (3) PROCEDURES DESCRIBED.—Section 466(b)
23 (42 U.S.C. 666(b)) is amended—

1 (A) in the matter preceding paragraph (1),
2 by striking “subsection (a)(1)” and inserting
3 “subsection (a)(1)(A)”;

4 (B) in paragraph (5), by striking “a public
5 agency” and all that follows through the period
6 and inserting “the State through the central-
7 ized collections unit established pursuant to sec-
8 tion 454B, in accordance with the requirements
9 of such section 454B.”;

10 (C) in paragraph (6)(A)(i)—

11 (i) by inserting “, in accordance with
12 timetables established by the Secretary,”
13 after “must be required”; and

14 (ii) by striking “to the appropriate
15 agency” and all that follows through the
16 period and inserting “to the State central-
17 ized collections unit within 5 working days
18 after the date such amount would (but for
19 this subsection) have been paid or credited
20 to the employee, for distribution in accord-
21 ance with this part.”;

22 (D) in paragraph (6)(A)(ii), by inserting
23 “be in a standard format prescribed by the Sec-
24 retary, and” after “shall”; and

25 (E) in paragraph (6)(D) to read as follows:

1 “(D) Provision must be made for the imposition
2 of a fine against any employer who—

3 “(i) discharges from employment, refuses
4 to employ, or takes disciplinary action against
5 any absent parent subject to wage withholding
6 required by this subsection because of the exist-
7 ence of such withholding and the obligations or
8 additional obligations which it imposes upon the
9 employer; or

10 “(ii) fails to withhold support from wages,
11 or to pay such amounts to the State centralized
12 collections unit in accordance with this sub-
13 section.”.

14 (b) CONFORMING AMENDMENT.—Section 466(c) (42
15 U.S.C. 666(c)) is repealed.

16 (c) DEFINITION OF TERMS.—The Secretary of
17 Health and Human Services shall promulgate regulations
18 providing definitions, for purposes of part D of title IV
19 of the Social Security Act, for the term “income” and for
20 such other terms relating to income withholding under sec-
21 tion 466(b) of such Act as the Secretary may find it nec-
22 essary or advisable to define.

1 **SEC. 324. LOCATOR INFORMATION FROM INTERSTATE NET-**
2 **WORKS.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by
4 section 323(a)(2), is amended by inserting after para-
5 graph (7) the following new paragraph:

6 “(8) Procedures ensuring that the State will
7 neither provide funding for, nor use for any purpose
8 (including any purpose unrelated to the purposes of
9 this part), any automated interstate network or sys-
10 tem used to locate individuals—

11 “(A) for purposes relating to the use of
12 motor vehicles; or

13 “(B) providing information for law en-
14 forcement purposes (where child support en-
15 forcement agencies are otherwise allowed access
16 by State and Federal law),

17 unless all Federal and State agencies administering
18 programs under this part (including the entities es-
19 tablished under section 453) have access to informa-
20 tion in such system or network to the same extent
21 as any other user of such system or network.”.

22 **SEC. 325. EXPANDED FEDERAL PARENT LOCATOR SERVICE.**

23 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-
24 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is
25 amended—

1 (1) in subsection (a), by striking “information
2 as to the whereabouts” and all that follows through
3 the period and inserting “, for the purpose of estab-
4 lishing parentage, establishing, setting the amount
5 of, modifying, or enforcing child support obliga-
6 tions—

7 “(1) information on, or facilitating the discov-
8 ery of, the location of any individual—

9 “(A) who is under an obligation to pay
10 child support;

11 “(B) against whom such an obligation is
12 sought; or

13 “(C) to whom such an obligation is owed,
14 including such individual’s social security number
15 (or numbers), most recent residential address, and
16 the name, address, and employer identification num-
17 ber of such individual’s employer; and

18 “(2) information on the individual’s wages (or
19 other income) from, and benefits of, employment (in-
20 cluding rights to or enrollment in group health care
21 coverage); and

22 “(3) information on the type, status, location,
23 and amount of any assets of, or debts owed by or
24 to, any such individual.”;

25 (2) in subsection (b)—

1 (A) in the matter preceding paragraph (1),
2 by striking “social security” and all that follows
3 through “absent parent” and inserting “infor-
4 mation specified in subsection (a)”;

5 (B) in paragraph (2), by inserting before
6 the period “, or from any consumer reporting
7 agency (as defined in section 603(f) of the Fair
8 Credit Reporting Act (15 U.S.C. 1681a(f))”;
9 and

10 (3) in subsection (e)(1), by inserting before the
11 period “, or by consumer reporting agencies”.

12 (b) REIMBURSEMENT FOR DATA FROM FEDERAL
13 AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is
14 amended in the fourth sentence by inserting before the
15 period “in an amount which the Secretary determines to
16 be reasonable payment for the data exchange (which
17 amount shall not include payment for the costs of obtain-
18 ing, compiling, or maintaining the data)”.

19 (c) ACCESS TO CONSUMER REPORTS UNDER FAIR
20 CREDIT REPORTING ACT.—

21 (1) IN GENERAL.—Section 608 of the Fair
22 Credit Reporting Act (15 U.S.C. 1681f) is amend-
23 ed—

24 (A) by striking “, limited to” and inserting
25 “to a governmental agency (including the entire

1 consumer report, in the case of a Federal,
2 State, or local agency administering a program
3 under part D of title IV of the Social Security
4 Act, and limited to”; and

5 (B) by striking “employment, to a govern-
6 mental agency” and inserting “employment, in
7 the case of any other governmental agency”).

8 (2) REIMBURSEMENT FOR REPORTS BY STATE
9 AGENCIES AND CREDIT BUREAUS.—Section 453 (42
10 U.S.C. 653) is amended by adding at the end the
11 following new subsection:

12 “(g) The Secretary is authorized to reimburse to
13 State agencies and consumer credit reporting agencies the
14 costs incurred by such entities in furnishing information
15 requested by the Secretary pursuant to this section in an
16 amount which the Secretary determines to be reasonable
17 payment for the data exchange (which amount shall not
18 include payment for the costs of obtaining, compiling, or
19 maintaining the data).”.

20 (d) TECHNICAL AMENDMENTS.—

21 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
22 and 463(e) (42 U.S.C. 652(a)(9), 653(a), 653(b),
23 663(a), and 663(e)) are each amended by inserting
24 “Federal” before “Parent” each place it appears.

1 (2) Section 453 (42 U.S.C. 653) is amended in
2 the heading by inserting “FEDERAL” before “PAR-
3 ENT”.

4 (e) NEW COMPONENTS.—Section 453 (42 U.S.C.
5 653), as amended by subsection (c)(2), is amended by add-
6 ing at the end the following new subsections:

7 “(h) DATA BANK OF CHILD SUPPORT ORDERS.—

8 “(1) IN GENERAL.—Not later than October 1,
9 1998, in order to assist States in administering their
10 State plans under this part and parts A, F, and G,
11 and for the other purposes specified in this section,
12 the Secretary shall establish and maintain in the
13 Federal Parent Locator Service an automated reg-
14 istry to be known as the Data Bank of Child Sup-
15 port Orders, which shall contain abstracts of child
16 support orders and other information described in
17 paragraph (2) on each case in each State central
18 case registry maintained pursuant to section
19 454A(e), as furnished (and regularly updated), pur-
20 suant to section 454A(f), by State agencies admin-
21 istering programs under this part.

22 “(2) CASE INFORMATION.—The information re-
23 ferred to in paragraph (1), as specified by the Sec-
24 retary, shall include sufficient information (including
25 names, social security numbers or other uniform

1 identification numbers, and State case identification
2 numbers) to identify the individuals who owe or are
3 owed support (or with respect to or on behalf of
4 whom support obligations are sought to be estab-
5 lished), and the State or States which have estab-
6 lished or modified, or are enforcing or seeking to es-
7 tablish, such an order.

8 “(i) DIRECTORY OF NEW HIRES.—

9 “(1) IN GENERAL.—Not later than October 1,
10 1998, in order to assist States in administering their
11 State plans under this part and parts A, F, and G,
12 and for the other purposes specified in this section,
13 the Secretary shall establish and maintain in the
14 Federal Parent Locator Service an automated direc-
15 tory to be known as the directory of New Hires, con-
16 taining—

17 “(A) information supplied by employers on
18 each newly hired individual, in accordance with
19 paragraph (2); and

20 “(B) information supplied by State agen-
21 cies administering State unemployment com-
22 pensation laws, in accordance with paragraph
23 (3).

24 “(2) EMPLOYER INFORMATION.—

1 “(A) INFORMATION REQUIRED.—Subject
2 to subparagraph (D), each employer shall fur-
3 nish to the Secretary, for inclusion in the direc-
4 tory under this subsection, not later than 10
5 days after the date (on or after October 1,
6 1998) on which the employer hires a new em-
7 ployee (as defined in subparagraph (C)), a re-
8 port containing the name, date of birth, and so-
9 cial security number of such employee, and the
10 employer identification number of the employer.

11 “(B) REPORTING METHOD AND FOR-
12 MAT.—The Secretary shall provide for trans-
13 mission of the reports required under subpara-
14 graph (A) using formats and methods which
15 minimize the burden on employers, which shall
16 include—

17 “(i) automated or electronic trans-
18 mission of such reports;

19 “(ii) transmission by regular mail;
20 and

21 “(iii) transmission of a copy of the
22 form required for purposes of compliance
23 with section 3402 of the Internal Revenue
24 Code of 1986.

1 “(C) EMPLOYEE DEFINED.—For purposes
2 of this paragraph, the term ‘employee’ means
3 any individual subject to the requirement of
4 section 3402(f)(2) of the Internal Revenue Code
5 of 1986.

6 “(D) PAPERWORK REDUCTION REQUIRE-
7 MENT.—As required by the information re-
8 sources management policies published by the
9 Director of the Office of Management and
10 Budget pursuant to section 3504(b)(1) of title
11 44, United States Code, the Secretary, in order
12 to minimize the cost and reporting burden on
13 employers, shall not require reporting pursuant
14 to this paragraph if an alternative reporting
15 mechanism can be developed that either relies
16 on existing Federal or State reporting or en-
17 ables the Secretary to collect the needed infor-
18 mation in a more cost-effective and equally ex-
19 peditious manner, taking into account the re-
20 porting costs on employers.

21 “(E) CIVIL MONEY PENALTY ON NON-
22 COMPLYING EMPLOYERS.—

23 “(i) IN GENERAL.—Any employer that
24 fails to make a timely report in accordance
25 with this paragraph with respect to an in-

1 dividual shall be subject to a civil money
2 penalty, for each calendar year in which
3 the failure occurs, of the lesser of \$500 or
4 1 percent of the wages or other compensa-
5 tion paid by such employer to such individ-
6 ual during such calendar year.

7 “(ii) APPLICATION OF SECTION
8 1128A.—Subject to clause (iii), the provi-
9 sions of section 1128A (other than sub-
10 sections (a) and (b) thereof) shall apply to
11 a civil money penalty under clause (i) in
12 the same manner as they apply to a civil
13 money penalty or proceeding under section
14 1128A(a).

15 “(iii) COSTS TO SECRETARY.—Any
16 employer with respect to whom a penalty
17 under this subparagraph is upheld after an
18 administrative hearing shall be liable to
19 pay all costs of the Secretary with respect
20 to such hearing.

21 “(3) EMPLOYMENT SECURITY INFORMATION.—

22 “(A) REPORTING REQUIREMENT.—Each
23 State agency administering a State unemploy-
24 ment compensation law approved by the Sec-
25 retary of Labor under the Federal Unemploy-

1 ment Tax Act shall furnish to the Secretary ex-
2 tracts of the reports to the Secretary of Labor
3 concerning the wages and unemployment com-
4 pensation paid to individuals required under
5 section 303(a)(6), in accordance with subpara-
6 graph (B).

7 “(B) MANNER OF COMPLIANCE.—The ex-
8 tracts required under subparagraph (A) shall be
9 furnished to the Secretary on a quarterly basis,
10 with respect to calendar quarters beginning on
11 and after October 1, 1996, by such dates, in
12 such format, and containing such information
13 as required by that Secretary in regulations.

14 “(j) DATA MATCHES AND OTHER DISCLOSURES.—

15 “(1) VERIFICATION BY SOCIAL SECURITY
16 ADMINISTRATION.—

17 “(A) TRANSMISSION OF DATA.—The Sec-
18 retary shall transmit data on individuals and
19 employers in the registries maintained under
20 this section to the Social Security Administra-
21 tion to the extent necessary for verification in
22 accordance with subparagraph (B).

23 “(B) VERIFICATION.—The Commissioner of So-
24 cial Security shall verify the accuracy of, correct or
25 supply to the extent necessary and feasible, and re-

1 port to the Secretary, the following information in
2 data supplied by the Secretary pursuant to subpara-
3 graph (A):

4 “(i) the name, social security number,
5 and birth date of each individual; and

6 “(ii) the employer identification num-
7 ber of each employer.

8 “(2) CHILD SUPPORT LOCATOR MATCHES.—For
9 the purpose of locating individuals for purposes of
10 paternity establishment and establishment and en-
11 forcement of child support, the Secretary shall—

12 “(A) match data in the directory of New
13 Hires against the child support order abstracts
14 in the Data Bank of Child Support Orders not
15 less than every 2 working days; and

16 “(B) report information obtained from a
17 match established under subparagraph (A) to
18 concerned State agencies operating programs
19 under this part not later than 2 working days
20 after such match.

21 “(3) DATA MATCHES AND DISCLOSURES OF
22 DATA IN ALL REGISTRIES FOR TITLE IV PROGRAM
23 PURPOSES.—The Secretary shall—

24 “(A) perform matches of data in each com-
25 ponent of the Federal Parent Locator Service

1 maintained under this section against data in
2 each other such component (other than the
3 matches required pursuant to paragraph (1)),
4 and report information resulting from such
5 matches to State agencies operating programs
6 under this part and parts A, F, and G; and

7 “(B) disclose data in such registries to
8 such State agencies,

9 to the extent, and with the frequency, that the Sec-
10 retary determines to be effective in assisting such
11 States to carry out their responsibilities under such
12 programs.

13 “(k) FEES.—

14 “(1) FOR SSA VERIFICATION.—The Secretary
15 shall reimburse the Commissioner of Social Security,
16 at a rate negotiated between the Secretary and the
17 Commissioner, the costs incurred by the Commis-
18 sioner in performing the verification services speci-
19 fied in subsection (j).

20 “(2) FOR INFORMATION FROM SESAS.—The
21 Secretary shall reimburse costs incurred by State
22 employment security agencies in furnishing data as
23 required by subsection (i)(3), at rates which the Sec-
24 retary determines to be reasonable (which rates shall

1 not include payment for the costs of obtaining, com-
2 piling, or maintaining such data).

3 “(3) FOR INFORMATION FURNISHED TO STATE
4 AND FEDERAL AGENCIES.—State and Federal agen-
5 cies receiving data or information from the Secretary
6 pursuant to this section shall reimburse the costs in-
7 curred by the Secretary in furnishing such data or
8 information, at rates which the Secretary determines
9 to be reasonable (which rates shall include payment
10 for the costs of obtaining, verifying, maintaining,
11 and matching such data or information).

12 “(l) RESTRICTION ON DISCLOSURE AND USE.—Data
13 in the Federal Parent Locator Service, and information
14 resulting from matches using such data, shall not be used
15 or disclosed except as specifically provided in this section.

16 “(m) RETENTION OF DATA.—Data in the Federal
17 Parent Locator Service, and data resulting from matches
18 performed pursuant to this section, shall be retained for
19 such period (determined by the Secretary) as appropriate
20 for the data uses specified in this section.

21 “(n) INFORMATION INTEGRITY AND SECURITY.—The
22 Secretary shall establish and implement safeguards with
23 respect to the entities established under this section de-
24 signed to—

1 “(1) ensure the accuracy and completeness of
2 information in the Federal Parent Locator Service;
3 and

4 “(2) restrict access to confidential information
5 in the Federal Parent Locator Service to authorized
6 persons, and restrict use of such information to au-
7 thORIZED purposes.

8 “(o) LIMIT ON LIABILITY.—The Secretary shall not
9 be liable to either a State or an individual for inaccurate
10 information provided to a component of the Federal Par-
11 ent Locator Service and disclosed by the Secretary in ac-
12 cordance with this section.”.

13 (f) CONFORMING AMENDMENTS.—

14 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
15 CURITY ACT.—Section 454(8)(B) (42 U.S.C.
16 654(8)(B)) is amended to read as follows:

17 “(B) the Federal Parent Locator Service
18 established under section 453;”.

19 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
20 Section 3304(16) of the Internal Revenue Code of
21 1986 (relating to approval of State laws) is amend-
22 ed—

23 (A) by striking “Secretary of Health, Edu-
24 cation, and Welfare” each place it appears and

1 inserting “Secretary of Health and Human
2 Services”;

3 (B) in subparagraph (B), by striking
4 “such information” and all that follows through
5 the semicolon and inserting “information fur-
6 nished under subparagraph (A) or (B) is used
7 only for the purposes authorized under such
8 subparagraph;”;

9 (C) by striking “and” at the end of sub-
10 paragraph (A);

11 (D) by redesignating subparagraph (B) as
12 subparagraph (C); and

13 (E) by inserting after subparagraph (A)
14 the following new subparagraph:

15 “(B) wage and unemployment compensa-
16 tion information contained in the records of
17 such agency shall be furnished to the Secretary
18 of Health and Human Services (in accordance
19 with regulations promulgated by such Sec-
20 retary) as necessary for the purposes of the di-
21 rectory of New Hires established under section
22 453(i) of the Social Security Act, and”.

23 (3) TO STATE GRANT PROGRAM UNDER TITLE
24 III OF THE SOCIAL SECURITY ACT.—Section 303(a)
25 (42 U.S.C. 503(a)) is amended—

1 (A) by striking “and” at the end of para-
2 graph (8);

3 (B) by striking the period at the end of
4 paragraph (9) and inserting “; and”; and

5 (C) by adding after paragraph (9) the fol-
6 lowing new paragraph:

7 “(10) The making of quarterly electronic re-
8 ports, at such dates, in such format, and containing
9 such information, as required by the Secretary under
10 section 453(i)(3), and compliance with such provi-
11 sions as such Secretary may find necessary to en-
12 sure the correctness and verification of such re-
13 ports.”.

14 **SEC. 326. USE OF SOCIAL SECURITY NUMBERS.**

15 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
16 U.S.C. 666(a)), as amended by section 302(a), is amended
17 by adding at the end the following new paragraph:

18 “(13) Procedures requiring the recording of so-
19 cial security numbers—

20 “(A) of both parties on marriage licenses
21 and divorce decrees;

22 “(B) of both parents, on birth records and
23 child support and paternity orders; and

24 “(C) on all applications for motor vehicle
25 licenses and professional licenses.”.

1 (b) CLARIFICATION OF FEDERAL POLICY.—Section
2 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended
3 by striking the third sentence and inserting “This clause
4 shall not be considered to authorize disclosure of such
5 numbers except as provided in the preceding sentence.”.

6 **PART IV—STREAMLINING AND UNIFORMITY OF**
7 **PROCEDURES**

8 **SEC. 331. ADOPTION OF UNIFORM STATE LAWS.**

9 Section 466(a) (42 U.S.C. 666(a)), as amended by
10 sections 302(a) and 326(a), is amended by adding at the
11 end the following new paragraph:

12 “(14)(A) Procedures under which the State
13 adopts in its entirety (with the modifications and ad-
14 ditions specified in this paragraph) not later than
15 January 1, 1997, and uses on and after such date,
16 the Uniform Interstate Family Support Act, as ap-
17 proved by the National Conference of Commissioners
18 on Uniform State Laws in August 1992.

19 “(B) The State law adopted pursuant to sub-
20 paragraph (A) shall be applied to any case—

21 “(i) involving an order established or modi-
22 fied in one State and for which a subsequent
23 modification is sought in another State; or

24 “(ii) in which interstate activity is required
25 to enforce an order.

1 “(C) The State law adopted pursuant to sub-
2 paragraph (A) of this paragraph shall contain the
3 following provision in lieu of section 611(a)(1) of the
4 Uniform Interstate Family Support Act described in
5 such subparagraph (A):

6 “(1) the following requirements are met:

7 “(i) the child, the individual obligee, and
8 the obligor—

9 “(I) do not reside in the issuing
10 State; and

11 “(II) either reside in this State or
12 are subject to the jurisdiction of this State
13 pursuant to section 201; and

14 “(ii) in any case where another State is
15 exercising or seeks to exercise jurisdiction to
16 modify the order, the conditions of section 204
17 are met to the same extent as required for pro-
18 ceedings to establish orders; or’.

19 “(D) The State law adopted pursuant to sub-
20 paragraph (A) shall recognize as valid, for purposes
21 of any proceeding subject to such State law, service
22 of process upon persons in the State (and proof of
23 such service) by any means acceptable in another
24 State which is the initiating or responding State in
25 such proceeding.”.

1 **SEC. 332. IMPROVEMENTS TO FULL FAITH AND CREDIT**
2 **FOR CHILD SUPPORT ORDERS.**

3 Section 1738B of title 28, United States Code, is
4 amended—

5 (1) in subsection (a)(2), by striking “subsection
6 (e)” and inserting “subsections (e), (f), and (i)”;

7 (2) in subsection (b), by inserting after the first
8 undesignated paragraph the following:

9 “‘child’s home State’ means the State in which
10 a child lived with a parent or a person acting as par-
11 ent for at least 6 consecutive months immediately
12 preceding the time of filing of a petition or com-
13 parable pleading for support and, if a child is less
14 than 6 months old, the State in which the child lived
15 from birth with any of them. A period of temporary
16 absence of any of them is counted as part of the 6-
17 month period.”;

18 (3) in subsection (c), by inserting “by a court
19 of a State” before “is made”;

20 (4) in subsection (c)(1), by inserting “and sub-
21 sections (e), (f), and (g)” after “located”;

22 (5) in subsection (d)—

23 (A) by inserting “individual” before “con-
24 testant”; and

25 (B) by striking “subsection (e)” and in-
26 serting “subsections (e) and (f)”;

1 (6) in subsection (e), by striking “make a modi-
2 fication of a child support order with respect to a
3 child that is made” and inserting “modify a child
4 support order issued”;

5 (7) in subsection (e)(1), by inserting “pursuant
6 to subsection (i)” before the semicolon;

7 (8) in subsection (e)(2)—

8 (A) by inserting “individual” before “con-
9 testant” each place such term appears; and

10 (B) by striking “to that court’s making the
11 modification and assuming” and inserting “with
12 the State of continuing, exclusive jurisdiction
13 for a court of another State to modify the order
14 and assume”;

15 (9) by redesignating subsections (f) and (g) as
16 subsections (g) and (h), respectively;

17 (10) by inserting after subsection (e) the follow-
18 ing new subsection:

19 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—
20 If 1 or more child support orders have been issued in this
21 or another State with regard to an obligor and a child,
22 a court shall apply the following rules in determining
23 which order to recognize for purposes of continuing, exclu-
24 sive jurisdiction and enforcement:

1 “(1) If only 1 court has issued a child support
2 order, the order of that court must be recognized.

3 “(2) If 2 or more courts have issued child sup-
4 port orders for the same obligor and child, and only
5 1 of the courts would have continuing, exclusive ju-
6 risdiction under this section, the order of that court
7 must be recognized.

8 “(3) If 2 or more courts have issued child sup-
9 port orders for the same obligor and child, and only
10 1 of the courts would have continuing, exclusive ju-
11 risdiction under this section, an order issued by a
12 court in the current home State of the child must
13 be recognized, but if an order has not been issued
14 in the current home State of the child, the order
15 most recently issued must be recognized.

16 “(4) If 2 or more courts have issued child sup-
17 port orders for the same obligor and child, and none
18 of the courts would have continuing, exclusive juris-
19 diction under this section, a court may issue a child
20 support order, which must be recognized.

21 “(5) The court that has issued an order recog-
22 nized under this subsection is the court having con-
23 tinuing, exclusive jurisdiction.”;

24 (11) in subsection (g) (as so redesignated)—

1 (A) by striking “PRIOR” and inserting
2 “MODIFIED”; and

3 (B) by striking “subsection (e)” and in-
4 serting “subsections (e) and (f)”;

5 (12) in subsection (h) (as so redesignated)—

6 (A) in paragraph (2), by inserting “includ-
7 ing the duration of current payments and other
8 obligations of support” before the comma; and

9 (B) in paragraph (3), by inserting “arrears
10 under” after “enforce”; and

11 (13) by adding at the end the following new
12 subsection:

13 “(i) REGISTRATION FOR MODIFICATION.—If there is
14 no individual contestant or child residing in the issuing
15 State, the party or support enforcement agency seeking
16 to modify, or to modify and enforce, a child support order
17 issued in another State shall register that order in a State
18 with jurisdiction over the nonmovant for the purpose of
19 modification.”.

20 **SEC. 333. STATE LAWS PROVIDING EXPEDITED PROCE-**
21 **DURES.**

22 (a) STATE LAW REQUIREMENTS.—Section 466 (42
23 U.S.C. 666), as amended by section 323(b), is amended—

24 (1) in subsection (a)(2), in the first sentence, to
25 read as follows: “Expedited administrative and judi-

1 cial procedures (including the procedures specified in
2 subsection (c)) for establishing paternity and for es-
3 tablishing, modifying, and enforcing support obliga-
4 tions.”; and

5 (2) by adding after subsection (b) the following
6 new subsection:

7 “(c) The procedures specified in this subsection are
8 the following:

9 “(1) Procedures which give the State agency
10 the authority (and recognize and enforce the author-
11 ity of State agencies of other States), without the
12 necessity of obtaining an order from any other judi-
13 cial or administrative tribunal (but subject to due
14 process safeguards, including (as appropriate) re-
15 quirements for notice, opportunity to contest the ac-
16 tion, and opportunity for an appeal on the record to
17 an independent administrative or judicial tribunal),
18 to take the following actions relating to establish-
19 ment or enforcement of orders:

20 “(A) To order genetic testing for the pur-
21 pose of paternity establishment as provided in
22 section 466(a)(5).

23 “(B) To enter a default order, upon a
24 showing of service of process and any additional
25 showing required by State law—

1 “(i) establishing paternity, in the case
2 of any putative father who refuses to sub-
3 mit to genetic testing; and

4 “(ii) establishing or modifying a sup-
5 port obligation, in the case of a parent (or
6 other obligor or obligee) who fails to re-
7 spond to notice to appear at a proceeding
8 for such purpose.

9 “(C) To subpoena any financial or other
10 information needed to establish, modify, or en-
11 force an order, and to sanction failure to re-
12 spond to any such subpoena.

13 “(D) To require all entities in the State
14 (including for-profit, nonprofit, and govern-
15 mental employers) to provide promptly, in re-
16 sponse to a request by the State agency of that
17 or any other State administering a program
18 under this part, information on the employ-
19 ment, compensation, and benefits of any indi-
20 vidual employed by such entity as an employee
21 or contractor, and to sanction failure to respond
22 to any such request.

23 “(E) To obtain access, subject to safe-
24 guards on privacy and information security, to
25 the following records (including automated ac-

1 cess, in the case of records maintained in auto-
2 mated data bases):

3 “(i) Records of other State and local
4 government agencies, including—

5 “(I) vital statistics (including
6 records of marriage, birth, and di-
7 vorce);

8 “(II) State and local tax and rev-
9 enue records (including information
10 on residence address, employer, in-
11 come and assets);

12 “(III) records concerning real
13 and titled personal property;

14 “(IV) records of occupational and
15 professional licenses, and records con-
16 cerning the ownership and control of
17 corporations, partnerships, and other
18 business entities;

19 “(V) employment security
20 records;

21 “(VI) records of agencies admin-
22 istering public assistance programs;

23 “(VII) records of the motor vehi-
24 cle department; and

25 “(VIII) corrections records.

1 “(ii) Certain records held by private
2 entities, including—

3 “(I) customer records of public
4 utilities and cable television compa-
5 nies; and

6 “(II) information (including in-
7 formation on assets and liabilities) on
8 individuals who owe or are owed sup-
9 port (or against or with respect to
10 whom a support obligation is sought)
11 held by financial institutions (subject
12 to limitations on liability of such enti-
13 ties arising from affording such ac-
14 cess).

15 “(F) To order income withholding in ac-
16 cordance with subsection (a)(1) and (b) of sec-
17 tion 466.

18 “(G) In cases where support is subject to
19 an assignment under section 402(a)(26),
20 471(a)(17), or 1912, or to a requirement to pay
21 through the centralized collections unit under
22 section 454B) upon providing notice to obligor
23 and obligee, to direct the obligor or other payor
24 to change the payee to the appropriate govern-
25 ment entity.

1 “(H) For the purpose of securing overdue
2 support—

3 “(i) to intercept and seize any peri-
4 odic or lump-sum payment to the obligor
5 by or through a State or local government
6 agency, including—

7 “(I) unemployment compensa-
8 tion, workers’ compensation, and
9 other benefits;

10 “(II) judgments and settlements
11 in cases under the jurisdiction of the
12 State or local government; and

13 “(III) lottery winnings;

14 “(ii) to attach and seize assets of the
15 obligor held by financial institutions;

16 “(iii) to attach public and private re-
17 tirement funds in appropriate cases, as de-
18 termined by the Secretary; and

19 “(iv) to impose liens in accordance
20 with paragraph (a)(4) and, in appropriate
21 cases, to force sale of property and dis-
22 tribution of proceeds.

23 “(I) For the purpose of securing overdue
24 support, to increase the amount of monthly
25 support payments to include amounts for ar-

1 rearages (subject to such conditions or restric-
2 tions as the State may provide).

3 “(J) To suspend drivers’ licenses of indi-
4 viduals owing past-due support, in accordance
5 with subsection (a)(16).

6 “(2) The expedited procedures required under
7 subsection (a)(2) shall include the following rules
8 and authority, applicable with respect to all proceed-
9 ings to establish paternity or to establish, modify, or
10 enforce support orders:

11 “(A) Procedures under which—

12 “(i) the parties to any paternity or
13 child support proceedings are required
14 (subject to privacy safeguards) to file with
15 the tribunal before entry of an order, and
16 to update as appropriate, information on
17 location and identity (including social secu-
18 rity number, residential and mailing ad-
19 dresses, telephone number, driver’s license
20 number, and name, address, and telephone
21 number of employer); and

22 “(ii) in any subsequent child support
23 enforcement action between the same par-
24 ties, the tribunal shall be authorized, upon
25 sufficient showing that diligent effort has

1 been made to ascertain such party’s cur-
2 rent location, to deem due process require-
3 ments for notice and service of process to
4 be met, with respect to such party, by de-
5 livery to the most recent residential or em-
6 ployer address so filed pursuant to clause
7 (i).

8 “(B) Procedures under which—

9 “(i) the State agency and any admin-
10 istrative or judicial tribunal with authority
11 to hear child support and paternity cases
12 exerts statewide jurisdiction over the par-
13 ties, and orders issued in such cases have
14 statewide effect; and

15 “(ii) in the case of a State in which
16 orders in such cases are issued by local ju-
17 risdictions, a case may be transferred be-
18 tween jurisdictions in the State without
19 need for any additional filing by the peti-
20 tioner, or service of process upon the re-
21 spondent, to retain jurisdiction over the
22 parties.”.

23 (b) EXCEPTIONS FROM STATE LAW REQUIRE-
24 MENTS.—Section 466(d) (42 U.S.C. 666(d)) is amend-
25 ed—

1 (1) by striking “(d) If” and inserting “(d)(1)
2 Subject to paragraph (2), if”; and

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

5 “(2) The Secretary shall not grant an exemption
6 from the requirements of—

7 “(A) subsection (a)(5) (concerning procedures
8 for paternity establishment);

9 “(B) subsection (a)(10) (concerning modifica-
10 tion of orders);

11 “(C) subsection (a)(12) (concerning recording
12 of orders in the central State case registry);

13 “(D) subsection (a)(13) (concerning recording
14 of social security numbers);

15 “(E) subsection (a)(14) (concerning interstate
16 enforcement); or

17 “(F) subsection (c) (concerning expedited pro-
18 cedures), other than paragraph (1)(A) thereof (con-
19 cerning establishment or modification of support
20 amount).”.

21 (c) AUTOMATION OF STATE AGENCY FUNCTIONS.—
22 Section 454A, as added by section 315(a)(2) and as
23 amended by sections 321 and 322(c), is amended by add-
24 ing at the end the following new subsection:

1 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
2 The automated system required under this section shall
3 be used, to the maximum extent feasible, to implement any
4 expedited administrative procedures required under sec-
5 tion 466(c).”.

6 **PART V—PATERNITY ESTABLISHMENT**

7 **SEC. 341. STATE LAWS CONCERNING PATERNITY ESTAB-**
8 **LISHMENT.**

9 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
10 U.S.C. 666(a)(5)) is amended—

11 (1) in subparagraph (B)—

12 (A) by striking “(B)” and inserting
13 “(B)(i)”;

14 (B) in clause (i), as redesignated, by in-
15 serting before the period “, where such request
16 is supported by a sworn statement—

17 “(I) by such party alleging paternity setting
18 forth facts establishing a reasonable possibility of
19 the requisite sexual contact of the parties; or

20 “(II) by such party denying paternity setting
21 forth facts establishing a reasonable possibility of
22 the nonexistence of sexual contact of the parties;”;
23 and

24 (C) by inserting after clause (i) (as redesi-
25 gnated) the following new clause:

1 “(ii) Procedures which require the State agen-
2 cy, in any case in which such agency orders genetic
3 testing—

4 “(I) to pay the costs of such tests, subject
5 to recoupment (where the State so elects) from
6 the putative father if paternity is established;
7 and

8 “(II) to obtain additional testing in any
9 case where an original test result is disputed,
10 upon request and advance payment by the dis-
11 puting party.”;

12 (2) by striking subparagraphs (C), (D), (E),
13 and (F) and inserting the following:

14 “(C)(i) Procedures for a simple civil process for
15 voluntarily acknowledging paternity under which the
16 State must provide that, before a mother and a pu-
17 tative father can sign an acknowledgment of pater-
18 nity, the putative father and the mother must be
19 given notice, orally, in writing, and in a language
20 that each can understand, of the alternatives to, the
21 legal consequences of, and the rights (including, if 1
22 parent is a minor, any rights afforded due to minor-
23 ity status) and responsibilities that arise from, sign-
24 ing the acknowledgment.

1 “(ii) Such procedures must include a hospital-
2 based program for the voluntary acknowledgment of
3 paternity focusing on the period immediately before
4 or after the birth of a child.

5 “(iii) Such procedures must require the State
6 agency responsible for maintaining birth records to
7 offer voluntary paternity establishment services.

8 “(iv) The Secretary shall prescribe regulations
9 governing voluntary paternity establishment services
10 offered by hospitals and birth record agencies. The
11 Secretary shall prescribe regulations specifying the
12 types of other entities that may offer voluntary pa-
13 ternity establishment services, and governing the
14 provision of such services, which shall include a re-
15 quirement that such an entity must use the same
16 notice provisions used by, the same materials used
17 by, provide the personnel providing such services
18 with the same training provided by, and evaluate the
19 provision of such services in the same manner as,
20 voluntary paternity establishment programs of hos-
21 pitals and birth record agencies.

22 “(D)(i) Procedures under which a signed ac-
23 knowledgment of paternity is considered a legal find-
24 ing of paternity, subject to the right of any signa-
25 tory to rescind the acknowledgment within 60 days.

1 “(ii)(I) Procedures under which, after the 60-
2 day period referred to in clause (i), a signed ac-
3 knowledgment of paternity may be challenged in
4 court only on the basis of fraud, duress, or material
5 mistake of fact, with the burden of proof upon the
6 challenger, and under which the legal responsibilities
7 (including child support obligations) of any signatory
8 arising from the acknowledgment may not be sus-
9 pended during the challenge, except for good cause
10 shown.

11 “(II) Procedures under which, after the 60-day
12 period referred to in clause (i), a minor who signs
13 an acknowledgment of paternity other than in the
14 presence of a parent or court-appointed guardian ad
15 litem may rescind the acknowledgment in a judicial
16 or administrative proceeding, until the earlier of—

17 “(aa) attaining the age of majority; or

18 “(bb) the date of the first judicial or ad-
19 ministrative proceeding brought (after the sign-
20 ing) to establish a child support obligation, visi-
21 tation rights, or custody rights with respect to
22 the child whose paternity is the subject of the
23 acknowledgment, and at which the minor is rep-
24 resented by a parent, guardian ad litem, or at-
25 torney.

1 “(E) Procedures under which no judicial or ad-
2 ministrative proceedings are required or permitted to
3 ratify an unchallenged acknowledgment of paternity.

4 “(F) Procedures requiring—

5 “(i) that the State admit into evidence, for
6 purposes of establishing paternity, results of
7 any genetic test that is—

8 “(I) of a type generally acknowledged,
9 by accreditation bodies designated by the
10 Secretary, as reliable evidence of paternity;
11 and

12 “(II) performed by a laboratory ap-
13 proved by such an accreditation body;

14 “(ii) that any objection to genetic testing
15 results must be made in writing not later than
16 a specified number of days before any hearing
17 at which such results may be introduced into
18 evidence (or, at State option, not later than a
19 specified number of days after receipt of such
20 results); and

21 “(iii) that, if no objection is made, the test
22 results are admissible as evidence of paternity
23 without the need for foundation testimony or
24 other proof of authenticity or accuracy.”; and

1 (3) by adding after subparagraph (H) the fol-
2 lowing new subparagraphs:

3 “(I) Procedures providing that the parties to an
4 action to establish paternity are not entitled to a
5 jury trial.

6 “(J) Procedures which require that a temporary
7 order be issued, upon motion by a party, requiring
8 the provision of child support pending an adminis-
9 trative or judicial determination of parentage, where
10 there is clear and convincing evidence of paternity
11 (on the basis of genetic tests or other evidence).

12 “(K) Procedures under which bills for preg-
13 nancy, childbirth, and genetic testing are admissible
14 as evidence without requiring third-party foundation
15 testimony, and shall constitute prima facie evidence
16 of amounts incurred for such services and testing on
17 behalf of the child.

18 “(L) At the option of the State, procedures
19 under which the tribunal establishing paternity and
20 support has discretion to waive rights to all or part
21 of amounts owed to the State (but not to the moth-
22 er) for costs related to pregnancy, childbirth, and
23 genetic testing and for public assistance paid to the
24 family where the father cooperates or acknowledges
25 paternity before or after genetic testing.

1 “(M) Procedures ensuring that the putative fa-
2 ther has a reasonable opportunity to initiate a pater-
3 nity action.”.

4 (b) TECHNICAL AMENDMENT.—Section 468 (42
5 U.S.C. 668) is amended by striking “a simple civil process
6 for voluntarily acknowledging paternity and”.

7 **SEC. 342. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
8 **LISHMENT.**

9 (a) STATE PLAN REQUIREMENT.—Section 454(23)
10 (42 U.S.C. 654(23)) is amended—

11 (1) by striking “(23)” and inserting “(23)(A)”;

12 (2) by inserting “and” after the semicolon; and

13 (3) by adding at the end the following new sub-
14 paragraph:

15 “(B) publicize the availability and encourage
16 the use of procedures for voluntary establishment of
17 paternity and child support through a variety of
18 means, which—

19 “(i) include distribution of written mate-
20 rials at health care facilities (including hospitals
21 and clinics), and other locations such as
22 schools;

23 “(ii) may include pre-natal programs to
24 educate expectant couples on individual and
25 joint rights and responsibilities with respect to

1 paternity (and may require all expectant recipi-
2 ents of assistance under part A to participate in
3 such pre-natal programs, as an element of co-
4 operation with efforts to establish paternity and
5 child support);

6 “(iii) include, with respect to each child
7 discharged from a hospital after birth for whom
8 paternity or child support has not been estab-
9 lished, reasonable follow-up efforts, providing—

10 “(I) in the case of a child for whom
11 paternity has not been established, infor-
12 mation on the benefits of and procedures
13 for establishing paternity; and

14 “(II) in the case of a child for whom
15 paternity has been established but child
16 support has not been established, informa-
17 tion on the benefits of and procedures for
18 establishing a child support order, and an
19 application for child support services;”.

20 (b) ENHANCED FEDERAL MATCHING.—Section
21 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

22 (1) by inserting “(i)” before “laboratory costs”,

23 and

1 (2) by inserting before the semicolon “, and (ii)
2 costs of outreach programs designed to encourage
3 voluntary acknowledgment of paternity”.

4 (c) EFFECTIVE DATES.—

5 (1) IN GENERAL.—The amendments made by
6 subsection (a) shall become effective October 1,
7 1997.

8 (2) EXCEPTION.—The amendments made by
9 subsection (b) shall be effective with respect to cal-
10 endar quarters beginning on and after October 1,
11 1996.

12 **PART VI—ESTABLISHMENT AND MODIFICATION**
13 **OF SUPPORT ORDERS**

14 **SEC. 351. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-**
15 **SION.**

16 (a) ESTABLISHMENT.—There is hereby established a
17 commission to be known as the “National Child Support
18 Guidelines Commission” (in this section referred to as the
19 “Commission”).

20 (b) GENERAL DUTIES.—

21 (1) IN GENERAL.—The Commission shall deter-
22 mine—

23 (A) whether it is appropriate to develop a
24 national child support guideline for consider-

1 ation by the Congress or for adoption by indi-
2 vidual States; or

3 (B) based on a study of various guideline
4 models, the benefits and deficiencies of such
5 models, and any needed improvements.

6 (2) DEVELOPMENT OF MODELS.—If the Com-
7 mission determines under paragraph (1)(A) that a
8 national child support guideline is needed or under
9 paragraph (1)(B) that improvements to guideline
10 models are needed, the Commission shall develop
11 such national guideline or improvements.

12 (c) MATTERS FOR CONSIDERATION BY THE COMMIS-
13 SION.—In making the recommendations concerning guide-
14 lines required under subsection (b), the Commission shall
15 consider—

16 (1) the adequacy of State child support guide-
17 lines established pursuant to section 467 of the So-
18 cial Security Act;

19 (2) matters generally applicable to all support
20 orders, including—

21 (A) the feasibility of adopting uniform
22 terms in all child support orders;

23 (B) how to define income and under what
24 circumstances income should be imputed; and

1 (C) tax treatment of child support pay-
2 ments;

3 (3) the appropriate treatment of cases in which
4 either or both parents have financial obligations to
5 more than 1 family, including the effect (if any) to
6 be given to—

7 (A) the income of either parent's spouse;
8 and

9 (B) the financial responsibilities of either
10 parent for other children or stepchildren;

11 (4) the appropriate treatment of expenses for
12 child care (including care of the children of either
13 parent, and work-related or job-training-related child
14 care);

15 (5) the appropriate treatment of expenses for
16 health care (including uninsured health care) and
17 other extraordinary expenses for children with spe-
18 cial needs;

19 (6) the appropriate duration of support by 1 or
20 both parents, including

21 (A) support (including shared support) for
22 post-secondary or vocational education; and

23 (B) support for disabled adult children;

24 (7) procedures to automatically adjust child
25 support orders periodically to address changed eco-

1 nomic circumstances, including changes in the
2 consumer price index or either parent's income and
3 expenses in particular cases;

4 (8) procedures to help non-custodial parents ad-
5 dress grievances regarding visitation and custody or-
6 ders to prevent such parents from withholding child
7 support payments until such grievances are resolved;
8 and

9 (9) whether, or to what extent, support levels
10 should be adjusted in cases in which custody is
11 shared or in which the noncustodial parent has ex-
12 tended visitation rights.

13 (d) MEMBERSHIP.—

14 (1) NUMBER; APPOINTMENT.—

15 (A) IN GENERAL.—The Commission shall
16 be composed of 12 individuals appointed jointly
17 by the Secretary of Health and Human Services
18 and the Congress, not later than January 15,
19 1997, of which—

20 (i) 2 shall be appointed by the Chair-
21 man of the Committee on Finance of the
22 Senate, and 1 shall be appointed by the
23 ranking minority member of the Commit-
24 tee;

1 (ii) 2 shall be appointed by the Chair-
2 man of the Committee on Ways and Means
3 of the House of Representatives, and 1
4 shall be appointed by the ranking minority
5 member of the Committee; and

6 (iii) 6 shall be appointed by the Sec-
7 retary of Health and Human Services.

8 (B) QUALIFICATIONS OF MEMBERS.—
9 Members of the Commission shall have exper-
10 tise and experience in the evaluation and devel-
11 opment of child support guidelines. At least 1
12 member shall represent advocacy groups for
13 custodial parents, at least 1 member shall rep-
14 resent advocacy groups for noncustodial par-
15 ents, and at least 1 member shall be the direc-
16 tor of a State program under part D of title IV
17 of the Social Security Act.

18 (2) TERMS OF OFFICE.—Each member shall be
19 appointed for a term of 2 years. A vacancy in the
20 Commission shall be filled in the manner in which
21 the original appointment was made.

22 (e) COMMISSION POWERS, COMPENSATION, ACCESS
23 TO INFORMATION, AND SUPERVISION.—The first sentence
24 of subparagraph (C), the first and third sentences of sub-
25 paragraph (D), subparagraph (F) (except with respect to

1 the conduct of medical studies), clauses (ii) and (iii) of
2 subparagraph (G), and subparagraph (H) of section
3 1886(e)(6) of the Social Security Act shall apply to the
4 Commission in the same manner in which such provisions
5 apply to the Prospective Payment Assessment Commis-
6 sion.

7 (f) REPORT.—Not later than 2 years after the ap-
8 pointment of members, the Commission shall submit to
9 the President, the Committee on Ways and Means of the
10 House of Representatives, and the Committee on Finance
11 of the Senate, a recommended national child support
12 guideline and a final assessment of issues relating to such
13 a proposed national child support guideline.

14 (g) TERMINATION.—The Commission shall terminate
15 6 months after the submission of the report described in
16 subsection (e).

17 **SEC. 352. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
18 **MENT OF CHILD SUPPORT ORDERS.**

19 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-
20 ed to read as follows:

21 “(10)(A)(i) Procedures under which—

22 “(I) every 3 years, at the request of either
23 parent subject to a child support order, the
24 State shall review and, as appropriate, adjust
25 the order in accordance with the guidelines es-

1 tablished under section 467(a) if the amount of
2 the child support award under the order differs
3 from the amount that would be awarded in ac-
4 cordance with such guidelines, without a re-
5 quirement for any other change in cir-
6 cumstances; and

7 “(II) upon request at any time of either
8 parent subject to a child support order, the
9 State shall review and, as appropriate, adjust
10 the order in accordance with the guidelines es-
11 tablished under section 467(a) based on a sub-
12 stantial change in the circumstances of either
13 such parent.

14 “(ii) Such procedures shall require both parents
15 subject to a child support order to be notified of
16 their rights and responsibilities provided for under
17 clause (i) at the time the order is issued and in the
18 annual information exchange form provided under
19 subparagraph (B).

20 “(B) Procedures under which each child sup-
21 port order issued or modified in the State after the
22 effective date of this subparagraph shall require the
23 parents subject to the order to provide each other
24 with a complete statement of their respective finan-
25 cial condition annually on a form which shall be pro-

1 vided by the State. The Secretary shall establish reg-
2 ulations for the enforcement of such exchange of in-
3 formation.”.

4 **PART VII—ENFORCEMENT OF SUPPORT ORDERS**

5 **SEC. 361. FEDERAL INCOME TAX REFUND OFFSET.**

6 (a) CHANGED ORDER OF REFUND DISTRIBUTION
7 UNDER INTERNAL REVENUE CODE.—Section 6402(c) of
8 the Internal Revenue Code of 1986 (relating to offset of
9 past-due support against overpayments) is amended—

10 (1) by striking “The amount” and inserting

11 “(1) IN GENERAL.—The amount”;

12 (2) by striking “paid to the State. A reduction”
13 and inserting “paid to the State”.

14 “(2) PRIORITIES FOR OFFSET.—A reduction”;

15 (3) by striking “has been assigned” and insert-
16 ing “has not been assigned”; and

17 (4) by striking “and shall be applied” and all
18 that follows and inserting “and shall thereafter be
19 applied to satisfy any past-due support that has
20 been so assigned.”.

21 (b) ELIMINATION OF DISPARITIES IN TREATMENT
22 OF ASSIGNED AND NON-ASSIGNED ARREARAGES.—

23 (1) IN GENERAL.—Section 464(a) (42 U.S.C.
24 664(a)) is amended—

25 (A) in paragraph (1)—

1 (i) in the first sentence, by striking
2 “which has been assigned to such State
3 pursuant to section 402(a)(26) or section
4 471(a)(17)”; and

5 (ii) in the second sentence, by striking
6 “in accordance with section 457 (b)(4) or
7 (d)(3)” and inserting “as provided in para-
8 graph (2)”;;

9 (B) in paragraph (2), to read as follows:

10 “(2) The State agency shall distribute amounts
11 paid by the Secretary of the Treasury pursuant to
12 paragraph (1)—

13 “(A) in accordance with subsection (a)(4)
14 or (d)(3) of section 457, in the case of past-due
15 support assigned to a State pursuant to section
16 402(a)(26) or section 471(a)(17); and

17 “(B) to or on behalf of the child to whom
18 the support was owed, in the case of past-due
19 support not so assigned.”;

20 (C) in paragraph (3)—

21 (i) by striking “or (2)” each place it
22 appears; and

23 (ii) in subparagraph (B), by striking
24 “under paragraph (2)” and inserting “on

1 account of past-due support described in
2 paragraph (2)(B)”.

3 (2) NOTICES OF PAST-DUE SUPPORT.—Section
4 464(b) (42 U.S.C. 664(b)) is amended—

5 (A) by striking “(b)(1)” and inserting
6 “(b)”;

7 (B) by striking paragraph (2).

8 (3) DEFINITION OF PAST-DUE SUPPORT.—Sec-
9 tion 464(c) (42 U.S.C. 664(c)) is amended—

10 (A) by striking “(c)(1) Except as provided
11 in paragraph (2), as” and inserting “(c) As”;
12 and

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

14 (c) TREATMENT OF LUMP-SUM TAX REFUND
15 UNDER AFDC.—

16 (1) EXEMPTION FROM LUMP-SUM RULE.—Sec-
17 tion 402(a)(17) (42 U.S.C. 602(a)(17)) is amended
18 by inserting before the semicolon at the end the fol-
19 lowing: “, but this paragraph shall not apply to in-
20 come received by a family that is attributable to a
21 child support obligation owed with respect to a mem-
22 ber of the family and that is paid to the family from
23 amounts withheld from a Federal income tax refund
24 otherwise payable to the person owing such obliga-
25 tion, to the extent that such income is placed in a

1 qualified asset account (as defined in section 406(i))
2 the total amounts in which, after such placement,
3 does not exceed \$10,000”.

4 (2) QUALIFIED ASSET ACCOUNT DEFINED.—
5 Section 406 (42 U.S.C. 606) is amended by adding
6 at the end the following new subsection:

7 “(i)(1) The term ‘qualified asset account’ means a
8 mechanism approved by the State (such as individual re-
9 tirement accounts, escrow accounts, or savings bonds) that
10 allows savings of a family receiving aid to families with
11 dependent children to be used for qualified distributions.

12 “(2) The term ‘qualified distribution’ means a dis-
13 tribution from a qualified asset account for expenses di-
14 rectly related to 1 or more of the following purposes:

15 “(A) The attendance of a member of the family
16 at any education or training program.

17 “(B) The improvement of the employability (in-
18 cluding self-employment) of a member of the family
19 (such as through the purchase of an automobile).

20 “(C) The purchase of a home for the family.

21 “(D) A change of the family residence.”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall become effective October 1, 1999.

1 **SEC. 362. INTERNAL REVENUE SERVICE COLLECTION OF**
2 **ARREARAGES.**

3 (a) AMENDMENT TO INTERNAL REVENUE CODE.—
4 Section 6305(a) of the Internal Revenue Code of 1986 (re-
5 lating to collection of certain liability) is amended—

6 (1) in paragraph (1), by inserting “except as
7 provided in paragraph (5)” after “collected”;

8 (2) by striking “and” at the end of paragraph
9 (3);

10 (3) by striking the period at the end of para-
11 graph (4) and inserting “, and”;

12 (4) by adding at the end the following new
13 paragraph:

14 “(5) no additional fee may be assessed for ad-
15 justments to an amount previously certified pursu-
16 ant to such section 452(b) with respect to the same
17 obligor.”; and

18 (5) by striking “Secretary of Health, Edu-
19 cation, and Welfare” each place it appears and in-
20 serting “Secretary of Health and Human Services”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall become effective October 1, 1997.

23 **SEC. 363. AUTHORITY TO COLLECT SUPPORT FROM FED-**
24 **ERAL EMPLOYEES.**

25 (a) CONSOLIDATION AND STREAMLINING OF AU-
26 THORITIES.—Section 459 (42 U.S.C. 659) is amended—

1 (1) in the heading, by inserting “INCOME WITH-
2 HOLDING,” before “GARNISHMENT”;

3 (2) in subsection (a)—

4 (A) by striking “section 207” and insert-
5 ing “section 207 and section 5301 of title 38,
6 United States Code”; and

7 (B) by striking “to legal process” and all
8 that follows through the period and inserting
9 “to withholding in accordance with State law
10 pursuant to subsections (a)(1) and (b) of sec-
11 tion 466 and regulations of the Secretary there-
12 under, and to any other legal process brought,
13 by a State agency administering a program
14 under this part or by an individual obligee, to
15 enforce the legal obligation of such individual to
16 provide child support or alimony.”;

17 (3) by striking subsection (b) and inserting the
18 following new subsection:

19 “(b) Except as otherwise provided herein, each entity
20 specified in subsection (a) shall be subject, with respect
21 to notice to withhold income pursuant to subsection (a)(1)
22 or (b) of section 466, or to any other order or process
23 to enforce support obligations against an individual (if
24 such order or process contains or is accompanied by suffi-
25 cient data to permit prompt identification of the individual

1 and the moneys involved), to the same requirements as
2 would apply if such entity were a private person.”;

3 (4) by striking subsections (c) and (d) and in-
4 serting the following new subsections:

5 “(c)(1) The head of each agency subject to the re-
6 quirements of this section shall—

7 “(A) designate an agent or agents to receive or-
8 ders and accept service of process; and

9 “(B) publish—

10 “(i) in the appendix of such regulations;

11 “(ii) in each subsequent republication of
12 such regulations; and

13 “(iii) annually in the Federal Register,
14 the designation of such agent or agents, identified
15 by title of position, mailing address, and telephone
16 number.

17 “(2) Whenever an agent designated pursuant to para-
18 graph (1) receives notice pursuant to subsection (a)(1) or
19 (b) of section 466, or is effectively served with any order,
20 process, or interrogatories, with respect to an individual’s
21 child support or alimony payment obligations, such agent
22 shall—

23 “(A) as soon as possible (but not later than 15
24 days) thereafter, send written notice of such notice
25 or service (together with a copy thereof) to such in-

1 dividual at his duty station or last-known home ad-
2 dress;

3 “(B) not later than 30 days (or such longer pe-
4 riod as may be prescribed by applicable State law)
5 after receipt of a notice pursuant to subsection
6 (a)(1) or (b) of section 466, comply with all applica-
7 ble provisions of such section 466; and

8 “(C) not later than 30 days (or such longer pe-
9 riod as may be prescribed by applicable State law)
10 after effective service of any other such order, proc-
11 ess, or interrogatories, respond thereto.

12 “(d) In the event that a governmental entity receives
13 notice or is served with process, as provided in this section,
14 concerning amounts owed by an individual to more than
15 1 person—

16 “(1) support collection under section 466(b)
17 must be given priority over any other process, as
18 provided in section 466(b)(7);

19 “(2) allocation of moneys due or payable to an
20 individual among claimants under section 466(b)
21 shall be governed by the provisions of such section
22 466(b) and regulations thereunder; and

23 “(3) such moneys as remain after compliance
24 with subparagraphs (A) and (B) shall be available to
25 satisfy any other such processes on a first-come,

1 first-served basis, with any such process being satis-
2 fied out of such moneys as remain after the satisfac-
3 tion of all such processes which have been previously
4 served.”;

5 (5) in subsection (f)—

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

8 (B) by adding at the end the following new
9 paragraph:

10 “(2) No Federal employee whose duties include tak-
11 ing actions necessary to comply with the requirements of
12 subsection (a) with regard to any individual shall be sub-
13 ject under any law to any disciplinary action or civil or
14 criminal liability or penalty for, or on account of, any dis-
15 closure of information made by him in connection with the
16 carrying out of such duties.”; and

17 (6) by adding at the end the following new sub-
18 sections:

19 “(g) Authority to promulgate regulations for the im-
20 plementation of the provisions of this section shall, insofar
21 as the provisions of this section are applicable to moneys
22 due from (or payable by)—

23 “(1) the executive branch of the Federal Gov-
24 ernment (including in such branch, for the purposes
25 of this subsection, the territories and possessions of

1 the United States, the United States Postal Service,
2 the Postal Rate Commission, any wholly owned Fed-
3 eral corporation created by an Act of Congress, and
4 the government of the District of Columbia), be
5 vested in the President (or the President's designee);

6 “(2) the legislative branch of the Federal Gov-
7 ernment, be vested jointly in the President pro tem-
8 pore of the Senate and the Speaker of the House of
9 Representatives (or their designees); and

10 “(3) the judicial branch of the Federal Govern-
11 ment, be vested in the Chief Justice of the United
12 States (or the Chief Justice's designee).

13 “(h) Subject to subsection (i), moneys paid or payable
14 to an individual which are considered to be based upon
15 remuneration for employment, for purposes of this sec-
16 tion—

17 “(1) consist of—

18 “(A) compensation paid or payable for per-
19 sonal services of such individual, whether such
20 compensation is denominated as wages, salary,
21 commission, bonus, pay, allowances, or other-
22 wise (including severance pay, sick pay, and in-
23 centive pay);

1 “(B) periodic benefits (including a periodic
2 benefit as defined in section 228(h)(3)) or other
3 payments—

4 “(i) under the insurance system estab-
5 lished by title II;

6 “(ii) under any other system or fund
7 established by the United States which
8 provides for the payment of pensions, re-
9 tirement or retired pay, annuities, depend-
10 ents’ or survivors’ benefits, or similar
11 amounts payable on account of personal
12 services performed by the individual or any
13 other individual;

14 “(iii) as compensation for death under
15 any Federal program;

16 “(iv) under any Federal program es-
17 tablished to provide ‘black lung’ benefits;
18 or

19 “(v) by the Secretary of Veterans Af-
20 fairs as pension, or as compensation for a
21 service-connected disability or death (ex-
22 cept any compensation paid by such Sec-
23 retary to a former member of the Armed
24 Forces who is in receipt of retired or re-
25 tainer pay if such former member has

1 waived a portion of his retired pay in order
2 to receive such compensation); and

3 “(C) worker’s compensation benefits paid
4 under Federal or State law; but

5 “(2) do not include any payment—

6 “(A) by way of reimbursement or other-
7 wise, to defray expenses incurred by such indi-
8 vidual in carrying out duties associated with his
9 employment; or

10 “(B) as allowances for members of the uni-
11 formed services payable pursuant to chapter 7
12 of title 37, United States Code, as prescribed
13 by the Secretaries concerned (defined by section
14 101(5) of such title) as necessary for the effi-
15 cient performance of duty.

16 “(i) In determining the amount of any moneys due
17 from, or payable by, the United States to any individual,
18 there shall be excluded amounts which—

19 “(1) are owed by such individual to the United
20 States;

21 “(2) are required by law to be, and are, de-
22 ducted from the remuneration or other payment in-
23 volved, including Federal employment taxes, and
24 fines and forfeitures ordered by court-martial;

1 “(3) are properly withheld for Federal, State,
2 or local income tax purposes, if the withholding of
3 such amounts is authorized or required by law and
4 if amounts withheld are not greater than would be
5 the case if such individual claimed all the depend-
6 ents that the individual was entitled to (the with-
7 holding of additional amounts pursuant to section
8 3402(i) of the Internal Revenue Code of 1986 may
9 be permitted only when such individual presents evi-
10 dence of a tax obligation which supports the addi-
11 tional withholding);

12 “(4) are deducted as health insurance pre-
13 miums;

14 “(5) are deducted as normal retirement con-
15 tributions (not including amounts deducted for sup-
16 plementary coverage); or

17 “(6) are deducted as normal life insurance pre-
18 miums from salary or other remuneration for em-
19 ployment (not including amounts deducted for sup-
20 plementary coverage).

21 “(j) For purposes of this section—”.

22 (b) TRANSFER OF SUBSECTIONS.—Subsections (a)
23 through (d) of section 462 (42 U.S.C. 662), are trans-
24 ferred and redesignated as paragraphs (1) through (4),
25 respectively, of section 459(j) (as added by subsection

1 (a)(6)), and the left margin of each of such paragraphs
2 (1) through (4) is indented 2 ems to the right of the left
3 margin of subsection (j) (as added by subsection (a)(6)).

4 (c) CONFORMING AMENDMENTS.—

5 (1) TO PART D OF TITLE IV.—Sections 461 and
6 462 (42 U.S.C. 661) are repealed.

7 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
8 tion 5520a of title 5, United States Code, is amend-
9 ed, in subsections (h)(2) and (i), by striking “sec-
10 tions 459, 461, and 462 of the Social Security Act
11 (42 U.S.C. 659, 661, and 662)” each place it ap-
12 pears and inserting “section 459 of the Social Secu-
13 rity Act (42 U.S.C. 659)”.

14 (d) MILITARY RETIRED AND RETAINER PAY.—Sec-
15 tion 1408 of title 10, United States Code, is amended—

16 (1) in subsection (a)—

17 (A) in paragraph (1)—

18 (i) in subparagraph (B), by striking
19 “and”;

20 (ii) in subparagraph (C), by striking
21 the period and inserting “; and”; and

22 (iii) by adding at the end the follow-
23 ing new subparagraph:

24 “(D) any administrative or judicial tribu-
25 nal of a State competent to enter orders for

1 support or maintenance (including a State
2 agency administering a State program under
3 part D of title IV of the Social Security Act).”;

4 (B) in paragraph (2), by inserting “or a
5 court order for the payment of child support
6 not included in or accompanied by such a de-
7 cree or settlement,” before “which—”;

8 (2) in subsection (d)—

9 (A) in the heading, by inserting “(OR FOR
10 BENEFIT OF)” after “CONCERNED”; and

11 (B) in paragraph (1), in the first sentence,
12 by inserting “(or for the benefit of such spouse
13 or former spouse to a State central collections
14 unit or other public payee designated by a
15 State, in accordance with part D of title IV of
16 the Social Security Act, as directed by court
17 order, or as otherwise directed in accordance
18 with such part D)” before “in an amount suffi-
19 cient”; and

20 (3) by adding at the end the following new sub-
21 section:

22 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
23 involving a child support order against a member who has
24 never been married to the other parent of the child, the
25 provisions of this section shall not apply, and the case

1 shall be subject to the provisions of section 459 of the
2 Social Security Act.”.

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall become effective 6 months after the date
5 of the enactment of this Act.

6 **SEC. 364. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
7 **TIONS OF MEMBERS OF THE ARMED FORCES.**

8 (a) AVAILABILITY OF LOCATOR INFORMATION.—

9 (1) MAINTENANCE OF ADDRESS INFORMA-
10 TION.—The Secretary of Defense shall establish a
11 centralized personnel locator service that includes
12 the address of each member of the Armed Forces
13 under the jurisdiction of the Secretary. Upon re-
14 quest of the Secretary of Transportation, addresses
15 for members of the Coast Guard shall be included in
16 the centralized personnel locator service.

17 (2) TYPE OF ADDRESS.—

18 (A) RESIDENTIAL ADDRESS.—Except as
19 provided in subparagraph (B), the address for
20 a member of the Armed Forces shown in the lo-
21 cator service shall be the residential address of
22 that member.

23 (B) DUTY ADDRESS.—The address for a
24 member of the Armed Forces shown in the loca-

1 tor service shall be the duty address of that
2 member in the case of a member—

3 (i) who is permanently assigned over-
4 seas, to a vessel, or to a routinely
5 deployable unit; or

6 (ii) with respect to whom the Sec-
7 retary concerned makes a determination
8 that the member's residential address
9 should not be disclosed due to national se-
10 curity or safety concerns.

11 (3) UPDATING OF LOCATOR INFORMATION.—

12 Not later than 30 days after a member listed in the
13 locator service establishes a new residential address
14 (or a new duty address, in the case of a member cov-
15 ered by paragraph (2)(B)), the Secretary concerned
16 shall update the locator service to indicate the new
17 address of the member.

18 (4) AVAILABILITY OF INFORMATION.—The Sec-
19 retary of Defense shall make information regarding
20 the address of a member of the Armed Forces listed
21 in the locator service available, on request, to the
22 Federal Parent Locator Service.

23 (b) FACILITATING GRANTING OF LEAVE FOR AT-
24 TENDANCE AT HEARINGS.—

1 (1) REGULATIONS.—The Secretary of each
2 military department, and the Secretary of Transpor-
3 tation with respect to the Coast Guard when it is
4 not operating as a service in the Navy, shall pre-
5 scribe regulations to facilitate the granting of leave
6 to a member of the Armed Forces under the juris-
7 diction of that Secretary in a case in which—

8 (A) the leave is needed for the member to
9 attend a hearing described in paragraph (2);

10 (B) the member is not serving in or with
11 a unit deployed in a contingency operation (as
12 defined in section 101 of title 10, United States
13 Code); and

14 (C) the exigencies of military service (as
15 determined by the Secretary concerned) do not
16 otherwise require that such leave not be grant-
17 ed.

18 (2) COVERED HEARINGS.—Paragraph (1) ap-
19 plies to a hearing that is conducted by a court or
20 pursuant to an administrative process established
21 under State law, in connection with a civil action—

22 (A) to determine whether a member of the
23 Armed Forces is a natural parent of a child; or

1 (B) to determine an obligation of a mem-
2 ber of the Armed Forces to provide child sup-
3 port.

4 (3) DEFINITIONS.—For purposes of this sub-
5 section:

6 (A) The term “court” has the meaning
7 given that term in section 1408(a) of title 10,
8 United States Code.

9 (B) The term “child support” has the
10 meaning given such term in section 462 of the
11 Social Security Act (42 U.S.C. 662).

12 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
13 PLIANCE WITH CHILD SUPPORT ORDERS.—Section 1408
14 of title 10, United States Code, as amended by section
15 363(d)(3), is amended—

16 (1) by redesignating subsections (i) and (j) as
17 subsections (j) and (k), respectively;

18 (2) by inserting after subsection (h) the follow-
19 ing new subsection:

20 “(i) CERTIFICATION DATE.—It is not necessary that
21 the date of a certification of the authenticity or complete-
22 ness of a copy of a court order or an order of an adminis-
23 trative process established under State law for child sup-
24 port received by the Secretary concerned for the purposes

1 of this section be recent in relation to the date of receipt
2 by the Secretary.”; and

3 (3) in subsection (d)—

4 (A) in paragraph (1), by inserting after
5 the first sentence the following: “In the case of
6 a spouse or former spouse who, pursuant to
7 section 402(a)(26) of the Social Security Act
8 (42 U.S.C. 602(26)), assigns to a State the
9 rights of the spouse or former spouse to receive
10 support, the Secretary concerned may make the
11 child support payments referred to in the pre-
12 ceding sentence to that State in amounts con-
13 sistent with that assignment of rights.”; and

14 (B) by adding at the end the following new
15 paragraph:

16 “(6) In the case of a court order or an order of an
17 administrative process established under State law for
18 which effective service is made on the Secretary concerned
19 on or after the date of the enactment of this paragraph
20 and which provides for payments from the disposable re-
21 tired pay of a member to satisfy the amount of child sup-
22 port set forth in the order, the authority provided in para-
23 graph (1) to make payments from the disposable retired
24 pay of a member to satisfy the amount of child support
25 set forth in a court order or an order of an administrative

1 process established under State law shall apply to payment
2 of any amount of child support arrearages set forth in that
3 order as well as to amounts of child support that currently
4 become due.”.

5 **SEC. 365. VOIDING OF FRAUDULENT TRANSFERS.**

6 Section 466(a) (42 U.S.C. 666(a)), as amended by
7 sections 302(a), 326(a), and 331, is amended by adding
8 at the end the following new paragraph:

9 “(15) Procedures under which—

10 “(A) the State has in effect—

11 “(i) the Uniform Fraudulent Convey-
12 ance Act of 1981,

13 “(ii) the Uniform Fraudulent Trans-
14 fer Act of 1984, or

15 “(iii) another law, specifying indicia of
16 fraud which create a prima facie case that
17 a debtor transferred income or property to
18 avoid payment to a child support creditor,
19 which the Secretary finds affords com-
20 parable rights to child support creditors;
21 and

22 “(B) in any case in which the State knows
23 of a transfer by a child support debtor with re-
24 spect to which such a prima facie case is estab-
25 lished, the State must—

1 “(i) seek to void such transfer; or
2 “(ii) obtain a settlement in the best
3 interests of the child support creditor.”.

4 **SEC. 366. STATE LAW AUTHORIZING SUSPENSION OF LI-**
5 **CENSES.**

6 Section 466(a) (42 U.S.C. 666(a)), as amended by
7 sections 302(a), 326(a), 331, and 365, is amended by add-
8 ing at the end the following new paragraph:

9 “(16) Procedures under which the State has
10 (and uses in appropriate cases) authority (subject to
11 appropriate due process safeguards) to withhold or
12 suspend, or to restrict the use of driver’s licenses,
13 professional and occupational licenses, and rec-
14 reational licenses of individuals owing overdue child
15 support or failing, after receiving appropriate notice,
16 to comply with subpoenas or warrants relating to
17 paternity or child support proceedings.”.

18 **SEC. 367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

19 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
20 to read as follows:

21 “(7)(A) Procedures (subject to safeguards pur-
22 suant to subparagraph (B)) requiring the State to
23 report periodically to consumer reporting agencies
24 (as defined in section 603(f) of the Fair Credit Re-
25 porting Act (15 U.S.C. 1681a(f)) the name of any

1 absent parent who is delinquent in the payment of
2 support, and the amount of overdue support owed by
3 such parent.

4 “(B) Procedures ensuring that, in carrying out
5 subparagraph (A), information with respect to an
6 absent parent is reported—

7 “(i) only after such parent has been af-
8 forded all due process required under State law,
9 including notice and a reasonable opportunity
10 to contest the accuracy of such information;
11 and

12 “(ii) only to an entity that has furnished
13 evidence satisfactory to the State that the en-
14 tity is a consumer reporting agency.”.

15 **SEC. 368. EXTENDED STATUTE OF LIMITATION FOR COL-**
16 **LECTION OF ARREARAGES.**

17 (a) IN GENERAL.—Section 466(a)(9) (42 U.S.C.
18 666(a)(9)) is amended—

19 (1) by redesignating subparagraphs (A), (B),
20 and (C) as clauses (i), (ii), and (iii), respectively;

21 (2) by striking “(9)” and inserting “(9)(A)”;
22 and

23 (3) by adding at the end the following new sub-
24 paragraph:

1 “(B) Procedures under which the statute of
2 limitations on any arrearages of child support ex-
3 tends at least until the child owed such support is
4 30 years of age.”.

5 (b) APPLICATION OF REQUIREMENT.—The amend-
6 ment made by this section shall not be interpreted to re-
7 quire any State law to revive any payment obligation
8 which had lapsed prior to the effective date of such State
9 law.

10 **SEC. 369. CHARGES FOR ARREARAGES.**

11 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
12 U.S.C. 666(a)), as amended by sections 302(a), 326(a),
13 331, 365, and 367, is amended by adding at the end the
14 following new paragraph:

15 “(17) Procedures providing for the calculation
16 and collection of interest or penalties for arrearages
17 of child support, and for distribution of such interest
18 or penalties collected for the benefit of the child (ex-
19 cept where the right to support has been assigned to
20 the State).”.

21 (b) REGULATIONS.—The Secretary of Health and
22 Human Services shall establish by regulation a rule to re-
23 solve choice of law conflicts arising in the implementation
24 of the amendment made by subsection (a).

1 (c) CONFORMING AMENDMENT.—Section 454(21)
2 (42 U.S.C. 654(21)) is repealed.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall be effective with respect to arrearages
5 accruing on or after October 1, 1998.

6 **SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
7 **CHILD SUPPORT.**

8 (a) HHS CERTIFICATION PROCEDURE.—

9 (1) SECRETARIAL RESPONSIBILITY.—Section
10 452 (42 U.S.C. 652), as amended by sections
11 315(a)(3) and 317, is amended by adding at the end
12 the following new subsection:

13 “(1)(1) If the Secretary receives a certification by a
14 State agency in accordance with the requirements of sec-
15 tion 454(29) that an individual owes arrearages of child
16 support in an amount exceeding \$5,000 or in an amount
17 exceeding 24 months’ worth of child support, the Sec-
18 retary shall transmit such certification to the Secretary
19 of State for action (with respect to denial, revocation, or
20 limitation of passports) pursuant to section 370(b) of the
21 Interstate Child Support Responsibility Act of 1995.

22 “(2) The Secretary shall not be liable to an individual
23 for any action with respect to a certification by a State
24 agency under this section.”.

1 (2) STATE CSE AGENCY RESPONSIBILITY.—Sec-
2 tion 454 (42 U.S.C. 654), as amended by sections
3 301(a), 305(a), 314(b), and 322(a), is amended—

4 (A) by striking “and” at the end of para-
5 graph (27);

6 (B) by striking the period at the end of
7 paragraph (28) and inserting “; and”; and

8 (C) by adding after paragraph (28) the fol-
9 lowing new paragraph:

10 “(29) provide that the State agency will have in
11 effect a procedure (which may be combined with the
12 procedure for tax refund offset under section 464)
13 for certifying to the Secretary, for purposes of the
14 procedure under section 452(l) (concerning denial of
15 passports) determinations that individuals owe ar-
16 rearages of child support in an amount exceeding
17 \$5,000 or in an amount exceeding 24 months’ worth
18 of child support, under which procedure—

19 “(A) each individual concerned is afforded
20 notice of such determination and the con-
21 sequences thereof, and an opportunity to con-
22 test the determination; and

23 “(B) the certification by the State agency
24 is furnished to the Secretary in such format,

1 and accompanied by such supporting docu-
2 mentation, as the Secretary may require.”.

3 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
4 OF PASSPORTS.—

5 (1) IN GENERAL.—The Secretary of State,
6 upon certification by the Secretary of Health and
7 Human Services, in accordance with section 452(l)
8 of the Social Security Act, that an individual owes
9 arrearages of child support in excess of \$5,000 or in
10 an amount exceeding 24 months’ worth of child sup-
11 port, shall refuse to issue a passport to such individ-
12 ual, and may revoke, restrict, or limit a passport is-
13 sued previously to such individual.

14 (2) LIMIT ON LIABILITY.—The Secretary of
15 State shall not be liable to an individual for any ac-
16 tion with respect to a certification by a State agency
17 under this section.

18 (c) EFFECTIVE DATE.—This section and the amend-
19 ments made by this section shall become effective October
20 1, 1996.

PART VIII—MEDICAL SUPPORT**SEC. 381. TECHNICAL 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) in clause (ii) by striking the period and inserting a comma; and

(3) by adding after clause (ii), the following flush left language:

“if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued by an administrative adjudicator and has the force and effect of law under applicable State law.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall become effective on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—

(A) IN GENERAL.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be

1 made before the first plan year beginning on or
2 after January 1, 1996, if—

3 (i) during the period after the date
4 before the date of the enactment of this
5 Act and before such first plan year, the
6 plan is operated in accordance with the re-
7 quirements of the amendments made by
8 this section; and

9 (ii) such plan amendment applies
10 retroactively to the period after the date
11 before the date of the enactment of this
12 Act and before such first plan year.

13 (B) NO FAILURE FOR COMPLIANCE WITH
14 THIS PARAGRAPH.—A plan shall not be treated
15 as failing to be operated in accordance with the
16 provisions of the plan merely because it oper-
17 ates in accordance with this paragraph.

18 **PART IX—ACCESS AND VISITATION PROGRAMS**

19 **SEC. 391. GRANTS TO STATES FOR ACCESS AND VISITATION**
20 **PROGRAMS.**

21 Part D of title IV is amended by adding at the end
22 the following new section:

23 “GRANTS TO STATES FOR ACCESS AND VISITATION
24 PROGRAMS

25 “SEC. 469A. (a) PURPOSES; AUTHORIZATION OF AP-
26 PROPRIATIONS.—For purposes of enabling States to es-

1 tablish and administer programs to support and facilitate
2 absent parents' access to and visitation of their children,
3 by means of activities including mediation (both voluntary
4 and mandatory), counseling, education, development of
5 parenting plans, visitation enforcement (including mon-
6 itoring, supervision, and neutral drop-off and pickup), and
7 development of guidelines for visitation and alternative
8 custody arrangements, there are authorized to be appro-
9 priated \$5,000,000 for each of fiscal years 1996 and
10 1997, and \$10,000,000 for each succeeding fiscal year.

11 “(b) PAYMENTS TO STATES.—

12 “(1) IN GENERAL.—Each State shall be enti-
13 tled to payment under this section for each fiscal
14 year in an amount equal to its allotment under sub-
15 section (c) for such fiscal year, to be used for pay-
16 ment of 90 percent of State expenditures for the
17 purposes specified in subsection (a).

18 “(2) SUPPLEMENTARY USE.—Payments under
19 this section shall be used by a State to supplement
20 (and not to substitute for) expenditures by the
21 State, for activities specified in subsection (a), at a
22 level at least equal to the level of such expenditures
23 for fiscal year 1994.

24 “(c) ALLOTMENTS TO STATES.—

1 “(1) IN GENERAL.—For purposes of subsection
2 (b), each State shall be entitled (subject to para-
3 graph (2)) to an amount for each fiscal year bearing
4 the same ratio to the amount authorized to be ap-
5 propriated pursuant to subsection (a) for such fiscal
6 year as the number of children in the State living
7 with only 1 biological parent bears to the total num-
8 ber of such children in all States.

9 “(2) MINIMUM ALLOTMENT.—Allotments to
10 States under paragraph (1) shall be adjusted as nec-
11 essary to ensure that no State is allotted less than
12 \$50,000 for fiscal year 1996 or 1997, or \$100,000
13 for any succeeding fiscal year.

14 “(d) FEDERAL ADMINISTRATION.—The program
15 under this section shall be administered by the Adminis-
16 tration for Children and Families.

17 “(e) STATE PROGRAM ADMINISTRATION.—

18 “(1) IN GENERAL.—Each State may administer
19 the program under this section directly or through
20 grants to or contracts with courts, local public agen-
21 cies, or nonprofit private entities.

22 “(2) STATEWIDE PLAN PERMISSIBLE.—State
23 programs under this section may, but need not, be
24 statewide.

1 “(3) EVALUATION.—States administering pro-
2 grams under this section shall monitor, evaluate,
3 and report on such programs in accordance with re-
4 quirements established by the Secretary.”.

5 **Subtitle B—Effect of Enactment**

6 **SEC. 395. EFFECTIVE DATES.**

7 (a) IN GENERAL.—Except as otherwise specifically
8 provided (but subject to subsections (b) and (c))—

9 (1) provisions of subtitle A requiring enactment
10 or amendment of State laws under section 466 of
11 the Social Security Act, or revision of State plans
12 under section 454 of such Act, shall be effective with
13 respect to periods beginning on and after October 1,
14 1996; and

15 (2) all other provisions of subtitle A shall be-
16 come effective upon the date of the enactment of
17 this Act.

18 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
19 provisions of subtitle A shall become effective with respect
20 to a State on the later of—

21 (1) the date specified in subtitle A, or

22 (2) the effective date of laws enacted by the leg-
23 islature of such State implementing such provisions,
24 but in no event later than the first day of the first cal-
25 endar quarter beginning after the close of the first regular

1 session of the State legislature that begins after the date
2 of the enactment of this Act. For purposes of the previous
3 sentence, in the case of a State that has a 2-year legisla-
4 tive session, each year of such session shall be deemed to
5 be a separate regular session of the State legislature.

6 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
7 AMENDMENT.—A State shall not be found out of compli-
8 ance with any requirement enacted by subtitle A if it is
9 unable to comply without amending the State constitution
10 until the earlier of—

11 (1) the date which is 1 year after the effective
12 date of the necessary State constitutional amend-
13 ment, or

14 (2) the date which is 5 years after the date of
15 the enactment of this Act.

16 **SEC. 396. SEVERABILITY.**

17 If any provision of subtitle A or the application there-
18 of to any person or circumstance is held invalid, the inva-
19 lidity shall not affect other provisions or applications of
20 subtitle A which can be given effect without regard to the
21 invalid provision or application, and to this end the provi-
22 sions of subtitle A shall be severable.

1 **TITLE IV—SUPPLEMENTAL**
2 **SECURITY INCOME**

3 **SEC. 401. REVISED REGULATIONS APPLICABLE TO THE DE-**
4 **TERMINATION OF DISABILITY IN INDIVID-**
5 **UALS UNDER THE AGE OF 18.**

6 (a) REGULATIONS APPLICABLE TO THE DETERMINA-
7 TION OF DISABILITY IN INDIVIDUALS UNDER THE AGE
8 OF 18.—

9 (1) IN GENERAL.—The Commissioner of Social
10 Security (hereafter in this section referred to as the
11 “Commissioner”) is directed to issue revised regula-
12 tions applicable to the determination of disability in
13 individuals under the age of 18 for purposes of es-
14 tablishing eligibility for supplemental security in-
15 come benefits under title XVI of the Social Security
16 Act that ensure that such eligibility is limited to
17 those individuals whose impairments are sufficiently
18 severe as to meet the statutory definition of disabil-
19 ity contained in section 1614(a)(3)(A) of such Act
20 (42 U.S.C. 1382c(a)(3)(A)).

21 (2) SPECIFIC REQUIREMENTS.—

22 (A) IN GENERAL.—The regulations de-
23 scribed in paragraph (1) shall provide that an
24 individual under the age of 18 may be deter-
25 mined to be under a disability only if the indi-

1 individual's impairment or combination of impair-
2 ments is so severe as to cause, at minimum—

- 3 (i) a marked limitation in at least 2
4 domains of functioning or development; or
5 (ii) an extreme limitation in at least 1
6 such domain.

7 (B) DOMAIN DEFINED.—As used in sub-
8 paragraph (A), the term “domain” refers to a
9 broad but, to the maximum extent practicable,
10 discrete area of function or development that
11 can be identified in infancy and traced through
12 an individual's maturation. Subject to subpara-
13 graph (C), the Commissioner shall specify do-
14 mains and describe the age-appropriate activi-
15 ties and behaviors that characterize each do-
16 main. Under no circumstance may the Commis-
17 sioner specify a domain of maladaptive behavior
18 or consider the limitations caused by such be-
19 havior in more than 1 domain.

20 (C) LIMITATION ON NUMBER OF DO-
21 MAINS.—For the purpose of making individual-
22 ized functional assessments in individuals under
23 the age of 18, the Commissioner shall specify a
24 set of domains consisting of fewer domains than

1 the number in use for such purpose on the date
2 of the enactment of this Act.

3 (3) DEADLINE.—The Commissioner shall issue
4 the regulations required by this subsection not later
5 than the last day of the ninth month that begins
6 after the date of the enactment of this Act.

7 (b) DISABILITY REVIEW REQUIRED FOR CERTAIN
8 RECIPIENTS.—

9 (1) IN GENERAL.—During the period that be-
10 gins on the effective date of the regulations required
11 by subsection (a) and that ends 2 years after such
12 date, the Commissioner shall redetermine the eligi-
13 bility for supplemental security income benefits
14 under title XVI of the Social Security Act by reason
15 of disability of each individual receiving such bene-
16 fits on the basis of a finding of disability made be-
17 fore the effective date of such regulations. The pro-
18 visions of section 1614(a)(4) of such Act (42 U.S.C.
19 1382c(a)(4)) shall not apply to redeterminations
20 conducted pursuant to this paragraph. The Commis-
21 sioner shall except from the requirement of this
22 paragraph any individual whose impairment or com-
23 bination of impairments was determined to be dis-
24 abling in accordance with regulations that were not
25 subject to revision pursuant to subsection (a).

1 (2) NOTICE.—In any case in which the Com-
2 missioner initiates a review under this subsection,
3 the Commissioner shall notify the individual whose
4 case is to be reviewed in the same manner as re-
5 quired under section 221(i)(4) of the Social Security
6 Act (42 U.S.C. 421(i)(4)).

7 **SEC. 402. DIRECTORY OF SERVICES.**

8 Section 1631 (42 U.S.C. 1383) is amended by redес-
9 ignating the second subsection (n) (relating to notice re-
10 quirements) as subsection (o) and by adding at the end
11 the following new subsection:

12 “Directory of Services

13 “(p) For the purpose of expanding the information
14 base available to members of the public who contact the
15 Social Security Administration, the Commissioner of So-
16 cial Security shall establish a directory of services for dis-
17 abled children that are available within the area served
18 by each Social Security Administration office. Each such
19 directory shall include the names of service providers,
20 along with each provider’s address and telephone number,
21 and shall be accessible electronically by all agency person-
22 nel who provide direct service to the public.”.

1 **SEC. 403. USE OF STANDARDIZED TESTS AND THEIR EQUIV-**
2 **ALENT.**

3 Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)) is
4 amended—

5 (1) by inserting “(i)” after “(H)”; and

6 (2) by adding after and below the end the
7 following:

8 “(ii) In making any determination under this
9 title with respect to the disability of an individual
10 who is under the age of 18, the Commissioner shall
11 use—

12 “(I) standardized tests that provide meas-
13 ures of childhood development or functioning,
14 or

15 “(II) criteria of childhood development or
16 function that are equivalent to the findings of
17 a standardized test,

18 whenever such tests or criteria are available and the
19 Commissioner determines their use to be appro-
20 priate.”.

21 **SEC. 404. GRADUATED BENEFITS FOR ADDITIONAL CHIL-**
22 **DREN.**

23 (a) IN GENERAL.—Section 1611(b) of the Social Se-
24 curity Act (42 U.S.C. 1382(b)) is amended by adding at
25 the end the following new paragraph:

1 “(3)(A) The benefit under this title for each eligible
 2 blind or disabled individual as determined pursuant to sec-
 3 tion 1611(a)(1) who—

4 “(i) is a child under the age of 18,

5 “(ii) lives in the same household as 1 or more
 6 persons who are also eligible blind or disabled chil-
 7 dren under the age of 18, and

8 “(iii) does not live in a group or foster home,
 9 shall be equal to the applicable percentage of the amount
 10 in section 1611(b)(1), reduced by the amount of any in-
 11 come of such child, including income deemed to such child
 12 under section 1614(f)(2).

13 “(B) For purposes of this paragraph, the applicable
 14 percentage shall be determined under the following table:

“If the household has:	The applicable percentage for each eligible child is:
2 eligible children	90 percent
3 eligible children	80 percent
4 eligible children	70 percent
5 eligible children	65 percent
6 eligible children	60 percent
7 eligible children	55 percent
8 eligible children	50 percent
9 eligible children or more	45 percent

15 “(C) For purposes of this paragraph, the applicable
 16 household size shall be determined by the number of eligi-
 17 ble blind and disabled children under the age of 18 in such
 18 household whose countable income and resources do not
 19 exceed the limits specified in section 1611(a)(1).”.

1 (b) PRESERVATION OF MEDICAID ELIGIBILITY.—
2 Section 1634 (42 U.S.C. 1383c) is amended by adding
3 at the end the following new subsection:

4 “(f) Any child under the age of 18 who would be eligi-
5 ble for a payment under this title but for the limitation
6 on payment amount imposed by section 1611(b)(3) shall
7 be deemed receiving such benefit for purposes of establish-
8 ing such child’s eligibility for medical assistance under a
9 State plan approved under title XIX of this Act.”.

10 (c) CONFORMING AMENDMENT.—Section 1618(e)
11 (42 U.S.C. 1382g(e)) is amended by adding at the end
12 the following new paragraph:

13 “(3) In determining whether the requirements of
14 paragraph (1) of this subsection are met, the difference
15 between the benefit amounts authorized by section
16 1611(b)(1) and the benefits authorized after the applica-
17 tion of section 1611(b)(3) shall be disregarded.

18 “(4) For purposes of determining compliance with
19 section 1618(b), decreases or increases in a State’s ex-
20 penditures in a 12-month period due solely to reductions
21 in amounts of benefits paid pursuant to section
22 1611(b)(3) shall be disregarded.”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect—

1 (1) on the date of the enactment of this Act,
2 with respect to payments made on the basis of deter-
3 minations of eligibility made on or after such date,
4 and

5 (2) 180 days after the date of the enactment of
6 this Act, with respect to payments made for months
7 beginning after such date on the basis of determina-
8 tions of eligibility made before the date of the enact-
9 ment of this Act.

10 **SEC. 405. TREATMENT REQUIREMENTS FOR DISABLED IN-**
11 **DIVIDUALS UNDER THE AGE OF 18.**

12 (a) IN GENERAL.—Section 1631(a)(2) (42 U.S.C.
13 1383(a)(2)) is amended—

14 (1) by redesignating subparagraphs (E) and
15 (F) as subparagraphs (F) and (G), respectively; and

16 (2) by inserting after subparagraph (D) the fol-
17 lowing new subparagraph:

18 “(E)(i) Not later than 3 months after the Commis-
19 sioner determines that an individual under the age of 18
20 is eligible for benefits under this title by reason of disabil-
21 ity (and periodically thereafter, as the Commissioner may
22 require), the representative payee of such individual shall
23 file with the State agency that makes disability determina-
24 tions on behalf of the Commissioner of Social Security in

1 the State in which such individual resides, a copy of the
2 treatment plan required by clause (ii).

3 “(ii) The treatment plan required by this clause shall
4 be developed by the individual’s treating physician or other
5 medical provider, or if approved by the Commissioner,
6 other service provider, and shall describe the services that
7 such physician or provider determines is appropriate for
8 the treatment of such individual’s impairment or combina-
9 tion of impairments. Such plan shall be in such form and
10 contain such information as the Commissioner may pre-
11 scribe.

12 “(iii) The representative payee of any individual de-
13 scribed in clause (i) shall provide evidence of adherence
14 to the treatment plan described in clause (ii) at the time
15 of any redetermination of eligibility conducted pursuant
16 to section 1614(a)(3)(G)(ii), and at such other time as the
17 Commissioner may prescribe.

18 “(iv) The failure of a representative payee to comply
19 without good cause with the requirements of clause (i) or
20 (iii) shall constitute misuse of benefits to which subpara-
21 graph (A)(iii) (but not subparagraph (F)) shall apply. In
22 providing for an alternative representative payee as re-
23 quired by subparagraph (A)(iii), the Commissioner shall
24 give preference to the State agency that administers the
25 State plan approved under title XIX for the State in which

1 the individual described in clause (i) resides or any other
2 State agency designated by the State for such responsibil-
3 ity, unless the Commissioner determines that selection of
4 another organization or person would be appropriate. Any
5 such State agency that serves as a representative payee
6 shall be a 'qualified organization' for purposes of subpara-
7 graph (D) of this paragraph.

8 “(v) This subparagraph shall not apply to the rep-
9 resentative payee of any individual with respect to whom
10 the Commissioner determines such application would be
11 inappropriate or unnecessary. In making such determina-
12 tions, the Commissioner shall take into consideration the
13 nature of the individual’s impairment (or combination of
14 impairments) and the availability of treatment for such
15 impairment (or impairments). Section 1631(c) shall not
16 apply to a finding by the Commissioner that the require-
17 ments of this subparagraph should not apply to an individ-
18 ual’s representative payee.”.

19 (b) ACCESS TO MEDICAID RECORDS.—

20 (1) REQUIREMENT TO FURNISH INFORMA-
21 TION.—Section 1902(a) (42 U.S.C. 1396a(a)) is
22 amended—

23 (A) by striking “and” at the end of para-
24 graph (61);

1 (B) by striking the period at the end of
2 paragraph (62) and inserting “; and”; and

3 (C) by adding after paragraph (62) the fol-
4 lowing new paragraph:

5 “(63) provide that the State agency that ad-
6 ministers the plan described in this section shall
7 make available to the Commissioner of Social Secu-
8 rity such information as the Commissioner may re-
9 quest in connection with the verification of informa-
10 tion furnished to the Commissioner by a representa-
11 tive payee pursuant to section 1631(a)(2)(E)(iii).”.

12 (2) REIMBURSEMENT OF STATE COSTS.—Sec-
13 tion 1633 (42 U.S.C. 1383b) is amended by adding
14 at the end the following new subsection:

15 “(d) The Commissioner of Social Security shall reim-
16 burse a State for the costs of providing information pursu-
17 ant to section 1902(a)(63) from funds available for carry-
18 ing out this title.”.

19 (c) REPORT TO THE CONGRESS.—Not later than the
20 last day of the thirty-sixth month beginning after the date
21 of the enactment of this Act, the Inspector General of the
22 Social Security Administration shall report to the Commit-
23 tee on Ways and Means of the House of Representatives
24 and the Committee on Finance of the Senate on the imple-
25 mentation of this section.

1 (d) EFFECTIVE DATE.—This section shall take effect
2 on the first day of the twelfth month that begins after
3 the date of the enactment of this Act.

4 **SEC. 406. SPECIAL ACCOUNTS FOR INDIVIDUALS UNDER**
5 **THE AGE OF 18.**

6 (a) REQUIREMENT TO ESTABLISH ACCOUNT.—Sec-
7 tion 1631(a)(2) (42 U.S.C. 1383(a)(2)), as amended by
8 section 405(a), is amended—

9 (1) by redesignating subparagraphs (F) and
10 (G) as subparagraphs (G) and (H), respectively; and

11 (2) by inserting after subparagraph (E) the fol-
12 lowing new subparagraph:

13 “(F)(i)(I) Each representative payee of an eligible in-
14 dividual under the age of 18 who is eligible for the pay-
15 ment of benefits described in subclause (II) shall establish
16 on behalf of such individual an account in a financial insti-
17 tution into which such benefits shall be paid, and shall
18 thereafter maintain such account for use in accordance
19 with clause (ii).

20 “(II) Benefits described in this subclause are past-
21 due monthly benefits under this title (which, for purposes
22 of this subclause, include State supplementary payments
23 made by the Commissioner pursuant to an agreement
24 under section 1616 or section 212(b) of Public Law 93-
25 66) in an amount (after any withholding by the Commis-

1 sioner for reimbursement to a State for interim assistance
2 under subsection (g)) that exceeds the product of—

3 “(aa) 6, and

4 “(bb) the maximum monthly benefit payable
5 under this title to an eligible individual.

6 “(ii)(I) A representative payee may use funds in the
7 account established under clause (i) to pay for allowable
8 expenses described in subclause (II).

9 “(II) An allowable expense described in this subclause
10 is an expense for—

11 “(aa) education or job skills training;

12 “(bb) personal needs assistance;

13 “(cc) special equipment;

14 “(dd) housing modification;

15 “(ee) medical treatment;

16 “(ff) therapy or rehabilitation; or

17 “(gg) any other item or service that the Com-
18 missioner determines to be appropriate;

19 provided that such expense benefits such individual and,

20 in the case of an expense described in division (cc), (dd),

21 (ff), or (gg), is related to the impairment (or combination

22 of impairments) of such individual.

23 “(III) The use of funds from an account established
24 under clause (i) in any manner not authorized by this
25 clause—

1 “(aa) by a representative payee shall constitute
2 misuse of benefits for all purposes of this paragraph,
3 and any representative payee who knowingly misuses
4 benefits from such an account shall be liable to the
5 Commissioner in an amount equal to the total
6 amount of such misused benefits; and

7 “(bb) by an eligible individual who is his or her
8 own representative payee shall be considered an
9 overpayment subject to recovery under subsection
10 (b).

11 “(IV) This clause shall continue to apply to funds in
12 the account after the child has reached age 18, regardless
13 of whether benefits are paid directly to the beneficiary or
14 through a representative payee.

15 “(iii) The representative payee may deposit into the
16 account established pursuant to clause (i)—

17 “(I) past-due benefits payable to the eligible in-
18 dividual in an amount less than that specified in
19 clause (i)(II), and

20 “(II) any other funds representing an
21 underpayment under this title to such individual,
22 provided that the amount of such underpayment is
23 equal to or exceeds the maximum monthly benefit
24 payable under this title to an eligible individual.

1 “(iv) The Commissioner of Social Security shall es-
2 tablish a system for accountability monitoring whereby
3 such representative payee shall report, at such time and
4 in such manner as the Commissioner shall require, on ac-
5 tivity respecting funds in the account established pursuant
6 to clause (i).”.

7 (b) EXCLUSION FROM RESOURCES.—Section
8 1613(a) (42 U.S.C. 1382b(a)) is amended—

9 (1) in paragraph (9), by striking “; and” and
10 inserting a semicolon;

11 (2) in the first paragraph (10), by striking the
12 period and inserting a semicolon;

13 (3) by redesignating the second paragraph (10)
14 as paragraph (11), and by striking the period and
15 inserting “; and”; and

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

17 “(12) the assets and accrued interest or other
18 earnings of any account established and maintained
19 in accordance with section 1631(a)(2)(F).”.

20 (c) EXCLUSION FROM INCOME.—Section 1612(b) (42
21 U.S.C. 1382a(b)) is amended—

22 (1) by striking “and” at the end of paragraph
23 (19);

24 (2) by striking the period at the end of para-
25 graph (20) and inserting “; and”; and

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

3 “(21) the interest or other earnings on any ac-
4 count established and maintained in accordance with
5 section 1631(a)(2)(F).”.

6 (d) CONFORMING AMENDMENT.—Section
7 1631(a)(2)(E)(iv) of the Act (as added by section 405(a))
8 is amended by striking “subparagraph (F)” and inserting
9 “subparagraph (G)”.

10 (e) EFFECTIVE DATE.—This section shall take effect
11 on the date which is 180 days after the date of the enact-
12 ment of this Act.

13 **SEC. 407. CONTINUING DISABILITY REVIEWS FOR INDIVID-**
14 **UALS UNDER THE AGE OF 18.**

15 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.
16 1382c(a)(3)) is amended by redesignating subparagraph
17 (H) as subparagraph (I) and by inserting after subpara-
18 graph (G) the following new subparagraph—

19 “(H)(i)(I) Except as provided in subclauses (II),
20 (III), and (IV), the Commissioner of Social Security shall
21 redetermine the eligibility for benefits under this title by
22 reason of disability of each individual under the age of
23 18 at least once every 3 years.

24 “(II) In any case in which the Commissioner does not
25 expect improvement in the condition of such an individual,

1 the redetermination of eligibility for such benefits shall be
2 made at such times as the Commissioner determines to
3 be appropriate.

4 “(III) In any case in which the Commissioner deter-
5 mines that the condition of such an individual may be ex-
6 pected to improve within 3 years, such redetermination
7 shall be made at more frequent intervals.

8 “(IV) The Commissioner shall redetermine the eligi-
9 bility for benefits under this title by reason of disability
10 of each individual whose low birth weight is a contributing
11 factor material to the Commissioner’s determination that
12 the individual is disabled. Such redetermination shall be
13 made not later than 18 months after such individual was
14 initially determined to be eligible for such benefits on the
15 basis, in whole or in part, of low birth weight.

16 “(ii) The Commissioner shall determine the most
17 cost-effective means for complying with the requirements
18 of this subparagraph.

19 “(iii) The provisions of paragraph (4) shall apply to
20 all redeterminations required by this subparagraph.”.

21 (b) CONFORMING AMENDMENT.—Section 208(a) of
22 the Social Security Independence and Program Improve-
23 ments Act of 1994 is amended by striking “100,000” and
24 inserting “80,000 adult”.

1 **SEC. 408. COORDINATION OF SERVICES FOR SSI CHILDREN.**

2 (a) IN GENERAL.—Section 505(a) (42 U.S.C.
3 705(a)) is amended—

4 (1) in paragraph 5—

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

7 (B) by striking the period at the end of
8 subparagraph (F) and inserting “; and”; and

9 (C) by inserting after subparagraph (F)
10 the following new subparagraph:

11 “(G) the agency administering the State’s
12 program under this title shall be responsible for
13 developing a care coordination plan for each
14 child receiving benefits under title XVI on the
15 basis of disability to assure that such child has
16 access to available medical and other support
17 services, that services are provided in an effi-
18 cient and effective manner, and that gaps in the
19 provision of services are identified.”; and

20 (2) by adding at the end the following new sub-
21 section:

22 “(c) For purposes of subsection (a)(5)(G), the Sec-
23 retary, the Secretary of Education, and the Commissioner
24 of Social Security shall take such steps as may be nec-
25 essary, through issuance of regulations, guidelines, or such
26 other means as they may determine, to assure that, where

1 appropriate, the State agency administering title XIX, the
2 State Department of Mental Health, the State Disability
3 Determination Service that makes determinations under
4 title II, the State Vocational Rehabilitation agency, the
5 State Developmental Disabilities Council, and the State
6 Department of Education—

7 “(1) assist the agency administering the State’s
8 program under this title in the development of the
9 child’s care coordination plan;

10 “(2) participate in the planning and delivery of
11 the services specified in the care coordination plan;
12 and

13 “(3) assist such agency in providing to the Sec-
14 retary for each fiscal year information on—

15 “(A) the number of children receiving ben-
16 efits under title XVI who were referred to such
17 agency for services,

18 “(B) the number of such children who
19 were referred who were served,

20 “(C) the services provided (including inten-
21 sity of services, duration of services, types of
22 providers, and costs of services),

23 “(D) the number of children referred to
24 other agencies or departments for services, and

1 “(E) the number of care coordination
2 plans developed during such fiscal year.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to fiscal years beginning after Sep-
5 tember 30, 1995.

6 **TITLE V—MISCELLANEOUS**
7 **PROVISIONS**

8 **SEC. 501. REVISION OF TAX RULES ON EXPATRIATION.**

9 (a) IN GENERAL.—Subpart A of part II of sub-
10 chapter N of chapter 1 of the Internal Revenue Code of
11 1986 is amended by inserting after section 877 the follow-
12 ing new section:

13 **“SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

14 “(a) GENERAL RULES.—For purposes of this sub-
15 title—

16 “(1) MARK TO MARKET.—Except as provided in
17 subsection (f)(2), all property held by an expatriate
18 immediately before the expatriation date shall be
19 treated as sold at such time for its fair market
20 value.

21 “(2) RECOGNITION OF GAIN OR LOSS.—In the
22 case of any sale under paragraph (1)—

23 “(A) notwithstanding any other provision
24 of this title, any gain arising from such sale
25 shall be taken into account for the taxable year

1 of the sale unless such gain is excluded from
2 gross income under part III of subchapter B,
3 and

4 “(B) any loss arising from such sale shall
5 be taken into account for the taxable year of
6 the sale to the extent otherwise provided by this
7 title, except that section 1091 shall not apply
8 (and section 1092 shall apply) to any such loss.

9 “(3) ELECTION TO CONTINUE TO BE TAXED AS
10 UNITED STATES CITIZEN.—

11 “(A) IN GENERAL.—If an expatriate elects
12 the application of this paragraph with respect
13 to any property—

14 “(i) this section (other than this para-
15 graph) shall not apply to such property,
16 but

17 “(ii) such property shall be subject to
18 tax under this title in the same manner as
19 if the individual were a United States
20 citizen.

21 “(B) LIMITATION ON AMOUNT OF ESTATE,
22 GIFT, AND GENERATION-SKIPPING TRANSFER
23 TAXES.—The aggregate amount of taxes im-
24 posed under subtitle B with respect to any
25 transfer of property by reason of an election

1 under subparagraph (A) shall not exceed the
2 amount of income tax which would be due if the
3 property were sold for its fair market value im-
4 mediately before the time of the transfer or
5 death (taking into account the rules of sub-
6 section (a)(2)).

7 “(C) REQUIREMENTS.—Subparagraph (A)
8 shall not apply to an individual unless the indi-
9 vidual—

10 “(i) provides security for payment of
11 tax in such form and manner, and in such
12 amount, as the Secretary may require,

13 “(ii) consents to the waiver of any
14 right of the individual under any treaty of
15 the United States which would preclude as-
16 sessment or collection of any tax which
17 may be imposed by reason of this para-
18 graph, and

19 “(iii) complies with such other re-
20 quirements as the Secretary may prescribe.

21 “(D) ELECTION.—An election under sub-
22 paragraph (A) shall apply only to the property
23 described in the election and, once made, shall
24 be irrevocable.

1 “(b) EXCLUSION FOR CERTAIN GAIN.—The amount
2 which would (but for this subsection) be includible in the
3 gross income of any individual by reason of subsection (a)
4 shall be reduced (but not below zero) by \$600,000.

5 “(c) PROPERTY TREATED AS HELD.—For purposes
6 of this section, except as otherwise provided by the Sec-
7 retary, an individual shall be treated as holding—

8 “(1) all property which would be includible in
9 his gross estate under chapter 11 if such individual
10 were a citizen or resident of the United States (with-
11 in the meaning of chapter 11) who died at the time
12 the property is treated as sold,

13 “(2) any other interest in a trust which the in-
14 dividual is treated as holding under the rules of sub-
15 section (f)(1), and

16 “(3) any other interest in property specified by
17 the Secretary as necessary or appropriate to carry
18 out the purposes of this section.

19 “(d) EXCEPTIONS.—The following property shall not
20 be treated as sold for purposes of this section:

21 “(1) UNITED STATES REAL PROPERTY INTER-
22 ESTS.—Any United States real property interest (as
23 defined in section 897(c)(1)), other than stock of a
24 United States real property holding corporation

1 which does not, on the expatriation date, meet the
2 requirements of section 897(c)(2).

3 “(2) INTEREST IN CERTAIN RETIREMENT
4 PLANS.—

5 “(A) IN GENERAL.—Any interest in a
6 qualified retirement plan (as defined in section
7 4974(c)), other than any interest attributable to
8 contributions which are in excess of any limita-
9 tion or which violate any condition for tax-fa-
10 vored treatment.

11 “(B) FOREIGN PENSION PLANS.—

12 “(i) IN GENERAL.—Under regulations
13 prescribed by the Secretary, interests in
14 foreign pension plans or similar retirement
15 arrangements or programs.

16 “(ii) LIMITATION.—The value of prop-
17 erty which is treated as not sold by reason
18 of this subparagraph shall not exceed
19 \$500,000.

20 “(e) DEFINITIONS.—For purposes of this section—

21 “(1) EXPATRIATE.—The term ‘expatriate’
22 means—

23 “(A) any United States citizen who relin-
24 quishes his citizenship, or

1 “(B) any long-term resident of the United
2 States who—

3 “(i) ceases to be a lawful permanent
4 resident of the United States (within the
5 meaning of section 7701(b)(6)), or

6 “(ii) commences to be treated as a
7 resident of a foreign country under the
8 provisions of a tax treaty between the
9 United States and the foreign country and
10 who does not waive the benefits of such
11 treaty applicable to residents of the foreign
12 country.

13 An individual shall not be treated as an expatriate
14 for purposes of this section by reason of the individ-
15 ual relinquishing United States citizenship before at-
16 taining the age of 18½ if the individual has been a
17 resident of the United States (as defined in section
18 7701(b)(1)(A)(ii)) for less than 5 taxable years be-
19 fore the date of relinquishment.

20 “(2) EXPATRIATION DATE.—The term ‘expa-
21 triation date’ means—

22 “(A) the date an individual relinquishes
23 United States citizenship, or

1 “(B) in the case of a long-term resident of
2 the United States, the date of the event de-
3 scribed in clause (i) or (ii) of paragraph (1)(B).

4 “(3) RELINQUISHMENT OF CITIZENSHIP.—A
5 citizen shall be treated as relinquishing his United
6 States citizenship on the earliest of—

7 “(A) the date the individual renounces his
8 United States nationality before a diplomatic or
9 consular officer of the United States pursuant
10 to paragraph (5) of section 349(a) of the Immi-
11 gration and Nationality Act (8 U.S.C.
12 1481(a)(5)),

13 “(B) the date the individual furnishes to
14 the United States Department of State a signed
15 statement of voluntary relinquishment of Unit-
16 ed States nationality confirming the perform-
17 ance of an act of expatriation specified in para-
18 graph (1), (2), (3), or (4) of section 349(a) of
19 the Immigration and Nationality Act (8 U.S.C.
20 1481(a)(1)–(4)),

21 “(C) the date the United States Depart-
22 ment of State issues to the individual a certifi-
23 cate of loss of nationality, or

1 “(D) the date a court of the United States
2 cancels a naturalized citizen’s certificate of nat-
3 uralization.

4 Subparagraph (A) or (B) shall not apply to any indi-
5 vidual unless the renunciation or voluntary relin-
6 quishment is subsequently approved by the issuance
7 to the individual of a certificate of loss of nationality
8 by the United States Department of State.

9 “(4) LONG-TERM RESIDENT.—

10 “(A) IN GENERAL.—The term ‘long-term
11 resident’ means any individual (other than a
12 citizen of the United States) who is a lawful
13 permanent resident of the United States in at
14 least 8 taxable years during the period of 15
15 taxable years ending with the taxable year dur-
16 ing which the sale under subsection (a)(1) is
17 treated as occurring. For purposes of the pre-
18 ceding sentence, an individual shall not be
19 treated as a lawful permanent resident for any
20 taxable year if such individual is treated as a
21 resident of a foreign country for the taxable
22 year under the provisions of a tax treaty be-
23 tween the United States and the foreign coun-
24 try and does not waive the benefits of such

1 treaty applicable to residents of the foreign
2 country.

3 “(B) SPECIAL RULE.—For purposes of
4 subparagraph (A), there shall not be taken into
5 account—

6 “(i) any taxable year during which
7 any prior sale is treated under subsection
8 (a)(1) as occurring, or

9 “(ii) any taxable year prior to the tax-
10 able year referred to in clause (i).

11 “(f) SPECIAL RULES APPLICABLE TO BENE-
12 FICIARIES’ INTERESTS IN TRUST.—

13 “(1) DETERMINATION OF BENEFICIARIES’ IN-
14 TEREST IN TRUST.—For purposes of this section—

15 “(A) GENERAL RULE.—A beneficiary’s in-
16 terest in a trust shall be based upon all relevant
17 facts and circumstances, including the terms of
18 the trust instrument and any letter of wishes or
19 similar document, historical patterns of trust
20 distributions, and the existence of and functions
21 performed by a trust protector or any similar
22 advisor.

23 “(B) SPECIAL RULE.—The remaining in-
24 terests in the trust not determined under sub-
25 paragraph (A) to be held by any beneficiary

1 shall be allocated first to the grantor, if a bene-
2 ficiary, and then to other beneficiaries under
3 rules prescribed by the Secretary similar to the
4 rules of intestate succession.

5 “(C) CONSTRUCTIVE OWNERSHIP.—If a
6 beneficiary of a trust is a corporation, partner-
7 ship, trust, or estate, the shareholders, part-
8 ners, or beneficiaries shall be deemed to be the
9 trust beneficiaries for purposes of this section.

10 “(D) TAXPAYER RETURN POSITION.—A
11 taxpayer shall clearly indicate on its income tax
12 return—

13 “(i) the methodology used to deter-
14 mine that taxpayer’s trust interest under
15 this section, and

16 “(ii) if the taxpayer knows (or has
17 reason to know) that any other beneficiary
18 of such trust is using a different methodol-
19 ogy to determine such beneficiary’s trust
20 interest under this section.

21 “(2) DEEMED SALE IN CASE OF TRUST INTER-
22 EST.—If an individual who is an expatriate is treat-
23 ed under paragraph (1) as holding an interest in a
24 trust for purposes of this section—

1 “(A) the individual shall not be treated as
2 having sold such interest,

3 “(B) such interest shall be treated as a
4 separate share in the trust, and

5 “(C)(i) such separate share shall be treat-
6 ed as a separate trust consisting of the assets
7 allocable to such share,

8 “(ii) the separate trust shall be treated as
9 having sold its assets immediately before the ex-
10 patriation date for their fair market value and
11 as having distributed all of its assets to the in-
12 dividual as of such time, and

13 “(iii) the individual shall be treated as hav-
14 ing recontributed the assets to the separate
15 trust.

16 Subsection (a)(2) shall apply to any income, gain, or
17 loss of the individual arising from a distribution de-
18 scribed in subparagraph (C)(ii).

19 “(g) TERMINATION OF DEFERRALS, ETC.—On the
20 date any property held by an individual is treated as sold
21 under subsection (a), notwithstanding any other provision
22 of this title—

23 “(1) any period during which recognition of in-
24 come or gain is deferred shall terminate, and

1 “(2) any extension of time for payment of tax
2 shall cease to apply and the unpaid portion of such
3 tax shall be due and payable at the time and in the
4 manner prescribed by the Secretary.

5 “(h) RULES RELATING TO PAYMENT OF TAX.—

6 “(1) IMPOSITION OF TENTATIVE TAX.—

7 “(A) IN GENERAL.—If an individual is re-
8 quired to include any amount in gross income
9 under subsection (a) for any taxable year, there
10 is hereby imposed, immediately before the expa-
11 triation date, a tax in an amount equal to the
12 amount of tax which would be imposed if the
13 taxable year were a short taxable year ending
14 on the expatriation date.

15 “(B) DUE DATE.—The due date for any
16 tax imposed by subparagraph (A) shall be the
17 90th day after the expatriation date.

18 “(C) TREATMENT OF TAX.—Any tax paid
19 under subparagraph (A) shall be treated as a
20 payment of the tax imposed by this chapter for
21 the taxable year to which subsection (a) applies.

22 “(2) DEFERRAL OF TAX.—The payment of any
23 tax attributable to amounts included in gross income
24 under subsection (a) may be deferred to the same
25 extent, and in the same manner, as any tax imposed

1 by chapter 11, except that the Secretary may extend
2 the period for extension of time for paying tax under
3 section 6161 to such number of years as the Sec-
4 retary determines appropriate.

5 “(3) RULES RELATING TO SECURITY INTER-
6 ESTS.—

7 “(A) ADEQUACY OF SECURITY INTER-
8 ESTS.—In determining the adequacy of any se-
9 curity to be provided under this section, the
10 Secretary may take into account the principles
11 of section 2056A.

12 “(B) SPECIAL RULE FOR TRUST.—If a
13 taxpayer is required by this section to provide
14 security in connection with any tax imposed by
15 reason of this section with respect to the hold-
16 ing of an interest in a trust and any trustee of
17 such trust is an individual citizen of the United
18 States or a domestic corporation, such trustee
19 shall be required to provide such security upon
20 notification by the taxpayer of such require-
21 ment.

22 “(i) COORDINATION WITH ESTATE AND GIFT
23 TAXES.—If subsection (a) applies to property held by an
24 individual for any taxable year and—

1 “(1) such property is includible in the gross es-
2 tate of such individual solely by reason of section
3 2107, or

4 “(2) section 2501 applies to a transfer of such
5 property by such individual solely by reason of sec-
6 tion 2501(a)(3),

7 then there shall be allowed as a credit against the addi-
8 tional tax imposed by section 2101 or 2501, whichever is
9 applicable, solely by reason of section 2107 or 2501(a)(3)
10 an amount equal to the increase in the tax imposed by
11 this chapter for such taxable year by reason of this sec-
12 tion.

13 “(j) REGULATIONS.—The Secretary shall prescribe
14 such regulations as may be necessary or appropriate to
15 carry out the purposes of this section, including regula-
16 tions to prevent double taxation by ensuring that—

17 “(1) appropriate adjustments are made to basis
18 to reflect gain recognized by reason of subsection (a)
19 and the exclusion provided by subsection (b),

20 “(2) no interest in property is treated as held
21 for purposes of this section by more than one tax-
22 payer, and

23 “(3) any gain by reason of a deemed sale under
24 subsection (a) of an interest in a corporation, part-
25 nership, trust, or estate is reduced to reflect that

1 portion of such gain which is attributable to an in-
2 terest in a trust which a shareholder, partner, or
3 beneficiary is treated as holding directly under sub-
4 section (f)(1)(C).

5 “(k) CROSS REFERENCE.—

“For income tax treatment of individuals who terminate United States citizenship, see section 7701(a)(47).”.

6 (b) DEFINITION OF TERMINATION OF UNITED
7 STATES CITIZENSHIP.—Section 7701(a) of the Internal
8 Revenue Code of 1986 is amended by adding at the end
9 the following new paragraph:

10 “(47) TERMINATION OF UNITED STATES CITI-
11 ZENSHIP.—An individual shall not cease to be treat-
12 ed as a United States citizen before the date on
13 which the individual’s citizenship is treated as relin-
14 quished under section 877A(e)(3).”.

15 (c) CONFORMING AMENDMENTS.—

16 (1) Section 877 of the Internal Revenue Code
17 of 1986 is amended by adding at the end the follow-
18 ing new subsection:

19 “(f) APPLICATION.—This section shall not apply to
20 any individual who relinquishes (within the meaning of
21 section 877A(e)(3)) United States citizenship on or after
22 February 6, 1995.”.

23 (2) Section 2107(c) of such Code is amended by
24 adding at the end the following new paragraph:

1 “(3) CROSS REFERENCE.—For credit against
2 the tax imposed by subsection (a) for expatriation
3 tax, see section 877A(i).”.

4 (3) Section 2501(a)(3) of such Code is amended
5 by adding at the end the following new flush sen-
6 tence:

7 “For credit against the tax imposed under this sec-
8 tion by reason of this paragraph, see section
9 877A(i).”.

10 (4) Section 6851 of such Code is amended by
11 striking subsection (d) and by redesignating sub-
12 section (e) as subsection (d).

13 (5) Paragraph (10) of section 7701(b) of such
14 Code is amended by adding at the end the following
15 new sentence: “This paragraph shall not apply to
16 any long-term resident of the United States who is
17 an expatriate (as defined in section 877A(e)(1)).”.

18 (d) CLERICAL AMENDMENT.—The table of sections
19 for subpart A of part II of subchapter N of chapter 1
20 of the Internal Revenue Code of 1986 is amended by in-
21 serting after the item relating to section 877 the following
22 new item:

 “Sec. 877A. Tax responsibilities of expatriation.”.

23 (e) EFFECTIVE DATE.—

24 (1) IN GENERAL.—The amendments made by
25 this section shall apply to expatriates (within the

1 meaning of section 877A(e) of the Internal Revenue
2 Code of 1986, as added by this section) whose expa-
3 triation date (as so defined) occurs on or after Feb-
4 ruary 6, 1995.

5 (2) DUE DATE FOR TENTATIVE TAX.—The due
6 date under section 877A(h)(1)(B) of such Code shall
7 in no event occur before the 90th day after the date
8 of the enactment of this Act.

9 **SEC. 502. BASIS OF ASSETS OF NONRESIDENT ALIEN INDI-**
10 **VIDUALS BECOMING CITIZENS OR RESI-**
11 **DENTS.**

12 (a) IN GENERAL.—Part IV of subchapter O of chap-
13 ter 1 of the Internal Revenue Code of 1986 (relating to
14 special rules for gain or loss on disposition of property)
15 is amended by redesignating section 1061 as section 1062
16 and by inserting after section 1060 the following new sec-
17 tion:

18 **“SEC. 1061. BASIS OF ASSETS OF NONRESIDENT ALIEN INDI-**
19 **VIDUALS BECOMING CITIZENS OR RESI-**
20 **DENTS.**

21 “(a) GENERAL RULE.—If a nonresident alien individ-
22 ual becomes a citizen or resident of the United States,
23 gain or loss on the disposition of any property held on
24 the date the individual becomes such a citizen or resident
25 shall be determined by substituting, as of the applicable

1 date, the fair market value of such property (on the appli-
2 cable date) for its cost basis.

3 “(b) EXCEPTION FOR DEPRECIATION.—Any deduc-
4 tion under this chapter for depreciation, depletion, or am-
5 ortization shall be determined without regard to the appli-
6 cation of this section.

7 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
8 poses of this section—

9 “(1) APPLICABLE DATE.—The term ‘applicable
10 date’ means, with respect to any property to which
11 subsection (a) applies, the earlier of—

12 “(A) the date the individual becomes a citi-
13 zen or resident of the United States, or

14 “(B) the date the property first becomes
15 subject to tax under this subtitle by reason of
16 being used in a United States trade or business
17 or by reason of becoming a United States real
18 property interest (within the meaning of section
19 897(c)(1)).

20 “(2) RESIDENT.—The term ‘resident’ does not
21 include an individual who is treated as a resident of
22 a foreign country under the provisions of a tax trea-
23 ty between the United States and a foreign country
24 and who does not waive the benefits of such treaty
25 applicable to residents of the foreign country.

1 “(3) TRUSTS.—A trust shall not be treated as
2 an individual.

3 “(4) ELECTION NOT TO HAVE SECTION
4 APPLY.—An individual may elect not to have this
5 section apply solely for purposes of determining gain
6 with respect to any property. Such election shall
7 apply only to property specified in the election and,
8 once made, shall be irrevocable.

9 “(5) SECTION ONLY TO APPLY ONCE.—This
10 section shall apply only with respect to the first time
11 the individual becomes either a citizen or resident of
12 the United States.

13 “(d) REGULATIONS.—The Secretary shall prescribe
14 regulations for purposes of this section, including regula-
15 tions—

16 “(1) for application of this section in the case
17 of property which consists of a direct or indirect in-
18 terest in a trust, and

19 “(2) providing look-thru rules in the case of any
20 indirect interest in any United States real property
21 interest (within the meaning of section 897(c)(1)) or
22 property used in a United States trade or business.”

23 (b) CONFORMING AMENDMENT.—The table of sec-
24 tions for part IV of subchapter O of chapter 1 of the Inter-
25 nal Revenue Code of 1986 is amended by striking the item

1 relating to section 1061 and inserting the following new
2 items:

“Sec. 1061. Basis of assets of nonresident alien individuals be-
coming citizens or residents.

“Sec. 1062. Cross references.”

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to dispositions after the date of
5 the enactment of this Act, and to any disposition occurring
6 on or before such date to which section 877A of the Inter-
7 nal Revenue Code of 1986 (as added by section 501) ap-
8 plies.

9 **SEC. 503. EARNED INCOME TAX CREDIT DENIED TO INDI-**
10 **VIDUALS NOT AUTHORIZED TO BE EM-**
11 **PLOYED IN THE UNITED STATES.**

12 (a) IN GENERAL.—Section 32(c)(1) of the Internal
13 Revenue Code of 1986 (relating to individuals eligible to
14 claim the earned income tax credit) is amended by adding
15 at the end the following new subparagraph:

16 “(F) IDENTIFICATION NUMBER REQUIRE-
17 MENT.—The term ‘eligible individual’ does not
18 include any individual who does not include on
19 the return of tax for the taxable year—

20 “(i) such individual’s taxpayer identi-
21 fication number, and

22 “(ii) if the individual is married (with-
23 in the meaning of section 7703), the tax-

1 payer identification number of such indi-
2 vidual's spouse.”

3 (b) SPECIAL IDENTIFICATION NUMBER.—Section 32
4 of the Internal Revenue Code of 1986 is amended by add-
5 ing at the end the following new subsection:

6 “(l) IDENTIFICATION NUMBERS.—Solely for pur-
7 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer
8 identification number means a social security number is-
9 sued to an individual by the Social Security Administra-
10 tion (other than a social security number issued pursuant
11 to clause (II) (or that portion of clause (III) that relates
12 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-
13 curity Act).”

14 (c) EXTENSION OF PROCEDURES APPLICABLE TO
15 MATHEMATICAL OR CLERICAL ERRORS.—Section
16 6213(g)(2) of the Internal Revenue Code of 1986 (relating
17 to the definition of mathematical or clerical errors) is
18 amended by striking “and” at the end of subparagraph
19 (D), by striking the period at the end of subparagraph
20 (E) and inserting “, and”, and by inserting after subpara-
21 graph (E) the following new subparagraph:

22 “(F) an omission of a correct taxpayer
23 identification number required under section 32
24 (relating to the earned income tax credit) to be
25 included on a return.”

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1995.

4 **SEC. 504. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS WITH SUBSTANTIAL CAPITAL GAIN NET INCOME.**

7 (a) IN GENERAL.—Paragraph (2) of section 32(i) of
8 the Internal Revenue Code of 1986 (relating to denial of
9 credit for individuals having excessive investment income)
10 is amended—

11 (1) by striking “and” at the end of subpara-
12 graph (B),

13 (2) by striking the period at the end of sub-
14 paragraph (C) and inserting “, and”, and

15 (3) by adding at the end the following new sub-
16 paragraph:

17 “(D) capital gain net income for the tax-
18 able year.”

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

22 **SEC. 505. TREATMENT OF DISTRIBUTIONS IN REDEMPTION OF STOCK HELD BY A CORPORATION.**

24 (a) IN GENERAL.—Subsection (b) of section 302 of
25 the Internal Revenue Code of 1986 (relating to redemp-

1 tions treated as exchanges) is amended by redesignating
2 paragraph (5) as paragraph (6) and by inserting after
3 paragraph (4) the following new paragraph:

4 “(5) REDEMPTION FROM CERTAIN CORPORATE
5 SHAREHOLDERS.—Except as provided in regulations,
6 subsection (a) shall apply to a distribution in re-
7 demption of stock held by a corporation if—

8 “(A) such redemption is—

9 “(i) part of a partial liquidation (with-
10 in the meaning of subsection (e)) of the re-
11 deeming corporation, or

12 “(ii) not pro rata as to all sharehold-
13 ers, and

14 “(B) such corporation would be entitled to
15 a deduction under section 243, 244, or 245
16 with respect to such distribution but for the ap-
17 plication of this paragraph.

18 To the extent provided by regulations, no loss shall
19 be recognized solely by reason of the application of
20 this paragraph.”

21 (b) TECHNICAL AMENDMENTS.—

22 (1) Subsection (a) of section 302 of the Inter-
23 nal Revenue Code of 1986 is amended by striking
24 “or (4)” and inserting “(4), or (5)”.

1 (2) Paragraph (6) of section 302(b) of such
2 Code (as redesignated by subsection (a)) is amended
3 by striking “or (4)” each place it appears and in-
4 serting “(4), or (5)”.

5 (3) Subsection (e) of section 1059 of such Code
6 is amended by striking paragraph (1) and by redesi-
7 gnating paragraphs (2) and (3) as paragraphs (1)
8 and (2), respectively.

9 (4) Subsection (g) of section 1059 of such Code
10 is amended by inserting “and section 302(b)(5)”
11 after “this section” in paragraph (1) and in the ma-
12 terial preceding paragraph (1).

13 (c) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendments made by
15 this section shall apply to redemptions after May 3,
16 1995.

17 (2) EXCEPTION.—The amendments made by
18 this section shall not apply to any redemption pursu-
19 ant to the terms of—

20 (A) a written binding contract in effect on
21 May 3, 1995, or

22 (B) a tender offer outstanding on May 3,
23 1995.

1 **SEC. 506. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUB-**
2 **LIC ASSISTANCE PROGRAMS.**

3 (a) FEDERAL AND FEDERALLY-ASSISTED PRO-
4 GRAMS.—

5 (1) PROGRAM ELIGIBILITY CRITERIA.—

6 (A) AID TO FAMILIES WITH DEPENDENT
7 CHILDREN.—Section 402(a)(33) (42 U.S.C.
8 602(a)(33)) is amended by striking “(A) a citi-
9 zen” and all that follows through “of such
10 Act);” and inserting the following:

11 “(A) a citizen or national of the United
12 States, or

13 “(B) a qualified alien, as defined in section
14 1101(a)(10), provided that such alien is not
15 disqualified from receiving aid under a State
16 plan approved under this part pursuant to sec-
17 tion 210(f) or 245A(h) of the Immigration and
18 Nationality Act or any other provision of law;”.

19 (B) SUPPLEMENTAL SECURITY INCOME.—
20 Section 1614(a)(1)(B)(i) (42 U.S.C.
21 1382c(a)(1)(B)(i) is amended to read as fol-
22 lows:

23 “(B)(i) is a resident of the United States, and
24 is either—

25 “(I) a citizen or national of the United
26 States, or

1 “(II) a qualified alien, as defined in section
2 1101(a)(10), or”.

3 (C) MEDICAID.—

4 (i) IN GENERAL.—Section 1903(v)
5 (42 U.S.C. 1396b(v)) is amended—

6 (I) in paragraph (1), to read as
7 follows:

8 “(v)(1) Notwithstanding the preceding provisions of
9 this section—

10 “(A) no payment may be made to a State under
11 this section for medical assistance furnished to an
12 individual who is disqualified from receiving such as-
13 sistance pursuant to section 210(f) or 245A(h) of
14 the Immigration and Nationality Act (8 U.S.C.
15 1160(f), 1255a(h)) or any other provision of law;
16 and

17 “(B) except as provided in paragraph (2), no
18 such payment may be made for medical assistance
19 furnished to an individual who is not—

20 “(i) a citizen or national of the United
21 States; or

22 “(ii) a qualified alien, as defined in section
23 1101(a)(10).”; and

24 (II) in paragraph (2)—

1 (aa) by striking “paragraph
2 (1)” and inserting “paragraph
3 (1)(B)”; and

4 (bb) by striking “alien” each
5 place it appears and inserting
6 “individual”.

7 (ii) CONFORMING AMENDMENTS.—
8 Section 1902 (42 U.S.C. 1396a) is amend-
9 ed—

10 (I) in subsection (a), in the last
11 sentence by striking “alien” and all
12 that follows through “1903(v).” and
13 inserting “individual who is not (A) a
14 citizen or national of the United
15 States, or (B) a qualified alien, as de-
16 fined in section 1101(a)(10), only in
17 accordance with section 1903(v).”;
18 and

19 (II) in subsection (b)(33), by in-
20 serting “or national” after “citizen”.

21 (2) DEFINITION OF QUALIFIED ALIEN.—Section
22 1101(a) (42 U.S.C. 1301(a)) is amended by adding
23 at the end the following new paragraph:

24 “(10) The term ‘qualified alien’ means an alien—

1 “(A) who is lawfully admitted for permanent
2 residence within the meaning of section 101(a)(20)
3 of the Immigration and Nationality Act (8 U.S.C.
4 1101(a)(20));

5 “(B) who is admitted as a refugee pursuant to
6 section 207 of such Act (8 U.S.C. 1157);

7 “(C) who is granted asylum pursuant to section
8 208 of such Act (8 U.S.C. 1158);

9 “(D) whose deportation is withheld pursuant to
10 section 243(h) of such Act (8 U.S.C. 1253(h));

11 “(E) whose deportation is suspended pursuant
12 to section 244 of such Act (8 U.S.C. 1254);

13 “(F) who was granted conditional entry pursu-
14 ant to section 203(a)(7) of such Act (8 U.S.C.
15 1153(a)(7)), as in effect prior to April 1, 1980;

16 “(G) who is lawfully admitted for temporary
17 residence pursuant to section 210 or 245A of such
18 Act (8 U.S.C. 1160, 1255a);

19 “(H) who is within a class of aliens lawfully
20 present within the United States pursuant to any
21 other provision of such Act, provided that—

22 “(i) the Attorney General determines that
23 the continued presence of such class of aliens
24 serves a humanitarian or other compelling pub-
25 lic interest; and

1 “(ii) the Secretary of Health and Human
2 Services determines that such interest would be
3 further served by treating each alien within
4 such class as a ‘qualified alien’ for purposes of
5 this Act; or

6 “(I) who is the spouse or unmarried child under
7 21 years of age of a citizen of the United States, or
8 the parent of such a citizen if the citizen is 21 years
9 of age or older, and with respect to whom an appli-
10 cation for adjustment to lawful permanent residence
11 is pending.”.

12 (3) CONFORMING AMENDMENT.—Section
13 244A(f)(1) of the Immigration and Nationality Act
14 (8 U.S.C. 1254a(f)(1)) is amended by inserting “and
15 shall not be considered to be a ‘qualified alien’ with-
16 in the meaning of section 1101(a)(10) of the Social
17 Security Act” after “color or law”.

18 (4) EFFECTIVE DATE.—The amendments made
19 by this subsection are effective with respect to bene-
20 fits payable on the basis of any application filed
21 after the date of the enactment of this Act.

22 (b) STATE AND LOCAL PROGRAMS.—A State or polit-
23 ical subdivision therein may provide that an alien is not
24 eligible for any program of assistance based on need that
25 is furnished by such State or political subdivision unless

1 such alien is a “qualified alien” within the meaning of sec-
 2 tion 1101(a)(10) of the Social Security Act (as added by
 3 subsection (a)(2) of this section).

4 **SEC. 507. DEEMING OF SPONSOR’S INCOME AND RE-**
 5 **SOURCES TO AN ALIEN UNDER THE SUPPLE-**
 6 **MENTAL SECURITY INCOME, AID TO FAMI-**
 7 **LIES WITH DEPENDENT CHILDREN, AND**
 8 **FOOD STAMP PROGRAMS.**

9 (a) LENGTH OF DEEMING PERIOD.—

10 (1) MAKING THE SSI 5-YEAR PERIOD PERMA-
 11 NENT.—Subsection (b) of section 7 of the Unem-
 12 ployment Compensation Amendments of 1993 (Pub-
 13 lic Law 103–152) is repealed.

14 (2) INCREASING THE AFDC PERIOD FROM 3 TO
 15 5 YEARS.—Section 415 (42 U.S.C. 615) is amended
 16 in subsections (a), (c)(1), and (d) by striking “three
 17 years” each place it appears and inserting “5
 18 years”.

19 (3) INCREASING THE FOOD STAMP PERIOD
 20 FROM 3 TO 5 YEARS.—Section 5(i) of the Food
 21 Stamp Act of 1977 (7 U.S.C. 2014(i)) is amended
 22 by striking “three years” each place it appears and
 23 inserting “5 years”.

24 (b) INAPPLICABILITY IN THE CASE OF ANY ALIEN
 25 WHOSE SPONSOR RECEIVES SSI OR AFDC BENEFITS.—

1 (1) SSI.—Section 1621(f) (42 U.S.C. 1382j(f))
2 is amended by adding at the end the following new
3 paragraph:

4 “(3) The provisions of this section shall not apply to
5 any alien for any month for which such alien’s sponsor
6 receives a benefit under this title (which includes, for pur-
7 poses of this paragraph, the program of federally adminis-
8 tered State supplementary payments made pursuant to
9 section 1616(a) or section 212(b) of Public Law 93–66
10 (42 U.S.C. 1382 note)) or under the program of aid to
11 families with dependent children under part A of title
12 IV.”.

13 (2) AFDC.—Section 415(f) (42 U.S.C. 615(f))
14 is amended—

15 (A) by redesignating paragraphs (1)
16 through (5) as subparagraphs (A) through (E),
17 respectively;

18 (B) by striking “(f)” and inserting
19 “(f)(1)”; and

20 (C) by adding at the end the following new
21 paragraph:

22 “(2) The provisions of this section shall not apply to
23 any alien for any month for which such alien’s sponsor
24 receives a benefit under the program authorized under this
25 part, or the program of supplemental security income au-

1 thORIZED under title XVI (which includes, for purposes of
2 this paragraph, the program of federally administered
3 State supplementary payments made pursuant to section
4 1616(a) or section 212(b) of Public Law 93–66 (42
5 U.S.C. 1382 note)).”.

6 (3) FOOD STAMPS.—Section 5(i)(2)(E) of the
7 Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E))
8 is amended—

9 (A) by striking “(E)” and inserting
10 “(E)(i)”; and

11 (B) by adding at the end the following new
12 clause:

13 “(ii) The provisions of this subsection shall not
14 apply to any alien for any month for which such
15 alien’s sponsor receives a benefit under the program
16 of aid to families with dependent children under part
17 A of title IV of the Social Security Act or the pro-
18 gram of supplemental security income under title
19 XVI of such Act (which includes, for purposes of
20 this paragraph, the program of federally adminis-
21 tered State supplementary payments made pursuant
22 to section 1616(a) of such Act or section 212(b) of
23 Public Law 93–66 (42 U.S.C. 1382 note)).”.

24 (c) INEQUITABLE CIRCUMSTANCES.—

1 (1) SSI.—Section 1621 (42 U.S.C. 1382j) is
2 amended by adding at the end the following new
3 subsection:

4 “(g) The Commissioner may, pursuant to regulations
5 promulgated after consultation with the Secretary of Agri-
6 culture, alter or suspend the application of this section in
7 any case in which the Secretary determines that such ap-
8 plication would be inequitable under the circumstances.”

9 (2) AFDC.—Section 415 (42 U.S.C. 615) is
10 amended by adding at the end the following new
11 subsection:

12 “(g) The Secretary may, pursuant to regulations pro-
13 mulgated after consultation with the Secretary of Agri-
14 culture, alter or suspend the application of this section in
15 any case in which the Secretary determines that such ap-
16 plication would be inequitable under the circumstances.”

17 (3) FOOD STAMPS.—Section 5(i)(2) of the Food
18 Stamp Act of 1977 (7 U.S.C. 2014(i)(2)) is amend-
19 ed by adding at the end the following new subpara-
20 graph:

21 “(F) The Secretary may, pursuant to regula-
22 tions promulgated after consultation with the Sec-
23 retary of Health and Human Services, alter or sus-
24 pend the application of this section in any case in

1 which the Secretary determines that such application
2 would be inequitable under the circumstances.”.

3 (d) FOOD STAMPS EXEMPTION FOR BLIND OR DIS-
4 ABLED ALIENS.—Section 5(i)(2)(E) of the Food Stamp
5 Act of 1977 (7 U.S.C. 2014(i)(2)(E)), as amended by sub-
6 section (a)(2)(C), is amended by adding at the end the
7 following new clause:

8 “(iii) The provisions of this subsection shall not
9 apply with respect to any individual for any month
10 for which such individual receives a benefit under
11 the program of supplemental security income author-
12 ized by title XVI of the Social Security Act by rea-
13 son of blindness, as determined under section
14 1614(a)(2) of such Act, or disability, as determined
15 under section 1614(a)(3) of such Act, provided that
16 such blindness or disability commenced after the
17 date of such individual’s admission into the United
18 States for permanent residence.”.

19 (e) STATE AND LOCAL PROGRAMS.—A State or polit-
20 ical subdivision therein may provide that an alien is not
21 eligible for any program of assistance based on need that
22 is furnished by such State or political subdivision for any
23 month if such alien has been determined to be ineligible
24 for such month for benefits under—

1 (A) the program of aid to families with depend-
2 ent children authorized by part A of title IV of the
3 Social Security Act, as a result of the application of
4 section 415 of such Act;

5 (B) the program of supplemental security in-
6 come authorized by title XVI of the Social Security
7 Act, as a result of the application of section 1621
8 of such Act; or

9 (C) the Food Stamp Act of 1977, as a result
10 of the application of section 5(i) of such Act.

11 (f) EFFECTIVE DATE.—

12 (1) IN GENERAL.—The amendments made by
13 subsections (a) through (d) shall be effective with re-
14 spect to benefits under the program of aid to fami-
15 lies with dependent children under part A of title IV
16 of the Social Security Act (42 U.S.C. 601 et seq.),
17 the program of supplemental security income under
18 title XVI of such Act (42 U.S.C. 1381 et seq.), and
19 the program under the Food Stamp Act of 1977 (7
20 U.S.C. 2011 et seq.), payable for months beginning
21 after September 30, 1995, on the basis of—

22 (A) an application filed after such date, or

23 (B) an application filed on or before such
24 date by or on behalf of an individual subject to
25 the provisions of section 1621(a) or 415(a) of

1 the Social Security Act (42 U.S.C. 1382j(a),
 2 615(a)) or section 5(i)(1) of the Food Stamp
 3 Act of 1977 (7 U.S.C. 2014(i)(1)) (as the case
 4 may be) on such date.

5 (2) STATE AND LOCAL PROGRAMS.—Subsection
 6 (e) shall be effective on October 1, 1995.

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